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

2018 ANNUAL REPORT

* For identification purpose only

Contents

Chairman's Statement

In 2018, adhering to the goal of improving development quality and efficiency, the Company proactively adapted to the new situation of power system reform and structural reform at supply side, coped with challenges, and seized opportunities. In light of the complex business environment, the Company successfully accomplished the annual business development tasks and goals.

In the past year, the Company maintained stable safety production and its reliability indicator still lead the industry. Technical retrofit of equipment and integrated improvement of efficiency achieved remarkable success, which significantly enhanced the economic operation of units. The annual electricity generation of the Company amounted to 17,975 million kWh, representing an increase of 17.49% as compared to the corresponding period of last year; the revenue amounted to RMB8,319 million, representing an increase of 17.11% as compared to the corresponding period of last year.

Over the past year, the Company proactively accommodated the changes in industrial policies. Due to adherence to innovation-oriented, adjustments to development strategies, and optimization of structural layout, the development quality was continuously improved. The consolidated installed capacity reached 9,014.92MW and the capacity of projects under construction reached 1,772MW.

In the past year, the Company's operating results saw rapid increase and the total profit hit a historical high. The profit attributable to owners of the parent amounted to approximately RMB1,209 million, representing an increase of 66.18% as compared to the corresponding period of last year; and basic earnings per share was RMB0.1503, representing an increase of 78.72% as compared to the corresponding period of last year.

In 2019, the macro economy and fiscal and financial policies will facilitate the Company to reduce capital and operating costs and improve economic efficiency. The State's promotion of green development, vigorous development of renewable energy, and establishment and improvement of a long-term mechanism for renewable energy consumption provide a broad space for the Company to expand its presence in the renewable energy industry and enhance its profitability.

In 2019, the Company will proactively seize new opportunities arising from the structural reform at supply side and accurately understand the changes in industry policies and new trend in technological progress. On the basis of safety production, the Company, driven by reform and innovation and with the support of standard governance, will accelerate the development of wind power and photovoltaic power generation projects with a view to achieving high quality development. The Company will continue to enhance its core competitiveness, leadership in the industry and market influence and endeavour to build it into a first-class professional and modern listed company engaged in new energy, to create long-term stable and ever-increasing returns for shareholders and provide clean, safe and reliable power to the society, so as to be a responsible and reliable high-quality enterprise citizen.

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

Chairman of the Board
Chen Feihu

President's Statement

Dear shareholders,

With the strong support of all shareholders and the Board, the management of the Company put into practice the guiding principles of the 19th CPC National Congress across the Board, kept abreast of the new policies, situations and developments in the new energy industry, and overcame all difficulties and forged ahead while centering on the main task of "quality and efficiency improvement" in 2018. As a result, the Company's profitability was further improved and positive achievements were made in various tasks of the Company. Electricity generation amounted to 17,975 million kWh, representing a year-on-year increase of 17.49%. The net profit amounted to RMB1,426.39 million, representing a year-on-year increase of RMB523.72 million or 58.02%.

Currently, the time is ripe for pursuing high-quality development of new energy, which creates unprecedented opportunities for the development of the Company and provides the Company with broader space for development. The Report of the 19th CPC National Congress expressly stated the goal of "building a beautiful China" and "promoting green development" and stressed the need to expanding "clean energy industry" and "pushing forward revolution in energy production and consumption, and building an energy sector that is clean, low-carbon, safe and efficient".

The new energy industry enters a policy adjustment period in 2019. Amidst the severe and complicated external environment, we will adhere to the general principle of making progress while maintaining stability, and act on the new development philosophy. Centering on the general objective of "building a world-class new energy enterprise" and following the general guideline of "pursuing high-standard operation and becoming a first-class enterprise", we will comprehensively promote high-quality development of the Company and continue to improve the profitability and core competitiveness of the Company by seeking development, improving efficiency, preventing risks and ensuring safety, thus creating better return for our investors.

In the end, we would like to express our heartfelt gratitude to all the shareholders and friends from all sectors 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
Liu Guangming

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 2018, 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 2018, the Group's consolidated installed capacity amounted to 9,015 MW, including 8,835 MW of wind power installed capacity.

Corporate Structure: As at 31 December 2018, the Company's major corporate structure was as follows:

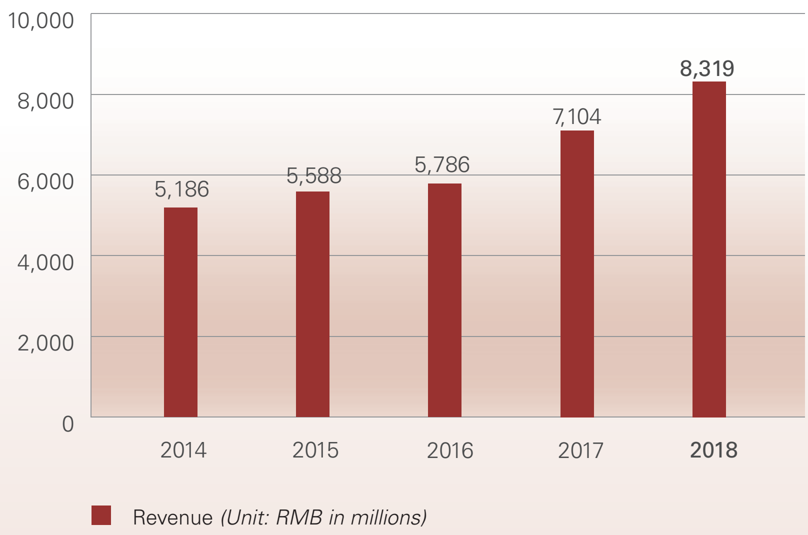
- Datang Jilin — 8.24%
- Datang Corporation — 57.37%
- Holders of H Shares — 34.39%

The Company: China Datang Corporation Renewable Power Co., Limited

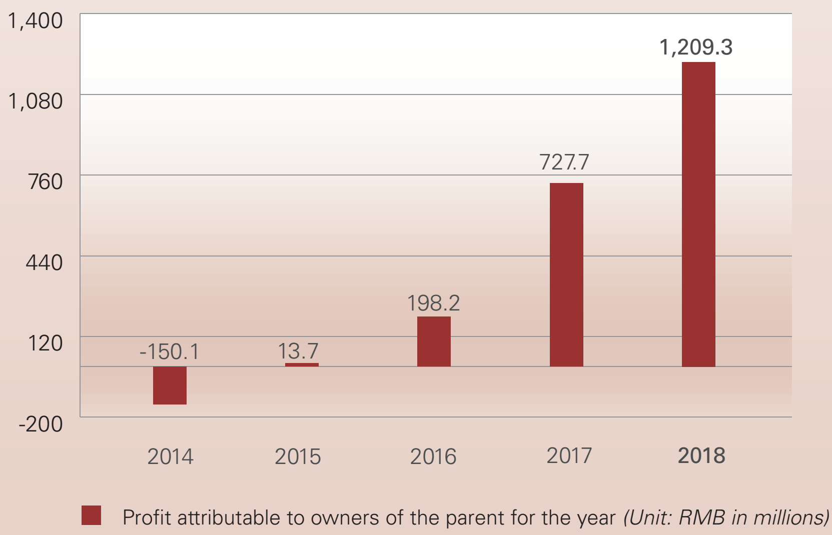
%	Subsidiary	%	Subsidiary	%	Subsidiary	%	Subsidiary
100.0%	Datang Yichuan Renewable Power Co., Ltd.	51.0%	Datang Zhongdian (Jilin) Renewable Power Company Limited	60.0%	Datang (Taonan) Sanhe Renewable Power Co., Ltd.	85.0%	Harbin Ruichi Wind Power Co., Ltd.
100.0%	Fujian Nan'an Tanglian Renewable Power Co., Ltd.	51.0%	Datang Zhongdian (Jilin) Power Generation Co., Ltd.	100.0%	Datang Renewable Power Shuozhou Pinglu Wind Power Co., Ltd.	100.0%	Datang Shuyang Renewable Power Co., Ltd.
100.0%	Beipiao Yangshugou Wind Power Generation Co., Ltd.	100.0%	Datang Xiangyang Wind Power Generation Co., Ltd.	100.0%	Datang (Keyouzhongqi) Renewable Power Co., Ltd.	100.0%	Datang Sihong Renewable Power Co., Ltd.
100.0%	Datang Qiannan Renewable Power Co., Ltd.	100.0%	Datang Huachuan Wind Power Generation Co., Ltd.	100.0%	Datang Suibin Renewable Power Co., Ltd.	100.0%	Datang Siyang Renewable Power Co., Ltd.
95.0%	Datang Kunming Dongchuan Renewable Power Co., Ltd.	51.0%	Datang Hailin Wind Power Generation Co., Ltd.	100.0%	Datang Rongcheng Renewable Power Co., Ltd.	100.0%	Datang Ordos Renewable Power Co., Ltd.
70.0%	Beijing Yingtang Biomass Power Technology Co., Ltd.	86.57%	Datang Yilan Wind Power Generation Co., Ltd.	100.0%	Datang Fuchuan Renewable Power Co., Ltd.	100.0%	Datang Jiaonan Wind Power Generation Co., Ltd.
100.0%	Datang Yiliang Renewables Co., Ltd.	100.0%	Datang Eryuan Wind Power Generation Co., Ltd.	100.0%	Datang Guilin Renewable Power Co., Ltd.	100.0%	Beijing Tanghao Electricity Engineering Technology Research Co., Ltd.
100.0%	Datang Chaoyang Wind Power Generation Co., Ltd.	100.0%	Datang Jingtai Wind Power Generation Co., Ltd.	100.0%	Datang Tongxin Renewable Power Co., Ltd.	100.0%	China Datang Times Energy Technology Co., Ltd.
100.0%	Datang (Fuzhou) Renewable Power Co., Ltd.	100.0%	Datang Yumen Changma Wind Power Generation Co., Ltd.	51.0%	Datang Angli (Lingwu) Renewable Power Co., Ltd.	60.0%	Datang (Chifeng) Renewable Power Co., Ltd.
49.0%	Datang Renewable Power Youyu Wind Power Generation Co., Ltd.	60.0%	Gansu Datang Yumen Wind Power Co., Ltd.	51.0%	Datang Guazhou Renewable Power Co., Ltd.	100.0%	Datang Puhua Yineng Wind Power Technology Co., Ltd.
75.0%	Datang (Jianping) Renewable Power Co., Ltd.	100.0%	Datang Bayannur Wind Power Generation Co., Ltd.	100.0%	Datang Laian Renewable Power Co., Ltd.	90.0%	Datang Tianhui (Shanghai) Renewable Power Co., Ltd.
100.0%	Datang (Chifeng) Renewable Power Co., Ltd.	100.0%	Datang Xilin Gol Wind Power Generation Co., Ltd.	100.0%	Datang Lianyungang Renewable Power Co., Ltd.	95.0%	Datang Taihua Qiqihar Renewable Power Co., Ltd.
100.0%	Bayannur Wulate Houqi Fuhui Wind Power Generation Co., Ltd.	100.0%	Datang Zhangbei Wind Power Generation Co., Ltd.	100.0%	Datang Jingbian Renewable Power Co., Ltd.	100.0%	Datang Guyuan Renewable Power Co., Ltd.
100.0%	Datang Baotou Renewable Power Co., Ltd.	100.0%	Datang Renewable Quijng Qilin Wind Power Generation Co., Ltd.	100.0%	Datang Changzhi Renewable Energy Power Generation Co., Ltd.	60.0%	Inner Mongolia Longxin Wind Power Generation Co., Ltd.
100.0%	Datang (Tongliao) Huolinhe Renewable Power Co., Ltd.	100.0%	Datang Renewable Shuozhou Wind Power Generation Co., Ltd.	100.0%	Datang Wuwei Renewable Power Co., Ltd.	100.0%	Datang Pingshun Renewable Power Co., Ltd.
80.0%	Dalian Datang Haipai Renewable Power Co., Ltd.	95.0%	Datang Yunnan Renewable Power Co., Ltd.	70.0%	Jilin Da'an Xintang Power Generation Co., Ltd.	100.0%	Datang Dingbian Hujianshan Renewable Power Co., Ltd.
100.0%	Datang Aluke'erqin Qi Renewable Power Co., Ltd	100.0%	Datang Weihai Renewable Power Co., Ltd.	100.0%	Datang Delhi Renewable Power Co., Ltd.	100.0%	Datang Renewables (H.K.) Co., Limited
100.0%	Datang Xing'anmeng Renewable Power Co., Ltd.	100.0%	Datang Lingwu Renewable Power Co., Ltd.	70.0%	Jilin Tongyu Xintang Power Generation Co., Ltd.	100.0%	Datang Duolun Ruiyuan Renewable Power Co., Ltd.
28.0%	Shanghai Dong Hai Wind Power Generation Co., Ltd.	100.0%	Datang Wuzhong Renewable Power Co., Ltd.	100.0%	Datang Yan'an Renewable Power Co., Ltd.	60.0%	Datang Jinhu Renewable Power Co., Ltd.
100.0%	Datang Fengdu Renewable Power Co., Ltd.	100.0%	Datang Wengniute Qi Renewable Power Co., Ltd.	100.0%	Datang Fengning Renewable Power Co., Ltd.	100.0%	Youyu Datang Clean Energy Power Co., Ltd.
90.0%	Datang Sanmenxia Wind Power Generation Co., Ltd.	51.0%	Datang Sanhe (Linxi) Renewable Power Co., Ltd.	95.0%	Datang Yuxi Renewable Power Co., Ltd.	100.0%	Datang (Ganzhou) Renewable Power Co., Ltd.
70.0%	Datang Huludao Renewable Power Co., Ltd.	100.0%	Datang Hulunber Wind Power Generation Co., Ltd	100.0%	Datang Renewable Power (Chayouhouqi) Co., Ltd.		
100.0%	Datang (Hohhot) Renewable Power Co., Ltd.	100.0%	Datang Xianghuang Qi Renewable Power Co., Ltd.	100.0%	Datang Huai'an Renewable Power Co., Ltd.		
51.0%	Inner Mongolia Datang Wanyuan Renewable Power Co., Ltd.	100.0%	Datang Daqing Donggang Renewable Power Co., Ltd.	94.96%	Datang Weifang Renewable Power Co., Ltd.		
100.0%	Datang Yantai Renewable Power Co., Ltd.	100.0%	Ning'an Jingbo Erdaoling Wind Power Generation Co., Ltd.	95.0%	Datang Hubei Renewable Power Co., Ltd.		
100.0%	Bayannur Wulate Zhongqi Fuhui Wind Power Generation Co., Ltd.	100.0%	Datang Daqing Donghui Renewable Power Co., Ltd.	75.0%	Jianping Shiyingzi Wind Power Generation Company Limited		
51.0%	Datang Sino-Japan (Chifeng) Renewable Power Co., Ltd.	100.0%	Ning'an Jingbo Toudaoling Wind Power Generation Co., Ltd.	60.0%	Honghe Shiping Shengtang Renewable Power Co., Ltd.		
51.0%	Datang Baotou Yaneng Power Co., Ltd.	100.0%	Datang Tuquan Wind Power Co., Ltd.	60.0%	Datang Guoxin Binhai Offshore Wind Power Generation Co., Ltd.		
31.0%	Datang Jilin Wind Power Generation Co., Ltd.	100.0%	Datang Hunyuan Mimazongliang Renewable Power Co., Ltd.	60.0%	Datang KEPCO (Chaoyang) Renewable Power Co., Ltd.		

Key Operating and Financial Data

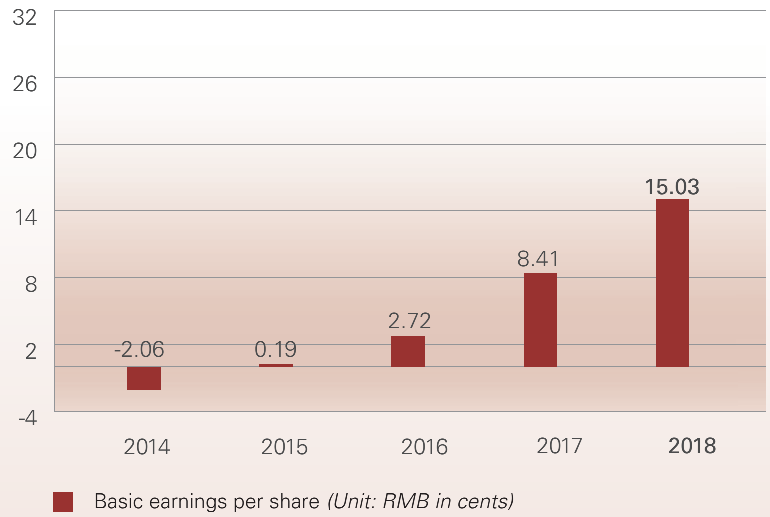
1. REVENUE



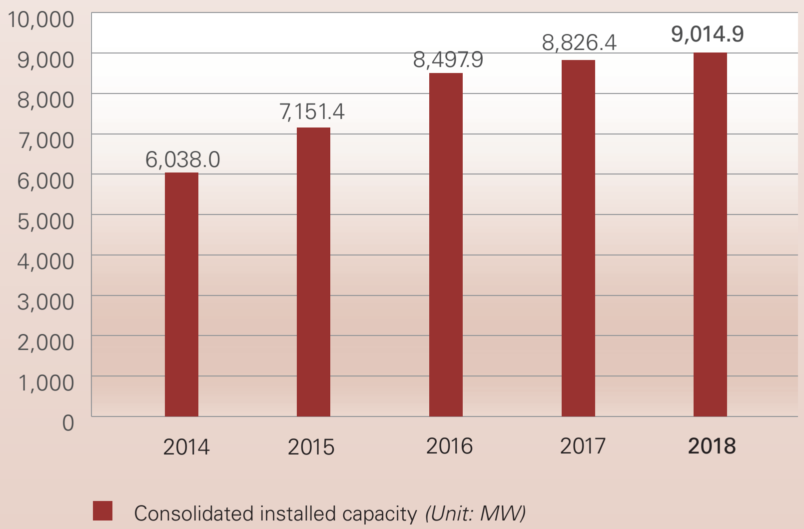
2. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT



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



4. CONSOLIDATED INSTALLED CAPACITY



Financial Highlights

	Year ended 31 December				
	2018	2017	2016	2015	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	8,319,406	7,104,089	5,786,126	5,588,265	5,185,960
Other income and other gains, net	269,600	204,383	189,246	116,846	230,946
Operating expenses	(4,803,848)	(4,440,556)	(3,860,542)	(3,620,625)	(3,293,229)
Operating profit	3,785,158	2,867,916	2,114,830	2,084,486	2,123,677
Profit before tax	1,728,898	1,059,012	401,089	155,290	(61,662)
Income tax expense	(302,513)	(156,342)	(108,315)	(92,276)	(65,900)
Profit for the year	1,426,385	902,670	292,774	63,014	(127,562)
Other comprehensive income for the year, net of tax	(64,243)	(9,068)	29,941	(50,149)	(180,867)
Total comprehensive income for the year	1,362,142	893,602	322,715	12,865	(308,429)
Profit attributable to:					
– Owners of the parent	1,209,279	727,678	198,199	13,711	(150,115)
– Non-controlling interests	217,106	174,992	94,575	49,303	22,553
	1,426,385	902,670	292,774	63,014	(127,562)
Total comprehensive income attributable to:					
– Owners of the parent	1,144,973	718,568	227,984	(36,265)	(330,740)
– Non-controlling interests	217,169	175,034	94,731	49,130	22,311
	1,362,142	893,602	322,715	12,865	(308,429)
Basic and diluted earnings per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	0.1503	0.0841	0.0272	0.0019	(0.0206)

	At 31 December				
	2018	2017	2016	2015	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	61,615,835	62,826,238	63,161,481	57,205,464	53,427,082
Total current assets	12,800,807	7,722,010	5,630,508	3,609,047	6,682,878
Total assets	74,416,642	70,548,248	68,791,989	60,814,511	60,109,960
Equity attributable to owners of the parent	12,291,764	11,394,149	10,879,315	10,765,462	10,918,363
Non-controlling interests	2,989,602	2,974,745	2,826,481	2,813,602	2,729,918
Total equity	15,281,366	14,368,894	13,705,796	13,579,064	13,648,281
Total non-current liabilities	38,166,047	34,917,499	34,575,589	30,173,150	35,510,392
Total current liabilities	20,969,229	21,261,855	20,510,604	17,062,297	10,951,287
Total liabilities	59,135,276	56,179,354	55,086,193	47,235,447	46,461,679
Total equity and liabilities	74,416,642	70,548,248	68,791,989	60,814,511	60,109,960

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

In 2018, according to the data published by the National Energy Administration ("**NEA**"), the national electricity consumption continued stable and rapid growth and reached 6,840 billion kWh, representing a year-on-year increase of 8.5%. The newly added on-grid wind power installed capacity was 20,590MW, and the accumulated on-grid installed capacity reached 184,000 MW, representing 9.7% of the total installed power generation capacity; the annual wind power generation was 366.0 billion kWh, representing 5.2% of the total power generation, up by 0.4 percentage points year-on-year. In 2018, the state took a number of measures simultaneously to promote the consumption of clean energy, and the problem of wind and PV power curtailment was continuously relieved. The nationwide wind power curtailment amounted to 27.7 billion kWh and the average wind power curtailment ratio was 7%, representing a year-on-year decrease of 5 percentage points; the nationwide average utilization hours of wind power generation equipment were 2,095 hours, representing a year-on-year increase of 147 hours.

Consumption promotion policy:

In March 2018, the NEA issued the Notice on Monitoring and Early Warning Results of Investment in Wind Power in 2018 (《關於2018年度風電投資監測預警結果的通知》) and the Notice on Publication of the Guiding Opinions on Energy Tasks for 2018 (《關於印發2018年能源工作指導意見的通知》) which stressed that it was required to publish the early warning information on investment in wind power development in 2018 based on the monitoring of wind power development, construction and operating conditions in the provinces (autonomous regions and municipalities directly under the Central Government) in 2017 and control the size of new projects to be constructed in the areas where the wind curtailment is serious through enhancement of the wind power investment monitoring and early warning mechanism, to ensure the decrease in both the wind power generation and curtailment ratio.

In May 2018, the NEA released the Notice on Further Promoting Relevant Work on Generation Rights Trading (《關於進一步促進發電權交易有關工作的通知》), proposing that for the regions with limited consumption of clean energy, the alternative power generation among clean energy generating units is proactively encouraged. Meanwhile, through further advancing cross-provincial and cross-regional generation rights trading, the consumption of clean energy will be intensified.

In July 2018, the State Council of the PRC issued the Three-Year Plan for Defending the Blue Sky (《打贏藍天保衛戰三年行動計劃》) which clarifies that, by 2020, the proportion of non-fossil energy in the total energy consumption will reach approximately 15%. The initiatives include development of hydropower in an orderly manner, safe and efficient development of nuclear power, optimisation of the layout of wind and solar energy, and development of biomass and geothermal energy according to local conditions. Development of county-level biomass heat and electricity co-generation, biomass-fueled boilers and bio-natural gas is encouraged at the places where resources required are available. More efforts will be exerted on the consumption of renewable energy to basically solve the problem of hydropower, wind power and PV power curtailment.

In October 2018, the National Development and Reform Commission of the PRC (the "**NDRC**") and NEA published the Action Plan on Clean Energy Consumption (2018–2020) (《清潔能源消納行動計劃(2018–2020年)》) which proposes to basically solve the clean energy consumption problems by 2020 and provides for the clean energy consumption goals of all provinces and regions.

In November 2018, the NEA released the Electricity Quota of Renewable Energy and Assessment Methods (3rd Exposure Draft) (《可再生能源電力配額及考核辦法(第三次徵求意見稿)》) which proposes to give play to the role of electricity quota of renewable energy and establish a constraint mechanism for the renewable energy utilization level through mandatory means and its corresponding market-based trading measures, to effectively increase the enthusiasm of renewable energy production and consumption.

Grid parity:

In February 2018, the NEA issued the Notice on Publication of the Guiding Opinions on Energy Work in 2018 (《關於印發2018年能源工作指導意見的通知》) which points out that the construction of wind power grid parity demonstration projects will be promoted and sets out a road map for the grid parity of wind power.

In May 2018, the NEA issued the Notice on Administrative Requirements for Wind Power Construction in 2018 (《關於2018年度風電建設管理有關要求的通知》), pursuant to which, for the new centralized onshore wind power projects located in provinces (autonomous regions and municipalities directly under the Central Government) that have not yet issued their respective wind power construction plans for 2018 and the offshore wind power projects whose investors are not yet determined, the allocation of projects and determination of their on-grid tariffs shall be carried out through a competitive process, and since 2019, for the newly approved centralized onshore wind power projects and offshore wind power projects located in provinces (autonomous regions and municipalities directly under the Central Government), the allocation of projects and determination of their on-grid tariffs shall be carried out through a competitive process.

In May 2018, the NDRC, Ministry of Finance and the NEA jointly issued the Notice on Matters Related to PV Power Generation in 2018 (《關於2018年光伏發電有關事項的通知》), pursuant to which, the reduction of PV subsidy has been accelerated since 31 May 2018, the tariff of the common ground stations and distributed power stations adopting the mode of "generation of power for self-use with remaining power fed back to the power grid" will be reduced by RMB0.05/kWh and the annual construction size of common photovoltaic power plants will not be increased temporarily.

In July 2018, the NDRC and NEA published the Notice on Further Promoting the Marketization of Power Market Transactions and Completing Trading Mechanism (《關於積極推進電力市場化交易進一步完善交易機制的通知》) which requires to promote clean energy consumption and establish a clean energy quota mechanism.

In September 2018, the NEA issued the Notice on Accelerating the Work of Grid Parity of Wind Power and Photovoltaic Power Generation (Exposure Draft) (《關於加快推進風電、光伏發電平價上網有關工作的通知(徵求意見稿)》), stating that all regions shall earnestly summarize the experience of wind power generation development and construction and organise grid parity and construction of non-subsidized wind power projects based on resources, consumption, application of new technologies and other conditions.

Other policies:

In March 2018, the National Forestry and Grassland Administration of the PRC issued the Interim Measures for the Administration of Approval of Construction of Facilities in National Nature Reserves (《在國家級自然保護區修築設施審批管理暫行辦法》), stating that it is forbidden to build wind power projects and other project facilities in national nature reserves. In September 2018, the National Forestry and Grassland Administration of the PRC drafted the Notice on Regulating the Use of Forest Land for Construction of Wind Farm Projects (Exposure Draft) (《關於規範風電場項目建設使用林地的通知(徵求意見稿)》), which proposes constraints on the use requirements and precautions for land and forest land in the construction of wind farms.

In June 2018, the Ministry of Finance, the NDRC, and the NEA issued the Notice on Publication of the Additional Subsidy Catalogue of Renewable Energy Tariff (Batch 7) (《關於公佈可再生能源電價附加資金補助目錄(第七批)的通知》), which clarifies the projects included in the subsidy catalogue.

II. BUSINESS REVIEW

In 2018, the Group comprehensively implemented the spirit of the 19th National Congress and kept a close eye on new policies, new situations and new changes in the new energy industry. Closely focusing on the main task of "quality and efficiency enhancement", the Group made great efforts to overcome difficulties and forge ahead. As a result, the profitability has been further improved and all aspects of work have achieved positive results.

As at 31 December 2018, the net profit attributable to owners of the parent amounted to RMB1,209 million, representing a year-on-year increase of RMB482 million or 66.18%; the revenue amounted to RMB8,319 million, representing a year-on-year increase of 17.11%; the power generation reached 17,975 GWh, representing a year-on-year increase of 2,676 GWh; the average utilisation hours were 2,086 hours, representing a year-on-year increase of 187 hours.

(1) Operating results steadily improved

In 2018, the Company achieved profit before tax of RMB1,729 million, representing a year-on-year increase of RMB670 million; and a net profit of RMB1,426 million, representing a year-on-year increase of RMB524 million; the return on equity increased from 2.15% for 2016 to 6.43% for 2017 and to 9.62% for 2018, indicating significant enhancement in the profitability of assets.

1. Wind power curtailment fundamentally improved

In 2018, the wind power curtailment amount decreased by 1,145 GWh year-on-year and the wind power curtailment ratio decreased to 8.1%, representing a year-on-year decrease of 7.1 percentage points, 2.1 percentage points higher than national average decrease. In particular, the wind power curtailment ratio in Inner Mongolia, Gansu, Jilin, Shanxi, Heilongjiang and other provinces where the Company has a higher proportion of wind power installed capacity decreased by 6.1 percentage points, 11.7 percentage points, 22.2 percentage points, 5.9 percentage points and 8.4 percentage points respectively, all of which are leading in respective regions.

The effective mitigation of wind power curtailment promoted the continuous increase in the Company's power generation. As at 31 December 2018, the Company's wind power generation reached 17,690 GWh, representing a year-on-year increase of 17.63%. In particular, the increase in power generation in Heilongjiang, Jilin, Gansu, Anhui, Yunnan, Shandong and Shanghai was higher than the average growth of the industry in respective regions.

As at 31 December 2018, the consolidated power generation of the Group by geographical area was as follows:

	Consolidated power generation *(MWh)*		
Province	As at 31 December 2018	As at 31 December 2017	Rate of year-on-year change
Total	**17,975,163**	15,298,687	17.49%
Wind power	**17,689,797**	15,038,357	17.63%
Inner Mongolia	**6,782,388**	5,959,475	13.81%
Heilongjiang	**1,084,164**	908,025	19.40%
Jilin	**1,428,850**	1,134,236	25.97%
Liaoning	**731,331**	704,783	3.77%
Gansu	**1,444,543**	1,154,762	25.09%
Ningxia	**928,698**	781,955	18.77%
Shaanxi	**242,024**	232,482	4.10%
Shanxi	**1,111,625**	918,351	21.05%
Hebei	**214,100**	216,521	-1.12%
Henan	**277,997**	235,343	18.12%
Hubei	**–**	64,627	–
Anhui	**110,086**	64,826	69.82%
Guangxi	**168,033**	164,177	2.35%
Guizhou	**78,888**	78,238	0.83%
Yunnan	**651,334**	495,033	31.57%
Chongqing	**77,520**	78,222	-0.90%
Guangdong	**80,034**	92,225	-13.22%
Shandong	**1,574,693**	1,186,819	32.68%
Shanghai	**529,621**	494,207	7.17%
Fujian	**173,869**	74,052	134.79%
Photovoltaic	**256,971**	231,811	10.85%
Jiangsu	**17,754**	17,701	0.30%
Ningxia	**67,887**	64,364	5.47%
Qinghai	**128,599**	115,422	11.42%
Shanxi	**31,799**	34,286	-7.25%
Liaoning	**10,932**	38	28,668.16%
Gas	**28,396**	28,518	-0.43%
Shanxi	**28,396**	28,518	-0.43%

2. Utilization hours of the existing generation units continued to improve

In 2018, the Company continued to strengthen the whole process control of power generation and implemented a number of measures to fully engage in "generation of more power and benchmarking against first class peers". The Company strengthened real-time monitoring of power generation, benchmarking management of utilisation hours of wind power, special supervision on "clarification" of power generation and other tasks. It thoroughly analysed the major subjective and objective reasons why the utilisation hours of wind power in certain regions were lower than the industry average, urged relevant units to earnestly find out the reasons and prepared catch-up measures to focus on the implementation of power generation to improve the profitability from the source. Thus, good effects were achieved in generation of more power.

The Company's average utilisation hours of wind power throughout the year reached 2,096 hours, above the national average utilisation hours of wind power; the Company's average utilisation hours of wind power increased by 191 hours year-on-year, 44 hours higher than the average increase in the industry; the increase in the average utilisation hours of wind power in eleven regions including Shanghai and Heilongjiang were higher than the regional average increase. In particular, the increase in utilisation hours in six regions including Jilin, Gansu, Henan, Anhui, Yunnan and Chongqing was over 40 hours higher than the regional increase.

As at 31 December 2018, the average utilisation hours of the Group by region were as follows:

Province	Average utilisation hours *(hours)*		
	2018	2017	Year-on-year change
Total	2,086	1,899	187
Wind power	2,096	1,905	191
Inner Mongolia	2,291	2,159	132
Heilongjiang	2,265	2,013	252
Jilin	2,205	1,750	455
Liaoning	1,956	1,872	84
Gansu	1,708	1,365	343
Ningxia	1,819	1,572	247
Shaanxi	1,624	1,560	64
Shanxi	2,188	2,025	163
Hebei	2,163	2,187	-24
Henan	2,412	2,336	76
Hubei	–	1,795	–
Anhui	1,783	1,351	432
Guangxi	1,697	1,658	39
Guizhou	1,643	1,630	13
Yunnan	2,199	1,941	258
Chongqing	1,550	1,564	-14
Guangdong	1,617	1,863	-246
Shandong	1,830	1,744	86
Shanghai	2,594	2,420	174
Fujian	2,174	2,760	-586
Photovoltaic	1,473	1,474	-1
Jiangsu	961	958	3
Ningxia	1,385	1,314	71
Qinghai	1,607	1,655	-48
Shanxi	1,590	1,714	-124
Liaoning	1,562	997	565
Gas	5,679	5,704	-25
Shanxi	5,679	5,704	-25

3. Trans-provincial or trans-regional transmission of electricity boosted power generation growth

In 2018, the Company proactively responded to the national guidance policy on clean energy consumption by placing the focus on direct trading and trans-provincial or trans-regional transmission of power generated from clean energy in three northeastern provinces, eastern Inner Mongolia, Gansu, Ningxia and other regions. It guided all branches and subsidiaries to reinforce marketing, strategically participated in clean energy transmission transactions, and focused on strengthening coordination of trans-provincial or trans-regional transmission of electricity, striving to maximize comprehensive benefits.

As at 31 December 2018, the Group recorded total electricity trading of 4,998 million kWh in the market, accounting for 28.66% of the on-grid electricity. In particular, the trans-provincial or trans-regional transmission of electricity was 2,301 million kWh, accounting for 46.04% of electricity trading in the market. The trans-provincial or trans-regional transmission of electricity vigorously promoted the power generation growth in relevant power curtailment regions and significantly facilitated the enhancement of the overall operation of the Company. In 2018, the revenue from sales of electricity per kW increased by RMB85.30 year-on-year.

(II) Safety production remained stable

1. Safety production base was more stable

In 2018, the Company always gave priority to safety and stability in all works, firmly established the idea of safe development and exerted great efforts on accountability and system implementation. The Company intensified risk control and prepared and amended relevant systems including the Standards on Regular Operation of Wind Generating Units based on the application of new technologies and development situation of the wind power industry. The latest standard management model was comprehensively implemented for wind farms and construction sites to constantly implement safety management accountability. Based on the requirements of "prevention of major accidents and implementation of details of safety production", the Company conducted comprehensive investigation on the current situation of management of production technologies of wind power enterprises and organized grassroots enterprises to screen potential safety hazards that may cause fire of wind generation units and collapse of wind turbine tower. Since 2018, the Company has maintained continuously stable safety production and a stable staff team and no collapse of wind turbine tower, fire or casualty accident occurred.

2. Wind turbine governance improved significantly

In 2018, riding on the favorable situation of alleviation of power curtailment, the Company proactively focused on the improvement and progress of equipment power generation performance. In addition, it vigorously carried out the special control of hidden dangers of equipment, and accelerated the quality and efficiency enhancement and technical transformation of old models. In particular, due to the efficiency improvement of wind farms including Chifeng Daheishan, Xishan wind farm and Liaoning Zhongsanjia, the power generation capacity of equipment kept enhancing, and the equipment health level was further improved.

As at 31 December 2018, 98.81% of the utilisation of wind turbines of the Company was completed, representing an increase of 0.17 percentage points year-on-year. The overall efficiency enhancement was obvious for wind turbines and the reliability of wind turbines maintained leading in the industry.

(III) Progress was achieved in structural adjustment

1. Asset quality significantly improved

In 2018, with the gradual turning of the "red" alert areas for wind power development into orange ones, the successive operation of the UHV transmission lines and the continuous expansion of large-scale transmission in Northeast China, North China and Northwest China, certain proposed projects and projects to be built of the Company met development and construction conditions. Based on the external environment and internal advantages, the Company adhered to the goal of high-quality development, proposed differentiated promotion strategies and suggestions for projects in different regions, and accelerated the development and construction of certain projects satisfying conditions on development and construction, striving to achieve early production, early effects, and early returns.

As at 31 December 2018, the capacity of the wind power projects under construction of the Company was 1,772 MW, distributed in a number of provinces, municipalities and autonomous regions including Heilongjiang, Liaoning, Jiangsu, Guangxi, Shanxi, Anhui, Ningxia and Beijing; the total consolidated installed capacity of the Company was 9,014.92 MW, representing an increase of 188.50 MW or 2.14% over the same period of 2017.

As at 31 December 2018, the consolidated installed capacity of the Group by region was as follows:

		Consolidated installed capacity *(MW)*		
Region	Province	As at 31 December 2018	As at 31 December 2017	Rate of year-on-year change
Total		9,014.92	8,826.42	2.14%
Wind power		8,835.45	8,646.95	2.18%
Inner Mongolia		3,005.55	2,956.05	1.67%
	Eastern Inner Mongolia	2,151.75	2,151.75	0.00%
	Western Inner Mongolia	853.80	804.30	6.15%
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%
Central and Western China		3,097.30	3,005.80	3.04%
	Gansu	845.80	845.80	0.00%
	Ningxia	547.50	547.50	0.00%
	Shaanxi	149.00	149.00	0.00%
	Shanxi	625.50	625.50	0.00%
	Hebei	99.00	99.00	0.00%
	Henan	142.75	100.75	41.69%
	Hubei	48.00	48.00	0.00%
	Anhui	97.50	48.00	103.13%
	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%

Region	Province	Consolidated installed capacity *(MW)* As at 31 December 2018	As at 31 December 2017	Rate of year-on-year change
South-East Coastal Areas		**1,209.70**	1,162.20	4.09%
	Guangdong	**49.50**	49.50	0.00%
	Fujian	**95.50**	48.00	98.96%
	Shandong	**860.50**	860.50	0.00%
	Shanghai	**204.20**	204.20	0.00%
Photovoltaic Power Generation		**174.47**	174.47	0.00%
	Jiangsu	**18.47**	18.47	0.00%
	Ningxia	**49.00**	49.00	0.00%
	Qinghai	**80.00**	80.00	0.00%
	Shanxi	**20.00**	20.00	0.00%
	Liaoning	**7.00**	7.00	0.00%
Gas Power Generation		**5.00**	5.00	0.00%
	Shanxi	**5.00**	5.00	0.00%

2. Optimisation of development achieved new breakthroughs

In 2018, under the urgent situation of accelerating the launching of deployment policies of wind power and photovoltaic competitive resources by the State, the Company fully promoted the development of preliminary projects in the regions including Chongqing, Hubei, Jiangxi, Guangdong and Shandong, and completed the approval tasks before the promulgation of policies. The approved capacity of the Company in 2018 was 240 MW.

Meanwhile, as a proactive response to the policy adjustment of the new energy industry, the Company successively formulated and implemented a number of new energy development, adjustment and response measures, accelerated the development of the UHV transmission channel base project and the discussion on the feasibility program for competitive projects, and intensified the development and reserve of distributed wind power.

As at 31 December 2018, the capacity of the Group's wind power projects approved but not yet commenced amounted to 2,499 MW. In particular, the capacity of projects in central and southeast China accounted for 56% and the Company will vigorously accelerate the power generation progress of relevant projects.

(IV) Various measures were adopted to enhance competitiveness

1. Further promoted quality and efficiency enhancement

In 2018, the Company focused on strengthening assets streamlining and constantly consolidated asset quality and streamlined asset structure. In accordance with the principle of marketization, the Company carefully sorted out and analysed the situation of investees, and started the transfer and disposal of certain equity interests in investees; on the basis of full investigation and in-depth understanding of the assets and operations in different regions, the Company propelled the equity acquisition in a planned and step-by-step manner; while engaging in continuous "streamlining", the Company reduced management levels and shortened the property chain to achieve the goal of reducing management costs and risks.

At the same time, the Company energetically reinforced financial management and control and the Company's cost increase was 8.93 percentage points lower than the income increase; besides, it continuously enhanced the strategic cooperation with banks to increase the comprehensive credit support; the Company proactively endeavoured to collect tariff premium, and since the issuance of the seventh list of subsidy catalogue by the Ministry of Finance in June 2018, the rate of tariff premium recovery of the Company gradually accelerated.

2. Comprehensively reinforced internal management and control capabilities

In 2018, the Company reinforced the overall risk management and control and practically improved system management by means of strengthening organization, regulating management and perfecting system. The Company earnestly conducted research and judgment of important risks, comprehensively implemented the prevention and control responsibilities at all levels, and further implemented the internal control closed-loop mechanism.

The Company vigorously raised all staff's awareness of compliance management of listed companies through consolidation of management methods for corporate governance according to law in an all round way, continuously exerted efforts to improve the measures for compliance management of listed companies including connected transactions and information disclosure, and promoted the adjustment and renewal of major connected transaction framework agreements in accordance with the laws and regulations. The Company completed the disclosure of announcements on interim results, annual results, etc. As a result of continuous improvement and standard management, the corporate market image has been further improved.

3. Technology led and drove innovative development

In 2018, the Company solidly advanced the construction of new energy centralized control centers at all levels, carried out overall regional load dispatching, and implemented coordinated reduction of power curtailment; moreover, the Company continuously intensified the promotion of scientific and technological innovation demonstration projects and built smart wind power plant projects, to constantly meet the needs of scientific and technological innovation enterprises; technology management was continuously strengthened for wind farms and a "five-in-one" technology management system covering platform construction, research and development innovation, engineering construction, technical services and expert support was formed.

4. Continued to build quality projects

In 2018, the Company strictly implemented the deployment of high-quality development strategy, and increased the efforts for scientific research and coordination of external conditions including project output, environmental protection, and forest and land acquisition. The construction process quality control was intensified to facilitate further improvement of project construction quality. Various cost reduction measures were adopted to ensure that the project costs was controllable and under control, endeavouring to achieve first-class costs. In 2018, Toudaogou and Yikesong wind power projects in Chifeng of the Company won the "2018 China High-quality Power Project" and "2018 National High-quality Installation Project".

III. MANAGEMENT'S 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 annual report and other sections therein.

(I) Overview

The Group's net profit for 2018 amounted to RMB1,426.39 million, representing an increase of RMB523.72 million compared to RMB902.67 million in 2017, of which profit attributable to owners of the parent amounted to RMB1,209.28 million.

(II) Revenue

The Group's revenue increased by 17.11% to RMB8,319.41 million in 2018 compared to RMB7,104.09 million in 2017, primarily due to increase in revenue from sales of electricity.

The Group's electricity sales revenue increased by 16.92% to RMB8,236.59 million in 2018 compared to RMB7,044.70 million in 2017, 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 31.91% to RMB269.60 million in 2018 compared to RMB204.38 million in 2017, primarily due to the increase in government grants recognized for the current period.

The Group's government grants increased by 54.40% to RMB355.27 million in 2018 compared to RMB230.10 million in 2017, 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 8.15% to RMB4,794.85 million in 2018 compared to RMB4,433.38 million in 2017, mainly due to the increase in depreciation and amortisation charges as a result of higher installed capacity and the increase in employee benefit expenses.

The Group's depreciation and amortisation charges increased by 7.54% to RMB3,397.23 million in 2018 compared to RMB3,159.00 million in 2017, primarily due to the increase in installed capacity.

The Group's employee benefit expenses increased by 21.88% to RMB567.22 million in 2018 compared to RMB465.38 million in 2017, 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 decreased by 6.28% to RMB531.45 million in 2018 compared to RMB567.03 million in 2017, primarily due to the decrease in the provision for assets impairment losses.

(V) Operating profit

The Group's operating profit increased by 31.98% to RMB3,785.16 million in 2018 compared to RMB2,867.92 million in 2017, 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 12.96% to RMB2,112.36 million in 2018 compared to RMB1,869.98 million in 2017, primarily due to the increase in interest bearing bank and other borrowings.

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

The Group recorded RMB55.64 million in share of profit of associates in 2018 compared to a profit of RMB62.09 million in 2017.

The Group recorded RMB0.46 million in share of profit of joint ventures in 2018 compared to a loss of RMB1.02 million in 2017.

(VIII) Income tax expense

The Group's income tax expense increased by 93.49% to RMB302.51 million in 2018 compared to RMB156.34 million in 2017, 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 RMB523.72 million to RMB1,426.39 million in 2018 compared to the profit of RMB902.67 million in 2017. For the year ended 31 December 2018, the Group's profit for the year as a percentage of its total revenue increased to 17.15% as compared with that of 12.71% in 2017.

(X) Profit attributable to owners of the parent

The profit attributable to owners of the parent increased by RMB481.60 million or 66.18%, to RMB1,209.28 million in 2018 compared to the profit of RMB727.68 million in 2017.

(XI) Profit attributable to non-controlling interests

The profit attributable to non-controlling interests of the Group increased by 24.07% to RMB217.11 million in 2018 compared to RMB174.99 million in 2017.

(XII) Liquidity and capital sources

As at 31 December 2018, the Group's cash and cash equivalents increased by 196.82% to RMB3,632.83 million compared to RMB1,223.92 million as at 31 December 2017. The main sources of the Group's operating cash are revenue from the sales of electricity.

As at 31 December 2018, the Group's borrowings increased by 5.41% to RMB50,407.54 million compared to RMB47,821.72 million as at 31 December 2017. In particular, RMB14,626.86 million (including RMB5,162.45 million of long-term borrowings due within one year) was short-term borrowings, and RMB35,780.68 million was long-term borrowings. The above borrowings are all denominated in RMB.

As at 31 December 2018, the Group has unutilised banking facilities amounting to approximately RMB27,995.0 million, of which approximately RMB9,765.0 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 37.02% to RMB2,340.89 million in 2018 compared to RMB3,716.98 million in 2017. 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 and related parties' loans less cash and cash equivalents) divided by the sum of net debt and total equity) was 76.16% in 2018, 0.29 percentage points lower than 76.45% as in 2017.

(XV) Significant investment

In 2018, the Group made no significant investment.

(XVI) Material acquisition and disposal

In 2018, the Group had no material acquisition or disposal.

(XVII) Pledge of assets

Some of our bank borrowings and other borrowings are secured by property, plant and equipment, concession assets and electricity tariff collection rights. As at 31 December 2018, the net carrying value of the pledged assets amounted to RMB7,145.74 million.

(XVIII) Contingent liabilities

As at 31 December 2018, 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 have 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 interest 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 and challenges faced by the Group

The report of the 19th National Congress of the Communist Party of China proposed that, with the development of economic society, green sustainable development has become the consensus of the whole society. It is necessary to put energy work at an important position in the reform of ecological civilization system and building a beautiful China. According to the five requirements on China's energy development, i.e. "four revolutions and one cooperation" ("四個革命一個合作"), as proposed by Xi Jinping, General Secretary of the Communist Party of China, it is required to promote energy production and consumption revolution and build a clean, low-carbon, safe and efficient energy system, so that renewable energy will no longer be featured by the pure function of guaranteeing energy safety and promoting sustainable economic and social development and will also be endowed with new missions including energy conservation and emission reduction, greenhouse gas emission control and air pollution prevention.

In recent years, the State has introduced a series of policies on promotion of wind power consumption to improve the system and working mechanism of clean energy consumption, resulting in effective alleviation of wind and PV power curtailment; macro-support policies and micro-adjustment policies gradually militated the situation and the wind and PV power curtailment was continuously relieved. The State encouraged development of distributed wind power projects and special UHV channel supporting projects, indicating new ways and substances of development for the new energy industry in addition to the traditional model of centralized development.

Science and technology lead progress. In recent years, with the continuous innovation and breakthrough of new technologies, new materials and new equipments, and the constant improvement of intelligence, the power generation efficiency of wind power equipment has further improved. The endogenous benefits of wind power construction management have gradually emerged, and the intelligent operation management of wind farms has been continuously enhanced.

At present, the positive fiscal policy and relatively loose monetary policy provide strong support for the development of new energy. With the further advancement of the country's in-depth reform, the constraints against enterprises will be removed and corporate vitality will be released, creating a good external environment for the Company to promote high-quality development.

At the same time, with the gradual implementation of the grid parity policy, "de-subsidization" is imperative for renewable energy industry which will face increasingly fierce competition, project development is subject to increasingly strict environmental constraints, and the new energy industry faces challenges.

(II) Outlook for 2019

1. Consolidate the overall foundation for safety production

We will firmly establish the "general safety" concept and strictly implement the safety accountability, to ensure stable safety production. Adhering to the principle of "prevention of major accidents and implementation of details of safety production", we will put an end to safety production accidents, to ensure that production, operation and engineering construction will be carried out in an orderly manner.

2. Comprehensively improve power generation management capability

We will continue to strengthen the awareness of capturing every single kWh of electricity, to generate more power. Optimised operation will be carried out thoroughly to constantly improve the reliability of units and enhance the power generation capacity of units.

3. Improve the overall power marketing

We will further increase marketing efforts and endeavour to achieve the linkage of the implementation of quota system and power trading, with an aim to expand market share by virtue of trading opportunities.

4. Thoroughly promote high-quality development

We will proactively adapt to the new situation and new changes in the competitive allocation of resources. Guided by strategic development, we will conduct scientific research, make advanced planning, and speed up the preemption and development of various high-quality resources through multiple channels by a number of means and ways, with a view to reserving a number of high-quality resources to ensure the Company's sustainable development.

5. Fully accelerate projects' production progress

We will go all out to expedite the construction of projects to be constructed and under construction and build high-quality projects following the principle of high-quality development. We will strengthen coordination of external conditions of projects to rationally control the pace of construction and ensure that projects will be put into production in an accelerated way.

6. Improve capital operation in an all round way

Riding on the platform of listed company, we will further expand financing channels and adopt innovative financing methods, to reduce capital costs and asset-liability ratio; more efforts will be made on capital operation to continuously optimise the Company's asset structure and asset quality; we will further implement capital operation planning and reinforce compliance management and market value management, to establish a good market image of the Company.

7. Fully accelerate the pace of reform and innovation

We will further promote the reform of management system and optimise the incentive mechanism, to stimulate the vitality of enterprise; we will strive to achieve better scientific and technological innovation capability and rely on scientific and technological progress, to enhance the level of specialization; the talent quality enhancement project will be further implemented to unremittingly consolidate talent training and reserve and build a high-quality professional talent team.

Major Events in 2018

In January 2018, the Company successfully issued the 2018 first tranche of ultra-short-term debentures with an aggregate amount of RMB2.5 billion.

In March 2018, the Company convened the annual meeting of the Board and the Supervisory Committee for 2017, at which the resolution in relation to the 2017 annual results of the Company was considered and approved.

In March 2018, the Company successfully held the 2017 annual results presentation in Hong Kong.

In June 2018, the Company's annual general meeting for the year 2017 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. Meng Lingbin as an executive Director, and Mr. Li Yi as a non-executive Director.

In June 2018, the Company's wind power projects in Toudaogou and Yikesong, Chifeng were honored as "2018 China Quality Power Project" ("2018年度中國電力優質工程") and "2018 National Quality Installation Project" ("2018年度國家安裝優質工程").

In August 2018, the Company convened the interim meetings of the Board and the Supervisory Committee for 2018, at which the resolution in relation to 2018 interim results was considered and approved.

In October 2018, the Company's first extraordinary general meeting in 2018 was held, at which Mr. Hu Shengmu was appointed as an executive Director and vice chairman of the Company.

Report of Directors

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 2018 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 135 to 136 of this annual report. The financial position of the Group as at 31 December 2018 is set out in the consolidated statement of financial position on pages 137 to 138 of this annual report. The cash flows of the Group for the year ended 31 December 2018 are set out in the consolidated statement of cash flows on pages 141 to 143 of this annual report.

The description of relationship between the Group and employees is set out in Human Resources on pages 126 to 127 of this annual report.

III. BUSINESS REVIEW

In 2018, the Group put into practice the guiding principles of the 19th National Congress across the Board, kept abreast of the new policies, situations and developments in the new energy industry, and overcame all difficulties and forged ahead while centering on the main task of "quality and efficiency improvement". As a result, the Company's profitability was further improved and positive achievements were made in various tasks of the Company.

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 30 of this annual report.

IV. SOCIAL RESPONSIBILITY

In 2018, 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, etc. in 2017. The Group has strictly complied with the relevant laws and regulations.

In 2018, the Group recorded annual electricity generation of 15,299 GWh, leading to an annual saving of 5.56 million tons of standard coal and reduction in carbon dioxide emissions of 14.56 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 2018 are set out in Note 12 to the consolidated financial statements.

VI. SHARE CAPITAL

As at 31 December 2018, 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 2018 are set out in Note 25 to the consolidated financial statements.

VII. PRE-EMPTIVE RIGHTS

As at 31 December 2018, there were 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 31 January 2018, 23 April 2018, 11 July 2018, 22 August 2018 and 22 October 2018, the Company issued five tranches of short-term debentures with a par value of RMB100. The first tranche of short-term debentures amounted to RMB2,500.0 million, and the second, third, fourth and fifth tranches of short-term debentures amounted to RMB2,000.0 million for each. The net of issuance cost is RMB5.97 million. These debentures have annual effective interest rates ranging from 3.10% to 5.15%. The first and second tranches of short-term debentures have already matured in July 2018 and October 2018, and the third, fourth and fifth tranches of short-term debentures will mature in April, May and July 2019.

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 2018, the distributable reserves of the Company were approximately RMB711.25 million according to the Company's financial statements prepared in accordance with CAS (31 December 2017: RMB523.02 million).

XI. DISTRIBUTION PLAN AND POLICY FOR FINAL DIVIDEND

Final Dividend

The Board has proposed to distribute 2018 final dividend to the domestic and H shareholders whose names appear on the register of members of the Company on the record date specified in the notice of 2018 annual general meeting to be published by the Company in due course, with a cash dividend of RMB0.02 (tax inclusive) per share (2017: RMB0.018). The 2018 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 or before 20 August 2019. The above profit distribution plan is subject to approval at the 2018 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.

Dividend Policy

We may distribute dividends by cash, stocks or a combination of both. Dividends or other payments payable by the Company to holders of its domestic-invested shares shall be denominated and declared in RMB and paid in RMB within three months from the date of declaration of dividends; Dividends or other payments payable by the Company to holders of foreign-invested shares shall be denominated and declared in RMB and paid in RMB within three months from the date of declaration of dividends. The exchange rate adopted for conversion shall be the average closing exchange rate of relevant foreign currency against Renminbi as quoted by the People's Bank of China for the five business days prior to the declaration date. The foreign currency payable by the Company to holders of foreign-invested shares shall be subject to the relevant regulations on foreign exchange control in the PRC. The Board shall be authorised by way of an ordinary resolution at the general meeting to implement dividend distribution of the Company.

Any proposed distribution of dividends shall be formulated by our Board and will be subject to our shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including our results of operations, cash flow, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that our Directors may consider important.

According to the PRC law and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory common reserve fund equivalent to 10% of our after-tax profit, as determined under PRC GAAP; and
- allocations, if any, to a discretionary common reserve fund that are approved by the shareholders in a shareholders' meeting.

The minimum allocations to the statutory funds are 10% of our profit after tax, as determined under the Company Law. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocations to this statutory fund will be required.

There is no assurance that we will be able to declare dividends of such amount or any amount each year or in any year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by financing agreements that we may enter into in the future.

XII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As at 31 December 2018, 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 2018, 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 52.66% 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 22.81% of the total purchase for the year.

For the year ended 31 December 2018, 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 54.22% 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 14.82% 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 keeping 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 effect on the Group.

XIV. BANK LOANS AND OTHER BORROWINGS

The details of bank loans and other borrowings of the Group as at 31 December 2018 are set out in Note 24 to the consolidated financial statements.

XV. DONATIONS

As at 31 December 2018, 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
Hu Shengmu	Vice Chairman of the Board and former executive Director	10 October 2018 (re-designated as non-executive Director on 1 March 2019)
Hu Shengmu	Non-executive Director	1 March 2019
Zhou Kewen	Former Vice Chairman of the Board and executive Director	27 June 2017 (resigned on 10 October 2018)
Liu Guangming	Former non-executive Director	30 June 2016 (re-designated as executive Director on 1 March 2019)
Liu Guangming	Executive Director	1 March 2019
Liang Yongpan	Former non-executive Director	30 June 2016 (resigned on 26 June 2018)
Liu Baojun	Non-executive Director	30 June 2016
Meng Lingbin	Executive Director	26 June 2018
Jiao Jianqing	Former executive Director	18 April 2017 (resigned on 26 June 2018)
Li Yi	Non-executive Director	26 June 2018
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		
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		
Liu Guangming	President	1 March 2019
Hu Shengmu	Former president	20 August 2018 (resigned on 1 March 2019)
Zhou Kewen	Former president	18 April 2017 (resigned on 20 August 2018)
Mi Keyan	Former vice president	17 December 2015 (resigned on 20 August 2018)
Jiao Jianqing	Former vice president	20 February 2014 (resigned on 20 August 2018)
Meng Lingbin	Vice president	1 July 2010
Chen Song	Chief accountant	20 February 2014
Zhao Zonglin	Vice president	9 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. Hu Shengmu was appointed as Vice Chairman of the Board and executive Director of the Company on 10 October 2018, and was re-designated as non-executive Director of the Company on 1 March 2019.

- Mr. Liu Guangming was re-designated as executive Director of the Company on 1 March 2019.

- Mr. Meng Lingbin was appointed as executive Director of the Company on 26 June 2018.

- Mr. Li Yi was appointed as non-executive Director of the Company on 26 June 2018.

- Mr. Jiao Jianqing resigned as executive Director of the Company on 26 June 2018 due to work arrangement.

- Mr. Liang Yongpan resigned as non-executive Director of the Company on 26 June 2018 due to work arrangement.

- Mr. Zhou Kewen resigned as Vice Chairman of the Board and executive Director of the Company on 10 October 2018 due to work arrangement.

- Mr. Meng Lingbin 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 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 19 March 2018, 26 March 2018, 26 June 2018 and 10 October 2018.

XVIII. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 117 to 125 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.

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 and Note 28 to the consolidated financial statements.

XXI. INTERESTS OF DIRECTORS AND SUPERVISORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save for the connected transactions and continuing connected transactions disclosed in the section headed "XXVIII. CONNECTED TRANSACTIONS" of this Report of Directors, as at 31 December 2018, no other Directors, Supervisors or their associated entities were interested, directly or indirectly, in any transaction, arrangement or contract of significance, to which the Company was a party, with which the Company's business is connected and which still subsisted during the year or at the end of the year.

XXII. PERMITTED INDEMNITY PROVISION

The Company did not purchase insurance for Directors from 1 January 2018 to the date of this annual report.

XXIII. SIGNIFICANT SUBSEQUENT EVENT

Details of the significant subsequent event of the Group have been set out in Note 37 to the consolidated financial statements.

XXIV. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at 31 December 2018, 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	Chairman of Datang Corporation
Mr. Hu Shengmu	Vice Chairman of the Board and non-executive Director	Vice president of Datang Corporation
Mr. Liu Guangming	Executive Director	Economic analyst and 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. Li Yi	Non-executive Director	Director of Operation Safety Department of Datang Corporation and director of 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. 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 2018, 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 2018, 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	227,370,100 (Long position)	9.09%	3.13%

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 2018, 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 2018 are as follows:

(I) Non-exempt one-off connected transaction

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

Capital Increase Agreement

On 16 October 2018, China Datang Corporation Capital Holding Co., Ltd. ("CDC Capital Holding"), Datang Power, China Datang Overseas (Hong Kong) Co., Limited ("Datang Overseas HK") and Datang Renewables (H.K.) entered into the Capital Increase Agreement, pursuant to which, CDC Capital Holding, Datang Power, Datang Overseas HK and Datang Renewables (H.K.) agreed to make further capital contribution in cash in the total sum of RMB500 million to Datang Finance Leasing in proportion to their existing shareholdings in Datang Finance Leasing. Among which, CDC Capital Holding agreed to make capital contribution in the sum of RMB200 million, Datang Power agreed to make capital contribution in the sum of RMB100 million, Datang Overseas HK agreed to make capital contribution in the sum of RMB100 million (to be settled in U.S. dollars), and Datang Renewables (H.K.) agreed to make capital contribution in the sum of RMB100 million (to be settled in U.S. dollars). Immediately following the completion of the capital increase, the shareholding of each of CDC Capital Holding, Datang Power, Datang Overseas HK and Datang Renewables (H.K.) in Datang Finance Leasing shall remain unchanged at 40%, 20%, 20% and 20%, respectively.

The operations and development of Datang Finance Leasing demonstrate favorable trends, however the development and the external financing capability of Datang Finance Leasing will be limited by low capital, which will impact the capital efficiency and the shareholder's return. Thus, capital contribution to Datang Finance Leasing will increase its asset size, elevate its financing capability and enhance its growth potential and competitiveness, and enables the Company to obtain a better return on investment. The terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Datang Renewables (H.K.) is a wholly-owned subsidiary of the Company. Since 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. CDC Capital Holding is a wholly-owned subsidiary of Datang Corporation, and Datang Power is a non-wholly-owned subsidiary of Datang Corporation, and thus they are connected persons of the Company. Datang Overseas HK is a wholly-owned subsidiary of CDC Overseas Investment which in turn is a wholly-owned subsidiary of Datang Corporation, and thus Datang Overseas HK is a connected person of the Company.

Details of the Capital Increase Agreement and the transaction thereunder are set out in the announcement of the Company dated 16 October 2018.

Agreements on Transfer of Debt Interests

1. *Category I Transfer Agreement*

   On 24 October 2018, Datang Aluke'erqin Qi Renewable Power Co., Ltd., Datang Guazhou Renewable Power Co., Ltd., Datang Baotou Yaneng Power Co., Ltd., Datang Renewable Power (Chayouhouqi) Co., Ltd., Datang Tongxin Renewable Power Co., Ltd., Datang Yantai Renewable Power Co., Ltd., Datang (Qingdao) Wind Power Generation Co., Ltd. and Datang Renewable Shuozhou Wind Power Generation Co., Ltd. (as the transferees, all being subsidiaries of the Company) and Datang Finance Leasing, Datang Dingbian Wind Power Co., Ltd. and Shanxi Datang Kelan Wind Power Co., Ltd. (as the transferors, all being subsidiaries of Datang Corporation) entered into a number of agreements on transfer of debt interests, pursuant to which, the transferors proposed to dispose of, and the transferees proposed to purchase the debt interests at a total consideration of RMB267.9143 million. Upon the completion of the transfer, the transferees are entitled to the debt interests and all returns on the debt interests since the date of completion. The relevant transactions shall be determined based on the actual account value of the debt interests and the transaction prices shall be guaranteed fair and reasonable.

   The subject of the aforesaid transfer of debt interests represents the debt interests owed to the transferor by the debtor under the basic contracts executed between each of the transferors with a debtor, an independent third party. In particular, the basic contracts of the agreements on transfer of debt interests (the "Contracts") involved three types of contracts, namely financing lease, factoring business and purchase of equipment. The debt interests under the Contracts, the ageing of which are all within one year, will fall due in succession within the next three years.

The transfer of debt interests is able to sort out the Company's external debtor-creditor relationships and reduce the overall debt risk of the Group. The terms of the abovementioned agreements on transfer of the debt interests are entered into after arm's length negotiations with the parties. The terms of the agreements on transfer of the debt interests are entered into on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Datang Aluke'erqin Qi Renewable Power Co., Ltd., Datang Guazhou Renewable Power Co., Ltd., Datang Baotou Yaneng Power Co., Ltd., Datang Renewable Power (Chayouhouqi) Co., Ltd., Datang Tongxin Renewable Power Co., Ltd., Datang Yantai Renewable Power Co., Ltd., Datang (Qingdao) Wind Power Generation Co., Ltd. and Datang Renewable Shuozhou Wind Power Generation Co., Ltd. are all subsidiaries of the Company. Since 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 Leasing, Datang Dingbian Wind Power Co., Ltd. and Shanxi Datang Kelan Wind Power Co., Ltd. are all subsidiaries of Datang Corporation and therefore are connected persons of the Company.

2. *Category II Transfer Agreement*

On 24 October 2018, Shanxi Datang International Yingxian Wind Power Co., Ltd. (as the transferee, being a subsidiary of Datang Corporation) and Datang Renewable Power Shuozhou Pinglu Wind Power Co., Ltd. (as the transferor, being a subsidiary of the Company) entered into an agreement on transfer of debt interests, pursuant to which, the transferor proposed to dispose of, and the transferee proposed to purchase the debt interests at a total consideration of RMB23.3819 million. Upon the completion of the transfer, the transferee is entitled to the debt interests and all returns on the debt interests since the date of completion. The relevant transactions shall be determined based on the actual account value of the debt interests and the transaction prices shall be guaranteed fair and reasonable.

The subject of the aforesaid transfer of debt interests represents the debt interests owed to the transferor by the debtor under the basic contract executed between the transferor with a debtor, an independent third party. In particular, the basic contract of the agreements on transfer of debt interests served as a contract for procurement of equipment. The debt interests under the contract, the ageing of which is within one year, will fall due in succession within the next three years.

The transfer of debt interests is able to sort out the Company's external debtor-creditor relationships and reduce the overall debt risk of the Group. The terms of the abovementioned agreements on transfer of the debt interests are entered into after arm's length negotiations with the parties. The terms of the agreements on transfer of the debt interests are entered into on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Datang Renewable Power Shuozhou Pinglu Wind Power Co., Ltd. is a subsidiary of the Company. Since 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. Shanxi Datang International Yingxian Wind Power Co., Ltd. is a subsidiary of Datang Corporation and therefore is a connected person of the Company.

Details of the category I Transfer Agreement and category II Transfer Agreement and the transactions thereunder are set out in the announcements of the Company dated 25 October 2018 and 23 November 2018.

(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, the annual cap for 2018 was 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, the annual cap for 2018 was approved at the 2012 first extraordinary general meeting held on 27 December 2012. In terms of the non-exempt continuing connected transactions of category 4 as stated below, their respective annual caps for 2018-2020 were approved at the 2016 annual general meeting held on 27 June 2017 and the 2018 first extraordinary general meeting held on 10 October 2018. In terms of the non-exempt continuing connected transactions of categories 5 and 6 as stated below, their respective annual caps for 2018-2020 were approved at the 2017 second extraordinary general meeting held on 22 November 2017.

The table below sets out the annual caps and the actual transaction amount of such connected transactions for 2018:

Connected Transaction	Connected Person	Annual Cap for 2018	Actual Transaction Amount for 2018
1. Provision of products and services by the Group	Datang Corporation	RMB60 million	RMB4.93 million
2. Provision of products and services to the Group	Datang Corporation	RMB3,600 million	RMB422.89 million
3. Provision of financial assistance to the Group	KEPCO International Hong Kong Ltd. (KEPCO Hong Kong)	Principle balance of borrowing: Nil Payment of interest: USD0.30 million	Principle balance of borrowing: Nil Payment of interest: USD0.22 million
4. Provision of financial services to the Group – Cash depository service	Datang Finance	Daily Cap for deposits: RMB6,000 million	Highest daily deposits: RMB2,829.68 million
5. Provision of financial services to the Group – Financial leasing service	Datang Financial Leasing	Annual cap of financial leasing equipment: RMB2,000 million Annual cap of financial leasing rents: RMB100 million	The actual amount of financial leasing equipment: RMB816.46 million The actual amount of financial leasing rents: RMB73.46 million
6. Provision of financial services to the Group – Financial leasing service	Shanghai Leasing Company	Annual cap of financial leasing equipment: RMB2,000 million Annual cap of financial leasing rents: RMB100 million	The actual amount of financial leasing equipment: RMB138.99 million The actual amount of financial leasing rents: RMB2.95 million

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.

The transactions under the Datang Framework Agreement will be conducted in the ordinary and usual course of business of the Company on normal commercial terms. These transactions are agreed on an arm's length basis with terms that are fair and reasonable to the Company. As there is a long-term cooperation relationship between the Group and Datang Corporation, it is beneficial to the Company to continue to enter into the transactions under the Datang Framework Agreement as these transactions have facilitated and will continue to facilitate the operation and development of the Group's business and the provision of the Agreed Products and Services to Datang Corporation will generate additional business and sources of revenue to the Group; on the other hand, Datang Corporation is a leading supplier of various agreed products and services and familiar with the Company's requirement on the Agreed Products and Services, and will continue to be able to respond quickly and in a cost efficient manner to any new requirement that the Company may have. As provided in the Datang Framework Agreement, (1) the pricing of the Agreed Products and Services should follow the governmental pricing or the market rate based on arm's length negotiation; and (2) the Company is free to procure or provide the Agreed Products and Services from a third party if such party offers better terms, therefore the Company can ensure that any procurement or provision will be conducted on normal commercial terms or no less favourable than those available to the Company from independent third parties. Given the reasons above, the transactions under the Datang Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 2018 was RMB60 million and the actual transaction amount was RMB4.93 million.

Details of the Datang Framework Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 12 October 2015 and 2 November 2015, respectively.

As the Datang Framework Agreement and the annual caps expired on 31 December 2018, the Company renewed the Datang Framework Agreement with Datang Corporation on 23 August 2018 and set the annual caps for the three years ended 31 December 2019, 2020 and 2021. Such annual caps have been approved at the 2018 first extraordinary general meeting of the Company held on 10 October 2018.

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 and reasons and benefits of entering into the transactions.

During the reporting period, the annual cap of this continuing connected transaction for 2018 was RMB3,600 million and the actual transaction amount was RMB422.89 million.

Details of the Datang Framework Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 12 October 2015 and 2 November 2015, respectively.

As the Datang Framework Agreement and the annual caps expired on 31 December 2018, the Company renewed the Datang Framework Agreement with Datang Corporation on 23 August 2018 and set the annual caps for the three years ended 31 December 2019, 2020 and 2021. Such annual caps have been approved at the 2018 first extraordinary general meeting of the Company held on 10 October 2018.

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 the People's Bank of China ("**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.

Taken into account that the recovery of capital investment in a wind farm generally occurs over a long period of time, the proposed extension of the maturity of the loan facility under the Supplemental Agreement is in line with such long payback period and will provide better flexibility in the Group's cashflow management. Given that the provision of financial assistance by KEPCO Hong Kong to the Group pursuant to the Supplemental Agreement has been conducted on normal commercial terms or on terms no less favorable than those available to the Company from independent third parties, the Supplemental Agreement and the annual caps thereof are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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 2018 was nil. The annual cap of accrued interests was USD0.30 million. The actual closing balance of the principal as at the end of the year was nil and the actual interests paid for the year was USD0.22 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 27 March 2015 expired on 31 December 2017. The financial services agreement (the "Financial Services Agreement") was renewed on 12 May 2017, pursuant to which Datang Finance would provide financial services for the Group. The term for the agreement is from 1 January 2018 to 31 December 2020. 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.

Anticipating that the daily maximum deposit balance (including any interest accrued thereon) at Datang Finance for each of the three years ending 31 December 2020 will exceed previous annual caps (the "Previous Annual Caps"), the Company entered into the Supplemental Agreement to Financial Services Agreement with Datang Finance on 23 August 2018 to make revision to the Previous Annual Caps.

Principal terms and conditions of the Financial Services Agreement and its supplemental 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 credit 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 2018, 2019 and 2020, respectively.

- In respect of the provision of the deposit services under the Financial Services Agreement and through entering into the supplemental agreement of 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 was amended from the Previous Annual Caps of RMB2 billion to RMB6 billion for the years ended 31 December 2018, 2019 and 2020, respectively.

- The term of the Financial Services Agreement shall commence from 1 January 2018 and end on 31 December 2020.

Datang Finance has undertaken to provide the aforementioned financial services to the Group based on the following pricing principles: within the range for the floating deposit interests rates published by the PBOC and by reference to the benchmark deposit interest rate published by the PBOC, the deposit interest rate to be provided by Datang Finance to the Group shall not be lower than the equivalent deposit interest rate as offered by the independent domestic commercial banks in the PRC; within the range for the floating loan interests rates published by the PBOC and by reference to the benchmark loan interest rate published by the PBOC, the loan interest rate to be granted by Datang Finance to the Group shall not be higher than the equivalent deposit interest rate as charged by the independent domestic commercial banks in the PRC; and the fees charged by Datang Finance for its provision of other financial services to the Group should not be higher than the rates charged by the independent domestic commercial banks in the PRC for the services of the same or similar kind.

By entering into the Financial Services Agreement with Datang Finance, the Company is able to secure loans and other financing services at interest rates lower than those in the market, which assists in improving the overall standard of fund operation of the Company and enhancing the Group's bargaining power of external financing. The entering into the Financial Services Agreement can also enable the Company to secure higher interest rates for deposits than those in the market and enjoy payment and settlement services at zero rate, thereby increasing interest income on deposits and saving e-settlement costs. Due to the long-term relationship between the Group and Datang Finance, the Group expects that it will benefit from Datang Finance, which is familiar with the industry and operation of the Group. Through cooperation between each other for many years, Datang Finance is familiar with the capital structure, business operation, financing needs, mode of cash flow and cash management of the Group, as well as the Group's entire financial management system so it will be an advantage to provide the Group with more appropriate, effective and flexible services when compared with the independent domestic commercial banks (the "Reasons").

Given the continuous improvements in the operating results and the rapid growth in the power generation, utilization hours, operating revenue and total profit of the Group, the net profit attributable to the parent company maintaining multiple growth in recent years, in particular, it is expected that the amount actually to be deposited with Datang Finance by the Group will far exceed the previous estimation. The original annual caps will not satisfy the daily maximum deposit balance of the Group at Datang Finance as at the deposit date during the remaining term of the Financial Services Agreement. Therefore, the Company entered into the Supplemental Agreement with Datang Finance to revise the caps for the period from the effective date of the Supplemental Agreement to 31 December 2020 from RMB2 billion to RMB6 billion. In light of such reasons, the Company continued to cooperate with Datang Finance in providing the deposit services. Since these transactions was and will be conducive to the business operation and development of the Company, it will be beneficial to the Company for conducting relevant continuing connected transactions as before. Furthermore, these transactions will continue to be conducted in the ordinary and usual course of business of the Company on normal commercial terms or on terms no less favourable than those available to the Company from independent third parties and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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 2018 was RMB6,000 million and the actual maximum amount of daily deposit balance was RMB2,829.68 million.

Details of the Financial Services Agreement and the Supplemental Agreement thereto as well as the transactions thereunder are set out in the announcements of the Company dated 12 May 2017 and 23 August 2018, and the circulars of the Company dated 2 June 2017 and 21 September 2018.

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 27 March 2015 expired on 31 December 2017, the Company renewed the finance lease framework agreement (the "Datang Finance Lease Framework Agreement") with Datang Financial Leasing on 29 September 2017 in relation to the provision of financial leasing services to the Group by Datang Financial Leasing for a term commencing from 1 January 2018 and ending on 31 December 2020. 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 1 January 2018 to 31 December 2020;

- 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 direct 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 (in respect of direct lease) or the value of (in respect of sale and leaseback) 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

- in respect of sale and leaseback, 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.

In determining the annual caps, we have considered, among others:

(1) historical amount for the three years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017.

(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:

For recent years, the benchmark lending rates published by PBOC constantly kept at a level of approximately 4.0%, and the Company registered and issued tranches of ultra-short-term debentures, short-term debentures and green corporate bonds to supplement its working capital and to purchase equipment for its normal business. However, the current benchmark lending rates have been raised up to approximately 4.8%, thus the cost for issue debentures or bonds is much higher than before. The transactions contemplated under the Datang Finance Lease Framework Agreement may allow the Company to have a lower fee charge than those purchased by loans or provided by independent third parties.

(3) historical cash flow for the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017:

The Group will be able to mitigate the pressure on the cash flow for the acquisition of assets by giving less preceded funds to purchase the required production equipment or assets. In the year of implementing finance lease, the cash flow of the Group was relatively normal, while the cash flow was relatively tight in the year of non-implementing finance lease. As a fund raising and financing instrument, finance lease will be propitious to further optimize the Company's financial structure and improve the current cash flow performance.

(4) constantly increasing financing needs and future development prospects of the Group:

The installed capacity of the Group maintained a high growth in recent years. As at 30 June 2017, the Group's consolidated installed capacity amounted to 8,497.92MW, representing an increase of 16.9% over the same period last year. In addition, as at 31 August 2017, the approved reserve capacity of the Group was 3,962.20MW, and such capacity will be converted into construction in progress in the future. After considering the current conditions in financing market as disclosed in Item (2), the Group has to acquire new wind turbines by way of finance lease and obtain lower interest rate so as to minimise the costs in the process of development of the Company. The Group expects to continue to invest in increasing its installed capacity and construction of wind farms. In determining the annual caps, the Company has taken into account that such expansion would lead to an increase of financing needs of the Group.

(5) the nature and value of Leasing Equipment:

The size of installed capacity of wind turbines of the Group is generally 50MW to 300MW and each of the project with an installed capacity of 50MW will need approximately RMB2 billion. The installed capacity put into production for each year is approximately 1,500MW, and thus is more than RMB10 billion. As the majority of the aforesaid total cost in Item (4) is incurred by purchasing of wind power equipment, i.e. the Leasing Equipment, the need for a higher annual cap for the transactions contemplated under the Datang Finance Lease Framework Agreement is obvious.

The transactions under Datang Finance Lease Framework Agreement are beneficial to the Company as they will enable the Company to (1) broaden its financing channels and raise low-cost funds under the current situations where the size of bank loans is still tightened up and the interest rates of bank financing stay high; and (2) facilitate the smooth development and operation of the Group's business. It is beneficial to the Company to continue to enter into the Datang Finance Lease Framework Agreement and the transactions contemplated thereunder as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business. Such transactions will continue to be conducted in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Since 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 Financial Leasing is a subsidiary of Datang Corporation, and thus a connected person of the Company.

Within the reporting period, in regards to the continuing connected transaction, the annual cap of Leasing Equipment under Finance Lease was RMB2,000 million in 2018, and the annual cap of the rent under Finance Lease was RMB100 million in 2018. However, the actual transaction amount regarding the Leasing Equipment under Finance Lease was RMB816.46 million and the actual transaction amount of the annual rent under the Finance Lease was RMB73.46 million.

Details of the Datang Finance Lease Framework Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 29 September 2017 and 24 October 2017, respectively.

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

The finance lease framework agreement entered into by the Company and Shanghai Leasing Company on 12 October 2015 has expired on 31 December 2017. On 29 September 2017, the Company renewed the finance lease framework agreement ("Finance Lease Framework Agreement") with Shanghai Leasing Company for a term from 1 January 2018 to 31 December 2020. Pursuant to this agreement, Shanghai Leasing Company will provide financial leasing and other relevant services 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 2018 to 31 December 2020;
- 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.

In determining the annual caps, we have considered, among others:

(1) historical amount for the three years ended 31 December 2014, 2015 and 2016 and the eight months ended 31 August 2017 as disclosed in the above section (II).

(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:

    For recent years, the benchmark lending rates published by PBOC constantly kept at a level of approximately 4.0%, and the Company registered and issued tranches of ultra-short-term debentures, short-term debentures and green corporate bonds to supplement its working capital and to purchase equipment for its normal business. However, the current benchmark lending rates have been raised up to approximately 4.8%, thus the cost for issue debentures or bonds is much higher than before. The transactions contemplated under the Finance Lease Framework Agreement may allow the Company to have a lower fee charge than those purchased by loans or provided by independent third parties.

(3) historical cash flow for the three years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 as disclosed in the corresponding annual report and/or interim report of the Company:

The Group will be able to mitigate the pressure on the cash flow for the acquisition of assets by giving less preceded funds to purchase the required production equipment or assets. In the year of implementing finance lease, the cash flow of the Group was relatively normal, while the cash flow was relatively tight in the year of non-implementing finance lease. As a fund raising and financing instrument, finance lease will be propitious to further optimize the Company's financial structure and improve the current cash flow performance.

(4) constantly increasing financing needs and future development prospects of the Group:

The installed capacity of the Group maintained a high growth in recent years. As at 30 June 2017, the Group's consolidated installed capacity amounted to 8,497.92MW, representing an increase of 16.9% over the same period last year. In addition, as at 31 August 2017, the approved reserve capacity of the Group was 3,962.20MW, and such capacity will be converted into construction in progress in the future. After considering the current conditions in financing market as disclosed in Item (2), the Group has to acquire new wind turbines by way of finance lease and obtain lower interest rate so as to minimise the costs in the process of development of the Company. The Group expects to continue to invest in increasing its installed capacity and construction of wind farms. In determining the annual caps, the Company has taken into account that such expansion would lead to an increase of financing needs of the Group.

(5) the nature and value of Leasing Equipment:

The size of installed capacity of wind turbines of the Group is generally 50MW to 300MW and each of the project with an installed capacity of 50MW will need approximately RMB2 billion. The installed capacity put into production for each year is approximately 1,500MW, and thus is more than RMB10 billion. As the majority of the aforesaid total cost in Item (4) is incurred by purchasing of wind power equipment, i.e. the Leasing Equipment, the need for a higher annual cap for the transactions contemplated under the Finance Lease Framework Agreement is obvious.

The transactions under the Finance Lease Framework Agreement are beneficial to the Company as they will enable the Company to (1) broaden its financing channels and optimise its debt structure; (2) reduce its capital costs given the lower-than-market interest rates offered in the transactions under the Finance Lease Framework Agreement; and (3) in the case of direct leasing, reduce the cash outlay to purchase required equipments, thereby increasing financial resources for other business development activities. Meanwhile, Shanghai Leasing Company would be able to develop a deeper understanding in the operation of the Company and relevant units, which in turn would be able to provide more convenient, effective and efficient finance leasing services to the Company. It is beneficial to the Company to continue to enter into the Datang Finance Lease Framework Agreement and the transactions contemplated thereunder as such transactions have facilitated and will continue to facilitate the operation and growth of the Company's business. Such transactions will continue to be conducted in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Datang Finance Leasing, Datang Corporation, Datang Overseas HK. and CDC Capital Holding. 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.

During the reporting period, with regard to such continuing connected transaction, annual cap of Leasing Equipment under Finance Lease for 2018 was RMB2,000 million; annual cap of rent under Finance Lease for 2018 was RMB100 million. In 2018, the actual transaction amount of Leasing Equipment under Finance Lease was RMB138.99 million; the actual transaction amount of annual rent under Finance Lease was RMB2.95 million.

Details of the Finance Lease Framework Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 29 September 2017 and 24 October 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 auditor 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. 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 67 to 90 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 2018, 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 2018 annual results and the financial statements for the year ended 31 December 2018 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 26 June 2018, Ernst & Young Hua Ming LLP and Ernst & Young were re-appointed as the domestic and the overseas auditors respectively for 2018 of the Company at the annual general meeting of 2017 of the Company, with a term until the forthcoming annual general meeting. The Company did not change its auditors in the past three years.

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.

By order of the Board
Chen Feihu
Chairman

Beijing, the PRC, 27 March 2019

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 2018, 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 2018, 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 2018, 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.

During the reporting period, the actual implementation of the Board Diversity Policy is as follows:

1. The Board consisted of nine directors, of whom three were independent non-executive Directors, which complied with the relevant provisions "At least one third of members of the board of directors shall be independent non-executive directors" under Rules 3.10(1) and 3.10A of the Listing Rules.

2. At least one of the independent non-executive Directors have obtained financial qualifications, and the others have had such professional experiences as law, finance and business management, which also complied with the provisions under Rule 3.10(2) of the Listing Rules.

3. The members of the Board had different education backgrounds, including master's degree in engineer and doctor's degree in law and management, with age band from 47 to 65.

The Nomination Committee has reviewed the Board Diversity Policy to ensure its effectiveness, and was of the opinion that the Board has met the requirements of the diversity.

The biographical details of the Directors as of the Latest Practicable Date are set out on pages 117 to 122 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 2018, 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
Hu Shengmu	1960.06	Vice Chairman of the Board and former executive Director	10 October 2018 (re-designated as non-executive Director on 1 March 2019)
		Non-executive Director	1 March 2019
Liu Guangming	1971.12	Former non-executive Director	30 June 2016 (re-designated as executive Director on 1 March 2019)
		Executive Director	1 March 2019
Meng Lingbin	1962.04	Executive Director	26 June 2018
Li Yi	1967.02	Non-executive Director	26 June 2018
Liu Baojun	1961.04	Non-executive Director	30 June 2016
Liu Chaoan	1956.03	Independent non-executive Director	1 July 2010
Lo Mun Lam, Raymond	1953.09	Independent non-executive Director	20 August 2013
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 2018, the Board held eight meetings, and the record of Directors' attendance is set out as follows:

Name	Position	Number of attendance/ required number of attendance	Attendance rate
Chen Feihu	Chairman of the Board and non-executive Director	8/8	100%
Hu Shengmu (note1)	Vice chairman of the Board and non-executive Director	2/2	100%
Liu Guangming (note 2)	Executive Director	8/8	100%
Li Yi (note 3)	Non-executive Director	5/5	100%
Meng Lingbin (note 4)	Executive Director	5/5	100%
Zhou Kewen (note 5)	Former vice chairman of the Board and executive Director	6/6	100%
Liang Yongpan (note 6)	Former non-executive Director	3/3	100%
Jiao Jianqing (note 7)	Former executive Director	3/3	100%
Liu Chaoan	Independent non-executive Director	8/8	100%
Lo Mun Lam, Raymond	Independent non-executive Director	8/8	100%
Yu Shunkun	Independent non-executive Director	7/8	88%

Notes:

1. Mr. Hu Shengmu was appointed as the vice chairman of the Board and an executive Director of the Company on 10 October 2018. For the year ended 31 December 2018, two Board meetings were held since his appointment. He was re-designated from an executive Director to a non-executive Director of the Company on 1 March 2019.

2. Mr. Liu Guangming was re-designated from a non-executive Director to an executive Director of the Company on 1 March 2019.

3. Mr. Li Yi was appointed as a non-executive Director of the Company on 26 June 2018. For the year ended 31 December 2018, five Board meetings were held since his appointment.

4. Mr. Meng Lingbin was appointed as an executive Director of the Company on 26 June 2018. For the year ended 31 December 2018, five Board meetings were held since his appointment.

5. Mr. Zhou Kewen resigned as the vice chairman of the Board and an executive Director of the Company on 10 October 2018. Six Board meetings were held up to the date of his resignation.

6. Mr. Liang Yongpan resigned as a non-executive Director of the Company on 26 June 2018. Three Board meetings were held up to the date of his resignation.

7. Mr. Jiao Jianqing resigned as a non-executive Director of the Company on 26 June 2018. Three Board meetings were held up to the date of his resignation.

(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 2018, 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 2018, 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 as well as 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. In 2018, Mr. Chen Feihu and Mr. Hu Shengmu served as the Chairman and the President respectively, whose powers and responsibilities were clearly divided.

In 2018, 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 2018, the President Mr. Hu Shengmu 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 2018, 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 2018, 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 2018, 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
Hu Shengmu (note 1)	Vice chairman of the Board, non-executive Director	Business management and corporate governance
Li Yi	Non-executive Director	Business management and corporate governance
Liu Baojun	Non-executive Director	Business management and corporate governance
Liu Guangming (note 2)	Executive Director and general manager	Business management and corporate governance
Meng Lingbin	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
Zhou Kewen	Former vice chairman of the Board and executive Director	Business management and corporate governance
Liang Yongpan	Former non-executive Director	Business management and corporate governance
Jiao Jianqing	Former executive Director	Business management and corporate governance

Notes:

1. Mr. Hu Shengmu was re-designated from an executive Director to a non-executive Director of the Company on 1 March 2019 and resigned as the general manager of the Company on the same day.

2. Mr. Liu Guangming was re-designated from a non-executive Director to an executive Director of the Company on 1 March 2019 and was appointed as the general manager of the Company on the same day.

(B) Professional trainings for joint company secretaries

The Company appointed Mr. Cui Jian as a joint company secretary of the Company on 26 March 2018. In compliance with Rule 3.29 of the Listing Rules, Mr. Cui Jian, the joint company secretary of the Company, had undertaken relevant professional trainings of not less than 15 hours during the year ended 31 December 2018.

The Company appointed Ms. Kwong Yin Ping Yvonne (a vice president of SWCS Corporate Services Group (Hong Kong) 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 professional trainings during the year ended 31 December 2018. Her primary contact in the Company is Mr. Cui Jian, 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 2018, 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 2018, 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 fifth meeting of the third session of the Audit Committee of the Board was held on 26 March 2018, for the main purpose of considering and approving the 2017 annual results announcement and annual report of the Company, the 2017 final financial report of the Company, the profit distribution plan of the Company for 2017, and the 2017 report on internal control of the Company.

- The sixth meeting of the third session of the Audit Committee of the Board was held on 20 August 2018, for the main purpose of considering and approving the 2018 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	1/2
Yu Shunkun	2/2

(2) Nomination Committee

As at 31 December 2018, the Nomination Committee of the Company consists of three Directors, i.e. Mr. Liu Chaoan (independent non-executive Director), Mr. Li Yi (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 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.

In respect of nomination of candidates for Directors, the Nomination Committee is obliged to widely seek shareholders' opinions and proposal on nomination and examine whether the candidates are equipped with professional knowledge, working experience for performance of duties and his/her qualifications are in compliance with the Company Law and relevant laws, administrative regulations and departmental rules. Upon passing the review, the results shall be proposed to the Board for consideration before the submission thereby to the general meeting for approval in the form of proposal.

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

- The third meeting of the third session of the Nomination Committee of the Board was held on 26 March 2018, 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 fourth meeting of the third session of the Nomination Committee of the Board was held on 15 August 2018, for the main purpose of reviewing the proposal in relation to the appointment of general manager of the Company.

- The fifth meeting of the third session of the Nomination Committee of the Board was held on 19 September 2018, for the main purpose of reviewing the proposal in relation to the reshuffling of Directors of the Company.

The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Liu Chaoan *(Chairman of the committee)*	3/3
Li Yi *(note 1)*	2/2
Liang Yongpan *(note 2)*	1/1
Lo Mun Lam, Raymond	3/3

Notes:

1. Mr. Li Yi was appointed as a member of the Nomination Committee of the Company on 26 June 2018. For the year ended 31 December 2018, two meetings of the Nomination Committee were held since his appointment.

2. Mr. Liang Yongpan resigned as a member of the Nomination Committee of the Company on 26 June 2018. One meeting of the Nomination Committee was held up to his resignation.

(3) Remuneration and Assessment Committee

As at 31 December 2018, the Remuneration and Assessment Committee of the Company consists of three Directors, i.e. Mr. Yu Shunkun (independent non-executive Director), Mr. Hu Shengmu (non-executive Director) *(Note)* and Mr. Liu Chaoan (independent non-executive Director) with Mr. Yu Shunkun serving as the Chairman of the Company's Remuneration and Assessment Committee.

Note: Mr. Hu Shengmu was redesignated as a non-executive Director of the Company from executive Director on 1 March 2019.

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 third meeting of the third session of the Remuneration and Assessment Committee of the Board was held on 26 March 2018, 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
Hu Shengmu *(note 1)*	0/0
Zhou Kewen *(note 2)*	1/1
Liu Chaoan	1/1

Notes:

1. Mr. Hu Shengmu was appointed as a member of the Remuneration and Assessment Committee of the Company on 10 October 2018. For the year ended 31 December 2018, no meeting of the Remuneration and Assessment Committee was held since his appointment.

2. Mr. Zhou Kewen resigned as a member of the Remuneration and Assessment Committee of the Company on 10 October 2018. One meeting of the Remuneration and Assessment Committee was held up to his resignation.

(4) Strategic Committee

As at 31 December 2018, the Strategic Committee of the Company consists of Mr. Hu Shengmu (non-executive Director) *(Note)*, Mr. Liu Guangming (executive Director) *(Note)* and Mr. Meng Lingbin (executive Director), with Mr. Hu Shengmu serving as the Chairman of the Strategic Committee.

Note: Mr. Hu Shengmu was redesignated as a non-executive Director from executive Director of the Company, and Mr. Liu Guangming was redesignated as an executive Director from non-executive Director of the Company on 1 March 2019.

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 one meeting, details of which are set out as follows:

- The fourth meeting of the third session of the Strategic Committee of the Board was held on 26 March 2018, for the main purpose of considering the proposal in relation to the Operation and Investment Plans of the Company for 2018.

The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Hu Shengmu *(Chairman of the committee)* *(note 1)*	0/0
Meng Lingbin *(note 2)*	0/0
Zhou Kewen *(Former chairman of the committee)* *(note 3)*	1/1
Liu Guangming	1/1
Jiao Jianqing *(note 4)*	1/1

Notes:

1. Mr. Hu Shengmu was appointed as the chairman of the Strategic Committee of the Company on 10 October 2018. For the year ended 31 December 2018, no meeting of the Strategic Committee was held since his appointment.

2. Mr. Meng Lingbin was appointed as a member of the Strategic Committee of the Company on 26 June 2018. For the year ended 31 December 2018, no meeting of the Strategic Committee was held since his appointment.

3. Mr. Zhou Kewen resigned as the chairman of the Strategic Committee of the Company on 10 October 2018. One meeting of the Strategic Committee was held up to his resignation.

4. Mr. Jiao Jianqing resigned as a member of the Strategic Committee of the Company on 26 June 2018. One meeting of the Strategic Committee was held up to 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 2018. 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 disclosable 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. 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 2018, 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 2018, 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 been well staffed to take 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.

The Board assumes ultimate responsibility for the risk management, internal control and compliance management of the Company, and is responsible for reviewing the effectiveness of such systems. 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 2018 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 2018 was RMB7.55 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 and potential acquisition amounted to RMB0.55 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 the five highest paid individuals are set out in Note 11 to the consolidated financial statements of the annual report. For the year ended 31 December 2018, 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 19 September 2018. At such meetings, the Board considered and approved, among other things, the resolution in relation to the amendments to the Articles of Association, which mainly included the amendments to the relevant articles concerning the basic information on the Company. The resolution was considered and approved at the 2018 first extraordinary general meeting of the Company held on 10 October 2018 by way of a special resolution. The revised Articles of Association came into effect on 10 October 2018. Details of the amendments to the Articles of the Association are set out in the announcement dated 19 September 2018 and the circular dated 20 September 2018.

9. Shareholders' General Meeting

In 2018, the Company held two shareholders' general meetings in total with attendance of Directors as follows:

Name	Position	Actual attendance/ required attendance	Attendance rate
Chen Feihu	Chairman of the Board and non-executive Director	2/2	100%
Hu Shengmu (Note 1)	Vice chairman of the Board, non-executive Director	1/1	100%
Zhou Kewen (Note 2)	Former vice chairman of the Board, executive Director	1/1	100%
Li Yi (Note 3)	Non-executive Director	2/2	100%
Liu Baojun	Non-executive Director	2/2	
Liu Guangming (Note 4)	Executive Director	2/2	100%
Meng Lingbin (Note 5)	Executive Director	2/2	100%
Liang Yongpan (Note 6)	Former non-executive Director	0/0	–
Jiao Jianqing (Note 7)	Former executive Director	0/0	–
Liu Chaoan	Independent non-executive Director	1/2	50%
Lo Mun Lam, Raymond	Independent non-executive Director	1/2	50%
Yu Shunkun	Independent non-executive Director	1/2	50%

Notes:

1. Mr. Hu Shengmu was appointed as a vice chairman of the Board and an executive Director of the Company on 10 October 2018. There was one shareholders' general meeting held for the year ended 31 December 2018 upon his appointment. He was redesignated as a non-executive Director of the Company from executive Director on 1 March 2019.

2. Mr. Zhou Kewen resigned as a vice chairman of the Board and an executive Director of the Company on 10 October 2018. There was one shareholders' general meeting held prior to his resignation.

3. Mr. Li Yi was appointed as a non-executive Director of the Company on 26 June 2018. There were two shareholders' general meetings held in total for the year ended 31 December 2018 upon his appointment.

4. Mr. Liu Guangming was redesignated as an executive Director of the Company from non-executive Director on 1 March 2019.

5. Mr. Meng Lingbin was appointed as an executive Director of the Company on 26 June 2018. There were two shareholders' general meetings held in total for the year ended 31 December 2018 upon his appointment.

6. Mr. Liang Yongpan resigned as a non-executive Director of the Company on 26 June 2018. There was no shareholders' general meeting held prior to his resignation.

7. Mr. Jiao Jianqing resigned as a non-executive Director of the Company on 26 June 2018. There was no shareholders' general meeting held prior to his resignation.

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 two 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 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 days prior to the date of the shareholders' general meeting.

In 2018, the Company held the 2018 first extraordinary general meeting and the 2017 annual 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, 17th Floor, 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 2018, 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 26 March 2018, the Company held the fifth meeting of the third session of the supervisory committee in Beijing, at which the following proposals were considered and approved: the Report of the Supervisory Committee of the Company for 2017, the Annual Results Announcement and Annual Report of the Company for 2017, the Final Financial Report of the Company for 2017, the Financial Budget Plan of the Company for 2018 and the Profit Distribution Plan of the Company for 2017.

2. On 20 August 2018, the Company held the sixth meeting of the third session of the supervisory committee in Beijing, at which the proposal in relation to the 2018 Interim Results Announcement and Interim Report of the Company was considered and approved.

II. PRINCIPAL INSPECTION AND SUPERVISION WORK OF THE SUPERVISORY COMMITTEE IN 2018

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 2017 annual general meeting and 2018 first extraordinary general meeting as well as the eighth meeting of the third session of the Board and the eleventh meeting of the third session of the Board, exercising supervision in respect of the lawfulness and compliance of the procedures of the matters considered by the Board 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 management of the Company followed the guideline of "pursuing high-standard operation and becoming a first-class enterprise" in carrying out various work. In particular, the Company further consolidated the foundation for safe operation by strengthening safety responsibility; the Company further improved its operating results by attaching equal importance to exploring revenue resources and saving costs; the Company made further breakthroughs in optimized development by focusing on key projects; and the Company continued to strengthen team building by strictly following the principle of scientific personnel selection and employment. 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 2018 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 2019, 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, 27 March 2019

Environmental, Social and Governance Report

China Datang Corporation Renewable Power Co., Limited (the "Company", "Company", or "Datang Renewable") has prepared the Environmental, Social and Governance Report ("ESG Report") in accordance with the *Appendix 27 Environmental, Social and Governance Reporting Guide* (ESG Reporting Guide) to the Listing Rules, since 2017. This Report aims to respond to the expectations of our stakeholders, and demonstrate our ideas, management, actions and achievements regarding environmental, social, corporate governance and sustainable development.

In 2018, the Group mainly responds to the requirements of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") regarding "Materiality, Quantitative, Balance and Consistency" in preparation of ESG Report. In this report, we have demonstrated the process of identifying and communicating with the stakeholders, and identified materiality matrix and key issues. On this basis, the Company has disclosed the key performance indicators in a quantitative manner, and effectively compared with the historical data, so as to fully and fairly report the Group's ESG performance.

1. ESG MANAGEMENT

As a leading clean energy supplier in China, we always adhere to the advanced philosophy of green, low carbon and sustainable development in operation and management, to guarantee production safety and stable energy supply, and provides steady flow of clean and high-grade power to economic and social development. In 2018, we adhered to energy conservation and emission reduction and optimized the business portfolio. We maintained stable growth and made steady progress in market-oriented reform. We put the interest of our shareholders, employees, community and suppliers in the first place, constantly look for opportunities to improve our values and spare no efforts to boost high-quality development, so as to build ourselves into an international leading renewable energy enterprise.

1.1 ESG Management Structure

As the society increasingly pays attention to sustainable development performance of an enterprise, social responsibility management becomes the key emphasis for the Company. We have proactively responded to the policy requirements of the Hong Kong Stock Exchange. After intensive study and deployment at the earlier stage, the Company has formally established an ESG working group. The Company's Board secretary serves as the leader of the working group, with department heads serving as the group members. In order to effectively evaluate the ESG risks and opportunities, the working group communicates and reports ESG performance to the Board of Director regularly. The branches, subsidiaries and relevant departments in the headquarters communicate and report daily work, and attend ESG training on a regular basis. Each department develops work plans, shares out the work and cooperates with each other, together building up a network of ESG contacts.

The working group helps us to have an in-depth understanding of stakeholders' concerns. The working group has fully planned and executed the ESG strategies, implemented specific ESG responsibilities, and promoted the group's ESG performance, so as to fully integrate ESG in the Company's daily management, and further enhance the Group's overall capability for sustainable development and creating long-term value.

1.2 Stakeholder Communication

We attach great importance to the role of stakeholders in promoting sustainable development of Datang Renewable. By virtue of the ESG working group, we identified the important stakeholders, reflected the impacts caused by our operation on different stakeholders, and perfected the channels for communication. We listen to the recommendations from the stakeholders regarding management and operation of the Company, receive their appeals and take in their evaluation on our ESG performance.

Stakeholder's Concerns and Communication Channel Schedule

Stakeholders	Expectations and Requirements	Communication Channels
Government and Regulators	Implementing the national policies, laws and regulations Safeguarding power supply Promoting the local economic development Creating more jobs and contributing to society Boosting the industry development	Work Reports Periodical Reports Policy Research Participation Cooperation Discussions
Shareholders	Benefits and returns Compliance operations Production safety Information disclosure and transparency	Corporate announcements On-site visiting Shareholder's general meeting
Customers and Partners	Contract fulfillment in accordance with laws Integrity management High-quality products and services Fair and just cooperation	Business communication Customer's feedback Exchange and discussion
Employees	Maintaining legitimate rights and interest Guaranteeing of compensation and benefits Improving communication mechanisms Building better channels for career development Diversifying education and training	Employee representative congress Labor contract Employee democratic appraisal Corporate culture building Staff training
Communities and the Public	Improving the community environment Participating in the public service Open and transparent information	Company's websites Corporate announcements Interviews and communication Public service activities
Media	Timely disclosure of information Keeping a good relationship with media Delivering correct and transparent information	Releasing news and announcements Publishing reports Active dialogues with the media

1.3 Materiality Analysis

In order to understand the expectations and appeals of the stakeholders, improve the quality of the ESG Report, and respond to ESG concerns of all stakeholders, the Company has identified the sustainability issues that have significant impacts on Company's development and stakeholders' well-being, and determined the materiality of such issues pursuant to the requirements under the ESG Reporting Guide. We also conduct benchmarking analysis regarding the ESG reporting of leading renewable energy enterprises, and take into account our own operation and management process.

Matrix of Materiality Analysis of Datang Renewable in 2018

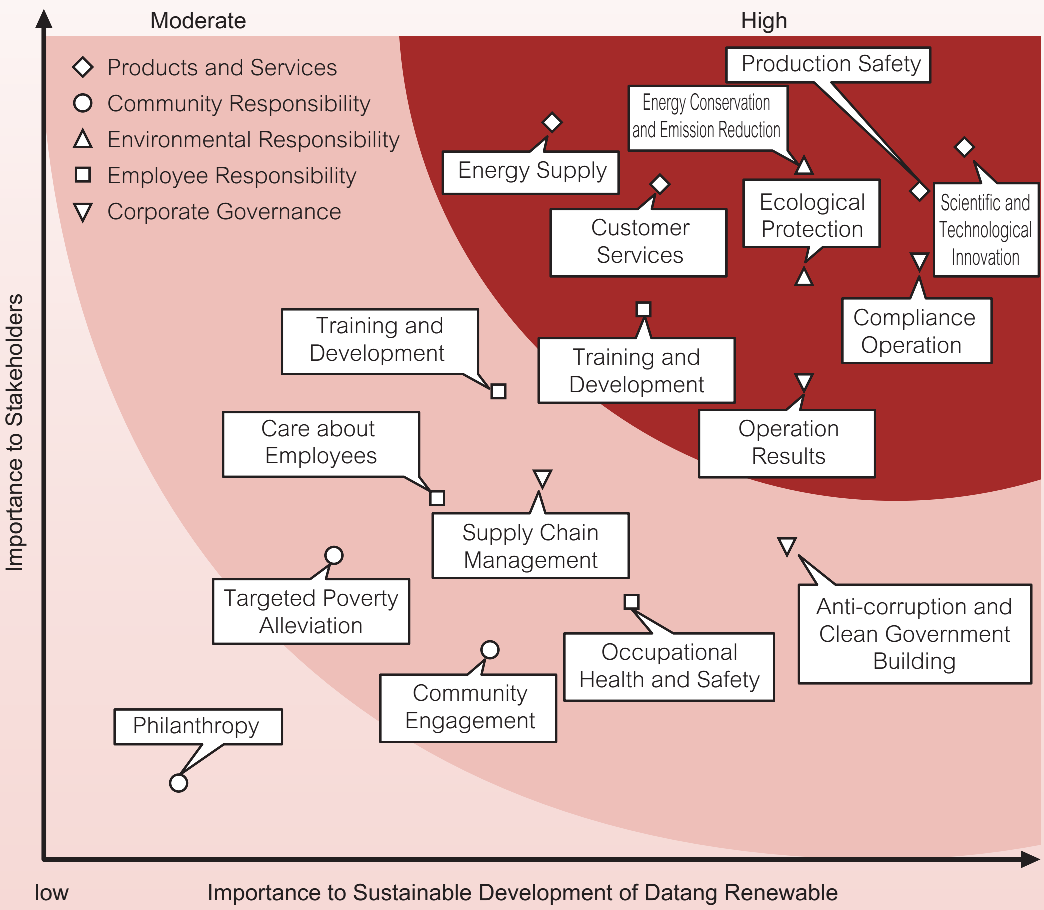


Fig: Matrix of Materiality Analysis

2. OPERATIONS

In the context of the in-depth promotion of the construction of ecological civilization, the Group has fully recognized that the development of the new energy industry is facing unprecedented opportunities. Guided by the construction of world-class new energy enterprises, we conform to the trend of energy reform and power market reform to supply clean and efficient energy for China's economy. In managing the Company's relationship with society, employees and the ecological environment, we adhere to the requirements of laws and regulations, adhere to the responsible mode of operation, and fully consider the impact of the Company's operation on the society and the environment. With the concept of sustainable development and the spirit of innovation, our company stands in the field of new energy development with an exemplary attitude and high-standard customer service.

2.1 Compliance with Laws and Regulations

The Company always regards rule of law as an important guarantee for its sustainable development. We have been working on optimizing development and deepening reform, and give full play to its role of rule of law in service assurance, standard management, as well as risk control and prevention. Since listing on the stock exchange, the Company has gradually improved the corporate governance, introduced the work charters for each special committee, and established comprehensive internal control system to improve the Group's overall risk prevention capability and internal management in accordance with 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 Association.

In 2018, the Company further optimized the audit mechanism, revised the *Management Measures of China Datang Corporation Renewable Power Co., Limited on Internal Audit*, and implemented the management policies including the *Economic Responsibility Audit Measures of China Datang Corporation Renewable Power Co., Limited*. The Company intensified audit rectification accountability, audit culture and capacity building. The Company further expanded the depth and breadth of audit through the audit information system, to help prevent major operation risks and build a long-term mechanism for intensifying internal control and compliant operation from the source.

Meanwhile, the Company attaches great importance to the construction of clean and honest governance, and resolutely opposes any forms of corruption. By taking into account the actual conditions of the Company, we strictly comply with the *Implementation Rules for Integrity of Leaders,* the *Implementation Rules on Prevention and Control of Corruption Risks of Positions*, and other policies and relevant management measures to prevent corruption from source based on the relevant laws and regulations. At the same time, we reduce the probability of corruption consciously by organizing trainings and educational workshops on anti-corruption laws and regulations, visits to jails and other awareness-raising activities among all employees. To create clean and honest Party conduct and clean governance culture in the Company, in 2018, the Company initiated the campaign entitled "the Month of Publicity and Education on Party Conduct, Clean Governance and Anti-corruption" and arranged examination on Party rules and disciplines for all Party members.

In 2018, there was no litigation arose from malpractice or fraudulent case brought against to the Group.

2.2 Safe and Stable Energy Supply

Safe and stable energy supply is the foundation and prerequisite for our flourishing development. The Group scrupulously abides by the philosophy of production safety, and adheres to safety institutions building, safety accountability system, hazard identification and emergency management, and safety culture development, to form a dynamic, constantly improving and closed-loop governance management system, so as to provide stable, high-quality and clean energy to the society.

In order to guarantee safety production, the Company conscientiously implements the production safety accountability system, continuously improves the safety management, and strictly controls safety audit. The Company strictly complied with the *Law of the People's Republic of China on Work Safety,* the *Provisional Regulations on Check and Control of Hidden Risk Related to Production Accidents*, and other relevant national laws and regulations, and revised and improved the safety production policies based on the overall requirements to achieve management improvement in 2018. The Company revised and updated the *Standards for Regular Operation of Wind Generating Set,* the *Policy of Wind Power Generation Enterprises for Prevention of Improper Operation*, and other relevant policies and standards in 2018, to set forth the Group's principles of production safety responsibility system management, general requirements, division of responsibility, programming and contents, responsibility implementation and accountability, and guarantee strict execution of the safety management policies during operations.

In 2018, the Company focused on management of safety, equipment and operation. Regarding safety management, while improving the policies and systems, we organized inspections of wind power hazards, supervised implementation of six countermeasures, and invited China Datang Corporation Renewable Energy Science and Technology Research Institute to investigate the production and technology management status of the wind power enterprises within the Group, so as to guarantee safe operation and avoid accidents. Regarding equipment management, we organized special equipment hazard control, accelerated quality and efficiency improvement of outdated machines and enhanced management of long-term idle fans to guarantee zero equipment hazards and reduce production risks. Regarding operation management, we intensified fan management and optimized operation to improve the performance and meet the requirements of the grid through additional power generation based on refined management.

Full improvement of the emergency response capacity is also an important part for the Company to protect safe and stable production. The company strictly complies with the *Environmental Protection Law of People's Republic of China*, the *Emergency Response Law of the People's Republic of China,* the *Emergency Plan for Emergent Environmental Incidents* and the *Management Measures on Emergency Plan Filing of Emergent Environmental Incidents of the Enterprises and Public Institutions*, the Group's *Overall Emergency Plan of the Crisis Events* and the *Management Measures on Investigation and Handling of Environmental Incidents*, and other relevant laws, regulations and rules. In 2018, we continued identifying the incidental natural disasters of all stations and improved emergency management in terms of information acquisition, material storage, plan perfection, emergency drilling, and expansion support to improve the emergency response capacity.

Practical safeguarding of personnel safety is the foundation of the Group's production safety. The Group has revised and updated a number of management measures regarding occupational health, monitoring and supervision, and accident handling, including the *Management Measures of China Datang Corporation Renewable Power Co., Limited on Prevention of Improper Operation,* and the *Code of China Datang Corporation Renewable Power Co., Limited for Production Safety*, to intensify production safety management, regulate the operation process and safeguard personnel safety. In 2018, the Group distributed the *Notice on Production Safety in 2018* (Document No.1), prepared the *2018 Accident Emergency Drilling Plan*, carried out a "Production Safety Month" campaign among branches and subsidiaries, kept building capacity and focused on culture guidance.

In 2018, the generator units of the Group operated smoothly; the environmental-protection indicators were up to standard; the workforce was stable, and the power supply was sufficient. The wind power generation subsidiaries under the Group maintains safe production. There were no incidents of casualty, collapsing of fans, fire or equipment damage.

2.3 Technology Innovation

With an aim to lead and support safe, high-efficiency, clean and low-carbon development with scientific and technological progress, Datang Renewable highly values technology innovation and thoroughly implements the 13th Five-year Science and Technology Planning, which helps to build an innovation-driven renewable energy enterprise and create a new pattern of independent innovation.

Through technology management, incentive mechanism and KPI assessment, the Company continuously strengthens the system building of scientific and technological innovation. The science and technology input has witnessed steady growth. In 2018, the Company invested a total of RMB160 million in Science and Technology, increased by 2.41 times on year-on-year basis compared with that in 2017. Among those investments, RMB6.02 million were allocated to scientific and technological projects, while RMB154.816 million went to scientific and technological activities, production and infrastructure, showing a substantial growth from 2017. In 2018, the Company made great breakthrough in scientific and technological achievements, and won four scientific and technological awards at industry level or above, including the Second Prize of Power Innovation Award for two achievements, and the First Prize and the Second Prize of electricity power employees for another two achievements. In 2018, the Company has applied for 123 patents, and 90 patents have been authorized. The Company also took on 34 new standards at industry level or above. The National Technical Standard Innovation Demonstration Base received official approval for construction.

Summary of Industry-level Awards of Datang Renewable in 2018

S/N	Description of Achievement	Award Level	Name of Award
1	Application of Cast-in-place Hybrid Tower Technology	Second Prize	Electricity Power Innovation Award
2	Research and Application of Key Technology for Big Data-based Wind Power Integrated Control System	Second Prize	Electricity Power Innovation Award
3	Research and Development of Testing Devices for Overspeed Protective System of Win Power Generation Sets	First Prize	Electricity Power Employees Award
4	Applied Research of Common Mode Current Suppressor in Prevention of Corrosion of Generator Bearing	Second Prize	Electricity Power Employees Award

2.4 Products and Customer Services

We are committed to providing safe and reliable, clean and economical renewable products and high-quality customer services to the residents and industrial users by working together with our upstream and downstream partners such as operators, suppliers and project partners.

In 2018, in order to fully improve the product and customer service quality, we further improved our marketing system, increased talent building inputs and expanded customer feedback channels. We advanced institutional design, updated and distributed a number of policies including the *Power Marketing Management Measures*, the *Power Market Transaction Management Measures (on trial)*, and the *Management Measures for Medial and Long-term Power Transactions (on trial)*. We have consolidated the customer management policies, continued deepening marketing management system reform, and initially established the marketing system framework to enhance the foundation for customer service and product quality system. In terms of organizational development, we further enhanced skill training and talent cultivation for the marketing personnel. In 2018, we organized the Second Marketing Executives Training Class of Datang Corporation. A total of 9 managers attended the 16-day training camp during which the customer service quality was greatly improved.

We firmly root out any false or misleading statements in promoting products and services, and conducting transactions in strict accordance with the *Advertising Law of the People's Republic of China*, and other laws and regulations concerning advertisement.

2.5 Supplier Management

We are dedicated to establishing harmonious and win-win cooperation relationship with our suppliers, to jointly explore industry development trend, optimize cooperation model, and promote common development along the supply chain.

The Group implements the responsible procurement in accordance with the *Renewable Energy Law of People's Republic of China*, and other laws and regulations concerning renewable energy industry. In 2018, we optimized the procurement management system, formulated and followed the associate policies including the *Management Measures of China Datang Corporation Renewable Power Co., Limited on Non-tender Procurement,* the *Management Measures of China Datang Corporation Renewable Power Co., Limited on Procurement,* and the *Notice on Implementing Level-II Centralized Procurement Management and Improving Special Inspection*. The company strictly regulated the procurement process and material management which has improved the procurement efficiency and quality, reduced procurement costs, and prevented procurement risks. Meanwhile, we optimized the procurement process from planning to contract signing. In 2018, through a group-wide procurement, we attracted a number of high-quality suppliers, and effectively guaranteed the products quality in the upstream supply chain.

The Company persists in integrating the concept of social responsibility and green development in the whole procurement process. The Company strictly screens high-quality suppliers who share sustainable development values, and integrates the low-carbon environmental protection concept in the daily communication with and management of suppliers. By establishing scientific supplier assessment and admission policies, the Company has intensified scientific supplier control and unified management to have a comprehensive examination on the authenticity and legitimacy of the supplier's credit and reputation and development a list of eligible suppliers. For material changes, the Company organizes onsite audit and analysis, and increases the supplier examination frequency. The Company has zero tolerance towards unqualified practices, and will blacklist suppliers with records of such. In order to raise the low-carbon and environmental protection awareness, the Company regularly communicates with the suppliers through various channels to timely share the sustainable development trend of the industry and convey discussions of industrial opportunities and challenges.

As of 31 December 2018, we have 1,001 suppliers in total.

3. ENVIRONMENTAL RESPONSIBILITY

As a leading renewable energy enterprise in China, the Group promotes development of the renewable energy industry and supports the government to fulfill the commitments regarding carbon emission reduction through development of wind power generation, photovoltaic power generation and other renewable energy projects. In 2018, the Group strengthened its efforts in developing clean and low-carbon energy. Meanwhile, while improving the environmental management, the Group proactively responds to the call of the government regarding energy saving, emission reduction and ecological civilization construction, so as to uphold the green development idea all the time.

3.1 Addressing Climate Change

Devoting major efforts to developing renewable energy is inevitable for China to tackle global warming, fulfill the emission reduction commitment, accelerate energy structure adjustment, and realize low-carbon development. According to the recommendations and requirements of Chinese government, China's non-fossil energy should take up 15 percent of aggregate energy consumption in 2020, and wind power and photovoltaic power are the main driving force for energy structure transformation in the future. Rapid development of wind power and photovoltaic power demonstrates the Company's confidence and determination to fulfill its missions and realize green development.

In 2018, the renewable energy industry represented by wind power generation entered into a new era of development. With introduction of two new policies, namely the *Notice of the National Energy Administration regarding Wind Power Construction and Management Requirements in 2018* and the *Guidance on Competitive Allocation of Wind Power Projects (on trial)*, the wind power industry has been transformed from rapid scaled development into high-quality development. The government has realized wind power grid parity and facilitated popularization of wind power generation by making efforts to address problems such as wind curtailment, electricity limitation, and high non-technical costs. Adhering to the national policy on prioritizing clean energy consumption, the Group proactively tackles the challenges of abandoning wind and photovoltaic power, optimizes the construction layout of wind and photovoltaic power generation, promotes grid parity of wind and photovoltaic power generation, and continuously reinforcing renewable energy consumption. In addition, the Group adheres to the goal of high-quality development, and further improves the competitive allocation mechanism of renewable energy projects.

As of 31 December 2018, the Group had consolidated installed capacity of 9,014.92MW, increased by188.50MW at a growth rate of 2.14% on year-on-year basis. The Group generated power of 17,975GWh through renewable energy, equivalent to saving of 5.56 million tons of standard coal, with reduction in emission of CO_2 14.56 million tons, SO_2 133,700 tons, and NOX 89,300 tons.

3.2 Energy Saving and Emission Reduction

Resource saving, improved resource utilization rate, and emission reduction can help an enterprise to improve the economic benefits, boost long-term green development, and relieve the pressure of social resource shortage and environmental pollution. The Group proactively fulfills its social responsibilities, and is committed to creating a resource-saving enterprise, with the goals of energy saving, emission reduction, cost reduction and benefit increment, and environmental protection. In accordance with the *Law of Energy Saving of the People's Republic of China, the "13th Five-Year" Comprehensive Plan for Energy Saving and Emission Reduction*, and other relevant laws, regulations and rules, we have formulated the *Environmental Protection and Management Standard* to clearly regulate environmental-protection project construction and operation management, pollutant discharge up to relevant standards and total quantity control, and incorporated the environmental-protection indicators into the assessment systems.

In 2018, the branches and subsidiaries under the Group actively promoted technical transformation of fan equipment and wind power systems, and took a number of actions such as installation of additional functional sets and system optimization, to improve fan and equipment efficiency, and lower equipment breakdown rate. In addition, LED lamps are used widely throughout the Group. Equipment energy conservation management, lights-out policy and involvement of employees in power saving also helped reduce energy consumption in the factory. The Group has achieved the overall level of energy conservation and emission reduction through a series of energy conservation technology and daily management practices.

Case: Datang Renewable combined technological transformation and big data management to optimize fan equipment utilization and improve electricity generation efficiency

In 2018, the Company installed additional functional sets for the fan equipment in Yidao Wind Farm, Shandong, which improved the efficiency of the Farm by about 3%. In addition, to optimize the control system, the Company organized technological transformation such as optimal power control, wind-aiming drift device optimization, and maximum power tracking self-correction for the fan control system of Wangtuan Wind Farm, which improved the power generation capacity by more than 1%.

In addition, the Group normalized benchmarking and big data analysis of single fan in the wind farms in Shandong, to formulate treatment scheme and technological transformation plan for the fans that are below the region performance value, and improve the power generation capacity by estimating and comparing the monthly equivalent utilization hours of single fan. The Group also analyzed and diagnosed overtemperature, overrunning, and other exceptions and defects of single fan, to scientifically and reasonably arrange fan repair schedules, which increased operational reliability of the equipments.

Case: Datang Renewable has taken a number of actions to save energy and reduce consumption

In 2018, Chenguang Wind Farm of Datang Renewable in Heilongjiang province increased the efforts in energy saving and emission reduction. The Farm installed blade units for 33 sets of fans, which has greatly improved the power generation capacity by 8%.

To reduce power consumption, the lighting facilities in the 259 sets of fan towers had been replaced with LED lamps. In accordance with the *Implementation Rules on Energy Saving Supervision,* the *Weekly Energy Saving Standard* and other policies. Meanwhile, the Farm intensified its daily management, and formulated the management measures of reward and punishment regarding production index. Power consumption of each farm will be subject to reward and appraisal every month, to raise the employee's energy saving awareness, and fully mobilize the employee's initiative for energy saving.

By virtue of various measures, the power consumption of this Farm in 2018 was 375,800 kWh, reduced by 45,400 kWh on year-on-year basis.

Energy Consumption

Index	2018	2017
Purchased electricity *(kWh)*	42,137,552	39,280,162
Auxiliary power *(kWh)*	29,400,056	27,871,918
Gasoline *(L)*	1,323,171	749,673
Diesel oil *(L)*	118,452	95,566
Liquefied gas *(m^3)*	17,225	31,632
Category-I GHG emission *(ton)*	3330.56	1,880.97
Category-II GHG emission *(ton)*	41,645.09	37,807.16
GHG emission density *(ton/million yuan)*	5.41	5.59
Total water consumption *(ton)*	86,734	70,930
Total water consumption density *(ton/million yuan)*	10.43	9.98

In order to strengthen waste management, and prevent environmental pollution arising from discretionary disposal of wastes, the Group has introduced the *Notice on Enhancing Fugitive Emission Management* and the *Notice on Further Enhancing Environmental Protection Emergency Management* in accordance with the *Law of the People's Republic of China on Prevention and Control of Environmental Solid Waste Pollution and* the *Law of the People's Republic of China on Prevention and Control of Water Pollution*. The Group makes efforts to minimize the environmental impact by reducing the wastes from daily production and operation. The Group has tested and appraised all wind farm projects on several aspects according to the requirements, and expects that all the wind farms are equipped with normal running conditions of environmental protection facilities, and that the pollutant discharged is consistent with the standards raised in Environmental Impact Assessment (EIA). In 2018, there were no violations against any environmental protection law, or environmental pollution incidents in the Group.

The wastes generated from the company's daily office work, project construction and operation include used mineral oil, construction wastes, and domestic wastes, etc. Each wind farm uses special storage containers to store mineral oil from the wind farm respectively. Hazardous waste is handed over to the third party of professional qualification for centralized processing. Regarding household wastes and other ordinary wastes, the wind farm has established the seepage-proofing septic tanks and household garbage collection point for regular disposal, so as to prevent discretionary garbage heaping and environmental pollution. Damaged equipment in the farm are encouraged to be repaired as much as possible, or scrapped. In 2018, the total amount of hazardous waste transferred in the Group was approximately five tons.

3.3 Ecological Protection

As the Central Government carried out the "Looking-Back" campaign to supervise the eco-environment protection in 2018, the approval and authorization on environmental protection of the wind power projects become increasingly stringent. The Group insists on paying equal attention to both revenue and eco-environment, and guarantees that wind power development adapt to local social and ecological demands.

Sewage, noise pollution and solid wastes generated from project construction and operation have potential risks of adverse impact on the surrounding ecological environment. In 2018, the State Forestry and Grassland Administration enacted the *Provisional Management Measures for Approval of Building Facilities in National Nature Reserves*, and drawn up the *Notice on Regulating the use of Forest Lands for Construction of Wind Farm Projects (Exposure Draft)*, to set forth restrictions on wind farm site selection and use of lands and forest lands during construction. We abide by the *Law of the People's Republic of China on Soil and Water Conservation,* the *Management Regulation of Environmental Protection for Construction Projects,* the *Law of the People's Republic of China on Environmental Impact Assessment of Construction Projects,* the *Law of the People's Republic of China on the Prevention and Control of Ambient Noise Pollution*, and other laws and regulations. The Group has analyzed, forecasted, evaluated and monitored the possible environmental impact during project planning and implementation process to minimize the impact on eco environment.

During the feasibility study period, the wind farms are designed to locate far from towns and natural reserve areas to mitigate impact of construction and operation on the local environment; during the construction period, the Group monitors and controls the generated noise in real time according to the national standard – *Noise Limit of Construction Sites*. Meanwhile, we pay attention to the impact on the ecological environment and local vegetation. In addition, the noise pollution caused by the wind farm operation to the nearby areas is minimized through low-noise fan blades.

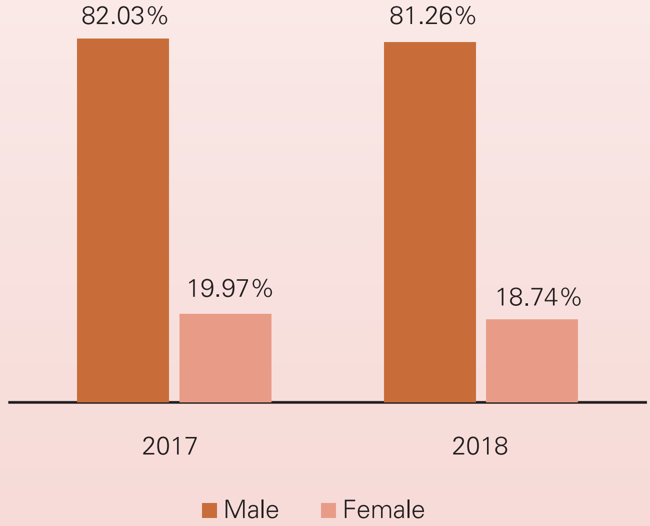
4. RESPONSIBILITY TO EMPLOYEES

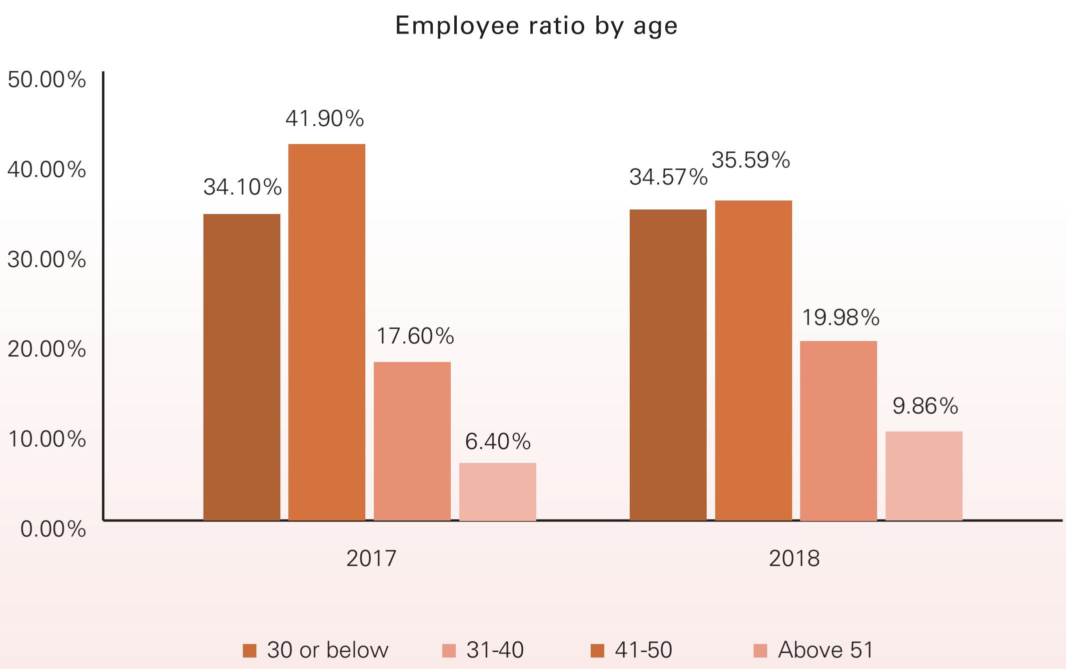
Upholding the "people-oriented" principle, the Group regards "relying on employees, mobilizing employees and bringing benefits to employees" principle as the foundation of its operation, pays attention to protecting and safeguarding the rights and interests of the employees, creates a beneficial working and growing environment, and practically cares about employees' life, so as to raise their sense of belonging, enhance internal cohesion, and promote their joint development with the enterprise.

4.1 Respect Rights and Interests of Employees

The Company hires the employees according to relevant laws and regulations. The Company has formulated the *Management Measures of China Datang Corporation Renewable Power Co., Limited on Staff Entry*, pursuant to the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, and other relevant laws and regulations, to regulate the company's recruitment process, illustrate the admission standards and procedures, and provide a fair and just working environment. The Group attaches great importance to the legitimate rights and interests of all employees. Based on the principles of fairness, justness and openness, the Company eradicates any forms of discrimination on gender, nation, religion, age, political affiliation and other aspects regarding recruitment, remuneration, training and promotion. Child labor and forced labor are strictly prohibited. As of 31 December 2018, the Group had 3,063 employees with no occurrence of any child labor or forced labor. In 2018, the number of turnover employees was 224, including 183 male employees and 41 female employees.

Employee ration by gender





Reasonable remuneration and welfare can fully stimulate the enthusiasm of the employees, and enhance the internal cohesion. The Company safeguards the employees' basic rights and interests regarding labor remuneration, leaves and insurance benefits, in strict accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and relevant regulations and requirements. In 2018, through formulating the human resource management interface, the Group improved the employee's domiciliary register information statistics and archives management. To guarantee fair, just, scientific and reasonable remuneration, the Company conducted research and based on which formulated the *Management Plan on Remuneration and Insurance for Office Personnel of Datang Renewable* and ultimately established robust remuneration and benefit system. Meanwhile, to guarantee the rights and interests of the special groups, the Company paid the security fund of 2017 fiscal year for the disabled.

In respect of occupational health, the Company abides by the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational diseases*, and has formulated a series of policies including the *Safety Management Measures*, the *Measures on Prevention and Control of Occupational Diseases and* the *Management Measures for Regular Physical Examination of Employees*, which has strengthened occupational health and safety management. The Company provides personal protective appliances, regularly organizes physical examination for the employees, and conducts occupational health and safety related trainings. In 2018, 100% of employees received physical examination and have occupational health records.

4.2 Support Employee Development

Mature and well-established Employee training program is conductive to corporate culture building, and steady operation. The Group greatly values employee's career development and ability enhancement, and has formulated the *Implementation Scheme of Establishing "Three Ones" Training System in China Datang Corporation Renewable Power Co., Limited*. In addition, the Company provides diversified and enriching training, and expands the channels for talent development. Given the position requirements and employee's needs, the Company has formed a top down three-level training system that covers the headquarters, the middle tier and third tier entities. The Company adheres to the principle of "adjusting measures to local conditions and catering to individual needs", and puts more emphasis on the education and training for individuals at operational level. The Company gives full play to the role of various training bases to improve the employee's management competence, skills and techniques, with a special focus on enhancing competence and quality training for the wind power technicians. The Company has organized training on wind power management enhancement, operation, repair and service, technical supervision, risk management and team management. In 2018, the Company held 10 training workshops involving 395 participants. Meanwhile, the Company has actively organized various trainings regarding occupational skills of power industry. Combining onsite training, remote video training and workshops at training bases, decentralization and centralization system was established for scattered wind power generation enterprises or those in remote locations, which received positive feedback.

In 2018, The total number of participates in training was 53,720 including 70 participates in senior management, 1,437 participates in middle management, and 52,213 participates general employees.

The Company proactively conducts talent evaluation. To fully explore and improve the professional competence of technical professionals, mobilize and serve for the technical professionals and the front-line production skilled personnel to participate in professional and technical qualification assessment, the Company has formulated the *Measures for Election of Outstanding Technical and Skilled Talents of China Datang Corporation Renewable Power Co., Limited,* and the *Measures for the Qualification for positions in production system of Wind Farm Production in China Datang Corporation Renewable Power Co., Limited (on trial)*.These efforts assist employees in enhancing their career development. In 2018, 60 employees passed qualification appraisal and received recognition of technical specialty at deputy senior level or below; 27 employees applied for examination for technicians and senior technicians; and four excellent and skilled talents were nominated as company-level experts. The Company adheres to improving the employee promotion management system, and improves the core competitiveness of both the company and individual employee by giving full play to the competence of the talents.

4.3 Care for Employees

Steady life is strong support to motivate the employee's initiative and improve productivity. Adhering to the people-oriented principle, the Company cares about the demands of employees, and integrates employee caring into the corporate culture building, so as to enhance the cohesion and unity of the employees, and build a harmonious atmosphere. The Company continues promoting the "Six most important livelihood aspects" scheme, and has carried out diversified caring activities, to enrich their cultural life, meet their spiritual needs, and share the company's accomplishment to the employees.

In 2018, the Group and its branches and subsidiaries carried out various caring activities during holidays such as New Year's Day, Spring Festival, International Working Women's Day and May Day to enrich employees' cultural life. We also organized sports meeting and group-wide fitness campaign, to help them develop a healthy lifestyle. We concern about employees in need and provide economic subsidies to enhance their sense of belonging and well-being.

Case: Datang Renewable actively participated in professional contests and achieved excellent results

In 2018, Chifeng Training Base held the Category I Wind Power Operation and Maintenance Final Contest. The enterprises under China Datang achieved excellent results in this contest. Seven employees were awarded as "Technical Expert of China Datang" and thirteen employees were awarded as "Excellent Technical Expert of China Datang". This contest accelerated cultivation and selection of senior technical talents, and realized the purpose of "promoting training through contest and improving productivity through training". It plays an active role in enhancing the technical level of the wind power operation and maintenance professionals.

5. SOCIAL RESPONSIBILITY

Our continuous development is closely related to the support from the community. We attach great importance to our economic and social responsibilities as a member of the industry. We give full play to our advantages in the renewable energy industry, and implement sustainable development ideas in promoting industry development, driving local low-carbon economy and promoting community development, so as to boost social harmony and promote mutual growth.

5.1 Driving Local Low-carbon Development

With the growth of demands in renewable energy throughout the country, introduction of supporting policies by governments at all levels, and improvement in power grid and other supporting infrastructures, the Company's business scope has gradually expanded to more provinces and areas throughout the country. As a leading renewable energy supplier in China, the Company assists in optimizing and adjusting energy structures in areas it operates, and leads the local low-carbon economic development through the development of renewable energy industry. In these areas, the Company is committed to enhancing cooperativity with the local economy, adjusting local energy consumption structure, driving local infrastructure building, and promoting renewable energy through stable transmission and eco-environmental protection practices. During the business development, the Company utilizes resources according to the national, local or relevant regulations in the Group. The Company complies with the national and local eco-environmental protection policies and assists in implementing the local renewable energy policies. In order to follow the national renewable energy policies, in 2018, the Company placed emphasis on direct and inter-province transaction of clean energy power in Northeast China, Eastern Mongolia, Gansu and Ningxia provinces. The Company shared knowledge with those participating in the clean energy transmission transactions in a strategic manner. A total of 4.998 billion kWh of market electricity was recorded, taking up 28.66% of the grid electricity, which promoted the local low-carbon economic development.

Meanwhile, the Company realizes that employment is vital to people's livelihood. Creating employment opportunities is one of the best ways to fulfill social responsibilities. To increase the income of local residents and provide them with a good employment and community environment, in the locations it operates, the Company actively recruits local workers through local recruitment channels. The Company actively pays taxes, and makes great contributions to the local tax revenue. In view of local demands, we are committed to cultivating the local suppliers and contractors, and driving the correlative industry and economic development to achieve mutual benefit.

5.2 Promoting Industry Development

In the context of renewable energy reform, enterprises, institutions and organizations need to jointly address such problems as how to better boost industry development and upgrading. Upholding the ideas of resources sharing and mutual benefits, the Company abides by the national energy development strategies to cope with new situations, tasks and challenges. We firmly establish the ideas of "Innovation, Coordination, Environmental Protection, Openness and Sharing" to promote high-quality transformation of the Company.

Given the unique characteristics of the renewable energy industry, policy direction has profound impact on the industry development. In 2018, the National Energy Administration introduced policies to promote grid parity, subsidy-free wind power and photovoltaic power generation projects. This has posed significant challenges for continuous technology upgrading and innovation of the wind power and photovoltaic power industry as a whole. As an important participant and leader of the renewable energy industry, we proactively participate in the industry conference and research, to provide reference information for future industry policies formulation. In 2018, the Company actively communicated with stakeholders including National Energy Administration, local governments, industry associations, grid enterprises and power trading entities, to participate in discussion, research and drawing up of relevant policies, and positively voiced to fight for fair policies. The Company adheres to regional industry self-discipline, and maintains a fair market environment. By studying the *Code on Spot Commodity Management in Electricity Market*, the *Guidelines on Market Registration of Electricity Selling Companies*, the *Construction Solution of Auxiliary Service Market* and other market building mechanism, we timely provide feedback on the market building, strive for the rights and interests of power generation enterprises, and promote development of the industry in general.

5.3 Actively Giving Back to Society

Datang Renewable always makes earnest efforts to participate in philanthropic activities, actively gives back to society, and regards public welfare as a part of corporate development. In order to follow the call of establishing targeted poverty alleviation as one of the "Three Major Tasks" from the 19th Communist Party of China (CPC) National Congress, the Company follows the leadership of the local CPC, exploits its own advantages, and takes a creative approach. We finished the key poverty alleviation tasks in good faith fulfilling the demands from local governments. The Company made donations to develop the sheep cultivating specialized cooperatives, renovate the primary schools and purchase desks for the students in Chifeng Laopaozi Village, and to improve the residential conditions of the poor households in Urad Back Banner and Inner Mongolia. Meanwhile, we increased efforts to conduct field investigation and pay visits to the underprivileged households. We also supported adolescent education, industry and economic development in the poverty-stricken areas. The Group contributed to poverty alleviation by taking practical actions. In 2018, the Group donated RMB350,000 and devoted 3,742 hours to public welfare and charity.

As a member of the society, we strive to make contributions to building a moderately prosperous society, and assist in realizing the Chinese Dream. In 2018, we continued organizing Datang Venus Classroom activities, and organized employees to give lectures regarding electricity knowledge in middle and primary schools, demonstrating the company's brand image of being "Responsible, Powerful and Reliable". In April 2018, the Company mobilized 14 subsidiaries and organized more than 80 "Datang Star Lecturers" to carry out electricity knowledge lectures, CPR training, parent-child interaction, electricity knowledge quiz and volunteer services in 14 schools. Through various types of activities, we have shared electricity production knowledge and common sense of safe electricity use with more than 1,000 teachers and students.

In order to establish the enterprise's socially responsible image and demonstrate our achievements, in 2018 the Company held 13 sessions of Open Day activities during which we host government departments, electricity and heat users, students and nearby residents. The "Company Open Day" is a channel for the company to engage with our stakeholders and demonstrate the company's recent achievements on providing clean energy, saving energy, and reducing emission. It fully demonstrated the upbeat spirit of Datang's employees, and further established a "Responsible, Powerful and Reliable" image of a central government-led enterprise.

Case: Wind farms in Shandong held the "12th Enterprise Open Day"

On 12 October 2018, Datang subsidiaries in Shangdong area organized and held the 12th Enterprise Open Day. More than 100 students from China University of Petroleum and Shandong University of Science and Technology, news media and other stakeholders were invited to visit Datang Renewable Energy Wind Farm. The participating companies demonstrated the unique practice regarding wind power generation process, production safety, energy saving, emission reduction, innovation, and cultural development through science and technology exhibition, cultural bulletin board, image materials and onsite visiting.

Investor Relations

I. EVENTS RELATING TO INVESTOR RELATIONS IN 2018

1. Investors' Routine Visits

During the reporting period, the Group always gave detailed answers to the queries raised by investors and analysts in compliance with the information disclosure rules. 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. As of the end of 2018, it held 57 investor's conferences, which were attended by a total of 318 investors.

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 sufficient communication with important global investors.

3. Results Briefings

During the reporting period, the Group published its 2017 annual results and 2018 interim results in due course. In March and April 2018, the management of the Company visited Hong Kong to hold a road show for 2017 annual results, organised 16 investor's conferences. Afterwards, the management of the Company visited Hong Kong in August 2018, during which period, the road show for 2018 interim results was hosted and 15 investor's conferences were organised.

II. OUTLOOK FOR MANAGEMENT OF INVESTOR RELATIONS IN 2019

In 2019, 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 continuously enriching the contents of the 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 the chairman of China Datang Corporation since January 2019. He has served as the chairman of Datang International Power Generation Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: 601991) and the Hong Kong Stock Exchange (stock code: 00991) , respectively) since March 2019. He served as the president of China Datang Corporation, 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. Hu Shengmu, born in June 1960, served as the executive director of the Company from October 2018 to February 2019 and the general manager of the Company from August 2018 to February 2019, and was re-designated as a non-executive director of the Company since March 2019. He has also been the chief legal advisor of China Datang Corporation since March 2019. He has served as the chief accountant and the deputy general manager of Datang Corporation since December 2018 and October 2015, respectively, and has served as a member of the Party group of Datang Corporation since January 2003. Mr. Hu Shengmu had successively served as the deputy manager of the finance department, the deputy chief accountant and the chief accountant of North China Power Group Company (formerly known as North China Power Administration Bureau); a member of the Party group, the chief accountant (chief financial officer) and the non-executive director of Datang Power; and the chief accountant of Datang Corporation from December 1993 to October 2015. Mr. Hu Shengmu graduated from Hunan Electric Power College, majoring in finance and accounting. He is currently a senior accountant.

Mr. Li Yi, born in February 1967, has served as the non-executive director of the Company since June 2018 and also served as the head of safety and production department of Datang Corporation since December 2017. Mr. Li Yi started his career in August 1990, and had served as the deputy director and the head of Changshan Thermal Power Plant, the general manager of Datang Changchun No. 2 Co-generation Power Co., Ltd., the general manager of Changchun Thermal Power Development Co., Ltd. (長春熱電發展有限公司), the director of political work department of Datang Jilin Power Generation Company Limited, the general manager of Datang Jilin Ruifeng Renewable Power Company Limited (大唐吉林瑞豐新能源發電有限公司), the deputy chief engineer and the director of the project management department of Datang Shandong Wind Power Generation Co., Ltd., the deputy general manager and a Party committee member of Datang Shandong Wind Power Generation Co., Ltd. and the deputy director of safety and production department of China Datang Group Corporation. Mr. Li Yi graduated from Jilin University majoring in national economics (國民經濟學專業) in June 2004 with a master degree in Economics. He is currently a senior engineer (高級工程師).

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. 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, has been the general manager of Datang Jingjinji Energy Development Co., Ltd. (大唐京津冀能源開發有限公司) since December 2017, 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 Power. Mr. Liang resigned as the non-executive Director the Company on 26 June 2018.

II. EXECUTIVE DIRECTORS

Mr. Liu Guangming, born in December 1971, served as the non-executive director of the Company from June 2016 to February 2019, and was re-designated as an executive Director of the Company and appointed as the general manger of the Company since March 2019. He has served as the chief economist of Datang Corporation since February 2018, the director of Guangxi Guiguan Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600236) and Datang Huayin Electric Power Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600744) and the non-executive director of Datang Environment Industry Group Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1272) since June 2016, and the director of the capital operation and asset management department of Datang Corporation since March 2016. Mr. Liu Guangming began his career in September 1993, and had successively 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 staff 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 two of administration office of leading cadres of China Huadian Corporation Ltd. (formerly known as China Huadian Corporation); the assistant to the general manager of China Huadian Capital Holdings Company Limited; the assistant to the general manager, deputy general manager and member of Party group of China Huadian Finance Corporation Limited; the general manger and deputy secretary of Party group of China Datang Finance Co., Ltd.. Mr. Liu Guangming graduated from North China Electric Power University majoring in electrical system and automation, and obtained a master's degree in engineering. He is currently a senior engineer.

Mr. Meng Lingbin, born in April 1962, has been an employee representative supervisor of the Company from June 2017 to March 2018 and an executive Director of the Company since June 2018. 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. 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. He resigned as an executive Director of the Company since October 2018.

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. Jiao resigned as an executive Director the Company on 26 June 2018.

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 Power 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. Currently, Mr. Lo is the Executive Director of Amasse Capital Holdings Limited. He served previously as an Executive Director and Co-Managing Partner of AsiaVest Capital Limited from 21 January 2002 to 2016 and is now part 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 read Juris Doctor at a California law school and is licensed as a Responsible Officer by the Securities & Futures Commission of Hong Kong for providing Type 1 and 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), and a former 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 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

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 multi-production 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. Shang Yuansheng, born in October 1971, has been the employee representative supervisor of the Company since 19 March 2018, and he 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.

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. Meng resigned as an employee representative supervisor on 19 March 2018.

V. SENIOR MANAGEMENT

For biographical details of Mr. Liu Guangming, 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 Power 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 Hong Kong 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.

Human Resources

I. PROFILE OF HUMAN RESOURCES

As of 31 December 2018, the Group had 3,063 employees in total, with average age of the employees of 34.8, including 1,059 employees aged under 29, representing 34.6% of the total; 1,090 employees aged from 30 to 40, representing 35.6% of the total number of employees; 612 employees aged from 41 to 50, representing 20% of the total number of employees; and 302 employees aged above 50, representing 9.8% 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 of the Group.

IV. STAFF TRAINING

The Company actively carried out the plan of building a strong enterprise relying on talents. Among others, it adhered to the principle of "training according to particular conditions and aptitudes" and focused on enhancing employees' capacities for management, techniques and skills, aiming to gradually establish and improve the talents cultivation system with its characteristics in "fostering, selecting, motivating and utilizing" of talents, thus enabling the talents to play important roles in the development of the Company.

In 2018, the Group provided 1,436 training programmes on business management, professional techniques and production skills for a total of 53,720 person counts, 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.

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 135 to 269, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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 the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and concession assets	
The directors of the Company identified impairment indicators for some of the Group's non-current assets which included (i) continuous losses suffered by certain operating wind farms in recent years as a result of the curtailment of wind power in view of the constantly low electricity demand and the limitation of the electricity transmission capacity in Northeastern China and Gansu provinces; and (ii) the suspension of certain wind farms and energy management projects under development or construction. Additionally, in order to comply with the environmental protection measures of the government, a wind farm of a subsidiary of the Company has ceased its electricity generation since September 2017. As a result, the Group performed impairment tests for the relevant cash-generating units ("CGUs") for which impairment indicators were identified.	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 was also based on our understanding of the current market conditions and the latest government policy.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and concession assets (continued)	
The carrying amount of the property, plant and equipment and concession assets under the relevant CGUs as of 31 December 2018 was material to the consolidated financial statements. The assessment of their 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 2.14, 3, 12 and 13 to the consolidated financial statements.	We assessed the recoverable amounts of concession assets and certain property, plant and equipment based on fair values less costs of disposal. We involved our internal valuation specialists to assist the assessment of the methodologies and discount rates applied in the cash flow forecast. We also assessed the adequacy of the Group's disclosures in the consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of long-aged receivables	
Certain long-aged receivables which aged over three years mainly comprised other receivables from Clean Development Mechanism ("CDM") projects, equipment sales and proceeds from disposals of projects and subsidiaries, and a trade debtor for services rendered. The expected credit loss of the long-aged receivables was assessed by considering the individual debtors. The balance of these long-aged receivables as of 31 December 2018 was material to the consolidated financial statements and significant estimation and judgement were required in determining the expected credit loss by management. In assessing the expected credit loss of these receivables, management of the Group has considered the specific factors, such as the ageing of the balances, the credit-worthiness of the debtors and the historical loss experience. The Group's disclosures about the amount of provision of long-aged receivables are included in notes 2.15, 3, 18 and 20 to the consolidated financial statements.	We reviewed settlement agreements, obtained direct confirmations from the debtors, and reviewed subsequent cash receipt evidence on the long-aged receivables. We assessed the management's estimation on the expected credit loss, evaluated the basis and factors used in the estimation, 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 with the debtors. We also assessed the adequacy of the Group's disclosures in 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.

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.

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

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

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

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

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

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
27 March 2019

Consolidated Statement of Profit or Loss

Year ended 31 December 2018
(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
Revenue	4	8,319,406	7,104,089
Other income and other gains, net	5	269,600	204,383
Depreciation and amortisation charges	6	(3,397,233)	(3,159,002)
Employee benefit expenses	6	(567,216)	(465,377)
Material costs		(54,814)	(56,410)
Repairs and maintenance expenses		(244,137)	(185,556)
Service concession construction costs		(8,997)	(7,177)
Other operating expenses		(531,451)	(567,034)
		(4,803,848)	(4,440,556)
Operating profit		3,785,158	2,867,916
Finance income	7	34,602	19,358
Finance expenses	7	(2,146,961)	(1,889,336)
Finance expenses, net	7	(2,112,359)	(1,869,978)
Share of profits and losses of associates and joint ventures	15	56,099	61,074
Profit before tax		1,728,898	1,059,012
Income tax expense	8	(302,513)	(156,342)
Profit for the year		1,426,385	902,670
Attributable to:			
Owners of the parent		1,209,279	727,678
Non-controlling interests		217,106	174,992
		1,426,385	902,670
Basic and diluted earnings per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	9	0.1503	0.0841

Consolidated Statement of Comprehensive Income

Year ended 31 December 2018
(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
Profit for the year		1,426,385	902,670
Other comprehensive income:			
Other comprehensive income that may be reclassified to profit or loss in the subsequent periods:			
Exchange differences on translation of foreign operations		(1,037)	326
Share of other comprehensive income of joint ventures		462	(235)
Net other comprehensive income that may be reclassified to profit or loss in the subsequent periods		(575)	91
Other comprehensive income that will not be reclassified to profit or loss in the subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	16	(63,668)	(9,159)
Income tax effect		–	–
Net other comprehensive income that will not be reclassified to profit or loss in the subsequent periods		(63,668)	(9,159)
Other comprehensive income for the year, net of tax		(64,243)	(9,068)
Total comprehensive income for the year		1,362,142	893,602
Attributable to:			
Owners of the parent		1,144,973	718,568
Non-controlling interests		217,169	175,034
		1,362,142	893,602

Consolidated Statement of Financial Position

31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	12	56,429,521	58,087,880
Investment properties		16,748	21,468
Intangible assets	13	564,302	634,941
Land use rights	14	634,372	543,625
Investments in associates and joint ventures	15	801,813	738,985
Equity investments designated at fair value through other comprehensive income	16	312,049	375,717
Financial assets at fair value through profit or loss		15,311	8,900
Deferred tax assets	17	15,859	24,137
Prepayments, other receivables and other assets	18	2,825,860	2,390,585
Total non-current assets		61,615,835	62,826,238
Current assets			
Inventories	19	167,573	137,924
Trade and bills receivables	20	7,472,540	5,042,390
Prepayments, other receivables and other assets	18	1,486,487	1,262,365
Restricted cash	21	41,377	15,411
Time deposits	21	–	40,000
Cash and cash equivalents	21	3,632,830	1,223,920
Total current assets		12,800,807	7,722,010
Total assets		74,416,642	70,548,248
LIABILITIES			
Current liabilities			
Trade and bills payables	22	364,417	1,428,971
Other payables and accruals	23	5,877,847	6,428,766
Interest-bearing bank and other borrowings	24(b)	14,626,860	13,314,502
Current income tax liabilities		100,105	89,616
Total current liabilities		20,969,229	21,261,855
Net current liabilities		(8,168,422)	(13,539,845)

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
Non-current liabilities			
Interest-bearing bank and other borrowings	24(a)	35,780,675	34,507,216
Deferred tax liabilities	17	19,907	22,033
Other payables and accruals	23	2,365,465	388,250
Total non-current liabilities		38,166,047	34,917,499
Total liabilities		59,135,276	56,179,354
Net assets		15,281,366	14,368,894
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 profits		2,339,910	1,426,340
Other reserves	27	(1,382,141)	(1,366,186)
		12,291,764	11,394,149
Non-controlling interests		2,989,602	2,974,745
Total equity		15,281,366	14,368,894

Liu Guangming	Chen Song
Director	*Chief Financial Officer*

Consolidated Statement of Changes in Equity

Year ended 31 December 2018

(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 profits	Other reserves *(Note 27)*	Total	Non-controlling interests	Total equity
At 1 January 2018	7,273,701	2,080,969	1,979,325	1,426,340	(1,366,186)	11,394,149	2,974,745	14,368,894
Profit for the year	–	–	–	1,209,279	–	1,209,279	217,106	1,426,385
Other comprehensive income for the year:								
Share of other comprehensive income of joint ventures	–	–	–	–	462	462	–	462
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(63,860)	(63,860)	192	(63,668)
Exchange differences on translation of foreign operations	–	–	–	–	(908)	(908)	(129)	(1,037)
Total comprehensive income for the year	–	–	–	1,209,279	(64,306)	1,144,973	217,169	1,362,142
Capital contributions	–	–	–	–	–	–	13,700	13,700
Disposal of a subsidiary *(Note 33)*	–	–	–	–	–	–	(10,636)	(10,636)
Reduction of non-controlling interests resulting from cancellation of subsidiaries	–	–	–	–	–	–	(18,237)	(18,237)
Final 2017 dividend declared *(Note 10)*	–	–	–	(130,927)	–	(130,927)	–	(130,927)
Appropriation to perpetual notes payable *(Note 26)*	–	–	–	(116,000)	–	(116,000)	–	(116,000)
Transfer from retained profits	–	–	–	(48,351)	48,351	–	–	–
Others	–	–	–	(431)	–	(431)	(287)	(718)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(186,852)	(186,852)
At 31 December 2018	7,273,701	2,080,969	1,979,325	2,339,910	(1,382,141)	12,291,764	2,989,602	15,281,366

(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 profits	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
Profit for the year	–	–	–	727,678	–	727,678	174,992	902,670
Other comprehensive income for the year:								
Share of other comprehensive income of joint ventures	–	–	–	–	(235)	(235)	–	(235)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	–	(9,159)	(9,159)	–	(9,159)
Exchange differences on translation of 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)
Final 2016 dividend declared	–	–	–	(87,284)	–	(87,284)	–	(87,284)
Transfer from retained profits	–	–	–	(61,671)	61,671	–	–	–
Others	–	–	–	(450)	–	(450)	(300)	(750)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(42,568)	(42,568)
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

Consolidated Statement of Cash Flows

Year ended 31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
Cash flows generated from operating activities			
Profit before tax		1,728,898	1,059,012
Adjustments for:			
Depreciation of property, plant and equipment	6	3,344,156	3,099,197
Amortisation of deferred income and deferred loss	6	(13,024)	(12,028)
Amortisation of intangible assets, land use rights and long-term prepaid expenses and depreciation of investment property	6	66,101	71,833
Loss on disposal of property, plant and equipment	5	79,454	7,872
Impairment of receivables	6	–	7,394
Impairment of intangible assets	6	71,684	158,603
Impairment of property, plant and equipment	6	35,668	–
Foreign exchange loss/(gain), net		7,667	(3,765)
Interest income		(31,557)	(16,621)
Interest expenses	7	2,139,370	1,894,629
Loss on disposal of a subsidiary	5	330	–
Share of profits and losses of associates and joint ventures	15	(56,099)	(61,074)
Fair value gains on financial assets at fair value through profit or loss	5	(6,411)	–
Others, net		(8,214)	(4,389)
Changes in working capital:			
Increase in inventories		(29,649)	(23,444)
Increase in trade and bills receivables		(2,432,473)	(2,242,763)
Decrease in prepayments, other receivables and other assets		315,521	118,984
Increase in restricted cash		(25,966)	(3,026)
Increase/(decrease) in trade and bills payables		60,321	(933,184)
Increase in other payables and accruals		320,403	185,147
Cash generated from operations		5,566,180	3,302,377
Interest received		24,073	12,630
Income tax paid		(284,364)	(110,471)
Net cash flows from operating activities		5,305,889	3,204,536

Year ended 31 December 2018

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights and intangible assets		(5,146,339)	(4,502,828)
Proceeds from disposal of property, plant and equipment		20,248	4,972
Proceeds from repayments of loans from third parties		–	25,000
Proceeds from repayments of loans and interest earned from related parties		7,484	3,991
Investments in associates and joint ventures	15	(6,267)	(10,017)
Dividends received from equity investments at fair value through other comprehensive income	5	5,093	4,380
Interest received from entrusted loans		76	–
Receipt of government grants for property, plant and equipment		135	886
Disposal of a subsidiary	33	(1)	500
Payments to non-controlling interests resulting from cancellation of subsidiaries		(18,237)	–
Decrease/(increase) in time deposits	21	40,000	(40,000)
Dividends received from associates	15(b)	18,000	–
Net cash flows used in investing activities		(5,079,808)	(4,513,116)

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2018	2017
Cash flows from financing activities			
Proceeds from issuance of short-term bonds, net of issuance costs		10,498,849	10,997,461
Capital contributions from non-controlling shareholders		13,700	16,098
Proceeds from borrowings		12,111,145	23,799,811
Repayments of borrowings		(14,019,186)	(20,670,586)
Repayments of short-term bonds		(9,000,000)	(10,500,000)
Loans from related parties		12,509,879	8,919,000
Repayments of loans from related parties		(7,522,607)	(9,099,265)
Dividends paid to perpetual notes holders		(116,000)	(116,000)
Dividends paid		(130,927)	(87,284)
Dividends paid to non-controlling shareholders		(71,023)	(38,891)
Interest paid		(2,120,556)	(1,838,197)
Repayments of working capital provided by related parties		(16,000)	(16,000)
Cash received relating to other financing activities		44,911	–
Net cash flows from financing activities		2,182,185	1,366,147
Net increase in cash and cash equivalents		2,408,266	57,567
Cash and cash equivalents at beginning of year		1,223,920	1,166,209
Effect of foreign exchange rate changes, net		644	144
Cash and cash equivalents at end of year		3,632,830	1,223,920
Analysis of balances of cash and cash equivalents:			
Cash and bank balances	21	3,632,830	1,223,920
Cash and cash equivalents as stated in the consolidated statement of cash flows		3,632,830	1,223,920

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 2018, 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 address of the Company's registered office is Room 6197, Floor 6, Building 4, Yard 49, Badachu Road of Shijingshan District, Beijing, the PRC.

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 IFRSs (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) issued by 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 equity investments 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 2018, the Group's current liabilities exceeded its current assets by approximately RMB8,168.4 million (31 December 2017: RMB13,539.8 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 2019;
- Unutilised banking facilities of approximately RMB27,995.0 million (Note 30.1(c)) as at 31 December 2018, of which amounts in aggregate of RMB9,765.0 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 for the year ended 31 December 2018. 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 profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(Amounts expressed in thousands of RMB unless otherwise stated)

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

2.2 Changes in accounting policies and disclosures

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

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	*Amendments to IFRS 1 and IAS 28*

Except for amendments to IFRS 2, the amendments to IFRS 4, IFRIC 22 and Annual Improvements 2014–2016 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs amendments are described below:

IFRS 9 *Financial Instruments*

The Group has early adopted IFRS 9 in its financial year ended 31 December 2012 regarding the classification and measurement and has adopted the standard, interpretations and amendments of IFRS 9 regarding impairment since 1 January 2018. The new standard, interpretations and amendments of IFRS 9 regarding the classification and measurement had no effect on the Group's financial statements as of 1 January 2018. The effect of adoption of the new standard regarding impairment on the Group's financial statements was described below.

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

2.2 Changes in accounting policies and disclosures (Continued)

IFRS 9 *Financial Instruments* (Continued)

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 has applied the simplified approach and recorded lifetime expected losses that were estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group has applied the general approach and recorded twelve-month expected credit losses that were estimated based on the possible default events on its other receivables within the next twelve months. The impairment effect of adoption on the Group's financial statements was nil.

IFRS 15 *Revenue from Contracts with Customers and Its Amendments*

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 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 disclosures are included in note 4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018. The Group concluded that the transitional adjustment made on 1 January 2018 to retained profits upon initial adoption of IFRS 15 was nil. It was because the Group recognised revenue upon the transfer of significant risks and rewards, which coincided with the fulfilment of performance obligations. Additionally, the Group's contracts with customers generally have only one performance obligation. The comparative information is not restated.

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

2.2 Changes in accounting policies and disclosures (Continued)

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

The Group is in the business of generating and selling wind power and other renewable power and providing energy performance related services and maintenance services. The electricity and services are sold on their own in separately identified contracts with customers.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of IFRS 15:

	Increase/ (decrease)
Liabilities	
Other payables and accruals–other accruals and deferrals	(3,365)
Other payables and accruals–contract liabilities	3,365
Total liabilities	–

The Group's revenue is substantially generated from the sale of electricity and rendering of other services. Adoption of IFRS 15 has had no impact on the consolidated statement of profit or loss and consolidated statement of comprehensive income, or on the Group's operating, investing and financing cash flows as the Group recognises revenue upon transfer of significant risks and rewards to customers and the Group's contracts with customers generally have only one performance obligation.

(Amounts expressed in thousands of RMB unless otherwise stated)

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

2.2 Changes in accounting policies and disclosures (Continued)

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

Consolidated statement of financial position as at 31 December 2018:

	Amounts prepared under		
	IFRS 15	Previous IFRS	Increase/ (decrease)
Other payables and accruals–other accruals and deferrals	–	3,315	(3,315)
Other payables and accruals–contract liabilities	3,315	–	3,315
Total liabilities	3,315	3,315	–

Before the adoption of IFRS 15, the Group recognised consideration received from customers in advance as other payables. Under IFRS 15, the amount is classified as contract liabilities which are included in other payables and accruals.

Therefore, upon adoption of IFRS 15, the Group reclassified RMB3,364,896 from other accruals and deferrals to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under IFRS 15, RMB3,315,382 was reclassified from other accruals and deferrals in other payables to contract liabilities in relation to the consideration received from customers in advance for the sale of heat and the provision of construction and maintenance services.

Amendments to IAS 40 *Transfers of Investment Property*

Amendments to IAS 40 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 have had no impact on the financial position or performance of the Group.

(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 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 *Definition of a Business*

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

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 IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

IFRS 16 *Leases*

IFRS 16 replaces IAS 17 *Leases*, IFRIC Interpretation 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two 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 will adopt IFRS 16 from 1 January 2019.

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

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

IFRS 16 *Leases* (Continued)

The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a preliminary assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB232.9 million and lease liabilities of RMB232.9 million will be recognised at 1 January 2019.

Amendments to IAS 1 and IAS 8 *Definition of Material*

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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 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.

IFRIC 23 *Uncertainty over Income Tax Treatments*

IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (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 2015–2017 Cycle Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Annual Improvements to IFRSs 2015–2017 Cycle 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.

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 the 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.

2.7 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

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

2.7 Related parties (Continued)

(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 equity investments designated 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.

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 observable, either directly or indirectly

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

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

2. 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 equity investments designated 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.

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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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

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

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.

2.11 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	30 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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(a) Concession assets

The Group, as an operator of wind/solar power generation projects under service concession arrangements between the Group and the 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.

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

2.14 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories,financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

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

2.15 Financial assets (Continued)

(a) Classification (Continued)

Subsequent measurement

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

(i) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

2.15 Financial assets (Continued)

(a) Classification (Continued)

Subsequent measurement (Continued)

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

(b) Derecognition of financial assets

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

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

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

2.15 Financial assets (Continued)

(b) Derecognition of financial assets (Continued)

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

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

(c) Impairment of financial assets

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)

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

General approach

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

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

2.15 Financial assets (Continued)

(c) Impairment of financial assets (Continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018) (Continued)

General approach (Continued)

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Simplified approach

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

For trade receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

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

2.15 Financial assets (Continued)

(c) Impairment of financial assets (Continued)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

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 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables by the Group as appropriate.

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

The Group's financial liabilities include trade and bills payables, interest-bearing bank and other borrowings and financial liabilities included in other payables and accruals.

(b) Subsequent measurement

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

Loans and borrowings

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

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

(c) Derecognition of financial liabilities

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

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

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

2.17 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.

2.18 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.

2.19 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.

2.20 Trade and bills payables and other payables

Payables primarily include trade and bills payables 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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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, the 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 certain tax rates 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.

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

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.

2.27 Perpetual securities

Perpetual securities are classified as equity if they are 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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Revenue recognition

i. Accounting policy applicable from 1 January 2018

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of electricity and goods

Revenue from the sale of electricity and goods is recognised at the point in time when control of the asset is transferred to the customer, generally when electricity is supplied to the provincial grid companies.

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

2.28 Revenue recognition (Continued)

i. Accounting policy applicable from 1 January 2018 (Continued)

Revenue from contracts with customers (Continued)

(b) Rendering of other services

The Group provides certain concession arrangements services, energy performance services, repairs and maintenance services, and other services to external parties, and recognises the related revenue over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

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

2.28 Revenue recognition (Continued)

ii. Accounting policy applicable before 1 January 2018

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(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, has 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.

(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.

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

2.28 Revenue recognition (Continued)

ii. Accounting policy applicable before 1 January 2018 (Continued)

(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.

(e) 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.

(f) Dividend income

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

(g) 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.

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

2.28 Revenue recognition (Continued)

ii. Accounting policy applicable before 1 January 2018 (Continued)

(g) Government grants (Continued)

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 grants are 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.

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

2.29 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.

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.

2.30 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.

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

2.31 Contract liability (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 inflows 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 Wind Power Generation Co., Ltd. ("Shanghai Dong Hai") and Jilin Wind Power Generation Co., Ltd. ("Jilin Wind Power")

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (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 to the financial statements, an impairment is recognised at the amount by which the asset's or related cash-generating unit's carrying amount exceeds its recoverable amount which is the higher of its value in use and fair value less cost of disposal. Certain operating wind farms of the Group have suffered continuous losses in recent years as a result of the curtailment of wind power in view of the constantly low electricity demand and the limitation of the electricity transmission capacity in Northeastern China and Gansu provinces; and the suspension of certain wind and energy management projects under development or construction. In addition, as a result of the environmental protection measures of the government, a wind farm of a subsidiary of the Company has ceased its electricity generation since September 2017. These wind farms and projects are affected by the future market demand on wind electricity in their regions, the progress of the grid connection system which transmits electricity from power generation companies and the approval of projects from governmental authorities.

When value in use calculations are undertaken, the readiness for use of the grid connection system upon completion, the expected progress and development of the related subsidiaries and suspended projects, and the utilisation efficiency are critical estimates of the Company's directors. The Group assesses the recoverable amounts of concession assets and certain property, plant and equipment based on the fair values less costs of disposals which involved significant management judgements and estimations over the selling prices and the related disposal costs. When the actual results of the assessment of the recoverable amounts of these property, plant and equipment and concession assets are different from their original estimates, the carrying amounts of these assets will be adjusted accordingly against profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

(c) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the financial statements.

(d) Recoverability of CDM assets and other long-aged receivables

As at 31 December 2018, the Group reviews its CDM assets and other long-aged receivables amounting to RMB153.3 million in aggregate to assess impairment, unless known circumstances indicate that impairment may have occurred as of an interim date. The Group makes judgements and assumptions in determining the allowance for ECLs of these financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. 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), the enforceability of the underlying contracts and forward-looking factors specific to the debtors and the economic environment. 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 and the ECL allowance would be adjusted.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

(e) 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.

(f) Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 29 to the financial statements, except one investment with recent equity transaction consideration. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 2. The fair value of the unlisted equity investments at 31 December 2018 was RMB56.9 million (2017: RMB53.2 million). Further details are included in Note 16 to the financial statements.

4. REVENUE AND SEGMENT INFORMATION

(a) 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 were relatively insignificant for the years ended 31 December 2018 and 2017. 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 2018, substantially all (2017: substantially all) of the Group's revenue was derived from external customers in the PRC.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(a) Segment information (Continued)

At 31 December 2018, substantially all (2017: substantially all) of the non-current assets were located in the PRC.

For the year ended 31 December 2018, all (2017: 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.

(b) Revenue

An analysis of revenue is as follows:

	2018	2017
Revenue from contracts with customers	**8,315,328**	–
Sale of electricity	**8,236,589**	7,044,695
Other services *(Note)*	**78,739**	54,736
Revenue from other sources		
Gross rental income	**4,078**	4,658
	8,319,406	7,104,089

Note: Other services comprise concession arrangement services, energy performance services, repairs and maintenance services, and other services provided to external customers.

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Revenue (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segment	Wind power	Total
Type of goods or service		
Sales of electricity	8,236,589	8,236,589
Other services	78,739	78,739
Total revenue from contracts with customers	8,315,328	8,315,328
Timing of revenue recognition		
Goods transferred at a point in time	8,236,589	8,236,589
Services transferred over time	78,739	78,739
Total revenue from contracts with customers	8,315,328	8,315,328

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2018

Segment	Wind power	Total
Revenue from contracts with customers		
External customers	8,315,328	8,315,328
Intersegment sales	–	–
	8,315,328	8,315,328
Intersegment adjustments and eliminations	–	–
Total revenue from contracts with customers	8,315,328	8,315,328

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Revenue (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2018
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	
Other services	233

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of electricity

The Group's contracts with customers for the power generation and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at the point in time and revenue continues to be recognised upon transmission to the customers.

Rendering of other services

The Group provides certain concession arrangements services, energy performance services, repairs and maintenance services, and other services to external parties, and recognises the related revenue over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Revenue (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Rendering of other services (Continued)

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	2018
Within one year	259
More than one year	3,056
	3,315

The remaining performance obligations expected to be recognised in more than one year related to construction and maintenance services that are to be satisfied within two to fifteen years. All the other remaining performance obligations are expected to be recognised within one year.

(Amounts expressed in thousands of RMB unless otherwise stated)

5. OTHER INCOME AND OTHER GAINS, NET

	2018	2017
Income/(loss) from CDM projects:		
– Income during the year	–	1,269
– Foreign exchange gains, net	–	1,878
– Provision for impairment of receivables	–	(6,506)
	–	(3,359)
Government grants	355,269	230,099
Dividend from equity investments at fair value through other comprehensive income	5,093	4,380
Fair value gains on financial assets at fair value through profit or loss	6,411	–
Loss on disposal of a subsidiary *(Note 33)*	(330)	–
Compensation from wind turbine suppliers *(Note)*	9,809	22,556
Loss on disposal of property, plant and equipment	(79,454)	(7,872)
Compensation, liquidated damages and fines	(17,628)	(37,172)
Others	(9,570)	(4,249)
	269,600	204,383

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 TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2018	2017
Employee benefit expenses (including directors' and supervisors' remuneration *(Note 11)*)		
– salaries and staff welfares	457,016	375,955
– retirement benefits – defined contribution plans *(Note (i))*	77,020	62,683
– staff housing benefits *(Note (ii))*	29,829	31,319
– other staff costs	63,639	76,805
	627,504	546,762
Less: Employee benefit expenses capitalised in property, plant and equipment and intangible assets	(60,288)	(81,385)
	567,216	465,377
Depreciation of property, plant and equipment *(Note 12)*	3,344,156	3,099,197
Amortisation of deferred income and deferred loss	(13,024)	(12,028)
Amortisation of intangible assets, land use rights *(Notes 13 and 14)* and long-term prepaid expenses, and depreciation of investment property	66,101	71,833
Research and development costs	989	820
Auditors' remuneration		
– audit and audit related services	7,550	7,500
– non-audit services	550	200
Foreign exchange differences, net *(Note 7)*	7,591	(5,293)
Impairment of receivables *(Notes 18 and 20)*	–	7,394
Impairment of intangible assets *(Note 13)*	71,684	158,603
Impairment of property, plant and equipment *(Note 12)*	35,668	–
Operating lease expenses	37,251	35,236
Government grants *(Note 5)*	(355,269)	(230,099)
Loss on disposal of property, plant and equipment *(Note 5)*	79,454	7,872
Loss on disposal of subsidiaries *(Note 5)*	330	–

6. PROFIT BEFORE 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% (2017: 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 a rate 5% (2017: 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% (2017: 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:

	2018	2017
Finance income		
Interest income on deposits with banks and other financial institutions	9,633	12,630
Interest income on deposits with a related party	21,924	3,991
Interest income from finance lease receivables	3,045	2,737
	34,602	19,358
Finance expenses		
Interest expenses	(2,388,142)	(2,126,755)
Less: interest expenses capitalised in property, plant and equipment and intangible assets	248,772	232,126
	(2,139,370)	(1,894,629)
Foreign exchange (losses)/gains, net	(7,591)	5,293
	(2,146,961)	(1,889,336)
Finance expenses, net	(2,112,359)	(1,869,978)
Interest capitalisation rate	4.41% to 5.35%	4.17% to 5.76%

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSE

	2018	2017
Current tax		
PRC enterprise income tax	292,870	136,638
Under provision in prior years	3,491	11,637
	296,361	148,275
Deferred tax		
Recognition of temporary differences	6,152	8,067
Income tax expense	302,513	156,342

For the year ended 31 December 2018, except for certain subsidiaries established in the PRC which were exempted from tax or entitled to preferential rates ranging from 7.5% to 15% (2017: 7.5% to 15%), all other subsidiaries established in the PRC were subject to income tax at a rate of 25% (2017: 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 policies 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 adopt the preferential policies described in note (a).

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSE (CONTINUED)

(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 that 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%.

For the year ended 31 December 2018, the joint ventures and associates were subject to an income tax rate of 25% (2017: 25%), and the share of income tax expense of joint ventures and associates of nil (2017: Nil) and RMB15.0 million (2017: RMB15.5 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:

	2018	2017
Profit before tax	1,728,898	1,059,012
Taxation calculated at the statutory tax rate	432,225	264,753
Income tax effects of:		
– Preferential income tax treatments	(254,539)	(223,615)
– Income not subject to tax	(14,025)	(16,363)
– Expenses not deductible for tax purposes	6,004	8,064
– Tax losses and temporary differences for which no deferred income tax asset was recognised	138,268	140,818
– Utilisation of previously unrecognised tax losses and temporary differences	(8,911)	(28,952)
– Under provision for prior years	3,491	11,637
	302,513	156,342
Weighted average effective income tax rate	17%	15%

The changes in the weighted average effective income tax rate were primarily caused by certain subsidiaries of the Group whose applicable preferential tax policy was changed from 100% or 50% tax exemption to 50% or no tax exemption respectively, since their respective first operating income generating years.

(Amounts expressed in thousands of RMB unless otherwise stated)

9. BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on perpetual notes, and the weighted average number of ordinary shares in issue during the year.

	2018	2017
Earnings		
Profit attributable to ordinary equity holders of the parent *(RMB'000)*	1,209,279	727,678
Interest on perpetual notes *(RMB'000)*	(116,000)	(116,000)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation *(RMB'000)*	1,093,279	611,678
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation *(thousands of shares)*	7,273,701	7,273,701
Basic earnings per share *(RMB)*	0.1503	0.0841

(b) Diluted earnings per share

The diluted earnings per share amounts for the years ended 31 December 2018 and 2017 were the same as the basic earnings per share amounts as there were no dilutive potential shares.

(Amounts expressed in thousands of RMB unless otherwise stated)

10. DIVIDENDS

	2018	2017
Proposed final – RMB0.02 (before tax) (2017: RMB0.018 (before tax)) per ordinary share	145,474	130,927

The dividend paid by the Company in 2018 was RMB130.9 million (2017: RMB87.3 million).

A final dividend in respect of the year ended 31 December 2018 of RMB0.02 (before tax) per ordinary share, amounting to a total final dividend of RMB145.5 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.

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:

	2018	2017
Fees	600	600
Other emoluments:		
Salaries, allowances and benefits in kind	494	1,104
Discretionary bonuses	918	2,003
Pension scheme contributions	122	152
	1,534	3,259
	2,134	3,859

(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 2018

	Notes	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Executive directors						
– Mr. Zhou Kewen (周克文)	(i)	–	177	316	26	519
– Mr. Jiao Jianqing (焦建清)	(ii)	–	–	344	–	344
– Mr. Meng Lingbin (孟令賓)	(iii)	–	164	172	28	364
– Mr. Hu Shengmu (胡繩木) *	(iv)	–	–	–	–	–
Non-executive directors						
– Mr. Chen Feihu (陳飛虎)*		–	–	–	–	–
– Mr. Liu Guangming (劉光明)*		–	–	–	–	–
– Mr. Liang Yongpan (梁永磐)*	(v)	–	–	–	–	–
– Mr. Liu Baojun (劉寶君)*		–	–	–	–	–
– Mr. Li Yi (李奕)*	(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						
– Ms. Huo Yuxia (霍雨霞)*		–	–	–	–	–
– Ms. Dingyu (丁宇)*		–	–	–	–	–
– Mr. Shang Yuansheng (商遠生)	(vii)	–	71	–	55	126
– Mr. Meng Lingbin (孟令賓)	(iii)	–	82	86	13	181
		600	494	918	122	2,134

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' and supervisors' remuneration (Continued)

Notes:

(i) Mr. Zhou Kewen has resigned as an executive director of the Company with effect from 10 October 2018.

(ii) Mr. Jiao Jianqing has resigned as an executive director of the Company with effect from 26 June 2018.

(iii) Mr. Meng Lingbin has resigned as a supervisor of the Company with effect from 19 March 2018 and has been appointed as an executive director of the Company with effect from 26 June 2018.

(iv) Mr. Hu Shengmu has been appointed as an executive director of the Company with effect from 10 October 2018. On 1 March 2019, Mr. Hu Shengmu resigned as an executive director and has been appointed as a non-executive director at the same date.

(v) Mr. Liang Yongpan has resigned as a non-executive director of the Company with effect from 26 June 2018.

(vi) Mr. Li Yi has been appointed as a non-executive director of the Company with effect from 26 June 2018.

(vii) Mr. Shang Yuansheng has been appointed as a supervisor of the Company with effect from 19 March 2018.

(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 2017

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Executive directors					
– Mr. Zhang Chunlei (張春雷)	–	116	467	12	595
– Mr. Hu Guodong (胡國棟)	–	–	384	–	384
– Mr. Zhou Kewen (周克文)	–	264	–	38	302
– Mr. Jiao Jianqing (焦建清)	–	358	384	51	793
Non-executive directors					
– Mr. Wang Yeping (王野平)*	–	–	–	–	–
– Mr. Chen Feihu (陳飛虎)*	–	–	–	–	–
– 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)*	–	–	–	–	–
– Mr. Tong Guofu (佟國福)*	–	–	–	–	–
– Mr. Chen Weiqing (陳偉慶)	–	–	384	–	384
– Ms. Huo Yuxia (霍雨霞)*	–	–	–	–	–
– Ms. Dingyu (丁宇)*	–	–	–	–	–
– Mr. Meng Lingbin (孟令賓)	–	366	384	51	801
	600	1,104	2,003	152	3,859

Note:

* 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.

(Amounts expressed in thousands of RMB unless otherwise stated)

11. DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S REMUNERATION (CONTINUED)

(a) Directors' and supervisors' remuneration (Continued)

During the year ended 31 December 2018, 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 (2017: Nil); and no director or supervisor waived or agreed to waive any emoluments (2017: Nil).

(b) Five highest paid individuals

The number of directors and supervisors and non-director/non-supervisor employees included in the five highest paid individuals for the year ended 31 December 2018 is set forth below:

	2018	2017
Directors or supervisors	2	2
Non-director or non-supervisor employees	3	3
	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:

	2018	2017
Salaries and other emoluments	326	1,086
Discretionary bonuses	1,108	1,235
Retirement benefits – defined contribution plans	55	152
	1,489	2,473

The emoluments of the five highest paid individuals are within the following bands:

	Number of individuals	
	2018	2017
Nil to Hong Kong dollars ("HKD") 1,000,000	5	4
HKD1,000,001 to HKD1,500,000	–	1

During the year ended 31 December 2018, 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 (2017: 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 2018					
Opening net carrying amount	2,736,503	47,159,534	125,882	8,065,961	58,087,880
Additions	11,134	9,773	6,370	2,271,820	2,299,097
Transfer and reclassification	504,827	3,216,410	33,865	(4,179,096)	(423,994)
Disposal of a subsidiary	(19,490)	(3,789)	–	(2,924)	(26,203)
Other disposals	–	(71,026)	(195)	(51,534)	(122,755)
Depreciation	(168,275)	(3,149,989)	(30,572)	–	(3,348,836)
Impairment during the year	–	–	–	(35,668)	(35,668)
Closing net carrying amount	3,064,699	47,160,913	135,350	6,068,559	56,429,521
As at 31 December 2018					
Cost	3,901,807	66,538,704	429,482	6,104,227	76,974,220
Accumulated depreciation	(837,108)	(19,377,791)	(294,132)	–	(20,509,031)
Accumulated Impairment	–	–	–	(35,668)	(35,668)
Net carrying amount	3,064,699	47,160,913	135,350	6,068,559	56,429,521
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

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 2018, depreciation expense is analysed as follows:

	2018	2017
Depreciation expense recognised in profit or loss *(Note 6)*	3,344,156	3,099,197
Capitalisation as construction in progress	4,680	1,150
	3,348,836	3,100,347

At 31 December 2018, certain property, plant and equipment with cost and accumulated depreciation amounting to RMB2,538.4 million (2017: RMB1,792.1 million) and RMB423.2 million (2017: RMB359.6 million), respectively, were under the finance lease framework agreement as set out in Note 24(a)(ii).

At 31 December 2018, 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

For the year ended 31 December 2018, certain construction in progress was considered obsolete due to the suspension of the construction progress for a long time and the Group's management estimated that the recoverable amount based on fair value less costs of disposal of such construction in progress was nil. Accordingly, an impairment of RMB35.7 million (2017: Nil) was recognised in profit or loss in "Other operating expenses".

For the year ended 31 December 2018, no impairment losses were provided for other property, plant and equipment of the Group (2017: Nil). When indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each asset or CGU. The CGU is an entity. The carrying values of the assets or entities for which indication of impairment is identified were compared to their recoverable amounts, 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 9.0% (2017: 9.5%) that reflects specific risks related to CGUs as the discount rate.

(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 2018					
Opening net carrying amount	58,055	529,846	43,993	3,047	634,941
Additions	–	8,997	3,875	4,810	17,682
Transferred from CIP	–	–	4,651	–	4,651
Transfer and reclassification	–	–	3,226	(3,226)	–
Transferred to research and development expense	–	–	–	(60)	(60)
Disposal of a subsidiary	–	–	(65)	–	(65)
Other disposals	–	–	(125)	–	(125)
Amortisation charges	–	(15,281)	(5,757)	–	(21,038)
Impairment *(Note(iv))*	–	(71,684)	–	–	(71,684)
Closing net carrying amount	58,055	451,878	49,798	4,571	564,302
As at 31 December 2018					
Cost	58,055	849,866	93,783	4,571	1,006,275
Accumulated amortisation	–	(167,701)	(43,985)	–	(211,686)
Impairment *(Note(iv))*	–	(230,287)	–	–	(230,287)
Net carrying amount	58,055	451,878	49,798	4,571	564,302
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

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:

(ii) At 31 December 2018, technologies and tools represented internally generated technologies and tools pertaining to certain wind farm performance optimisation technology.

(iii) Impairment test for goodwill

The Group allocates goodwill to 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 9.0% (2017: 9.5%). 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 a pre-tax interest rate that can reflect the 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 2018 (2017: Nil).

(iv) Datang Hubei Renewable Power Co., Ltd. ("Hubei Renewable"), a subsidiary of the Company, made an impairment provision for its concession assets of RMB71.7 million (2017: RMB158.6 million) during the current year with resulting accumulated impairment of RMB230.3 million as at 31 December 2018. In September 2017, Hubei Renewable's wind farm, named as Longganhu Phase I project, ceased electricity generation in order to comply with the environmental protection measures of Longganhu Nature Protection Zone implemented by Hubei Province Huanggang City. The Group's management assessed the recoverable amounts of those assets based on fair values less costs of disposals, using the market comparison approach by reference to recent sales price of similar assets within the same industry, adjusted for differences such as the remaining useful lives. An impairment loss was recognised in profit or loss in "other operating expenses" as a result of the assessment during the current year.

(Amounts expressed in thousands of RMB unless otherwise stated)

13. INTANGIBLE ASSETS (CONTINUED)

For the year ended 31 December 2018, the amortisation expense is analysed as follows:

	2018	2017
Amortisation charges recognised in profit or loss *(Note 6)*	21,038	34,565
Capitalisation as construction in progress	–	–
	21,038	34,565

At 31 December 2018 and 2017, 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 under leases between 10 years and 50 years.

The movements during the years presented are as follows:

	2018	2017
At 1 January	543,625	476,800
Additions	24,109	4,005
Reclassification	52,348	4,432
Transferred from CIP	29,644	71,800
Other disposal	(692)	–
Amortisation charges	(14,662)	(13,412)
At 31 December	634,372	543,625

Amortisation charges for the year ended 31 December 2018 are analysed as follows:

	2018	2017
Amortisation charges recognised in profit or loss *(Note 6)*	14,662	13,412
Capitalised as construction in progress	–	–
	14,662	13,412

(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:

	2018	2017
As at 1 January	98,598	89,832
Capital injection	1,267	10,017
Other comprehensive income	462	(235)
Share of profit/(loss) for the year	459	(1,016)
As at 31 December	100,786	98,598

At 31 December 2018, 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:

	2018	2017
At 1 January	640,387	596,297
Capital injections	5,000	–
Dividends declared	–	(18,000)
Share of profit for the year	55,640	62,090
At 31 December	701,027	640,387

Set out below are the associates of the Group at 31 December 2018, 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).

Datang Renewable HK Co. Ltd., a wholly owned subsidiary of the Company, entered into an agreement with other shareholders of Datang Finance Leasing on 16 October 2018 to make capital contribution with an amount of RMB100 million. The capital contribution shall be paid in full within two years from the date on which the registered capital of Datang Finance Leasing changed and the renewed business licence issued. As at 31 December 2018, the registered capital of Datang Finance Leasing has not been changed and the renewed business license has not been issued yet.

Note 2: Guangdong Yueneng, a limited liability company established in the PRC, was jointly established by the Company and Guangdong Yueneng (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 values available.

(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

The following table illustrates the summarised financial information in respect of Datang Financial Leasing and Guangdong Yueneng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	Datang Financial Leasing		Guangdong Yueneng	
	2018	2017	**2018**	2017
Total current assets	**6,350,461**	4,863,331	**128,174**	122,579
Total current liabilities	**(15,426,434)**	(15,339,101)	**(4,449)**	(11,740)
Total non-current assets	**15,901,531**	15,304,936	**332,771**	353,753
Total non-current liabilities	**(3,769,124)**	(2,318,209)	**(278,796)**	(296,623)
Net assets	**3,056,434**	2,510,957	**177,700**	167,969
Reconciliation to the Group's interests in the associates:				
Proportion of the ownership	**20%**	20%	**49%**	49%
Group's share of net assets of associates, excluding goodwill	**611,287**	502,191	**87,073**	82,305
Goodwill and other adjustments	**(53,745)**	6,255	**5,597**	5,597
Carrying amount of the investments	**557,542**	508,446	**92,670**	87,902
Revenue	**1,116,755**	879,125	**56,748**	58,185
Profit before tax	**313,138**	317,873	**11,182**	34,690
Net profit for the year	**245,477**	242,640	**9,731**	30,606
Other comprehensive income	**–**	–	**–**	–
Total comprehensive income	**245,477**	242,640	**9,731**	30,606
Dividends received from associates	**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)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material (adjusted for differences in the accounting policies between the Group and the associates):

	2018	2017
Share of the associates' profit for the year	1,776	(1,435)
Share of the associates' other comprehensive income	–	–
Share of the associates' total comprehensive income	1,776	(1,435)
Aggregate carrying amount of the Group's investments in associates	50,815	44,039

As at 31 December 2018, the Group had no other significant contingent liabilities and unconfirmed commitments related to joint ventures and associates.

(Amounts expressed in thousands of RMB unless otherwise stated)

16. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
At 1 January	375,717	384,876
Net loss transfer to other comprehensive income	(63,668)	(9,159)
At 31 December	312,049	375,717

At 31 December 2018, the Group's equity investments designated at fair value through other comprehensive income include the following:

	2018	2017
Listed equity investments, at fair value:		
Huaneng Renewables Corporation Limited	228,162	274,680
Guodian Technology & Environment Group Corporation Limited	26,982	47,870
	255,144	322,550
Unlisted equity investments, at fair value:		
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	52,078	51,167
Haiyan Zhongdian Wind Power Engineering Co., Ltd.	4,827	2,000
	56,905	53,167
	312,049	375,717

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

(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 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 and 1 January 2018	15,511	6,202	–	2,424	–	24,137
Charged/(credited) to profit or loss	(8,192)	–	–	(86)	–	(8,278)
At 31 December 2018	7,319	6,202	–	2,338	–	15,859

Deferred income tax liabilities:

	Asset revaluation	Total
At 1 January 2017	(24,159)	(24,159)
Credited to profit or loss	2,126	2,126
At 31 December 2017 and 1 January 2018	(22,033)	(22,033)
Credited to profit or loss	2,126	2,126
At 31 December 2018	(19,907)	(19,907)

(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:

	2018	2017
Tax losses	**2,507,096**	2,502,456
Other deductible temporary tax differences	**302,741**	204,874
	2,809,837	2,707,330

	2018	2017
Year of expiry		
2018	**–**	474,271
2019	**595,267**	543,025
2020	**465,339**	456,647
2021	**560,531**	455,955
2022	**436,628**	572,558
2023	**449,331**	–
	2,507,096	2,502,456

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2018	2017
CDM assets/receivables	68,751	68,751
Less: impairment allowance *(Note (i))*	(66,419)	(66,419)
	2,332	2,332
Prepayments/advances for plant constructions	2,358	13,407
Receivables from the provision of services	36,123	51,323
Proceed receivables from the disposal of subsidiaries	127,324	111,700
Receivable from the disposal of a wind farm project	22,095	23,322
Dividend receivable	–	18,000
Deposit for project investments	34,181	30,127
Deposit for borrowings *(Note 24(a)(ii))*	48,705	48,705
Receivables under a lease arrangement *(Note (ii))*	45,775	51,815
Other receivables	244,742	203,220
	561,303	551,619
Less: impairment allowance *(Note (i))*	(1,520)	(1,520)
	562,115	552,431
Value-added tax recoverable	1,808,349	2,227,067
Current tax prepayments	15,694	17,202
Deferred loss on long-term borrowings *(Note 24(a)(ii))*	360,252	5,302
Other prepayments	1,565,937	850,948
	4,312,347	3,652,950
Less: Non-current portion of		
– Receivables from the provision of services	–	(30,573)
– Receivables under a lease arrangement *(Note(ii))*	(39,456)	(45,775)
– Deposit for borrowings *(Note 24(a)(ii))*	(48,705)	(48,705)
– Deferred loss on long-term borrowings *(Note 24(a)(ii))*	(345,416)	(4,975)
– Value-added tax recoverable	(1,225,194)	(1,618,200)
– Other prepayments	(1,167,089)	(642,357)
	(2,825,860)	(2,390,585)
Total current portion of prepayments, other receivables and other assets	1,486,487	1,262,365

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes:

(i) The movement in the allowance for doubtful debts is as follows:

	2018	2017
At 1 January	67,939	61,433
Impairment losses recognised	–	6,506
At 31 December	67,939	67,939

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed on other receivables at each reporting date and expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. For prepayments for constructions and equipment, value-added tax recoverable, dividend receivable, deposits for borrowings, receivables under a lease arrangement and current tax prepayments and certain amounts included in other prepayments and debtors, they have specific due dates or settlement schedules. Management considers the probability of default as nil.

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 expected to be fully impaired as at 31 December 2018 based on the assessment of recoverability with an expected credit loss rate of 100%. In addition, included in other receivables is an amount of RMB1.5 million which is expected to be fully impaired and represents a disputed amount of superintendence cost.

Impairment under IAS 39 for the year ended 31 December 2017

Included in the above provision for impairment of other receivables, which was measured based on incurred credit losses under IAS 39, as at 31 December 2017 were provisions for individually impaired other receivables of RMB67.9 million with carrying amounts before provision of RMB67.9 million. The individually impaired other receivables as at 31 December 2017 mainly related to CDM assets/receivables aged more than 5 years and management assessed that the receivables are not expected to be recovered. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes: (continued)

For the other balances of prepayments and other current assets for the Group, management was of the opinion that the counterparties were with good credit quality and the balances were considered fully recoverable.

(ii) During the year ended 31 December 2018, 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 a 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.

	2018	2017
Non-current receivables		
Finance lease – gross receivables	51,000	59,500
Unearned finance income from finance lease receivables	(11,544)	(13,725)
	39,456	45,775
Current receivables		
Finance lease – gross receivables	8,500	8,500
Unearned finance income from finance lease receivables	(2,181)	(2,460)
	6,319	6,040
Net investment in finance lease	45,775	51,815

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes: (continued)

	2018	2017
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	17,000	25,500
	59,500	68,000
Unearned future finance income from finance lease receivables	(13,725)	(16,185)
Net investment in finance lease	45,775	51,815
The net investment in finance lease is analysed as follows:		
– No later than 1 year	6,319	6,040
– Later than 1 year and no later than 5 years	23,234	21,978
– Later than 5 years	16,222	23,797
Total	45,775	51,815

No contingent income was recognised during the year ended 31 December 2018.

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Notes: (continued)

(iii) The carrying amounts of the Group's other receivables were denominated in the following currencies:

	2018	2017
RMB	535,191	502,340
Euros ("EUR")	26,924	26,769
Australian dollar ("AUD")	–	23,322
Total	562,115	552,431

(iv) At 31 December 2018 and 2017, 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

	2018	2017
Finished goods	79	716
Spare parts	167,494	137,208
	167,573	137,924
Less: Provision for impairment of inventories	–	–
	167,573	137,924

As at 31 December 2018 and 31 December 2017, the Group had no pledged inventories for interest-bearing bank and other borrowings.

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES

	2018	2017
Trade receivables	7,140,480	4,723,629
Bills receivable	335,276	321,977
	7,475,756	5,045,606
Less: impairment	(3,216)	(3,216)
	7,472,540	5,042,390

An ageing analysis of trade and bills receivables based on the revenue recognition date, less impairment is as follows:

	2018	2017
Within 1 year	5,133,751	4,029,966
Between 1 and 2 years	2,014,496	803,931
Between 2 and 3 years	156,325	129,042
Over 3 years	167,968	79,451
	7,472,540	5,042,390

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 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.

At 31 December 2018 and 2017, the Group has pledged a portion of its tariff collection rights and bills as security for certain bank and other loans (Note 24(c)).

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 2018, bills receivable which have not matured but discounted or endorsed with a right of recourse and were not derecognized in the financial statements were nil (31 December 2017: RMB1.4 million).

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2018	2017
At 1 January	3,216	2,328
Impairment losses	–	888
At 31 December	3,216	3,216

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote.

Pursuant to CaiJian [2012] No. 102 *Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy* (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2018, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing. The directors are of the opinion that the approvals will be obtained in due course and these trade receivables from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government, except for RMB2.3 million representing a past due tariff receivable from a power grid company in dispute which was assessed to be not recoverable.

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (CONTINUED)

Impairment under IFRS 9 for the year ended 31 December 2018 (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

		Tariff receivables from grid companies and other trade receivables				
	Tariff premium of renewable energy	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	0.038%	–	–	–	1.783%	0.045%
Gross carrying amount	6,188,361	815,555	42,687	44,073	49,804	7,140,480
Expected credit losses	2,328	–	–	–	888	3,216

Impairment under IAS 39 for the year ended 31 December 2017

At 31 December 2017, trade receivables of RMB3.2 million were fully impaired, including RMB2.3 million representing a past due tariff receivable from a power grid company in dispute and RMB0.9 million representing a long aged past due heat fee which were assessed to be not recoverable.

At 31 December 2017, trade and bills receivables of RMB1,012.4 million were past due but not impaired. The ageing analysis of these trade and bills receivables under IAS 39 is as follows:

	2017
Past due within 1 year	803,931
Past due over 1 year	208,493
	1,012,424

(Amounts expressed in thousands of RMB unless otherwise stated)

21. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

	2018	2017
Restricted cash	41,377	15,411
Time deposits	–	40,000
Cash and bank balances	3,632,830	1,223,920
Cash and cash equivalents, restricted cash and time deposits	3,674,207	1,279,331

As at 31 December 2018, restricted cash mainly represented deposits held for use as land reclamation deposits and in unsettled suits.

Cash and cash equivalents, restricted cash and time deposits of the Group were denominated in the following currencies:

	2018	2017
RMB	3,665,499	1,258,382
HKD	2,174	5,261
EUR	5,427	13,990
US dollars ("USD")	890	937
AUD	217	761
	3,674,207	1,279,331

(Amounts expressed in thousands of RMB unless otherwise stated)

22. TRADE AND BILLS PAYABLES

	2018	2017
Trade payables	257,568	197,438
Bills payable	106,849	1,231,533
	364,417	1,428,971

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2018	2017
Within 1 year	182,551	147,046
After 1 year but within 3 years	69,752	46,984
After 3 years	5,265	3,408
	257,568	197,438

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. OTHER PAYABLES AND ACCRUALS

	2018	2017
Payables for property, plant and equipment	4,996,991	5,816,814
Loans from related parties *(Note (i))*	2,037,050	53,050
Dividends payable	151,712	27,924
Interests payable	130,998	124,051
Accrued staff related costs	42,596	47,174
Payables for CDM projects	4,759	4,393
Payables for taxes other than income taxes	178,878	128,825
Asset retirement obligations *(Note (ii))*	86,337	81,029
Amounts due to a non-controlling interest	48,034	3,122
Contract liabilities	3,315	–
Other payables	281,573	234,378
	7,962,243	6,520,760
Deferred government grants	16,848	17,648
Deferred income on long-term borrowings *(Note 24(a)(ii))*	197,540	207,436
Other accruals and deferrals	66,681	71,172
	8,243,312	6,817,016
Less: Non-current portion of		
– Loans from related parties *(Note (i))*	(2,012,550)	(28,550)
– Asset retirement obligations*(Note (ii))*	(86,337)	(81,029)
– Deferred government grants	(16,848)	(17,648)
– Deferred income on long-term borrowings *(Note 24(a)(ii))*	(184,176)	(194,341)
– Other accruals and deferrals	(65,554)	(66,682)
	(2,365,465)	(388,250)
Current portion of other payables and accruals	5,877,847	6,428,766

Notes:

(i) Except for the amount of RMB28.6 million which will be paid before 15 April 2025 and carries the effective interest rate of 4.41% and the amount of RMB2,000.0 million which will be paid before 7 June 2021 and carries the effective interest rate of 4.71%, the loans from other 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 2018, the unwinding of discount of RMB5.3 million (2017: RMB5.0 million) was included in "Finance expenses" in the consolidated statement of profit or loss.

(Amounts expressed in thousands of RMB unless otherwise stated)

23. OTHER PAYABLES AND ACCRUALS (CONTINUED)

The carrying amounts of the Group's other payables denominated in the following currencies:

	2018	2017
RMB	7,958,904	6,520,222
EUR	29	402
Other currencies	3,310	136
Total	7,962,243	6,520,760

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) Long-term borrowings

	2018	2017
Bank loans		
– Unsecured	22,084,328	22,371,151
– Guaranteed *(Note 24 (c))*	1,738,927	2,068,016
– Secured	5,199,820	4,928,175
	29,023,075	29,367,342
Other loans		
– Unsecured	4,672,240	2,152,240
– Guaranteed *(Note (i))*	2,000,000	3,000,000
– Secured *(Note (ii))*	3,249,656	2,743,219
	9,921,896	7,895,459
Corporate bonds – unsecured *(Note (iii))*	1,998,151	1,997,521
Total long-term borrowings	40,943,122	39,260,322
Less: current portion of long-term borrowings *(Note 24 (b))*		
– Bank loans	(3,441,744)	(3,117,990)
– Other loans	(1,720,703)	(1,635,116)
	(5,162,447)	(4,753,106)
Total non-current portion of long-term borrowings	35,780,675	34,507,216

24. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

(a) Long-term borrowings (Continued)

Notes:

(i) At 31 December 2018, the borrowings from Pingan Assets Management Co., Ltd. amounting to RMB2.0 billion (2017: RMB3.0 billion) were guaranteed by Datang Corporation.

(ii) At 31 December 2018, included in secured other loans were borrowings amounting to RMB1,884.98 million (31 December 2017: RMB1,303.0 million) due to Datang Financial Leasing, RMB138.1 million (31 December 2017: Nil) due to Shanghai Datang Financial Leasing Company Limited ("Shanghai Datang Financial Leasing") and RMB1,177.2 million (31 December 2017: RMB1,330.1 million) from ICBC Financial Leasing Company Limited. According to the agreements with Datang Financial Leasing, Shanghai Datang Financial Leasing and ICBC Financial Leasing Company Limited, certain subsidiaries of the Company sell and lease back certain property, plant and equipment to and from the lenders for periods ranging from 3 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 the agreements described above 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 2018, cash amounting to RMB48.7 million (2017: RMB48.7 million) was held in a deposit account with ICBC Financial Leasing Company Limited.

At 31 December 2018 and 2017, deferred loss and revenue recognised represented the adjustments for the present values of these borrowings, and were included in "Prepayments, other receivables and other assets" and "Other payables and accruals" 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

	2018	2017
Bank loans		
– Unsecured	3,090,000	3,190,016
Short-term bonds – unsecured *(Note)*	6,075,584	4,569,980
Other loans		
– Unsecured	202,000	800,000
– Secured	96,829	1,400
	298,829	801,400
Current portion of long-term borrowings *(Note 24(a))*	5,162,447	4,753,106
	14,626,860	13,314,502

Note:

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 each, and the third and fourth issued short-term bonds amounted to RMB2,500.0 million each. The issuance cost is RMB6.0 million. These bonds have annual effective interest rates ranging from 4.20% to 4.78%. These short-term bonds have already matured in October 2017, June 2017, July 2017, January 2018 and April 2018, respectively.

On 31 January 2018, 23 April 2018, 11 July 2018, 22 August 2018 and 22 October 2018, the Company issued five tranches of short-term bonds with a par value of RMB100. The first issued short-term bonds amounted to RMB2,500.0 million, and the second, third, fourth and fifth issued short-term bonds amounted to RMB2,000.0 million each. The issuance cost is RMB5.97 million. These bonds have annual effective interest rates ranging from 3.10% to 5.15%. The first and second issued short-term bonds have already matured in July 2018 and October 2018, and the third, fourth and fifth issued short-term bonds will mature in April 2019, May 2019 and July 2019 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 2018, the effective interest rates per annum on borrowings are as follows:

	2018	2017
Long-term		
Bank loans	2.82%-5.50%	2.82%-5.50%
Other loans	4.35%-5.76%	3.85%-5.76%
Corporate bonds	3.10%-3.50%	3.10%-3.50%
Short-term		
Bank loans	4.33%-4.75%	4.35%
Other loans	4.35%-5.70%	4.13%-4.50%
Short-term bonds	3.10%-4.25%	4.35%-4.78%

At 31 December 2018, details of the Group's guaranteed bank loans are as follows:

	2018	2017
Guarantor		
– The Company*	1,472,736	1,774,651
– Non-controlling interests of subsidiaries and ultimate holding companies of non-controlling interests	266,191	293,365
	1,738,927	2,068,016

* At 31 December 2018, guaranteed loans by the Company amounting to RMB24.0 million (2017: RMB34.0 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 2018, the Group has pledged certain assets as collateral for certain secured borrowings and a summary of these pledged assets is as follows:

	Bank loans		Other loans	
	2018	2017	**2018**	2017
Property, plant and equipment	**2,076,748**	2,252,344	**3,915,217**	3,566,539
Concession assets	**214,652**	229,933	**–**	–
Tariff collection rights	**889,804**	584,627	**49,319**	65,783
Bills receivable	**–**	–	**–**	1,400
	3,181,204	3,066,904	**3,964,536**	3,633,722

At 31 December 2018, long-term borrowings were repayable as follows:

	2018	2017
Within 1 year	**5,162,447**	4,753,106
After 1 year but within 2 years	**5,594,850**	5,104,917
After 2 years but within 5 years	**18,544,584**	16,172,462
After 5 years	**11,641,241**	13,229,837
	40,943,122	39,260,322

At 31 December 2018, the carrying amounts of borrowings were denominated in the following currencies:

	2018	2017
RMB	**50,407,535**	47,777,338
USD	**–**	44,380
	50,407,535	47,821,718

25. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2018, ordinary shares comprised the following:

	2018	2017
	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 was 7,273.7 million with a par value of RMB1.00 per share. At 31 December 2018 and 2017, all issued shares were registered, fully paid and ranked pari passu with one another.

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 2018 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 an 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. Subsequent to 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 2018, the Company announced and distributed interest of RMB116.0 million (2017: 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 2018 and 2017 is as follows:

	Statutory surplus reserve *(Note (i))*	Other reserves *(Note (ii))*	Fair value reserve	Exchange fluctuation reserve	Total
At 1 January 2017	158,669	(1,445,491)	(124,430)	(7,495)	(1,418,747)
Transfer from retained profits	61,671	–	–	–	61,671
Share of other comprehensive income of joint ventures	–	(235)	–	–	(235)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(9,159)	–	(9,159)
Exchange differences on translation of foreign operations	–	–	–	284	284
At 31 December 2017	220,340	(1,445,726)	(133,589)	(7,211)	(1,366,186)
At 1 January 2018	220,340	(1,445,726)	(133,589)	(7,211)	(1,366,186)
Transfer from retained profits	48,351	–	–	–	48,351
Share of other comprehensive income of joint ventures	–	462	–	–	462
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	(63,860)	–	(63,860)
Exchange differences on translation of foreign operations	–	–	–	(908)	(908)
At 31 December 2018	268,691	(1,445,264)	(197,449)	(8,119)	(1,382,141)

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

	2018	2017
Transactions with fellow subsidiaries:		
– Provision of installation, construction, general contracting services	4,281	2,376
– Sales of electricity	647	–
– Purchases of engineering, construction, supervisory services and general contracting services *(Note (i))*	(238,112)	(87,847)
– Purchases of key and auxiliary materials, equipment and finished goods *(Note (ii))*	(184,777)	(324,569)
– Loans from related parties *(Note (iii))*	12,509,879	8,919,000
– Repayments of loans from related parties *(Note (iii))*	(7,522,607)	(9,099,265)
– Interest income earned	23,518	3,991
– Interest expense charged *(Note (iii))*	(272,347)	(206,495)
Capital commitments for the purchase of property, plant and equipment from fellow subsidiaries (contracted, but not provided for)	887,019	1,047,905
Capital commitments to one of the Group's associates	100,000	–

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

(a) Significant related party transactions (Continued)

Notes:

(i) The provision of general contracting services by certain fellow subsidiaries of Datang Group included purchases of equipment and construction services mainly from China Datang Group Technology Engineering Co., Ltd.

(ii) The purchases of key and auxiliary materials, equipment and finished goods are mainly purchases of wind turbines, tower tubes and auxiliary materials from China National Water Resources & Electric Power Materials & Equipment Co., Limited.

(iii) During the year ended 31 December 2018, included in "Loans from related parties" were borrowings from Datang Financial Leasing, Shanghai Datang Financial Leasing and China Datang Group Finance Co., Ltd. ("Datang Finance'), a fellow subsidiary of the Company which is a financial institution established in the PRC. The due dates of the related borrowings fall within the period from 30 September 2026 to 15 June 2033, and the interest rates range from 3.10% to 6.41% per annum.

(iv) In addition to the above transactions, on 17 March 2015, the Company and Datang Finance entered into an agreement pursuant to which Datang Finance agreed to provide certain loan, depository and other financial services to the Group for a period of three years, which was expired at 31 December 2017. The financial service agreement was renewed on 12 May 2017 with a term from 1 January 2018 to 31 December 2020. And on 23 August 2018, the Company and Datang Finance entered into a supplemental agreement of the financial service agreement to make revision of the annual transaction cap.

Pursuant to the agreement, Datang Finance has granted integrated credit facilities of RMB 4.0 billion to the Group. At 31 December 2018, the Group had a cash deposit held at Datang Finance amounting to RMB2,829.3 million (2017: RMB430.6 million), and the interest income on the deposit was RMB23.5 million for the year ended 31 December 2018 (2017: RMB4.0 million).

All the transactions above with related parties are conducted at prices and on 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:

	2018	2017
Cash and cash equivalents deposited with		
A subsidiary of Datang Corporation *(Note 28 (a)(iv))*	2,829,265	430,612
Trade and bills receivables		
Datang Corporation and its subsidiaries	10,545	4,098
Prepayments, other receivables and other assets		
Datang Corporation and its subsidiaries	439,763	267,932
Other associates	–	10,488
Other related parties	1,008	1,008
Trade and bills payables		
Datang Corporation and its subsidiaries	(39,044)	(120,619)
Other payables and accruals		
Datang Corporation and its subsidiaries	(2,493,771)	(531,499)
Other related parties	(17,782)	(17,261)
Interest-bearing bank and other borrowings		
Subsidiaries of Datang Corporation	(8,258,457)	(4,256,614)
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 2018, amounts included in "Other payables and accruals" of RMB2,028.6 million (2017: RMB44.6 million) and "Interest-bearing bank and other borrowings" of RMB8,258.5 million (2017: RMB4,256.6 million) were payables to the Datang Corporation and certain fellow subsidiaries which bore interest at rates ranging from 3.10% to 6.41% per annum (2017: 3.85% to 5.49%). Except for the above mentioned, all (2017: all) other balances with Datang Corporation and its subsidiaries are interest-free, unsecured and due on demand.

At 31 December 2018, 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 RMB2,127.2 million (2017: RMB3,150.6 million) and RMB139.0 million (2017: RMB142.8 million), respectively.

At 31 December 2018, the amounts included in "Interest-bearing bank and other borrowings"of RMB1,981.8 million (2017: RMB1,303.0 million) were provided by Datang Financial Leasing and RMB138.1 million was provided by Shanghai Datang Financial leasing (2017: Nil) respectively. The loans were secured by certain property, plant and equipment, of which the carrying amount at 31 December 2018 was RMB2,247.4 million (2017: RMB1,432.5 million) (Note 12).

(c) Significant transactions with other state-owned enterprises

For the year ended 31 December 2018, all (2017: all) revenue was derived from the sales of electricity 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 2018, substantially all (2017: 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 2018 and 2017, 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 2018 and 2017, 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 revenue and expense 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

	2018	2017
Basic salaries, housing fund, other allowances and benefits in kind	819	3,487
Discretionary bonuses	2,025	3,861
Pension costs	178	506
	3,022	7,854

Details of directors' and supervisors' remuneration are included in Note 11 to the financial statements.

(e) Commitments with related parties

As at 31 December 2018 and 2017, 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

	2018			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Equity investments designated at fair value through other comprehensive income	Total
Equity investments at fair value through other comprehensive income	–	–	312,049	312,049
Trade and bills receivables	–	7,472,540	–	7,472,540
Restricted cash and time deposits	–	41,377	–	41,377
Cash and cash equivalents	–	3,632,830	–	3,632,830
Financial assets included in prepayments, other receivables and other assets	–	559,757	–	559,757
Financial assets at fair value through profit or loss	15,311	–	–	15,311
	15,311	11,706,504	312,049	12,033,864

Financial liabilities

	2018	
	Financial liabilities at amortised cost	Total
Trade and bills payables	364,417	364,417
Financial liabilities included in other payables and accruals	7,918,653	7,918,653
Interest-bearing bank and other borrowings	50,407,535	50,407,535
	58,690,605	58,690,605

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Financial instruments by category (Continued)

Financial assets

	2017			
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Equity investments designated at fair value through other comprehensive income	Total
Equity investments 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, other receivables and other assets	–	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
Trade and bills payables	1,428,971	1,428,971
Financial liabilities included in other payables and accruals	6,538,975	6,538,975
Interest-bearing bank and other borrowings	47,821,718	47,821,718
	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)

Transferred financial assets that are derecognised in their entirety

At 31 December 2018, the Company and its certain subsidiaries endorsed or discounted certain bills receivable accepted by banks and Datang Finance as well as the Company in the PRC (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables or other payables due to such suppliers with a carrying amount in aggregate of RMB116,993,401. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks or the commercials default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

29.2 Fair value and fair value hierarchy

Fair value

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 and those carried at fair values are as follows:

	Carrying amount		Fair value	
	2018	2017	**2018**	2017
Financial liabilities:				
Long-term interest bearing bank and other borrowings	**35,780,675**	34,507,216	**35,291,800**	33,859,905

Management has assessed that the fair values of cash and cash equivalents, the restricted cash and time deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and short-term interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Fair value and fair value hierarchy (Continued)

Fair value (Continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2018 was assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income except one investment with recent equity transaction consideration have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, price to earnings ("P/E") multiple and price to book ("P/B") multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Fair value and fair value hierarchy (Continued)

Fair value (Continued)

For the fair value of the unlisted equity investments at fair value through other comprehensive income except one investment with recent equity transaction consideration, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model and has quantified this as a reduction in fair value of approximately RMB668,799, using less favourable assumptions, and an increase in fair value of approximately RMB710,168, using more favourable assumptions.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2018:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B multiple of peers	1.7x	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB482,638
		Discount for lack of marketability	30%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB206,845

(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:

Assets measured at fair value:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equity investments designated at fair value through other comprehensive income	255,144	–	56,905	312,049
Financial assets at fair value through profit or loss	–	–	15,311	15,311
	255,144	–	72,216	327,360

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
Equity investments designated 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

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 (2017: Nil).

(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 (Continued)

There were no assets that fair values were disclosed as at 31 December 2017 and 2018.

Liabilities for which fair values are disclosed:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Long-term interest-bearing bank and other borrowings	–	35,291,800	–	35,291,800

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
Long-term interest-bearing bank and other borrowings	–	33,859,905	–	33,859,905

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 2018, 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 2018, if RMB had weakened/strengthened by 5% (2017: 5%) against other foreign currencies with all other variables held constant, post-tax profit for the year would have been RMB1.2 million lower/higher (2017: RMB0.7 million lower/higher) 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 a 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 2018, the Group's borrowings at variable rates were denominated in RMB (2017: 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 2018, 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 RMB191.04 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 2018, the Group was exposed to equity security price risk primarily arising from the investments classified as equity investments designated 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 RMB21.30 million (2017: RMB26.93 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 the Group 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 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 2018, the Group held cash and cash equivalents of RMB3,632.8 million (2017: RMB1,223.9 million) (Note 21). In addition, the Group held listed equity securities of RMB255.1 million (2017: RMB322.6 million) (Note 16), which could be readily realised to provide a further source of cash should the need arise.

The 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 2018, the Group had the following undrawn borrowing facilities at floating rates:

	2018	2017
Expiring within one year	18,230,000	23,082,716
Expiring beyond one year	9,764,994	20,845,000
	27,994,994	43,927,716

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 maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
As at 31 December 2018					
Long-term loans *(Note 24(a))*	6,869,231	7,072,523	19,317,297	13,114,644	46,373,695
Long-term bonds *(Note 24(a))*	66,921	66,944	2,066,967	–	2,200,832
Short-term loans *(Note 24(b))*	3,388,829	–	–	–	3,388,829
Short-term bonds *(Note 24(b))*	6,160,456	–	–	–	6,160,456
Financial liabilities included in other payables and accruals	6,002,362	108,103	2,095,000	–	8,205,465
Trade and bills payables *(Note 22)*	364,417	–	–	–	364,417
	22,852,216	7,247,570	23,479,264	13,114,644	66,693,694
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
Financial liabilities included in other payables and accruals	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

30. FINANCIAL AND CAPITAL RISK MANAGEMENT (CONTINUED)

30.2 Capital risk management

The Group's objectives for 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 2018 was 79.5% (2017: 79.6%).

The slight decrease in the liability-to-asset ratio was primarily due to the improvement of operations. Taking into consideration 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 2018, 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 operate in the PRC in the business of wind power generation, are 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 (Qingdao) Wind Power Generation Co., Ltd. (大唐(青島)風力發電有限公司)	521,500	95%	–
Datang Alukeerqinqi Renewable Power Co., Ltd. (大唐阿魯科爾沁旗新能源有限公司)	505,866	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%	–
Shanghai Dong Hai (上海東海風力發電有限公司) *(Note (i))*	861,000	28%	–
Datang Xiangyang Wind Power Generation Co., Ltd. (大唐向陽風電有限公司)	675,900	100%	–
Datang (Tongliao) Huolinhe Renewable Power Co., Ltd. (大唐(通遼)霍林河新能源有限公司)	709,900	100%	–
Datang Tongxin Renewable Power Co., Ltd. (大唐同心新能源有限公司)	433,811	100%	–
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 Wenniuteqi Renewable Power Co., Ltd. (大唐翁牛特旗新能源有限公司)	129,548	100%	–

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.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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 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 2018 which is included in the consolidation.

(ii) At 31 December 2018, 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 2018, the Group dissolved and deregistered subsidiaries with net assets in aggregate of RMB14.48 million in order to improve 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:

	2018	2017
Percentage of equity interest held by non-controlling interests:		
Chifeng Renewable	40%	40%
Shanghai Dong Hai	72%	72%
Datang Sanhe (Linxi) Renewable Power Co., Ltd. (大唐三合(林西)新能源有限公司) ("Sanhe (Linxi)")	49%	49%
Comprehensive income for the year allocated to non-controlling interests:		
Chifeng Renewable	90,394	83,967
Shanghai Dong Hai	77,497	62,240
Sanhe (Linxi)	14,322	17,209
Dividends paid to non-controlling interests:		
Chifeng Renewable	113,336	–
Shanghai Dong Hai	62,269	28,800
Sanhe (Linxi)	–	–
Accumulated balances of non-controlling interests at the reporting date:		
Chifeng Renewable	1,010,087	1,033,030
Shanghai Dong Hai	696,104	680,876
Sanhe (Linxi)	141,223	126,901

(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:

2018	Chifeng Renewable	Shanghai Dong Hai	Sanhe (Linxi)
Revenue	704,748	401,325	116,780
Total cost and expenses	(479,241)	(293,690)	(87,551)
Profit for the year	225,507	107,635	29,229
Total comprehensive income for the year	225,986	107,635	29,229
Current assets	797,281	418,895	182,615
Non-current assets	3,821,424	2,688,015	614,794
Current liabilities	(925,290)	(331,485)	(77,564)
Non-current liabilities	(1,137,737)	(1,808,613)	(431,541)
Net cash flows from operating activities	442,350	538,248	67,549
Net cash flows (used in)/from investing activities	(21,522)	(2,453)	27,372
Net cash flows used in financing activities	(333,992)	(374,548)	(63,784)
Net increase in cash and cash equivalents	86,836	161,247	31,137

(Amounts expressed in thousands of RMB unless otherwise stated)

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

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 (used in)/from 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)

33. DISPOSAL OF A SUBSIDIARY

On 26 March 2018, the board of shareholders of Datang Zhangbei Renewable Technology Corporation Ltd. ("Zhangbei Renewable"), a subsidiary of the Company, agreed on the Company's disposal of the company's 60% equity interests in Zhangbei Renewable for a consideration of RMB15.62 million, which was revaluated by an independent evaluation agency based on its fair value of the net assets as at 31 December 2017. The Company has not received the consideration at the end of 2018. The disposal was completed on 24 May 2018.

Net assets of Zhangbei Renewable are as follows:

	24 May 2018
Net assets disposed of:	
Cash and cash equivalents	1
Trade and bills receivables	2,323
Prepayments, other receivables and other assets	2,928
Property, plant and equipment	26,203
Intangible assets	65
Trade and bills payables	(191)
Other payables and accruals	(4,739)
Non-controlling interests	(10,636)
	15,954
Loss on disposal of Zhangbei Renewable	(330)
	15,624
Satisfied by:	
Cash	–
Receivable	15,624
	15,624
An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:	
Consideration received	–
Cash and cash equivalents at disposal	1
Net outflow of cash and cash equivalents in respect of the disposal of subsidiary	(1)

(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	Other payables and accruals
At 1 January 2018	47,821,718	6,817,016
Changes from financing cash flows	2,579,231	(410,746)
Foreign exchange movement	352	7,882
Dividends payable	–	433,779
Interest expense	6,234	2,381,908
Changes from operating cash flows	–	320,403
Changes from investing cash flows	–	(1,306,930)
At 31 December 2018	50,407,535	8,243,312

35. CONTINGENT LIABILITIES

As at 31 December 2018 and 2017, the Group had no significant contingent liabilities.

36. COMMITMENTS

(a) Capital commitments of property, plant and equipment

	2018	2017
Contracted, but not provided for	6,474,074	5,753,982

(b) Commitments under operating leases

The future aggregate minimum lease payments as at 31 December 2018 and 2017 pursuant to non-cancellable lease agreements entered into by the Group are summarised as follows:

	2018	2017
Within one year	17,476	7,135
In the second to fifth years, inclusive	24,939	17,260
After five years	4,157	12,775
	46,572	37,170

(Amounts expressed in thousands of RMB unless otherwise stated)

37. EVENTS AFTER THE REPORTING PERIOD

On 27 March 2019, the board of directors proposed to distribute the final dividend for the year ended 31 December 2018 of RMB0.02 per share (before tax) of the Company in cash to the shareholders with an amount of RMB145.5 million. The proposal is subject to the approval by the shareholders at the 2018 Annual General Meeting of the Company. These consolidated financial statements do not reflect this dividend payable.

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:

	2018	2017
Assets		
Non-current assets		
Property, plant and equipment	322,332	340,113
Intangible assets	8,390	12,008
Investments in subsidiaries	18,655,591	18,294,529
Investments in associates and joint ventures	204,486	199,484
Equity investments designated at fair value through other comprehensive income	4,826	2,000
Financial assets at fair value through profit or loss	15,311	8,900
Prepayments, other receivables and other assets	13,118,349	12,426,957
Total non-current assets	32,329,285	31,283,991
Current assets		
Inventories	171	258
Trade and bills receivables	112,365	92,573
Prepayments, other receivables and other assets	6,453,143	8,844,533
Restricted cash	25,919	–
Cash and cash equivalents	502,968	572,400
Total current assets	7,094,566	9,509,764
Total assets	39,423,851	40,793,755

(Amounts expressed in thousands of RMB unless otherwise stated)

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	2018	2017
Liabilities		
Current liabilities		
Interest-bearing bank and other borrowings	11,579,530	14,168,867
Trade and bills payables	4,360	272,472
Current income tax liabilities	2,142	2,142
Other payables and accruals	247,429	273,804
Total current liabilities	11,833,461	14,717,285
Net current liabilities	(4,738,895)	(5,207,521)
Non-current liabilities		
Interest-bearing bank and other borrowings	11,954,382	12,675,308
Other payables and accruals	2,010,456	10,758
Total non-current liabilities	13,964,838	12,686,066
Net assets	13,625,552	13,390,404
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 profits	717,671	533,700
Other reserves	1,573,886	1,522,709
Total equity	13,625,552	13,390,404

(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 profits and other reserves is as follows:

		Other reserves			
	Retained profits	Statutory surplus reserves	Fair value reserve	Others	Total
Balance at 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 profits	(61,671)	61,671	–	–	–
Dividends paid	(87,284)	–	–	–	(87,284)
At 31 December 2017 and 1 January 2018	533,700	211,048	–	1,311,661	2,056,409
Profit for the year	479,249	–	–	–	479,249
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	2,826	–	2,826
Appropriation to perpetual note holders	(116,000)	–	–	–	(116,000)
Transfer from retained profits	(48,351)	48,351	–	–	–
Dividends paid	(130,927)	–	–	–	(130,927)
At 31 December 2018	717,671	259,399	2,826	1,311,661	2,291,557

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 27 March 2019.

Glossary of Terms

"19th National Congress"	the 19th National Congress of the Communist Party of China
"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)
"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 just like Datang Corporation, also our controlling shareholder and one of the promoters of the Group
"Datang Power"	Datang International Power Generation Co., Ltd., a company incorporated in the PRC with limited liability and a subsidiary of CDC, being concurrently listed on the Stock Exchange (stock code: 0991), the Shanghai Stock Exchange (stock code: 601991) and the London Stock Exchange (stock code: 991)
"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
"Director(s)"	the director(s) 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

Glossary of Terms (Continued)

"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 kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Latest Practicable Date"	24 April 2019, 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
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the board of supervisors 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*

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LEGAL REPRESENTATIVE OF THE COMPANY

Mr. Chen Feihu

AUTHORIZED REPRESENTATIVES

Ms. Kwong Yin Ping Yvonne
Mr. Liu Guangming

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. Li Yi *(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. Hu Shengmu *(non-executive Director)*
Mr. Liu Chaoan *(independent non-executive Director)*

Strategic Committee

Mr. Hu Shengmu *(non-executive Director) (Chairman)*
Mr. Liu Guangming *(executive Director)*
Mr. Meng Lingbin *(executive Director)*

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