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

2019 Annual Report

Contents

Chairman's Statement

DEAR SHAREHOLDERS:

Facing the complex and changeable domestic and international market environment in 2019, the Company deeply implemented the new strategy of energy security of "Four Revolutions and One Collaboration", actively seized the opportunities of the reform of power system and the development of green energy, sped up the implementation of the "13th Five-year" Plan, unswervingly promoted high-quality development and successfully achieved the goal of business development for the year.

– Important progress was made in high-quality development. As the industrial layout has been optimized and upgraded, the progress of project development has been accelerated and the resource reserves have become more and more abundant and development quality improved obviously. The approved power supply project was 940 MW, the newly added on-grid capacity was 790 MW, the capacity under construction was 1,880 MW and the cumulative consolidated installed capacity reached 9,761 MW.

– Positive results were made in operating performance. The Company strived to increase the income and efficiency and its operating income amounted to RMB8,325 million, realized total profits of RMB1,440 million and net profit attributable to the parent company of RMB936 million, and the return on net assets reached 7.68%.

– Maintaining a stable situation in production safety. As the equipment management enhanced efficiency significantly, the information real-time monitoring implemented comprehensively, the utilization rate of wind turbines has been further improved, and the reliability of wind power generation units has maintained the leading level in the industry. The Company completed power generation of 18.435 billion kWh, representing an increase of 460 million kWh year-on-year.

– Constant deepening and promoting reforms and fostering innovation. As the management system and mechanism becoming more and more perfect and the system being improved continuously, the standardization of the operation of the Company in accordance with law has been further improved. Corporate governance in accordance with the law has been steadily advanced by the Company, and accordingly the capabilities to prevent and control risk have been significantly enhanced. Relying on the standardized governance and good performance, the Company won the "Best Investor Relations Award" from China Financing for the first time.

This year is the closing year for China to make a decisive battle to build a moderately prosperous society in all respects and the "13th Five-year" Plan. The pace of revolution in energy production and consumption has been accelerated and the reform in power system has continued to deepen, the development of the new trend of energy electricity and the new infrastructure has been sped up, the high-quality development of the Company will faces new opportunities. At the same time, the outbreak of COVID-19 pandemic had brought an impact on economic and social development. Challenges brought to the Company's operation and development by factors such as the reduction of subsidy, grid parity, competitive allocation of resources and the maintaining of electricity prices and rush of installation in the wind power, the development of new energy will encounter more and greater difficult challenges.

In 2020, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhere to the new concept of development, pursue the development of high-quality, continue to uphold the work requirements of achieving growth among stability, adhere to the confidence and belief in success, strive to enhance the sense of urgency, and continue to deepen reform and innovation. The Company will firmly seize the initiative of the development, make solid progress in improving quality and efficiency, stick to the bottom-line thinking, actively respond to risks and challenges, and constantly improve the core competitiveness, and make great efforts to build a first-class, professional and modern renewable power listed company.

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

Chairman of the Board
Chen Feihu

General Manager's Statement

Dear shareholders,

In 2019, with the strong support of all shareholders and the strong leadership of the Board, the management of the Company adhered to the new development concept, captured the developing trend of new energy, adopted a new mindset and fulfilled its responsibility to continuously innovate the management, expanded new development momentum, further promoted the operation management, reform of development, safety production, legal compliance and other aspects of work, so as to accelerate the high-quality development of the Company. The total assets of the Company amounted to RMB80,023 million, representing a year-on-year increase of RMB5,607 million; the annual electricity generation of the Company amounted to 18,435 million kWh, representing a year-on-year increase of 460 million kWh. The total profit amounted to RMB1,440 million and the net profit attributable to the parent company amounted to RMB936 million. The return on net assets reached 7.68%. The first independently developed and constructed offshore wind power project by the Company with a capacity of 300 MW in Binhai, Jiangsu successfully went on-grid. Chifeng Wind Power Training Base was awarded Wind Power Science Education and Training Base by China Energy Research Society. As such, the Company has maintained a good upward momentum of development.

In recent years, China has been in a period of building a clean, low-carbon, safe and efficient energy system, and vigorously developing clean energy is the main direction of promoting the sustainable development of electricity. The continuous acceleration of low-carbon transformation of energy consumption and the further promotion of the in-depth advancement of electricity reform and market construction have brought the Company a brighter development prospect.

In 2020, the pressure on domestic production and price stabilisation has increased. The curtailment rates of wind and PV power have both continued to decrease. The financing environment has been further improved. We will adhere to the new development concept, insist on comprehensive management innovation and follow the general objective of building a world-class new energy listed company to transform methods, promote development, finance, control the costs, strengthen project layout and development, improve production and operation efficiency and promote asset management, so as to further enhance core competitiveness and comprehensively achieve the objectives and tasks for the year of high-quality development.

In the end, we would like to express our heartfelt gratitude to all the shareholders and friends from all sectors in the society. In the new year, under the leadership of the Board, we will fulfill our responsibility, act in a timely manner, firmly grasp the new opportunities for the rapid development of new energy with the attitude of "fully committed and waste no time", use new ideas and new methods to comprehensively promote the work forward and strive to accelerate the realization of high-quality development of new energy company.

General Manager
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 2019, the Company had a total of 7,273,701,000 issued shares, among which the Company's controlling shareholder China Datang Corporation Ltd. holds an aggregate of 65.61%.

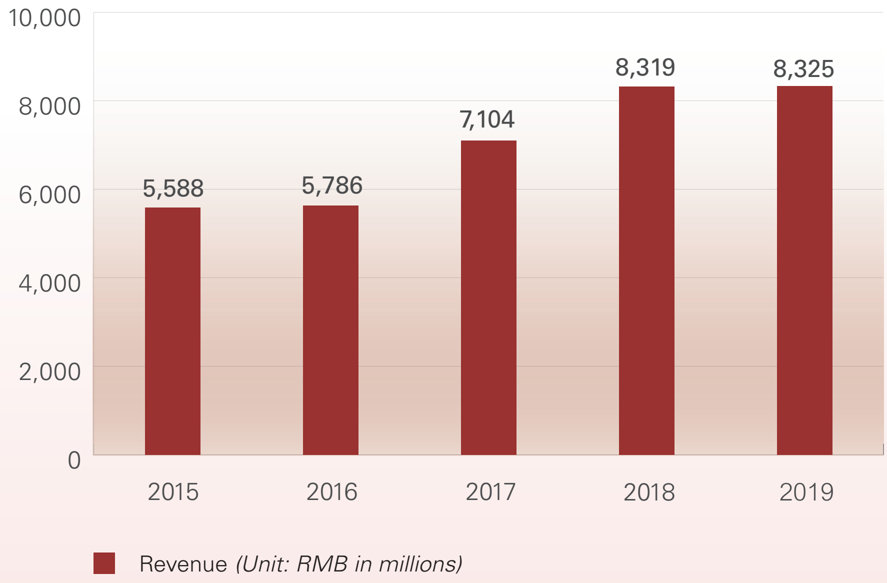
The Group is principally engaged in the development, investment, construction and management of wind power and other renewable energy sources; research and development, application and promotion of low carbon technology; research, sale, testing and maintenance of renewable energy-related equipment; power 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.

The Group is actively engaged in the renewable sources business including wind power and solar power. As at 31 December 2019, the Group's consolidated installed capacity amounted to 9,761 MW, including 9,533 MW of wind power installed capacity.

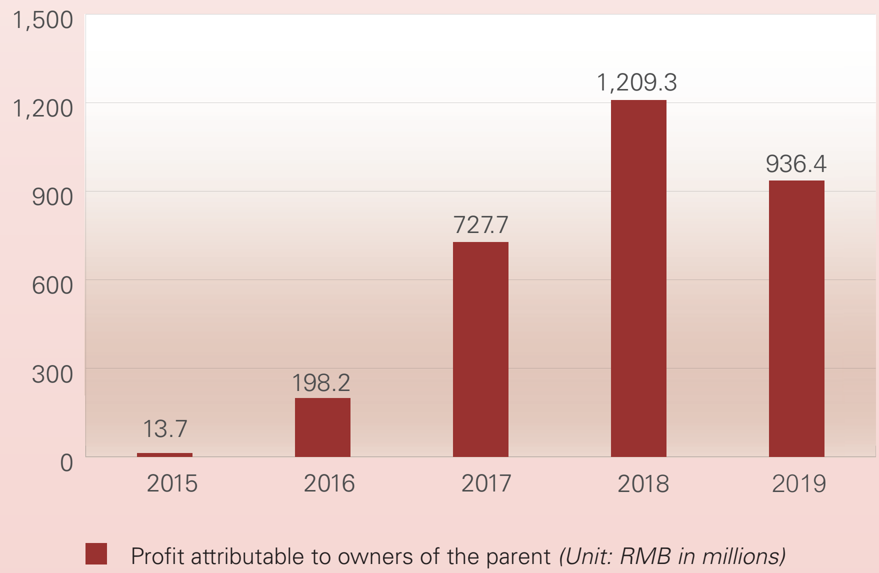
Corporate Structure: As at 31 December 2019, the Company's major corporate structure was as follows:

Key Operating and Financial Data

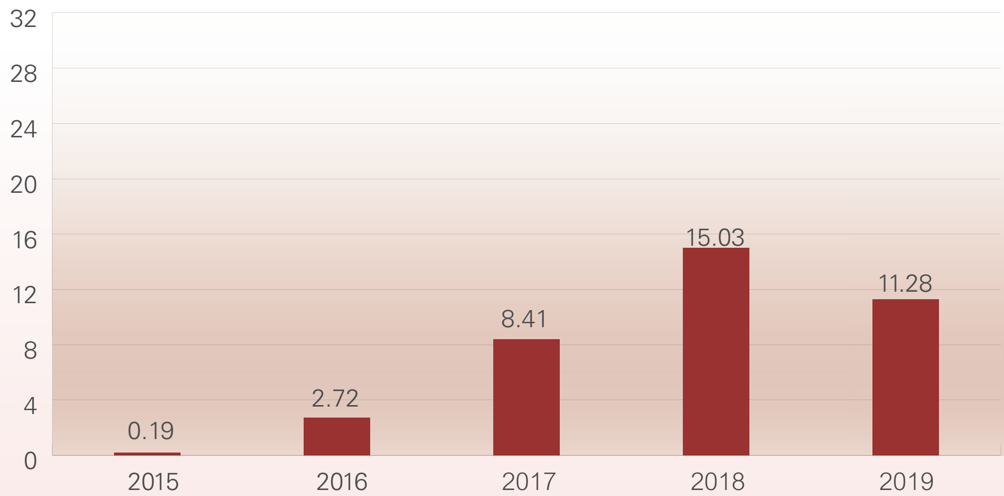
1. REVENUE



2. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

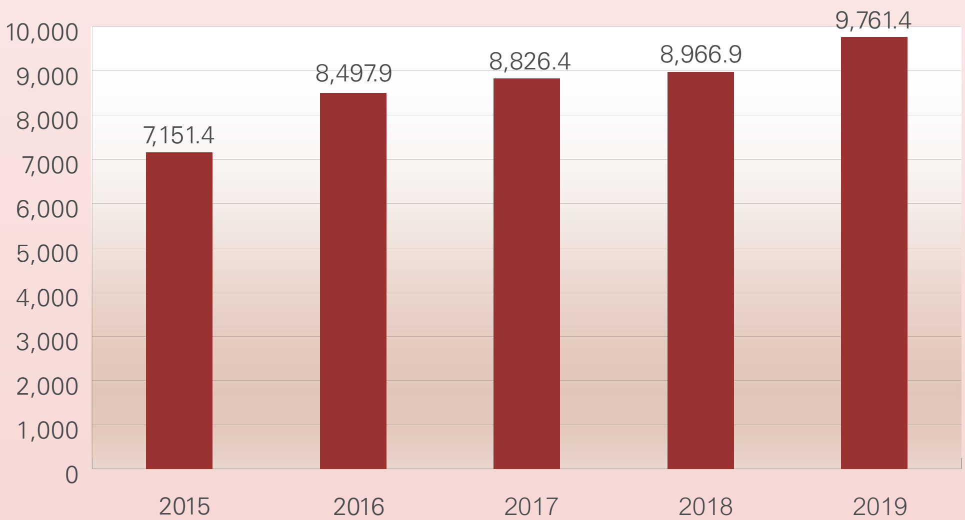


3. BASIC EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT



Basic earnings per share *(Unit: RMB in cents)*

4. CONSOLIDATED INSTALLED CAPACITY



Consolidated installed capacity *(Unit: MW)*

Financial Highlights

	Year ended 31 December				
	2019	2018	2017	2016	2015
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	8,324,779	8,319,406	7,104,089	5,786,126	5,588,265
Other income and other gains, net	365,548	269,600	204,383	189,246	116,846
Operating expenses	(5,163,818)	(4,803,848)	(4,440,556)	(3,860,542)	(3,620,625)
Operating profit	3,526,509	3,785,158	2,867,916	2,114,830	2,084,486
Profit before tax	1,439,874	1,728,898	1,059,012	401,089	155,290
Income tax expenses	(295,882)	(302,513)	(156,342)	(108,315)	(92,276)
Profit for the year	1,143,992	1,426,385	902,670	292,774	63,014
Other comprehensive income for the year, net of tax	101,404	(64,243)	(9,068)	29,941	(50,149)
Total comprehensive income for the year	1,245,396	1,362,142	893,602	322,715	12,865
Profit attributable to:					
– Owners of the parent	936,437	1,209,279	727,678	198,199	13,711
– Non-controlling interests	207,555	217,106	174,992	94,575	49,303
	1,143,992	1,426,385	902,670	292,774	63,014
Total comprehensive income attributable to:					
– Owners of the parent	1,038,507	1,144,973	718,568	227,984	(36,265)
– Non-controlling interests	206,889	217,169	175,034	94,731	49,130
	1,245,396	1,362,142	893,602	322,715	12,865
Basic and diluted earnings per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	0.1128	0.1503	0.0841	0.0272	0.0019

Financial Highlights (Continued)

	At 31 December				
	2019 *RMB'000*	2018 *RMB'000*	2017 *RMB'000*	2016 *RMB'000*	2015 *RMB'000*
Total non-current assets	65,222,639	61,615,835	62,826,238	63,161,481	57,205,464
Total current assets	14,800,804	12,800,807	7,722,010	5,630,508	3,609,047
Total assets	80,023,443	74,416,642	70,548,248	68,791,989	60,814,511
Equity attributable to owners of the parent	11,068,797	12,291,764	11,394,149	10,879,315	10,765,462
Non-controlling interests	3,432,053	2,989,602	2,974,745	2,826,481	2,813,602
Total equity	14,500,850	15,281,366	14,368,894	13,705,796	13,579,064
Total non-current liabilities	39,065,476	38,166,047	34,917,499	34,575,589	30,173,150
Total current liabilities	26,457,117	20,969,229	21,261,855	20,510,604	17,062,297
Total liabilities	65,522,593	59,135,276	56,179,354	55,086,193	47,235,447
Total equity and liabilities	80,023,443	74,416,642	70,548,248	68,791,989	60,814,511

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

In 2019, green development has become a global trend currently, representing people's yearning for a better life and the direction of progress of human civilization. President Xi Jinping expressly stated that China would unswervingly implement the new concept of green development. By taking green development as a guide, China would actively build a modern economic system, accelerate the development of energy-saving and environmental protection industries, vigorously develop clean energy, improve the level of utilization of clean energy and finally promote comprehensive conservation and recycling of resources. Focusing on improving the quality of ecological environment, we resolutely fought against pollution by implementing prevention and control measures, and maintained our strategic focus to enhance the construction of ecological civilization, for the purpose of ensuring the realization of the phased ecological environmental protection objective by 2020.

In 2019, according to the data published by the National Energy Administration ("**NEA**"), the national electricity consumption continued stable and rapid growth and reached 7,230 billion kWh, representing a year-on-year increase of 4.5%. The newly added on-grid wind power installed capacity nationwide was 25,740MW, among which, the newly added onshore wind power installed capacity was 23,760MW and newly added offshore wind power installed capacity was 1,980MW. As at the end of 2019, the accumulated wind power installed capacity nationwide was 210,000MW, among which, the accumulated onshore wind power installed capacity was 204,000MW and the accumulated offshore wind power installed capacity was 5,930MW. The wind power installed capacity accounted for 10.4% of the total installed power generation capacity. The annual wind power generation for 2019 was 405.7 billion kWh, exceeding 400 billion kWh for the first time, accounting for 5.5% of the total power generation.

In 2019, the average utilisation hours of wind power nationwide amounted to 2,082 hours. The wind power curtailment amounted to 16.9 billion kWh, representing a year-on-year decrease of 10.8 billion kWh, and the average wind power curtailment ratio was 4%, representing a year-on-year decrease of 3 percentage points. The wind power curtailment situation has been further alleviated.

Industry policy:

In January 2019, the National Development and Reform Commission (the "**NDRC**") and the NEA issued the Notice on Active Promotion of the Work on Grid Parity of Wind Power and Photovoltaic Power Generation without Subsidies (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》) which states that the construction of pilot projects for grid parity of wind power and photovoltaic power generation with implementation of benchmarked coal-fired on-grid tariffs but without state subsidies shall be promoted in all regions based on the earnest summary of experience and in combination with conditions of resources, consumption and new technology applications. A number of low-cost on-grid pilot projects with on-grid tariffs lower than the benchmarked coal-fired on-grid tariffs shall be led to construct first in areas with good resource conditions and high degree of guarantee for market consumption.

The NDRC and the NEA issued the Notice on Regulating the Management for Planning Prioritised Power Generation and Purchase (《關於規範優先發電優先購電計劃管理的通知》), which indicates that prioritised power generation serves as an efficient way for the guaranteed purchase of generation of wind power, solar energy and other clean energy, ensuring the safe operation of clean energy sources such as nuclear power and large hydropower plants at full base load, and facilitating the stable operation of regulated power supplies such as peak-shaving and frequency regulation.

In March 2019, the NDRC and the NEA and the Ministry of Finance issued the Guiding Opinions on the Sharing of Benefits of Hydropower Development(《關於做好水電開發利益共享工作的指導意見》), which states that the power grid infrastructure in resettlement areas and reservoir areas should be improved, the full coverage of stable and reliable power supply services should be achieved, and the capabilities and services of power supply should be significantly improved in accordance with the overall plan on the transformation of rural power grid and all villages are accessible to power supply projects (including power generation). The resettlement areas are encouraged to use clean energy such as biogas and solar energy. Hydropower consumption needs to coordinate both the local and delivery markets as to give priority to ensure local electricity demand. The electricity price level used for production and living in the reservoir area is encouraged to be reduced appropriately through marketization. The local resource endowments should be used scientifically to promote the complementary and comprehensive multi-energy utilization of hydropower and local wind power and photovoltaic power, so as to increase local energy output and economic income. Relying on hydropower projects with good regulatory performance, priority should be given to the development of wind power and photovoltaic projects in its surroundings, and coordinate regional wind power, photovoltaic power and hydropower delivery and consumption.

The NDRC issued Notice On the Corresponding Reduction of General Industrial and Commercial Electricity Prices in the Adjustment of the Value-added Tax Rate of Power Grid Enterprises (《關於電網企業增值稅稅率調整相應降低一般工商業電價的通知》), which sets out that after the VAT rate of power grid enterprises is adjusted from 16% to 13%, all the space for the reduction of tax-inclusive electricity transmission and distribution price level of the provincial power grid enterprises will be fully used to reduce the general industrial and commercial electricity price, which will be effective from 1 April 2019.

The NEA issued the Notice on "Improving the Power Trading Mechanism Related To Wind Power Heating to Expand the Application Of Wind Power Heating" (《關於完善風電供暖相關電力交易機制擴大風電供暖應用的通知》), which points out that the marketization of power trading mechanism of wind power heating should be further improved and the application scope and scale of wind power heating should be expanded.

In May 2019, the NDRC issued the Notice on Improving Wind Power On-grid Tariff Policies by NDRC (《國家發展改革委關於完善風電上網電價政策的通知》), which has been effective since 1 July 2019.

In July 2019, the Ministry of Finance issued a Notice on Adjusting Certain Project Information in the Additional Subsidy Catalogue of Renewable Energy Tariff (《關於調整可再生能源電價附加資金補助目錄部分項目信息的通知》), which adjusted 166 renewable energy projects, of which 50 were PV projects with a total of 536.8MW, and most of the projects were the sixth and seventh batches of projects.

In December 2019, the NEA issued a Letter on The Notice on Matters Related to the Administration of Wind Power Construction in 2020 (Exposure Draft) (關於徵求2020年風電建設管理有關事項的通知(徵求意見稿)的函), which indicates that the construction of grid parity projects will be actively promoted in 2020. On the basis of implementing various construction conditions such as consumption, the competent provincial energy departments may organize and give priority to the construction of subsidy-free grid parity of wind power projects. Actively support the construction of distributed wind power projects. Encourage provinces (including the autonomous regions and municipalities directly under the central government) to innovate the ways of development and actively promote distributed wind power to participate in the pilot market trading of distributed power generation. The construction of offshore wind power projects shall be steadily promoted. The provinces with on-grid capacity and construction scale exceeding the planned targets shall suspend the competitive allocation and approval of offshore wind power projects.

II. BUSINESS REVIEW

2019 is the year of "innovation endeavor" for the Company. The Company actively followed new energy development trends, implemented various work in a solid manner, expanded new driving forces for development, and continued to promote the high quality development of new energy business. The Company maintained a good momentum of upward trend in aspects such as the operation and management, reform and development and production safety.

As at 31 December 2019, the Company's total assets amounted to RMB80,023 million, realized revenue of RMB8,325 million, profit before tax of RMB1,440 million, and net profit attributable to owners of the parent of RMB936 million, and the return on net assets reached 7.68%. With an additional cumulative approval of 939.5MW in the year, the new on-gird capacity of 794.5MW, the cumulative installed capacity of 9,761.42MW, representing another high record in its history. The unit in stock by the comprehensive average utilization hour was completed 2,053 hours, of which, the wind power was completed 2,064 hours, photovoltaic was completed 1,439 hours and gas was completed 3,358 hours; and the power generation capacity was completed at 18,435,463 MWh, representing a year-on-year increase of 460,300 MWh. The comprehensive curtailment ratio was 5.45%, representing a year-on-year decrease of 2.67 percentage points. The average on-grid tariffs (excluding tax) amounted to RMB461.86/MWh, representing a year-on-year decrease of RMB10.44/MWh.

(I) Maintained a steady performance in safety production all year round

1. Wind power curtailment showed continuous improvement

In 2019, the wind power curtailment amount of the Company decreased by 530 GWh year-on-year and the wind power curtailment ratio decreased to 5.40%, representing a year-on-year decrease of 2.74 percentage points. In particular, the wind power curtailment ratio in Inner Mongolia, Heilongjiang and Shaanxi and other provinces where the Company has a higher proportion of wind power installed capacity decreased by 5.12 percentage points, 5.27 percentage points and 4.08 percentage points, respectively.

As at 31 December 2019, the consolidated power generation of the Company by geographical area was as follows:

	Consolidated power generation *(MWh)*		
Province	As at 31 December 2019	As at 31 December 2018	Rate of year-on-year change
Total	18,435,463	17,975,163	2.56%
Wind power	18,167,639	17,689,797	2.70%
Inner Mongolia	7,151,039	6,782,388	5.44%
Heilongjiang	1,210,338	1,084,164	11.64%
Jilin	1,457,544	1,428,850	2.01%
Liaoning	702,188	731,331	-3.98%
Gansu	1,426,755	1,444,543	-1.23%
Ningxia	914,671	928,698	-1.51%
Shaanxi	249,312	242,024	3.01%
Shanxi	988,128	1,111,625	-11.11%
Hebei	210,886	214,100	-1.50%
Henan	301,560	277,997	8.48%
Anhui	131,952	110,086	19.86%
Guangxi	255,379	168,033	51.98%
Guizhou	67,171	78,888	-14.85%
Yunnan	709,180	651,334	8.88%
Chongqing	87,500	77,520	12.87%
Guangdong	74,976	80,034	-6.32%
Shandong	1,402,204	1,574,693	-10.95%
Shanghai	427,518	529,621	-19.28%
Fujian	202,823	173,869	16.65%
Jiangsu	196,515	–	–

Province	Consolidated power generation (MWh) As at 31 December 2019	As at 31 December 2018	Rate of year-on-year change
Photovoltaic	251,036	256,971	-2.31%
Jiangsu	17,127	17,754	-3.53%
Ningxia	68,549	67,887	0.98%
Qinghai	120,666	128,599	-6.17%
Shanxi	33,055	31,799	3.95%
Liaoning	11,639	10,932	6.47%
Gas	16,788	28,396	-40.88%
Shanxi	16,788	28,396	-40.88%

2. The safety production base was further strengthened

In 2019, the Company continued to intensify the equipment governance and strengthen the safety production base, strictly carried out safety inspection in spring and autumn in strict accordance with the requirements, rectified the problems found one by one to ensure the responsibility is in place. The Company improved the emergency plan, organized and carried out a number of drills for emergency treatment of accidents, and carried out on-site inspection of power protection measures in each enterprise. The Company took full use of the production information platform and grasped the real time situation of units operation so as to increase the utilization efficiency of the units.

In 2019, there was no material or above accident of the personnels or and equipment of the Company and it successfully completed the political power protection task to celebrate the 70th anniversary of the founding of the PRC.

The average utilisation hours of wind power of the Company during the year stood at 2,064 hours. As at 31 December 2019, the average utilisation hours of the Company by region were as follows:

	Average utilisation hours *(hour)*		
Province	**As at 31 December 2019**	As at 31 December 2018	Year-on-year change
Total	**2,053**	2,086	-33
Wind power	**2,064**	2,096	-32
Inner Mongolia	**2,380**	2,291	89
Heilongjiang	**2,407**	2,265	142
Jilin	**2,249**	2,205	44
Liaoning	**1,875**	1,956	-81
Gansu	**1,687**	1,708	-21
Ningxia	**1,667**	1,819	-152
Shaanxi	**1,673**	1,624	49
Shanxi	**1,882**	2,188	-306
Hebei	**2,130**	2,163	-33
Henan	**2,113**	2,412	-299
Anhui	**1,323**	1,783	-460
Guangxi	**1,627**	1,697	-70
Guizhou	**1,399**	1,643	-244
Yunnan	**2,394**	2,199	195
Chongqing	**1,746**	1,550	196
Guangdong	**1,515**	1,617	-102
Shandong	**1,630**	1,830	-200
Shanghai	**2,094**	2,594	-500
Fujian	**2,124**	2,174	-50
Jiangsu	**1,864**	–	–
Photovoltaic	**1,439**	1,473	-34
Jiangsu	**927**	961	-34
Ningxia	**1,399**	1,385	14
Qinghai	**1,508**	1,607	-99
Shanxi	**1,653**	1,590	63
Liaoning	**1,663**	1,562	101
Gas	**3,358**	5,679	-2,321
Shanxi	**3,358**	5,679	-2,321

3. The technical standard of wind farm has been fully improved

In 2019, the Company prepared and completed the "Guide Manual for Wind Farm Operation and Maintenance Capacity Appraisal" and applied for copyright, cooperated with China Electric Power Research Institute to complete the research of related tasks and took it as an opportunity to establish a standard library of new energy enterprises, which collected in total of 412 national standards and more than 170 industry standards related to new energy, providing sufficient technical data support for the production and management of the Company.

During the year of 2019, in combination with the completion situation of technological transformation of equipment in its wind farms, the Company made an overall plan for the technological transformation of equipment in 2020; it launched researches on accurate fire-fighting system for wind power generation units, completed the design plan for fire-fighting system, researched and developed a remote fault diagnosis platform for wind power generation units, specified the initial design modules of the platform and determined the development plan as well as the application model.

As at 31 December 2019, 98.95% of the utilisation rate of wind turbines of the Company was completed. The overall efficiency enhancement was obvious for wind turbines equipment and the reliability of wind power units maintained leading in the industry.

(II) Strengthening development power and increasingly enhancing high-quality development

1. Promoting projects approval and construction by using all means

In 2019, in order to facilitate the working progress of projects approval, commencement and operation, as well as to secure the revenue from tariff subsidies, the Company organised and convened several special working conferences and studied and formulated the promotion plan for the preliminary projects. The Company strengthened mechanisms and systems and implemented responsibility system with assignment by areas (分片包幹責任制) to guide the implementation of specific projects with pertinence. Meanwhile, Relying on the professional advantage of its Experiment Research Institute, the Company enriched assessment group for wind resources (風資源評價小組) and constantly improved undertaking abilities of planning wind farms and assessing wind farm resources, which offered a technological support to preliminary risk control of wind power projects of the Company.

As at 31 December 2019, the capacity of the projects under construction of the Company was 1,879 MW, the cumulative consolidated installed capacity was 9,761.42 MW, representing an increase of 794.50 MW or 8.86% over the same period of 2018.

As at 31 December 2019, the consolidated installed capacity of the Group by region was as follows:

		Consolidated installed capacity *(MW)*		
Region	Province	As at 31 December 2019	As at 31 December 2018	Rate of year-on-year change
Total		9,761.42	8,966.92	8.86%
Wind power		9,533.25	8,787.45	8.49%
Inner Mongolia		3,005.55	3,005.55	0.00%
	Eastern Inner Mongolia	2,151.75	2,151.75	0.00%
	Western Inner Mongolia	853.80	853.80	0.00%
Northeast China		1,692.90	1,522.90	11.16%
	Heilongjiang	551.00	501.00	9.98%
	Jilin	648.10	648.10	0.00%
	Liaoning	493.80	373.80	32.10%
Central and Western China		3,323.30	3,049.30	8.99%
	Gansu	845.80	845.80	0.00%
	Ningxia	646.50	547.50	18.08%
	Shaanxi	149.00	149.00	0.00%
	Shanxi	625.50	625.50	0.00%
	Hebei	99.00	99.00	0.00%
	Henan	142.75	142.75	0.00%
	Anhui	125.50	97.50	28.72%
	Guangxi	247.00	148.00	66.89%
	Guizhou	48.00	48.00	0.00%
	Yunnan	320.25	296.25	8.10%
	Chongqing	74.00	50.00	48.00%
South-East Coastal Areas		1,511.50	1,209.70	24.95%
	Guangdong	49.50	49.50	0.00%
	Fujian	95.50	95.50	0.00%
	Shandong	860.50	860.50	0.00%
	Shanghai	204.20	204.20	0.00%
	Jiangsu	301.80	–	–

Region	Province	Consolidated installed capacity *(MW)* As at 31 December 2019	As at 31 December 2018	Rate of year-on-year change
Photovoltaic		**223.17**	174.47	27.91%
	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%
	Guizhou	**48.70**	–	–
Gas		**5.00**	5.00	0.00%
	Shanxi	**5.00**	5.00	0.00%

Note: Given that the wind power project (I) in Longgan Lake, Hubei of the Company had been eliminated, therefore, the installed size in 2018 was restated and the installed capacity in Hubei was decreased 48MW accordingly.

2. Facilitating the storage of resources to reinforce the potential for future development

In face of the overall grid parity trend and bidding mechanism of wind power and photovoltaic power in 2020, the Company focused on further policy research on renewable energy industry and prepared three-year rotation plan to be well-prepared for seizing market opportunities.

Meanwhile, the Company paid attention to obtain the development right under the competitive allocation of resources in new energy projects when actively dealing with the policy changes in new energy projects. The leading team of competitive allocation of wind power and photovoltaic power projects of the Company was established. Specific strategies were given to different provinces in accordance with their conditions. The Company maintained close contact with the preliminary allocation of competitive resources.

(III) Active financing for providing guarantee for the operating development of the Company

In 2019, the Company applied various financing ways flexibly to raise funds for providing support for the operating development of the Company. In particular, in September 2019, the Company issued RMB1.2 billion corporate bonds with an interest rate of 3.58%, the minimum interest rate among bonds in the same type for the same period; at the same time, the ultra short-term financing bonds of RMB2 billion of 270 days were issued with a comprehensive interest rate of 2.58%, which was lower than the interest rate issued by other companies for the same period. In May and July 2019, a total of three tranches of the ultra short-term financing bonds were issued with a proceeds of RMB6 billion. By applying the debt financing instruments, the proceeds within the year aggregated to RMB9.2 billion and with the communication and coordination with financial institutions, the Company obtained a downward adjustment in interest rate for all existing loans. Through a series of measures, while improving the financing costs, the Company provided powerful fund guarantee for the following project construction and operating development.

(IV) Strengthening key management to enhance control efficiency comprehensively

1. Remarkable success in "Three Centres" construction

In combination with the new trend of new energy reform and focusing on key factors, the Company optimized the management chain and improved the "Three Centres" construction comprehensively, which strengthened organizational effectiveness and laid a solid foundation for systematic management.

Production and control centre was optimized. On basis of its original control centre, the Company further upgraded the software and debugged the hardware, had full knowledge of details of wind turbines operation timely, systematically instructed all departments to effectively increase the utilization rate of wind turbines and decrease the number of long-term idle fans, which provided guarantee for additional power generation to its maximum.

Financial and capital supervision centre was established. With the property of enterprise as the link, the Company reinforced the management of overall budget and property, for further reinforcing the process control of budget execution, which ensured rigid execution of the budget and achieved the operating goal of the Company.

Risk prevention centre was established. In accordance with the operation rules of the listed company and requirements of laws and regulations, the Company regulated the corporate governance, coordinated the compliance management of significant matters, such as the information disclosure, material and connected transactions, thoroughly reviewed the potential legal risks and unitedly coordinated and supervised the legal disputes dealt with by the affiliated enterprises for safeguarding the legal rights and interests of the Company.

2. Intensifying scientific and technological project management

In 2019, the Company further intensified the process control of intellectual property safeguard and promoted the authorization and application of patent orderly. There were 8 patents authorization completed by its subsidiary, Experiment Research Institute. Meanwhile, Chifeng training base was included into "National Wind Power Base for Science Education" for the first time, which laid a solid foundation for high-quality development of new energy enterprises.

3. Enhancing staff skills management

As at the end of 2019, the Company provided 26 business training classes including skills appraisal, market development, etc., with 2,009 participants. Special training proposals were prepared for creating quality programs. The Foundation of Wind Power Generation Technology (《風力發電技術基礎》), the first volume of the series on wind power generation technology was prepared and completed. Professional electronic journals were published quarterly for offering the latest industrial information for each professional and technical personnel of the Company.

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

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

(I) Overview

The Group's net profit for 2019 amounted to RMB1,143.99 million, representing a decrease of RMB282.40 million compared to RMB1,426.39 million in 2018, of which profit attributable to owners of the parent amounted to RMB936.44 million.

(II) Revenue

The Group's revenue increased by 0.06% to RMB8,324.78 million in 2019 compared to RMB8,319.41 million in 2018, primarily due to the increase in revenue from sales of electricity.

The Group's electricity sales revenue increased by 0.18% to RMB8,251.39 million in 2019 compared to RMB8,236.59 million in 2018. The increase in revenue from sales of electricity did not reach the expectation, primarily due to the change in wind resources situation in Shandong, Shanxi, Shanghai and other regions.

(III) Other income and other gains, net

The Group's net other income and other gains increased by 35.59% to RMB365.55 million in 2019 compared to RMB269.60 million in 2018, primarily due to the year-on-year decrease in disposal loss of the property, plant and equipment for the current period.

The Group's government grants decreased by 5.85% to RMB334.47 million in 2019 compared to RMB355.27 million in 2018, primarily due to the change in the income from the value-added tax refund.

(IV) Operating expenses

The Group's operating expenses increased by 7.49% to RMB5,163.82 million in 2019 compared to RMB4,803.85 million in 2018, mainly due to the increase in depreciation and amortisation charges provided within the period and employee benefit expenses as a result of higher installed capacity.

The Group's depreciation and amortisation charges increased by 4.96% to RMB3,565.64 million in 2019 compared to RMB3,397.23 million in 2018, primarily due to the increase in installed capacity.

The Group's employee benefit expenses increased by 23.96% to RMB703.13 million in 2019 compared to RMB567.22 million in 2018, primarily due to the increase in expensed labour cost as a result of increase in installed capacity and the remuneration adjustment in part of the grassroots units.

The Group's other operating expenses increased by 9.96% to RMB584.38 million in 2019 compared to RMB531.45 million in 2018, primarily due to the change in the provision for assets impairment losses and the increase in intermediary service charges.

(V) Operating profit

The Group's operating profit decreased by 6.83% to RMB3,526.51 million in 2019 compared to RMB3,785.16 million in 2018, mainly due to the power generation did not reach the expectation due to the changes in wind resources situations in certain regions.

(VI) Finance expenses, net

The Group's net finance expenses increased by 1.58% to RMB2,145.68 million in 2019 compared to RMB2,112.36 million in 2018, primarily due to the increase in interest bearing bank borrowings and other borrowings.

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

The Group recorded RMB59.05 million in share of profit of associates and joint ventures in 2019 as compared to a profit of RMB56.10 million in 2018.

(VIII) Income tax expenses

The Group's income tax expenses decreased by 2.19% to RMB295.88 million in 2019 as compared to RMB302.51 million in 2018, mainly due to the fluctuation in profits, together with the differentiated commencement and expiration of income tax preferences 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 decreased by RMB282.40 million to RMB1,143.99 million in 2019 compared to the profit of RMB1,426.39 million in 2018. For the year ended 31 December 2019, the Group's profit ratio for the year as a percentage of its total revenue decreased to 13.74% as compared with that of 17.15% in 2018.

(X) Profit attributable to owners of the parent

The profit attributable to owners of the parent decreased by RMB272.84 million or 22.56%, to RMB936.44 million in 2019 compared to the profit of RMB1,209.28 million in 2018.

(XI) Profit attributable to non-controlling interests

The profit attributable to non-controlling interests of the Group decreased by 4.40% to RMB207.56 million in 2019 compared to RMB217.11 million in 2018.

(XII) Liquidity and capital sources

As at 31 December 2019, the Group's cash and cash equivalents decreased by 3.18% to RMB3,517.16 million compared to RMB3,632.83 million as at 31 December 2018. The main sources of the Group's operating cash are revenue from the sales of electricity.

As at 31 December 2019, the Group's borrowings increased by 12.64% to RMB56,780.55 million compared to RMB50,407.54 million as at 31 December 2018. In particular, RMB20,131.02 million (including RMB5,941.29 million of long-term borrowings due within one year) was short-term borrowings, and RMB36,649.53 million was long-term borrowings. The above borrowings are all denominated in RMB.

As at 31 December 2019, the Group has unutilised banking facilities amounting to approximately RMB14,900.0 million. As at 31 December 2019, the Group has the approved but not issued corporate bonds amounting to RMB6,800.0 million, and the approved but not issued ultra short-term financing bonds amounting to RMB6,000.0 million, of which RMB10,800.0 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 increased by 190.28% to RMB6,795.25 million in 2019 as compared to RMB2,340.89 million in 2018. Capital expenditure mainly comprises construction costs including acquisition or construction of property, plant and equipment, right-of-use assets (including 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 79.29% in 2019, 3.13 percentage points higher than 76.16% as in 2018.

(XV) Significant investment

In 2019, the Group made no significant investment.

(XVI) Material acquisition and disposal

In 2019, 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 2019, net carrying value of the pledged assets amounted to RMB11,418.55 million.

(XVIII) Contingent liabilities

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

IV. RISK FACTORS AND RISK MANAGEMENT

1. 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 2019, the National Development and Reform Commission issued the Notice Regarding the Adjustment to Benchmark On-grid Tariffs of PV and Onshore Wind Power Generation (《關於調整光伏發電陸上風電標桿上網電價的通知》), the electricity price of future new energy projects will be gradually reduced and hence has an indefinite influence on the income of the Company.

2. 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.

3. 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.

4. 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.

5. Risks related to interest rate

Interest rate risk may result from fluctuations in bank loan interest rate. Such interest rate changes will have impact on the Company'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.

6. 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

1. Opportunities and challenges faced by the Group

The global economy will remain in profound adjustment period after the international financial crisis, which is characterised by "three lows and two highs", namely low growth, low inflation, low interest rates, high debt and high risk. China's economy is going through a critical period of changing model of development, optimisation of economic structure and changing growth drivers. With the continuous deepening of the reform in power system, the competition in the area of power generation has gradually expanded from the comparison of cost and price to customer market and marketing services. Affected by factors such as the reduction of subsidy, grid parity, competitive allocation of resources and the maintaining of electricity prices and rush of installation in the wind power, the development of renewable energy will encounter more and greater difficult challenges.

The 2020 National Energy Work Conference pointed out that high-quality and advanced production capacity shall be developed orderly, grid parity of wind and photovoltaic power generation shall be promoted proactively and proportion of installed capacity of clean energy power generation shall be increased constantly; clean energy consumption shall be advanced actively, development scale and pace of renewable energy shall be kept on reasonably, consumption guarantee mechanism as well as monitoring and early warning platform shall be improved and the coordinated development between generation, grid, load and energy storage of power system shall be promoted. The positive development in policy regarding new energy will provide enormous development potentials for new energy.

2. Outlook for 2020

2020 is the closing year for building a moderately prosperous society in all respects and the "13th Five-year" Plan, it is the historical intersection of the "Two Centenary" goals and a crucial year for the Company to comprehensively promote high-quality development. In the face of the accelerated transformation of low-carbon energy consumption and the further promotion of power reform and marketization construction, the Company will continue to implement the idea of new development, unswervingly promote high-quality development, seize the favorable opportunity that China is vigorously developing the clean energy, extend the development potentials, intensify the operating management and enhance the core competitiveness.

(I) Intensify development layout and accelerate to promote the high-quality development

Firstly, we will strive to carry forward the works of facilitating projects to be put into operation and maintaining stable tariff and to ensure the projects to be put into operation successfully obtain the profit from tariff premiums; secondly, we will accelerate the layout of large-scale new energy base and development and construction and innovate proactively the developing mode. Based on ultra-high voltage power transmission areas, we will closely follow up on to the development plan from government and prioritize the promotion of large-scale grid base construction in the "Three-North" region, providing projects support to the follow-up development of the Company; thirdly, we will actively participate in acquiring the competitive allocation of resources, work hard to launch new projects and increase the possession of resources by all means; fourthly, we will intensify the acquisition and merger of high-quality projects, energetically seek the cooperation opportunities with energy investment enterprises and focus on promoting the acquisition and merger of high-quality new energy projects.

(II) Further reduce costs and increase efficiency, and comprehensively improve the profitability of the Company

Firstly, we will spare no efforts to fight for increase in power generation and accelerate new generating units. Meanwhile, we will formulate effective measures, strengthen external coordination, intensify electricity marketing and deepen benchmarking management of electricity. Secondly, we will increase the communication and cooperation so as to ensure the full implementation of electricity price, further strengthen the process control and follow up major projects for capturing the tariff on its own initiative so as to ensure the completion of the development and construction goals of the Company and receive the tariff premiums. Thirdly, we will control costs well and endeavor to reduce the cost of capital by carrying out lean management, reducing capital occupation and strictly controlling the cost of capital. We will effectively guard against debt risks by implementing hierarchical management of debt risks. Fourthly, we will strengthen internal debt control. We will strengthen the management of loss-making enterprises and the disposal for asset reduction to further improve the financial situation of the Company. Fifthly, we will enhance the management and control of account receivables and deposits, and study businesses such as receivable factoring and asset securitization. We will continue to enrich deleveraging methods, actively introduce high-quality equity funds, control the size of interest-bearing liabilities, and reduce asset-liability ratio.

(III) Standardize safety and environmental protection management, and enhance the supervision of production and operation

Firstly, we will promote the construction of the safety production monitoring center to perform the supervision and control function of safety production, for the purpose of providing technical support for the Company's production management; secondly, we will improve the safety production management system, to achieve institutionalized and standardized management of safety production, implement safety production responsibilities, and consolidate the foundation for safety production; thirdly, we will focus on long-term idle equipment management. Relying on the platform of the safety production monitoring center, we will find the common problems of long-term idle equipment in time to guarantee that wind turbine problems can be addressed in time.

(IV) Fully expand financing channels and further improve capital structure

Firstly, we will enhance communication and coordination with various financial institutions to create a good financing environment. We will step up innovation in bond financing and issue asset-backed notes (ABN/ABS) in due course. We will explore ways to establish a new energy industry funds, strive to introduce various types of social capital to enrich our capital, continue to expand financing channels and take our efforts to reduce financing costs. Secondly, we will strengthen capital control. We determine to realize closed-loop management of fund by embedding cash flow management and control into the value management chain to realize dynamic and optimized allocation of resources. Thirdly, we will strengthen management of investment returns. We will improve the profit distribution mechanism and make good use of investment returns.

Major Events in 2019

In February 2019, the Company held the 2019 working conference to present an overall summary of the work done in 2018, analyzed the current situation and set work arrangement for 2019.

In May 2019, the Company's extraordinary general meeting was held, at which, Mr. Wu Zhiquan was appointed as a non-executive Director of the Company and Mr. Liu Quancheng was appointed as the Chairman of the Supervisory Committee of the Company.

In June 2019, the Company's 2018 annual general meeting was held, at which a total of 8 resolutions were considered and approved, including the working report of the Board, the working report of the Supervisory Committee, the financial budget report, the final financial report and the investment plan.

In June 2019, the Company was honored with "the Best Investor Relations Award of 2019 China Financial Market Award".

In August 2019, the Company held the 2019 interim working meeting.

In October 2019, the Company elected Ms. Bai Xuemei as an Employee Representative Supervisor at the employee representative congress.

In November 2019, the Company's extraordinary general meeting was held, at which, Mr. Li Yi was appointed as a non-executive director.

In December 2019, Datang Chifeng Wind Power Training Base* (大唐赤峰風電培訓基地), which belongs to the Company, was awarded by China Energy Research Society the Science Popularization and Education Base of Datang Chifeng Wind Power.

Report of the Board 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; as well as renewable energy-related consulting services, 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 2019 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 144 to 145 of this annual report. The financial position of the Group as at 31 December 2019 is set out in the consolidated statement of financial position on pages 146 to 147 of this annual report. The cash flows of the Group for the year ended 31 December 2019 are set out in the consolidated statement of cash flows on pages 150 to 152 of this annual report.

The description of relationship between the Group and employees is set out in Human Resources on pages 136 to 137 of this annual report. The aforementioned sections form part of the Report of the Board of Directors.

III. BUSINESS REVIEW

In 2019, the Group conscientiously implemented the Electricity Law of the People's Republic of China (《中華人民共和國電力法》), the Renewable Energy Law of the People's Republic of China (《中華人民共和國可再生能源法》) and strictly complied with the relevant laws and regulations. In 2019, the Company, centering on high-quality development, changed its thoughts to proactively cope with the market changes. While constantly enhancing its competitiveness in the market, the Company energetically seized development opportunities to continuously optimise its assets layouts, resulting in remarkable enhancement of the Company's profitability, sustainable development capacity and core competitiveness as well as successful achievement of the goal of business development for the year.

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 12 to 30 of this annual report.

IV. SOCIAL RESPONSIBILITY

In 2019, 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》) and 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 has strictly complied with the relevant laws and regulations.

In 2019, the Group recorded annual electricity generation of 18,435 GWh, leading to an annual saving of 5.67 million tons of standard coal and reduction in carbon dioxide emissions of 15.5 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 Environmental, Social and Governance Report.

V. PROPERTY, PLANT AND EQUIPMENT

Details of the changes in property, plant and equipment of the Group as at 31 December 2019 are set out in Note 12 to the consolidated financial statements.

VI. SHARE CAPITAL

As at 31 December 2019, 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 2019 are set out in Note 25 to the consolidated financial statements.

VII. PRE-EMPTIVE RIGHTS

As at 31 December 2019, there are no provisions for pre-emptive rights under the Articles of Association or the PRC laws, which require the Company to offer new shares to existing shareholders in proportion to their shareholdings.

VIII. THE ISSUANCE OF DEBENTURES

On 24 May 2019, 18 July 2019, 31 July 2019 and 17 September 2019, the Company issued four tranches of short-term bonds with a par value of RMB100 amounted to RMB2,000.0 million each. The issuance cost was RMB3.65 million. The bond has an annual effective interest rate from 2.35% to 2.60%. The first two issued short-term bonds have already matured in July 2019 and September 2019, and the third and forth issued short-term bonds will mature in April 2020 and June 2020, respectively. The proceeds from the issuance of the above bonds will be used to repay the borrowings of the Company, hence optimizing the financing structure of the Company.

On 26 September 2019, the Company issued a tranche of green corporate bonds with a par value of RMB100 amounted to RMB1,200.0 million. The annual interest rate for the corporate bonds is 3.58%.

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 2019, the distributable reserves of the Company were approximately RMB1,023.46 million according to the Company's financial statements prepared in accordance with CAS (31 December 2018: RMB711.25 million).

XI. DISTRIBUTION PLAN AND POLICY FOR FINAL DIVIDEND

Final Dividend

The Board has proposed to distribute 2019 final dividend to the domestic and H shareholders (the Shareholders) whose names appear on the register of members of the Company on the record date specified in the notice of 2019 annual general meeting to be published by the Company in due course, with a cash dividend of RMB0.03 (tax inclusive) per share (2018: RMB0.02). The 2019 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 the People's Bank of China ("PBOC") of the five business days before the day the dividend distribution announcement is made. Such final dividend is expected to be distributed on (before) 28 August 2020. The above profit distribution plan is subject to approval at the 2019 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 RMB as quoted by the PBOC 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 the 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 laws 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 surplus reserve equivalent to 10% of our after-tax profit, as determined under PRC GAAP; and
- allocations, if any, to a discretionary 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 2019, 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 2019, 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 81.14% 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 31.44% of the total purchase for the year.

For the year ended 31 December 2019, 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 50.65% 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 21.85% of the total sales of the Company for the year. All of the five largest customers of the Company are subsidiaries of the State Grid Corporation of China.

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

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

XIV. BANK LOANS AND OTHER BORROWINGS

The details of bank loans and other borrowings of the Group as at 31 December 2019 are set out in Note 24 to the consolidated financial statements.

XV. DONATION

As at 31 December 2019, the Company had no donation that should be reported.

XVI. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth certain data 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
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
Liu Baojun	Non-executive Director	30 June 2016
Meng Lingbin	Executive Director	26 June 2018
Li Yi	Non-executive Director	26 June 2018 to 9 May 2019 (re-designated as non-executive Director on 12 November 2019)
Wu Zhiquan	Former non-executive Director	9 May 2019 (resigned on 12 November 2019)
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	Former Chairman of the Supervisory Committee	27 June 2017 (resigned on 9 May 2019)
Liu Quancheng	Chairman of the Supervisory Committee	9 May 2019
Shang Yuansheng	Former Employee Representative Supervisor	19 March 2018 (resigned on 11 October 2019)
Ding Yu	Supervisor	27 June 2017
Bai Xuemei	Employee Representative Supervisor	11 October 2019
Senior Management		
Liu Guangming	General manager	1 March 2019
Hu Shengmu	Former general manager	20 August 2018 (resigned on 1 March 2019)
Mi Keyan	Vice general manager	25 July 2019
Meng Lingbin	Vice general manager	1 July 2010
Zhao Zonglin	Vice general manager	9 December 2016
Chen Song	Former Chief accountant	20 February 2014 (resigned on 25 July 2019)
Sun Yanwen	Chief accountant	25 July 2019
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 re-designated as a non-executive Director of the Company on 1 March 2019.
- Mr. Liu Guangming was re-designated as an executive Director of the Company on 1 March 2019.
- Mr. Li Yi resigned as a non-executive Director of the Company on 9 May 2019, and was re-appointed as a non-executive Director of the Company on 12 November 2019.
- Mr. Wu Zhiquan was appointed as a non-executive Director of the Company on 9 May 2019, and resigned as non-executive Director of the Company on 12 November 2019 due to work arrangement.
- Ms. Huo Yuxia resigned as a supervisor and the Chairman of the Supervisory Committee of the Company on 9 May 2019 due to work arrangement.
- Mr. Liu Quancheng was appointed as a supervisor and the Chairman of the Supervisory Committee of the Company on 9 May 2019.
- Mr. Shang Yuansheng resigned as an Employee Representative Supervisor of the Company on 11 October 2019 due to work arrangement.
- Ms. Bai Xuemei was elected as an Employee Representative Supervisor at the employee representative congress of the Company on 11 October 2019.

Mr. Chen Feihu will resign as a non-executive Director and the Chairman of the Board of the Company due to work arrangement, with effect from the date of the approval of the appointment of Mr. Kou Wei as a non-executive Director of the Company by the Shareholders at the first extraordinary general meeting in 2020.

Details of the above changes of Directors and Supervisors are set out in the announcements of the Company dated 1 March 2019, 9 May 2019, 29 September 2019, 11 October 2019, 12 November 2019 and 26 March 2020, and the Circular dated 17 April 2020.

XVIII. BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, Supervisors and senior management are set out on pages 126 to 135 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 Notes 11 and 28 to the consolidated financial statements.

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

Save as the connected transactions and continuing connected transactions disclosed in the section headed "REPORT OF THE BOARD OF DIRECTORS XXVIII – CONNECTED TRANSACTION" in this report, as at 31 December 2019, 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 PROVISIONS

The Company did not purchase insurance for Directors from 1 January 2019 to the date of this annual report.

XXIII. SIGNIFICANT SUBSEQUENT EVENT

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

XXIV. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at 31 December 2019, 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 the board of Datang Corporation and Datang Power
Mr. Hu Shengmu	Vice Chairman and Non-executive Director	Vice general manager and chief accountant of Datang Corporation
Mr. Liu Guangming	Executive Director	Chief economist of Datang Corporation/director of Guangxi Guiguan Electric Power Co., Ltd. (廣西桂冠電力股份有限公司)/director of Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司)
Mr. Li Yi	Non-executive Director	The director of the new energy department of Marine Energy Industry Co., Ltd. of Datang Group (大唐集團海洋能源產業有限公司) and Datang Renewable
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 2019, 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 2019, 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 were recorded in the register required to be kept pursuant to Section 336 of the SFO and 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 1)*	Domestic shares	Beneficial owner and interest of a controlled corporation	4,772,629,900 (Long position)	100%	65.61%
Datang Jilin *(Note 1)*	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%
Baoshan Iron & Steel Co., Ltd. *(Note 2)*	H shares	Interest of a controlled corporation	164,648,000 (Long position)	6.58%	2.26%
Bao-Trans Enterprises Limited *(Note 2)*	H shares	Beneficial owner	164,648,000 (Long position)	6.58%	2.26%

Notes:

1. 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.

2. Baoshan Iron & Steel Co., Ltd. indirectly holds 164,648,000 H shares through its wholly-owned subsidiary, Bao-Trans Enterprises Limited.

XXVII. MANAGEMENT CONTRACTS

As at and during the year ended 31 December 2019, 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

Details of the connected transactions of the Group during 2019 are as follows:

(I) Non-exempt One-off Connected Transaction

The Group has not entered into non-exempt one-off connected transactions during the year.

(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 2019 to 2021 was approved at the 2018 first extraordinary general meeting of the Company held on 10 October 2018. In terms of the non-exempt continuing connected transactions of category 3 as stated below, the annual cap for 2019 to 2021 was approved at the 2019 second extraordinary general meeting held on 12 November 2019. 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 listed the annual cap and the actual transaction amount of such continuing connected transactions for 2019:

	Connected Transaction	Connected Person	Annual Cap for 2019	Actual Transaction Amount for 2019
1.	Provision of products and services by the Group	Datang Corporation	RMB60 million	RMB6 million
2.	Provision of products and services to the Group	Datang Corporation	RMB3,600 million	RMB811 million
3.	Provision of factoring business support to the Group	Datang Factoring Company	RMB2,000 million	RMB141 million
4.	Provision of financial services to the Group – Cash depository service	Datang Finance	Daily maximum deposit balance: RMB6,000 million	Daily maximum deposit balance: RMB3,514 million
5.	Provision of financial services to the Group – Financial leasing service	Datang Financial Leasing	Annual cap of financial leasing equipment: RMB3,000 million	The total amount of financial leasing equipment: RMB1,795 million
			Annual cap of financial leasing rents: RMB150 million	The total amount of financial leasing rents: RMB126 million
6.	Provision of financial services to the Group – Financial leasing service	Shanghai Leasing Company	Annual cap of financial leasing equipment: RMB3,000 million	The total amount of financial leasing equipment: RMB1,864 million
			Annual cap of financial leasing rents: RMB150 million	The total amount of financial leasing rents: RMB51 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 12 October 2015 has expired on 31 December 2018, the Company renewed the Datang framework agreement on 23 August 2018 (the "Datang Framework Agreement") in relation to provision of agreed products and services to Datang Corporation by the Group for a term of three years from 1 January 2019. 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 agreement is for a term of three years commencing on 1 January 2019 and ending on 31 December 2021. 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 2019 was RMB60 million and the actual transaction amount was RMB6 million.

Details of the Datang Framework Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 24 August 2018 and 20 September 2018, respectively.

2. Provision of products and services to the Group

As the Framework Agreement on mutual supply of raw materials, products and services entered into between the Group and Datang Corporation on 12 October 2015 has expired on 31 December 2018, the Company renewed the Datang Framework Agreement with Datang Corporation on 23 August 2018 in relation to provision of agreed products and services to the Group by Datang Corporation for a term of three years commencing on 1 January 2019. 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 2019 was RMB3,600 million and the actual transaction amount was RMB811 million.

Details of the Datang Framework Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 24 August 2018 and 20 September 2018, respectively.

3. Provision of factoring business support by Datang Factoring Company to the Group

On 20 September 2019, the Company and Datang Factoring Company entered into the Factoring Business Cooperation Agreement for the provision of factoring business support by Datang Factoring Company to the Group, mainly including the factoring business on account receivables with a term commencing from 20 September 2019 to 31 December 2021. Pursuant to the agreement, Datang Factoring Company provides factoring business support, various economic consulting services including the design of account receivables factoring products and the transaction arrangements and relevant services including the design and offer of customised factoring business proposals.

Principal terms of the agreement are set out as follows:

- Datang Factoring Company shall provide factoring business support (mainly including the factoring business on account receivables) to the Group in respect of the tariff premium for key programs invested and constructed by the Group with no more than RMB2,000 million (including factoring handling fees and factoring facilities interest) for each calender year.

- Leveraging on its professional advantage in the financial business, Datang Factoring Company shall provide the Group with various economic consulting services including the design of account receivables factoring products and the transaction arrangements.

- Datang Factoring Company shall, in accordance with the requirements of the Group and after considering the relevant policies of the state, the supply of and demand for capital in the market as well as the structural features of factoring products, offer comprehensive rates which are the equivalent to or more favourable than those provided by other independent commercial factoring companies in the PRC so as to help the Group to reduce its financial costs and optimise its financial structure.

- Datang Factoring Company shall, upon thorough negotiations with the Group, select appropriate projects and shall design and offer customised factoring business proposals within the scope of the Group's business development and plan.

The relevant arrangements under the Factoring Business Cooperation Agreement are (i) beneficial to the Group to revitalise assets, replenish cash flow in a timely manner and accelerate the capital turnover to continuously support the capital expenditure of the Group; (ii) efficiently and conveniently obtaining financing support and financing services with the comprehensive rates equal to or lower than that in the market by making good use of the resources and business advantages of Datang Factoring Company, so as to lower the Group's overall funding costs and promote the Group's business development; and (iii) conducive to enhancing the Group's bargaining power in carrying out factoring business of the same type with other commercial factoring companies.

The payment of factoring handling fees and factoring facilities interests under the Factoring Business Cooperation Agreement may imply that the Group's profit margin will decrease. However, the factoring handling fees and factoring facilities interests to be paid under the Factoring Business Cooperation Agreement only account for a small part of the Group's profit. On the other hand, as the Group will be able to collect the tariff premium before the original maturity date through factoring business with Datang Factoring Company, which can improve the Group's financial position and create flexibility for management of cash flow, the Company expects that the factoring services under the Factoring Business Cooperation Agreement will have no material effects on the corresponding profit, assets and liabilities.

In addition, the transactions contemplated under the Factoring Business Cooperation Agreement will 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 which 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 Factoring Company is a subsidiary of Datang Corporation, and is therefore a connected person of the Company.

During the reporting period, the annual cap of this continuing connected transaction for 2019 was RMB2,000 million and the actual transaction amount was RMB141 million.

Details of the Factoring Business Cooperation Agreement and the transactions thereunder are set out in the announcement and the circular of the Company dated 20 September 2019 and 27 September 2019, respectively.

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.

By entering into the Financial Services Agreement and the supplemental agreement of 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.

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 2019 was RMB6,000 million and the actual maximum amount of daily deposit balance was RMB3,514 million.

Details of the Financial Services Agreement and the Supplementary Agreement hereto as well as 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.

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 RMB3,000 million in 2019, and the annual cap of the rent under Finance Lease was RMB150 million in 2019. However, the actual transaction amount regarding the Leasing Equipment under Finance Lease was RMB1,795 million and the actual transaction amount of the annual rent under the Finance Lease was RMB126 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.

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 2019 was RMB3,000 million; annual cap of rent under Finance Lease for 2019 was RMB150 million. In 2019, the actual transaction amount of Leasing Equipment under Finance Lease was RMB1,864 million; the actual transaction amount of annual rent under Finance Lease was RMB51 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) according to the agreement governing them, and on terms that are fair and reasonable and 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 61 to 85 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 2019, 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 2019 annual results and the financial statements for the year ended 31 December 2019 prepared in accordance with the International Financial Reporting Standards have been reviewed by the audit committee of the Board of the Company.

XXXV. AUDITORS

On 27 June 2019, Ernst & Young Hua Ming LLP and Ernst & Young were appointed as the domestic and overseas auditors respectively for 2019 of the Company at the annual general meeting of 2018 of the Company, with a term until the next annual general meeting of the Company. The Company had not changed the 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 10 to 11 of this annual report.

XXXVII. CHANGES IN ACCOUNTING POLICIES

Details of the changes in accounting policies are set out in Note 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, 30 March 2020

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 2019, 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 2019, the Company has been in strict compliance with the principles and code provisions of the Code.

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 2019, 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 67.

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 126 to 130 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 2019, 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	From 26 June 2018 to 9 May 2019 (re-designated as non-executive Director of the Company on 12 November 2019)
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 2019, the Board held nine 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	9/9	100%
Hu Shengmu	Vice chairman of the Board and non-executive Director	9/9	100%
Liu Guangming	Executive Director	9/9	100%
Meng Lingbin	Executive Director	9/9	100%
Li Yi(note 1)	Non-executive Director	4/4	100%
Wu Zhiquan(note 2)	Former non-executive Director	5/5	100%
Liu Baojun	Non-executive Director	9/9	100%
Liu Chaoan	Independent non-executive Director	9/9	100%
Lo Mun Lam, Raymond	Independent non-executive Director	9/9	100%
Yu Shunkun	Independent non-executive Director	9/9	100%

Notes:

1. Mr. Li Yi resigned as a non-executive Director of the Company on 9 May 2019. Three Board meetings were held up to the date of resignation. Mr. Li was re-designated as a non-executive Director of the Company on 12 November 2019. For the year ended 31 December 2019, one Board meeting was held since his appointment.

2. Mr. Wu Zhiquan was appointed as a non-executive Director of the Company on 9 May 2019 and resigned as a non-executive Director of the Company on 12 November 2019. Five Board meetings were held by the Board during his term.

(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 2019, 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 2019, the Board mainly reviewed and supervised the Company's corporate governance policy and practices and make recommendations (if applicable), 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, 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 general manager (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 General Manager

The positions of the Chairman and the general manager (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 2019, Mr. Chen Feihu and Mr. Liu Guangming served as the Chairman and the general manager respectively (Mr. Hu Shengmu has resigned as the general manager of the Company since 1 March 2019), whose powers and responsibilities were clearly divided.

In 2019, the Chairman of the Company 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 2019, the general manager 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 2019, 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 2019, 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 2019, 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. All Directors provided a record of the training they received during the year to the Company.

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 and non-executive Director	Business management and corporate governance
Li Yi (note 2)	Non-executive Director	Business management and corporate governance
Liu Baojun	Non-executive Director	Business management and corporate governance
Liu Guangming (note 3)	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
Wu Zhiquan (note 4)	Former non-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 General Manager of the Company on the same day.

2. Mr. Li Yi resigned as a non-executive Director of the Company on 9 May 2019, and was re-designated as a non- executive Director of the Company on 12 November 2019.

3. 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 General Manager of the Company on the same day.

4. Mr. Wu Zhiquan was appointed as a non-executive Director of the Company on 9 May 2019 and resigned as a non-executive Director of the Company on 12 November 2019.

(B) Training 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 2019.

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 2019. 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 2019, 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 2019, 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 seventh meeting of the third session of the Audit Committee of the Board was held on 26 March 2019, for the main purpose of considering and approving the 2018 annual results announcement and annual report of the Company, the 2018 final financial report of the Company, the profit distribution plan of the Company for 2018, and the 2018 report on internal control of the Company, the re-appointment of the 2019 domestic and overseas audit firms and their remuneration.

- The eighth meeting of the third session of the Audit Committee of the Board was held on 26 August 2019, for the main purpose of considering and approving the 2019 interim results announcement and interim report of the Company.

The record of attendance is set out as follows:

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

(2) Nomination Committee

As at 31 December 2019, 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 four meetings, details of which are set out as follows:

- The sixth meeting of the third session of the Nomination Committee of the Board was held on 26 February 2019, for the main purpose of reviewing the proposal in relation to the nomination of candidates for the Directors, general manager and the vice general manager.

- The seventh meeting of the third session of the Nomination Committee of the Board was held on 26 March 2019, 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 eighth meeting of the third session of the Nomination Committee of the Board was held on 18 July 2019, for the main purpose of reviewing the proposal in relation to the nomination of vice general manager and chief accountant.

- The ninth meeting of the third session of the Nomination Committee of the Board was held on 4 September 2019, 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)*	4/4
Li Yi *(note 1)*	2/2
Wu Zhiquan *(note 2)*	2/2
Lo Mun Lam, Raymond	4/4

Notes:

1. Mr. Li Yi resigned as a member of the Nomination Committee of the Company on 9 May 2019. Two meetings of the Nomination Committee were held by the Nomination Committee before his resignation. Mr. Li Yi was re-appointed as a member of the Nomination Committee of the Company on 12 November 2019.

2. Mr. Wu Zhiquan was appointed as a member of the Nomination Committee of the Company on 9 May 2019, and resigned as a member of the Nomination Committee of the Company on 12 November 2019. Two meetings of the Nomination Committee were held during his tenure of appointment.

(3) Remuneration and Assessment Committee

As at 31 December 2019, 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 fourth meeting of the third session of the Remuneration and Assessment Committee of the Board was held on 26 March 2019, at which the proposal of assessment and incentive for the work of operation management team in 2018 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	1/1
Liu Chaoan	1/1

(4) Strategic Committee

As at 31 December 2019, 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 fifth meeting of the third session of the Strategic Committee of the Board was held on 26 March 2019, for the main purpose of considering the proposal in relation to the Operation and Investment Plans of the Company for 2019.

The record of attendance is set out as follows:

Member	Number of attendance/ required number of attendance
Hu Shengmu *(Chairman of the committee)*	1/1
Meng Lingbin	1/1
Liu Guangming	1/1

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 2019. The Board is responsible for presenting a clear and understandable assessment of the annual and interim reports, inside information, sensitive information of equity price and other discloseable information as required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an assessment of the financial information and status of the Group as well as giving consideration and approval. The Group is not exposed to any material uncertainty that may exert significant impact on the Group's ability to continue as a going concern.

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

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

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

5. Risk Management and Internal Control

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

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

In light of the business characteristics, the Company has established in the headquarters Office (Human Resources Department), Planning and Development Department, Investment Cooperation Department, Financial Management Department, Securities Compliance Department (Legal Department, Audit Department), Safety and Environmental Protection and Production and Operation Department, and Functional Departments of Party Affairs (Discipline Inspection Commission Office). 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 general manager 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 2019, 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 Functional Departments in internal supervision, and to standardize the procedures, methods and requirements of internal supervision. In 2019, 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 equipped with adequate staff 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 general manager 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 2019 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 2019 was RMB8 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 corporate bonds issuance amounted to RMB0.45 million.

7. Remuneration of Directors and Senior Management

A formal and transparent procedure for fixing the remuneration packages of individual Directors and senior management is in place. Details of the remuneration for Directors and top five persons in respect of remuneration are set out in Note 11 to the consolidated financial statements of the annual report. For the year ended 31 December 2019, 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	5
500–1,000	1

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

For the year ended 31 December 2019, there has been no significant change in the Company's constitutional documents.

9. Shareholders' General Meeting

In 2019, the Company held three shareholders' general meetings in total with attendance of Directors as follows:

Name	Position	Number of attendance/ required number of attendance	Attendance rate
Chen Feihu	Chairman of the Board and non-executive Director	3/3	100%
Hu Shengmu	Vice chairman of the Board and non-executive Director	3/3	100%
Liu Guangming	Executive Director	3/3	100%
Meng Lingbin	Executive Director	3/3	100%
Li Yi *(Note 1)*	Non-executive Director	1/1	100%
Wu Zhiquan *(Note 2)*	Former non-executive Director	2/2	100%
Liu Baojun	Non-executive Director	3/3	100%
Liu Chaoan	Independent non-executive Director	3/3	100%
Lo Mun Lam, Raymond	Independent non-executive Director	3/3	100%
Yu Shunkun	Independent non-executive Director	3/3	100%

Notes:

1. Mr. Li Yi resigned as a non-executive Director of the Company on 9 May 2019 and was re-appointed as a non-executive Director of the Company on 12 November 2019. There was one shareholders' general meeting held for the year ended 31 December 2019 upon his appointment.

2. Mr. Wu Zhiquan was appointed as a non-executive Director of the Company on 9 May 2019, and resigned as a non-executive Director of the Company on 12 November 2019. There were two shareholders' general meeting held during the period.

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 2019, the Company held the 2019 first extraordinary general meeting, the 2019 second extraordinary general meeting and 2018 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 2019, 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 27 March 2019, the Company held the eighth 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 2018, Annual Results Announcement and Annual Report of the Company for 2018, the Final Financial Report of the Company for 2018, the Financial Budget Plan of the Company for 2019 and the Profit Distribution Plan of the Company for 2018.

2. On 9 May 2019, the Company held the ninth meeting of the third session of the supervisory committee, at which the Proposal regarding Election of the Chairman of the Supervisory Committee was considered and approved.

3. On 27 August 2019, the Company held the tenth meeting of the third session of the supervisory committee in Beijing, at which the Proposal regarding the 2019 Interim Results Announcement and Interim Report of the Company was considered and approved.

II. PRINCIPAL INSPECTION AND SUPERVISION WORK OF THE SUPERVISORY COMMITTEE IN 2019

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 2018 annual general meeting and the 2019 first and second extraordinary general meetings, and the sixteenth meeting of the third session of the Board and the twentieth meeting of the third session of the Board as non-voting attendees, 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 Company further implemented the new energy security strategy featuring "Four Revolutions and One Collaboration" and the general requirements of "pursuing high-standard operation and becoming a first-class enterprise", grasped the new situation, strived to promote the high-quality development of new energy companies, and maintained steady development in all aspects of operations and management, safe production and legal compliance. 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 2019 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 2020, 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
Liu Quancheng
Chairman of the supervisory committee

Beijing, the PRC, 30 March 2020

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

China Datang Corporation Renewable Power Co., Limited (hereinafter referred to as "the Company", "Company", "Datang Renewable", or together with its subsidiaries, "the Group") has prepared the Environmental, Social and Governance Report (hereinafter referred to as the "ESG Report") since 2017, which aims to disclose to stakeholders the latest status of the Group's effort in the environmental, social and governance (hereinafter referred to as "ESG") and the Company's latest progress and management concepts in sustainable development. Information on corporate governance is recommended to be read in conjunction with the Corporate Governance Report section of the 2019 Annual Report.

In 2019, the Group issued its third ESG report. During the reporting year, the Board of the Group continued to be fully responsible for the ESG report and the sustainable development issues of the Group. The Group continues to strengthen communication with various stakeholders and disclosed the communication in 2019 in the Report. The Report enables stakeholders to better understand the Group's progress and development direction on sustainable development issues by reporting on the Group's environmental, social and governance policies, measures and performance. The Report is written in traditional Chinese and English. If there is any discrepancy between the Chinese and English versions, the traditional Chinese version shall prevail.

1.1 Reporting Guidelines

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to the "Guide") as contained in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to the "Main Board Listing Rules") issued by The Stock Exchange of Hong Kong Limited (hereinafter referred to the "Hong Kong Stock Exchange"), and meets the four reporting principles of materiality, quantitative, balance and consistency required by the Guide and also prepared with reference to the Guidelines to the State-owned Enterprises on Fulfilling Corporate Social Responsibilities issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). The Report has been already reviewed and approved by the Board of the Group.

1.2 Reporting Scope

The Report covers the period from 1 January 2019 to 31 December 2019 (hereinafter referred to as the "reporting period"). Except for those specifically stated, the scope of this Report covers the Company's headquarters, branches and subsidiaries. During the reporting period, the Group continued to improve the collection of ESG data. The coverage of environmental indicators in the Report includes 20 branches (including its subsidiaries). Compared with the previous reporting period, it has increased 13 branches (including its subsidiaries).

1.3 Data Specification

The data quoted in the Report has been finalized. If there are any discrepancies between the financial disclosures in the Report and the Company's Annual Report, the figures in the Annual Report shall stand. The financial data in the Report is in Renminbi ("RMB") unless otherwise stated.

1.4 Feedback

The Group looks forward to any suggestions or opinions from stakeholders. If there is any comments on the Report, please feel free to contact the Company through the following channels:
Phone no.: (86)10-81130881
Fax no.: (86)10-81130701
Email: dtrir@china-cdt.com

2. ESG MANAGEMENT

As a leading renewable energy company in China, Datang Renewable always adheres to the harmonious coexistence of man and nature, and at the same time accelerates the development of clean, low-carbon and environmentally friendly new energy projects based on our unique advantages. Green and clean development is an important starting point for the Group's ESG management and sustainable development. In 2019, the Group continued to follow the sustainable development path, prioritize the interests of shareholders, employees, communities and suppliers, and continued to optimize the communication mechanism for stakeholders. During the reporting year, the Company has awarded the "Best Investor Relations Award" of the "China Financing Award"[1]. In the future, the Group will continue to optimize its ESG management mechanism, rely on green and clean development, and actively respond to climate change and energy shortages, benefit the society, give back to employees, and bring more benefits to investors.

2.1 ESG Philosophy

The Group has always attached importance to the ESG management of the Company and is committed to integrating ESG management into daily work operations. The Board of Directors assumes full responsibility for the Group's environmental, social and governance strategies and reporting, and is also responsible for evaluating and determining environmental, social and governance risks. The Group has continuously improved the ESG governance structure and established an "Environmental, Social and Governance Working Group" (hereinafter referred to as the "ESG Working Group"), which aims to integrate the concept of sustainable development into existing business processes and systems, and provide basis for governance for the long-term development and sustainable profitability.

[1] The China Financing Award is hosted by Hong Kong Capital Markets high-end financial magazine China Financing. Since the award was awarded, the awards event has received wide attention and recognition from all walks of life due to the fairness of the review mechanism and the authority of the review committee.

2.2 ESG Management Structure

The Company actively responded to the Guide of the Hong Kong Stock Exchange and carefully studied the business characteristics of the Group and the domestic and international sustainable development orientation. During the reporting period, the ESG working group continued to perform the social responsibility management and other related functions, continuously optimized the daily work and management mechanism, and are committed to integrating social responsibility into daily management and operation. The Company's ESG working group is chaired by the secretary of the Board of Directors, and members of the ESG working group are formed by various department heads from the headquarters. The Group believes that the establishment of a robust ESG governance structure is the key to ensure that the concept of sustainable development is incorporated into corporate governance. In order to ensure that the ESG governance and sustainable development concept can reach the Board of Directors and its committees, and down to each functional departments, the ESG working group of the Company directly reports to the Board of Directors. The governance structure of the ESG working group is as follows:

Governance Structure

ESG Working Group Responsibilities

1. Regularly report to the Board of Directors on environmental and social policies and performance, and effectively assess the Company's environmental and social risks and opportunities;

2. Propose strategies and principles for preparing the ESG report;

3. Formulate ESG management policies, publicize their association with the business, and promote the ESG risk management and internal control systems;

4. Plan the Company's social responsibility management work, formulate social responsibility medium and long-term planning and annual planning;

5. Establish and maintain a good communication relationship with stakeholders and do a good job in all relevant work of materiality assessment;

6. Advocate the latest policy requirements of regulatory agencies within the Company;

7. Supervise and guide the Company to formulate work responsibilities, work mechanisms, approval processes, etc. Review the Company's annual plan for ESG work, and evaluate key projects;

8. Responsible for other related work in the social responsibility field of the Group.

2.3 Stakeholder Communication

Datang Renewable adheres to the principle of sincere and open communication and attaches great importance to communication with various stakeholders, pays attention to listening to their external concerns and expectations, and continuously improves and perfects itself. Therefore, we have in-depth understanding of the concerns from different stakeholders through diversified communication channels. At the same time, we allow stakeholders express their opinions and suggestions, and respond to their expectations through various channels. The Group continues to build mutual trust and benefit with stakeholders to promote sustainable development. In 2019, the Group held 67 investor meetings with 189 investors attended. The Group successfully held performance announcements and roadshows in March and August 2019. Accumulated total of 112 analysts from investment banking institutions participated in the press conference. The Group held roadshow promotion meetings with 60 investment institutions.

In 2019, the Group identified its main stakeholders based on business and operational characteristics, which were government and regulators, shareholders, customers and partners, employees, communities and the public, and media. In the future, the Group will continue to expand the depth and breadth of communication with various stakeholders. During the reporting period, the Group's communication channels with various stakeholders were as follows:

Stakeholder's Concerns and Communication Channel Schedule

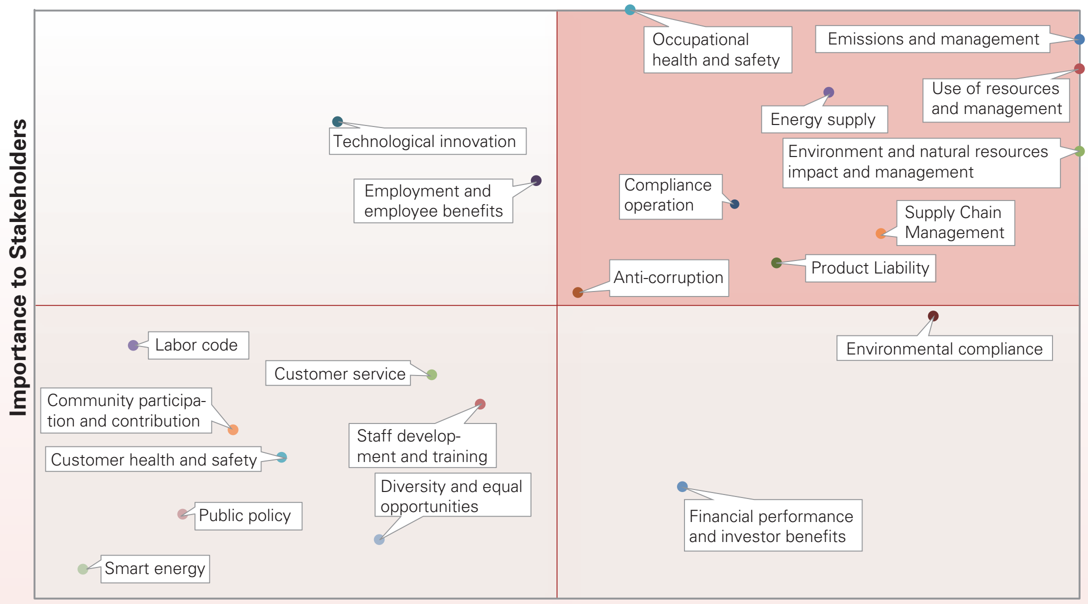
Stakeholders	Expectations and Requirements	Communication Channels
Government and Regulators	Implementing the national policies, laws and regulations	Work Reports
	Safeguarding power supply	Periodical Reports
	Promoting the local economic development	Policy Research Participation
	Creating more jobs and contributing to society	Cooperation Discussions
	Boosting the industry development	
Shareholders	Benefits and returns	Corporate announcements
	Compliance operations	On-site visiting
	Production safety	Shareholder's general meeting
	Information disclosure and transparency	

Stakeholders	Expectations and Requirements	Communication Channels
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 information disclosure Keeping a good relationship with media Delivering correct and transparent information	Releasing news and announcements Publishing reports Active dialogues with the media

2.4 Materiality Analysis

During the reporting period, the Group continued to follow the requirements of the Guide of the Hong Kong Stock Exchange, and combined with the Group's latest development status and stakeholder requirements as the basis for the identification and analysis of material issues in 2018. This also includes an in-depth analysis of global sustainable development trends and directions in 2019, referring to the "Sustainability Reporting Standards 2018" issued by the Global Reporting Initiative (GRI), and considering the ESG issues related to outstanding peers collected through research in the same industry, thereby providing a wealth of reference basis for identifying the material issues for 2019. The management and the ESG working group selected 21 potential material issues from the above reference basis and standards, and through combining with the understanding of the actual operation and management process of the Group, identified the material issues that has a greater impact on both dimensions, namely the "importance to Datang Renewable" and "Importance to Stakeholders", and were disclosed in the Report. In the future, the Group will further communicate with various stakeholders in a more in-depth manner, while further expanding the scope of stakeholder participation.

Matrix of Materiality Analysis of Datang Renewable in 2019



The material topics identified this year and the corresponding disclosure chapters are specified as follows:

Material Topics	Corresponding Chapters in the Report
Energy supply Supply Chain Management Product Liability Anti-corruption	Responsible Operation
Use of resources and management Emissions and management Environment and natural resources impact and management	Green Operation
Occupational health and safety	Employees Care
Compliance operation	Each chapter in this report

3 RESPONSIBLE OPERATION

In 2019, Datang Renewable continued to deepen its own system reforms. Taking the general goal of "adhering to the construction of a world-class energy company" as the driving force for development, the Group continued to rely on its own clean energy development and construction to advance the process of ecological civilization construction in China continuously. The Group adheres to responsible governance and compliant operations. The Group is guaranteed by standardized operation and management, a clean work team, safe and efficient energy supply, responsible product services and sustainable supply chain management, providing correct guidance and support for the healthy and rapid development of the Group's renewable industry. The Group's cumulative power generation in 2019 was 18,435,463 MWh, an increase of 2.56% compared with the same period in 2018. Among them, the completed wind power generation was 18,167,639 MWh, an increase of 2.70% compared with 2018. In the future, the Group will continue to deepen its own governance[2] and operation system, further strengthen communication with investors and other stakeholders, and return our shareholders, society and employees with its own benefits of sustained and healthy growth.

3.1 Compliance Operation

The Group continuously strengthens the establishment of corporate systems to standardize the management and operations, so that the Group can fully meet compliance requirements and truly guide the daily work. The Group strictly abides by the relevant laws and regulations and listing rules of the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China.* During the reporting period, the Group has not violated any relevant laws and regulations.

In 2019, the Group disclosed information timely and transparently and have formulated a series of compliance management systems, and vigorously promoted the Company's legal system. The above three aspects have further improved the Group's compliance management system, ensured that the Group's work is proceeding normally, and achieved sustained, healthy and stable development.

Timely and Transparent Information Disclosure

In 2019, Datang Renewable issued a total of 154 announcements in Chinese and English, covering company performance, financial statements, quarterly power generation, general manager replacement, directors and supervisors adjustment, change of China's head office and contact information, factoring business cooperation agreement and the general meeting of shareholders circulars and other contents. Moreover, The Group has no violations on disclosure.

Standardized Compliance Management

In 2019, the Company comprehensively sorted out various compliance management systems, drafted and formulated *Securities Investment Management Measures,* revised and improved 6 systems including related-parties transactions, information disclosure, three meetings management[3] and internal audit and put forward a rationalized proposal for the division of labor between the head office and the branch in terms of law, compliance, and internal control.

[2] For more information on corporate governance, please read the "Corporate Governance Report" in this annual report.

[3] The three meeting is the Company's Board of Directors, Board of Supervisors and shareholders' meeting.

The Group closely monitored the related-parties transactions amount, and issued a document stressing that all related party transactions must be reported, and required all grassroots companies to report to related-parties transaction plan and the related party transactions should be reviewed in detail on a quarterly basis. During the reporting period, the Company reviewed a total of 5 types of related-parties transactions involving the approval of the Hong Kong Stock Exchange and sorted out a list of 896 related legal persons to ensure that each transaction does not exceed the annual limit.

The Group completed the 2018 final dividend payment on time, timely submitted the Company's directors and supervisors adjustment information and contact information to the Hong Kong Stock Exchange and the Companies Registry, and submitted the annual declaration file to avoid compliance risk.

Further Improved Legal Construction

In 2019, the Company's legal system was further improved and important results were achieved, which provided an important reference for the Group to govern the Company and operate according to law. The main results are as follows:

1. Vigorously promoted the construction of the first responsible person in the legal system and successfully achieved the annual legal work goals

   In 2019, the Company strengthened its leadership and scientific organization and fulfilled its responsibilities, achieved the annual goal of legal work without compromise. The legal disputes of the Company's stock are effectively managed, the system and mechanism were further improved, and the ability to respond to legal disputes was also strengthened. The Company's leader in charge of legal affairs conducted an annual report to the management on the overall legal affairs and the response to legal disputes. The duties of the first person responsible for legal construction were effectively implemented.

2. Datang Renewable legal work system was further deepened

   Since April 2019, the Company has further revised and perfected the *Legal Disputes Management Measures, Institutional Management Measures, Authorization Management Measures, External Law Firm Management Measures, Implementation Rules for the Primary Responsible Person to Perform the First Responsibility for Promoting Legal Construction, Legal Advisory Management Measures and many other systems.* At the same time, the Company refined the *Three Rules for the Implementation of Three Major Decisions,* which reiterated the major decision-making issues that required legal review, and provided a firmer system guarantee for enterprises to implement the requirements of comprehensively governing enterprises according to law. At present, the Company's legal work system basically covers all aspects of enterprise management. The system management guarantee situation of enterprise management "external operation according to law and internal management according to law" has constantly tamped. The Company established a "Legal Construction Leadership Group" with the main leader as its group leader. In November 2019, the Company established the Legal Affairs Department, cooperating with the Securities Compliance Department. The Company's legal system construction responsibility system has been further improved.

3. The legal consultation and enterprise management were gradually integrated, which provides a powerful support for enterprises to manage in compliance with the law

   In 2019, the legal affairs department provided nearly 60 kinds of legal advisory opinions (except for contract review) for the Company headquarters and grass-roots units, especially in the amendment of the subsidiary's articles of association, equity disputes, major decisions, difficult operational issues and the resolution of major legal disputes, providing powerful solutions measures. Legal construction has become an important part of the Company's management level and core competitiveness.

4. The backbone of legal work was constantly enriched

   In 2019, the Company enriched and selected qualified legal advisers through years of selection. The Company has fully built a backbone team with clear division of labor, mutual cooperation, and dynamic legal compliance work, which has continuously laid a solid human foundation for the Company's legal compliance management.

3.2 Anti-corruption

The Company attaches great importance to the construction of a clean governance and firmly opposes any form of corruption. In order to earnestly implement the construction of clean governance and anti-corruption work, and carry out anti-corruption effectively, the Group strictly abides by the *Supervision Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Regulations on Disciplinary Measures of the Communist Party of China, the Anti-Money Laundering Law* and other relevant laws and regulations, as well as the China Datang Corporation Ltd. (hereinafter referred to as the "Group Company") *China Datang Corporation Discipline Inspection and Supervision Department Case Management Working Rule and Several Regulations on Further Regulating the Group Company's Duty Treatment Business Expense Management* and other relevant regulations. At the same time, in order to strengthen the construction of Party conduct and clean government, ensure the implementation of the responsibilities of the management of the Party conduct and clean government, and ensure the scientific development of the Company, the Group has formulated the *Implementation Measures for the Responsibility System of the Construction of Party Conduct and Clean Government Of China Datang Renewable* (hereinafter referred to as the "Implementation Measures"), and effectively implemented the anti-corruption work, so as to ensure the effective implementation of all decisions and deployments of the Company's Party conduct and clean government construction. During the reporting period, the Group has not violated laws and regulations that have a significant impact on the Company related to bribery, extortion, fraud and money laundering, and no corruption litigation has occurred.

The implementation measures clarified the division of responsibilities of anti-corruption and determined that the management is the first person responsible for the construction of the Company's Party conduct and clean government. According to the division of work, the members of the management team shall bear the leadership for the construction of anti-corruption within the scope of responsibilities. At the same time, the Company has set up inspection and mass supervision mechanisms, clarified the management responsibility for the leadership of the Party conduct and clean government responsibility system inspection and evaluation, and the Disciplinary Inspection Office is responsible for the organization and implementation of the Party conduct and clean government responsibility system inspection and evaluation. At the same time, the Company has set up a "visit forum" and "questionnaire survey" mechanism to form the Company's anti-corruption prevention measures and reporting methods. Finally, the Company has set up a mechanism for accountability, and has zero tolerance for various violations of discipline: if the circumstances are lighter, criticism education, exhortation talks, and written inspections should be ordered; if the circumstances are heavier, criticisms should be notified; if the circumstances are serious, party discipline should be given. Disciplinary action against political discipline, or given to the organization to adjust positions, order resignation, removal, and demotion; if suspected of committing a crime, it is transferred to the judicial organ for handling according to law.

Datang Renewable Gansu Branch held the 2019 Party Conduct and Clean Government Construction and Anti-Corruption Conference and signed the Party Conduct and Clean Government Responsibility Letter

In addition, in order to strengthen the anti-corruption education of management and employees, the Group carried out various education activities about Party conduct and clean government construction and anti-corruption in 2019. For example, Gansu Branch held a learning and education activity to study and implement the regulations of the Communist Party of China on disciplinary action.

3.3 Safe and Efficient Energy Supply

The Group is committed to provide safe and efficient clean energy services to all sectors of society. We strictly abide by the laws and regulations such as the *Safety Production Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China*, and the Group Company's the *Regulations on the Work Safety of China Datang Corporation, the Regulations on Supervision of Work Safety of China Datang Corporation*, the *Regulations on Work Safety of China Datang Corporation Renewable Power Co., Limited and the Detailed Implementation Rules of Six Major Requirements for the Prevention of Wind Power Generation Accidents by China Datang Corporation (Trial)* and other safety related regulations. At the same time, in order to implement the principle of "safety first, prevention first, comprehensive governance", the Group fully developed the Group's safety supervision system and formulated a series of 52 safety precautionary regulations, systems and standards, including the *Regulations on Work Safety Supervision of China Datang Corporation Renewable Power Co., Limited* (hereinafter referred to as "Work Regulations"), the *China Datang Corporation Renewable Power Co., Limited Safety Production Reporting System*, the *China Datang Corporation Renewable Power Co., Limited Safety Production Responsibility System Management Measures, and the China Datang Corporation Renewable Power Co., Limited Supervision and Management Measures for the Significant Production Safety*, effectively guaranteeing the safety production. In 2019, the Group has not violated any laws and regulations that have a significant impact related to the safety and health of the services and products provided.

Safety Supervision System

In order to guarantee production safety, the Group has established a top-to-down safety supervision system:

- The Company directly implemented safety production supervision to its affiliated enterprises and exercised all safety production supervision;
- The Company clarified various safety supervision functions through the Board of Directors;
- The contingent team engaged in operation and maintenance work on the production site for a long time and other contracted project teams shall perform safety production supervision functions in accordance with the safety agreement signed by both parties.

In addition, the work regulations also required to set up a safety supervision and management institutions, that is, the safety production supervision institutions at all levels of the Group are the centralized management departments of the safety supervision work of the Group, and exercise the safety production supervision function. In addition, it also clarified the responsibilities and relevant personnel of the safety production supervision organization, and also stipulated the accountability mechanism[4] to effectively guarantee the production safety of the Group. In 2019, the Group conducted four safety trainings for new recruits in accordance with the relevant regulations of the *China Datang Renewable. Safety Production Training Management Measures.* The safety training content mainly includes: basic knowledge of safety production, basic rights and obligations, safety common senses, safety signs, main hazard sources and countermeasures, and on-site first aid knowledge.


Various safety signs


Grassland fire drill


Flood prevention drill


First aid training

4 Accountability includes methods such as criticizing education, disqualifying the first evaluations, and transferring from safety supervision positions.

In 2019, the Group did not have any safety and health accidents nor casualties related to productive process.

Case 1: Successfully completed the task of securing electricity generation to celebrate the 70th anniversary of the founding of New China

In accordance with the power industry's overall plan and special work plan to ensure the safety and stability of the 70th anniversary of the founding of the People's Republic of China, and in combination with the actual situation of the Company, the Group has formulated the implementation plan to ensure the implementation of task of securing electricity generation for the 70th anniversary of the founding of the People's Republic of China, and organized its grass-roots enterprises to do a good job in the implementation phase of task of securing electricity generation. At the same time, the Group carried out on-site supervision and inspection on the implementation of power protection measures for enterprises, and successfully completed the power protection task of the Group to celebrate the 70th anniversary of the founding of new China.

Case 2: Datang Xiangyang Wind Power Co., Ltd. strengthened the investigation of hidden hazards to ensure safe and stable long-term operation of wind turbine

During daily operation, Datang Xiangyang Wind Power Co., Ltd. strengthens the regular inspection and daily maintenance of wind turbine, standardizes the operation behavior, actively finds out potential safety hazards, puts an end to the occurrence of habitual violations by personnel, formulates special inspection scheme, checklist and rectification measures and eliminates potential equipment defects in the early stage.

Case 3: Datang Sanmenxia Wind Power Co., Ltd. strengthened equipment management and effectively improved wind turbine efficiency

Datang Sanmenxia Wind Power Generation Co., Ltd. is guided by improving the power generation efficiency of the unit, and has implemented 12 special technical transformations to optimize the performance of the unit from the root. Each wind turbine and each line are responsible by a person, and the amount of reward and penalty is determined by monthly basis to fully mobilize the enthusiasm of the employees and allow the old unit to regain "new vitality". In 2019, the number of wind turbine defects in Datang Sanmenxia Wind Power Co., Ltd. decreased by 30% and the wind turbine availability rate was 99.72%, an increase of 0.25% from 2018.

3.4 Responsible Products

For the Group, providing high-quality products is fundamental to the survival and development of the Group. The Group upholds the business philosophy of "Quality First", adheres to the quality red line, and actively promotes the construction of the Group's quality system. The Group strictly abides by the *Product Quality Law of the People's Republic of China, Product Quality Safety Valve of the People's Republic of China, and the Renewable Energy Law of the People's Republic of China* and other laws and regulations related to the renewable energy, and also strictly complies with the *Advertising Law of the People's Republic of China* and other relevant laws and regulations on advertising, to prevent the use of false and misleading descriptions in the promotion of products and services, and the laws and regulations such as the *Law of the People's Republic of China on the Protection of State Secrets and the Interim Provisions on the Protection of Business Secrets of Central Enterprises* to strictly protect customer privacy and the Group's business secrets. During the reporting period, the Group has not violated any laws and regulations regarding the advertisements, labels and customer privacy of the products and services provided.

The Group continued to strengthen the system construction and promulgated the *Power Marketing Management Measures, Power Market Transaction Management Measures (Trial), Power Medium and Long-Term Trading Work Management Measures (Trial)* and other systems.

3.5 Sustainable Supply Chain Management

As an important part of the Group's provision of high-quality products and services, suppliers and contractors play an important role in supporting our business development. We maintain good cooperative relations with various suppliers and contractors and are committed to achieving a "mutually beneficial and sustainable development" supply chain management. During the reporting period, the Group continued to improve the supply chain management system, while strictly abiding the relevant provisions of the *Tendering and Bidding Law of the People's Republic of China* and the Group Company's *China Datang Corporation Ltd. Procurement Management Regulations (Trial), China Datang Corporation Ltd. Procurement Plan Management Measures (Trial), China Datang Corporation Ltd. Supplier Management Measures (Trial)* and a series of related regulations, formulated *China Datang Renewable Working Rules of the Procurement Leading Group of the Company, China Datang Renewable Non-Tendering Procurement Management Measures, China Datang Renewable Procurement Management Regulations and Notice on Special Inspections for Level Two Centralized Procurement Management* and other related systems, so as to regulate the performance of both parties and achieve the goal of harmonious development of mutual benefit. As of 31 December 2019, the Company has a total of 1,001 suppliers, all of which are qualified suppliers.

In order to identify and manage the potential social and environmental risks of various suppliers, the Group strictly implements the Group Company's *China Datang Corporation Ltd. Supplier Management Measures (Trial)*, and implements the principle of "OFJ principles, unified management, dynamic assessment and strict in and out" for suppliers:

OFJ principles: the principle of "openness, fairness and justice" refers to the disclosure of the entire process of supplier management in the Group Company's supplier management information platform (except for regulations prohibited or otherwise agreed with the Group Company), through standardization and reasonable supplier management process and effective supervision mechanism to protect the legitimate rights of suppliers and ensure that all suppliers enjoy equal opportunities;

Unified management: refers to the establishment of a unified supplier management information platform, all suppliers participating in the procurement activities should be included in the unified management of the supplier management information platform;

Dynamic assessment: refers to the comprehensive quantitative assessment of the supplier's overall strength, participation in procurement activities, contract performance, rewards and penalties through the combination of daily management and comprehensive evaluation to achieve dynamic evaluation of suppliers;

Strict in and out: refers to the strict implementation of supplier registration, admittance, selection, evaluation and processing system, vigorously cultivate high-quality suppliers, continue to optimize supplier structure, improve supply quality, and control supply risks.

4 GREEN OPERATION

"Lucid waters and lush mountains are invaluable assets". Datang Renewable, as a leading supplier focusing on the renewable energy, is committed to continuously promoting environmental protection management from multiple aspects, and strives to mitigate the impact of Group's business development process made to the environment and natural resources through green operation. In 2019, as the leading clean energy comprehensive service provider in China, the Group resolutely fought the battle of pollution prevention and control, and continued to promote the construction of ecological civilization in China. As always, it actively responded to national policy guidance, continuously optimized its own environmental management level, and relied on its own clean energy characteristics to promote China's ecological civilization to a new level, and worked hard for the realization for a well-off society and sustainable development in 2020.

4.1 Low-Carbon Development

Since 2014, President of the PRC Xi Jinping has repeatedly made emission reduction commitments on behalf of China to the world, including by 2030, China's carbon dioxide emissions per unit of GDP to fall by 60% to 65% against 2005 emissions, and non-fossil energy to account for about 20% of primary energy consumption. As a provider of clean energy, the establishment of Datang Renewable itself is an important measure for the Group Company to implement the concept of sustainable development and support the country to implement its carbon emission reduction commitments. The Group recognizes that the development of clean energy has become an important way for the country and the global environment and economy to achieve sustainable development. Therefore, the Group is committed to the development, investment, construction and management of new energy sources such as wind power and the development, application and promotion of other low-carbon technologies to provide clean and safe renewable energy for the country's power system. It is also committed to reducing the country's reliance on fossil fuels to effectively avoiding greenhouse gas emissions.

In 2019, the Group continued to vigorously develop its business advantages and actively respond to climate change. The Group actively implements the *Guiding Opinions on Establishing a Target Guidance System for the Development and Utilization of Renewable Energy, Thirteenth Five-Year Plan for Electric Power Development, Thirteenth Five-Year Plan for Renewable Energy and Thirteenth Five-Year Plan for Energy Development* and other new energy-related development plans. The Group strictly implements the *Guiding Opinions on New Energy Development (2018-2020)*, and the Group strives to improve the speed and quality for onshore wind power development. The Group focuses on filling the shortcomings of photovoltaic development, comprehensively strengthens offshore wind power resource reserves, actively participates in the development of solar thermal demonstration projects. It pays a close attention to promote the development of emerging fields such as energy storage. By 2020, the Group will achieve a more scientific regional layout of the new energy sector for a more reasonable industrial structure to lead in the technology application for a significant increase in profit.

As of 31 December 2019, the Group has consolidated installed capacity of 9,761.42MW which has increased by 794.5MW. The Group's renewable power generation accounted for 100%, achieving new energy generation capacity of 18,435.46 GWh with an increase of 460.30 GWh year-on-year, which is equivalent 5.67 million tonnes saving of standard coal. A total of 15.5 million tonnes of carbon dioxide emissions is reduced by the Group, and it had reducing sulfur dioxide emissions by 3,600 tonnes, nitrogen oxide emission reduction of 3,500 tonnes[5].

5 Emission reduction compared to thermal power, source of emission data: China Power Industry Annual Development Report 2019 released by China Electricity Council

4.2 Energy Saving and Emission Reduction

The wind power projects are one of those environmentally friendly renewable projects that the Group is carrying out. It does not consume fossil fuels during power generation nor emits air pollutants and greenhouse gases during the production process. The impact made to the environment and natural resources are minimal. At the same time, the Group has been committed to developing new technologies and equipment to improve production efficiency while promoting energy conservation and emission reduction, thereby further reducing energy consumption. The Group strictly abides by the relevant laws, regulations and rules of the *Energy Conservation Law of the People's Republic of China and the 13th Five-Year Comprehensive Energy-Saving and Emission-Reduction Work Plan*, and has always been committed to creating a resource-saving enterprise with the goal of energy saving and emission reduction, cost reduction and efficiency improvement and environmental protection.

The main business of the Group is of clean energy type. The proportion of the renewable energy generation is 100%. Due to the small amount of air pollutants emitted during the production process, during the reporting period, the Group focused on the disclosure of greenhouse gas emissions. It is planned to disclose more air pollutants in future ESG reports, such as nitrogen oxide and sulfur dioxide emissions from the use of automobiles etc. The products and services provided by the Group do not involve the use of packaging materials. In addition, thanks to the South-to-North Water Diversion Project, the lack of water resources in the northern China and parts of eastern China has been alleviated. During the reporting period, the projects with the most water withdrawal during the operation of the Group were mostly located in the northern China. During the reporting period, the Group's operations has not faced any difficulties in obtaining water. Although the Group's pollutant emissions are not significant, we are still committed to reducing the impact of solid waste and other related pollutants through various emission reduction measures.

The Group's resources and energy use in 2019[6]

Indicator	Units	2019
Purchased electricity	kWh	66,243,140
Electricity used in operation sites	kWh	40,394,250
Gasoline	L	1,626,676
Diesel oil	L	145,622
Liquefied gas	m^3	21,176
Total water consumption	Tonnes	106,628
Total water consumption intensity	tonnes/million yuan	12.8

6 Since the Group expanded the coverage of environmental-related performance indicators during the reporting period, the relevant emission data is not applicable for comparison with the 2018 data, so no comparison was made.

Energy Saving Measures

The Group pays attention to the daily management of equipment in the site area, actively promotes the upgrading and transformation of energy-saving technologies, and continuously improves the energy efficiency. In 2019, the Group's wind farms continued to implement energy-saving measures, including technological transformation, equipment updates, and the establishment of energy management systems, in accordance with the *Energy Conservation Supervision Implementation Rules and Energy Conservation Week Working Standards* and other relevant systems. In addition, the Group promoted the use of more energy-efficient LED lighting, and through the implementation of equipment power-saving management, light-off system etc., to guide employees to participate in power-saving to reduce power consumption in the sites.

The Datang Xiangyang Wind Power Co., Ltd. actively took measures to save electricity, including energy-saving equipment renovation (replacement of electricity-saving motors), energy-saving renovation of lighting equipment, etc. A control regime has been set up with designated person in charge of electricity use in the wind farm. At the same time, smart power-saving lamps were installed, electricity were strictly controlled, smart energy-saving appliances were installed, and the site manager was responsible for the management of power consumption.

In addition, the Group pays attention to green office, and we actively carry out energy-saving and water-saving work in office areas to reduce the use of energy and resources by enterprises and employees from the source of demand. In addition, we stipulate that the air-conditioning temperature of the employee's office is set to 26 degrees to reduce unnecessary energy consumption.

Emissions Reduction Measures

The Group continued to strengthen the management of various types of waste to prevent environmental pollution caused by waste disposal. The Group strictly abides by the relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution and Environment, the Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Soil Pollution*, and promulgated the *Notice on Strengthening the Management of Unorganized Emissions from Environmental Protection and Notice on Further Strengthening Environmental Protection Emergency Management* to reduce waste generated during daily production and operation, and strived to minimize the impact on the environment. According to the requirements, the Group conducted multi-faceted testing and evaluation for all wind farm projects to ensuring the wind farms operate normally and the environmental protection facilities and pollutant emissions are in compliance with the national standards. In 2019, the Group did not violate any laws and regulations related to pollutant discharge that have a significant impact on the Group.

The daily office operation and engineering project construction, the waste generated by the Group includes waste mineral oil, construction waste, domestic waste etc. The Group's measures for the treatment of various solid wastes are as follows:

Solid Waste:

1. The wind farms (power stations) that generate wastes have set up temporary storage sites according to the classification of solid wastes. The classification labels has indicated the types of solid wastes for distinction. At the same time, solid waste is collected in a centralized place in accordance with environmental protection regulations or contacted with corresponding pollution recycling manufacturers for recycling.

2. The office area and living area on site of each station and project sites adopt greening measures to improve the ecological environment. A sufficient number of waste canisters, garbage cans and water flush toilets are set up on site, and special staff to clean them to maintain the sanitation of the construction environment on site.

3. For the treatment of hazardous waste, a qualified unit approved by the government department must be entrusted to deal with it, and a solid waste disposal record must be formed.

4. The domestic garbage disposal of each station and project sites comply with the provisions of the local government's administrative department of environmental health. At the same time, the domestic garbage are disposed at the designated place, and are not be thrown, scattered or stacked at the will. The construction garbage are stacked in a centralized way, regularly cleaned and transported to the garbage disposal site or buried in place.

Water Pollutants:

1. The sewage generated from the construction of the wind farms (power stations) and the project department and domestic water are discharged in a rational way according to the cleaning and sewage diversion. Sewage are be discharged after treatment reaches the standard, and priority is given to reuse at the construction site.

2. Wastewater and mud from the on-site building construction, concrete mixing and concrete maintenance site, vehicle washing field and concrete mixing station washing should be set up in sedimentation tanks, and clear water should be discharged after sedimentation, and solid sediments should be naturally dried and filled with soil to restore surface vegetation.

3. The waste oil generated during maintenance and overhaul of the wind turbine should be uniformly recovered and treated in accordance with the relevant regulations. It is forbidden to discharge oils, acids, benzine, or highly toxic waste liquids into the water body, and to dump muck and domestic garbage into the water body.

The Group's pollutant emissions in 2019[7]

	Units	2019
Emission of Greenhouse Gas		
Scope 1 GHG emission	Tonnes	4,002.3
Scope 2 GHG emission	Tonnes	40,414.9
GHG emission density	Tonnes/million yuan	5.3
Sewage Disposal		
The amount of industrial wastewater discharged in compliance with relevant standards	Tonnes	4,000.0
General Industrial Solid Wastes		
The amount of general industrial solid wastes generated	Tonnes	29.1
Domestic garbage	Tonnes	222.8
Other harmless garbage	Tonnes	18.4
Hazardous Wastes		
Total amount of hazardous waste	Tonnes	96.1

In order to reduce the emissions of various types of hazardous and non-hazardous wastes, the Group uses repeated use, recycling to reduce the discharge of solid pollutants. At the same time, in order to reduce the amount of sewage discharged, the Group reuses the clean water purified by the above measures. For example, the Group's Fujian Branch purified and treated domestic sewage and used it for planting and greening. At the same time, the Group has strengthened the daily maintenance management of water-using equipment to avoid the phenomenon of "long running water". The Group has set up water-saving reminder signs at prominent locations of the Company, and vigorously promotes induction-type water-saving faucets. In addition, in order to save paper, the Group uses an information system to gradually implement paperless office. Printing paper must be used on both sides, the number of copies and the scope of distribution of written materials are also controlled, etc., in order to save paper.

Regarding emission reduction measures to reduce the emissions of other pollutants, the Group is in the process of improving the relevant management system and will gradually establish an efficient and strict emission reduction management system. In the future, the Group will continue to increase emission reduction efforts, at the same time improve the progress data collection, and conduct multi-year data comparison and reporting in future reports.

7 Since the Group expanded the coverage of environmental-related performance indicators during the reporting period, the relevant emission data is not applicable for comparison with the 2018 data, so no comparison was made.

Case: Datang Sanmenxia Wind Power Co., Ltd. successfully completed the environmental protection inspection

The Datang Sanmenxia Wind Power Co., Ltd. is the first new energy enterprise in Henan Province to complete the registration of Henan solid waste management information system. At the same time, it has established a hazardous waste warehouse in the wind farm in accordance with the requirements of the environmental protection department, and has completed the waste disposal for batteries according to law and regulations. In 2019, Datang Sanmenxia Wind Power Co., Ltd. successfully completed the inspection of Sanmenxia's seventh round of intensified supervision and designated assistance group of the Ministry of ecological environment.

4.3 Environmental Protection

The Group strictly abides by the relevant policies and management measures related to reducing the significant impact on the environment and natural resources such as the *Environmental Protection Law of the People's Republic of China, the Emergency Response Law of the People's Republic of China*, and the *Electricity Law of the People 's Republic of China*, and also complies with the relevant regulations of the Group Company's *Environmental Protection Management Standards*. In order to regulate the environmental protection management behavior of enterprises, prevent and control environmental pollution and ecological environment destruction events in construction, production and life, in view of the possible impact on the environment[8] in the process of production and construction, the Group formulated and issued the *China Datang Corporation Renewable Power Co., Limited Environmental Protection Administration Measures* (hereinafter referred to as "Environmental Protection Administration Measures"). The Environmental Protection Administration Measures clarifies the environmental protection responsibilities of various departments and molecular companies, and formulates an environmental protection responsibility system. At the same time, the environmental protection work of the Group is fully guaranteed in the four aspects of construction projects, production processes, environmental pollution prevention, and reward and punishment systems. In addition, the Group conducts real-time monitoring and control of noise in accordance with the provisions of the national standard *Noise Limits on Construction Site Boundaries*, while paying attention to the impact on the ecological environment and local vegetation during construction. In addition, by selecting low-noise wind turbine, the noise pollution generated by the wind farm in the nearby area during operation can be minimized.

8 The environment includes: the totality of natural factors such as the atmosphere, water, land, wildlife, mineral deposits, natural monuments, cultural monuments, nature reserves, scenic spots, cities, and villages.

Case:

Datang Xiangyang Wind Power Co., Ltd. issued the *Environmental Protection Management Regulations, Drinking Water Management Regulations, Combustible and Explosive Hazardous Products Management Regulations, Poisonous and Hazardous Chemicals Management Regulations, and Civilized Production Management Regulations* and other documents on environmental management, and at the same time established an environmental protection management framework:

Datang Xiangyang Wind Power Co., Ltd. Environmental Management Leading Group:

Leader: General Manager

Deputy Leader: Deputy General Manager of Production and Chief Engineer

Management members: Production Technology Department, Discipline Inspection Office, Safety Supervision Department, Planning and Marketing Department, Operations Management Department, General Manager Office

Executive members: Xiangyang Wind Farm, Dafeng Wind Farm, Taonan Wind Farm, Shuangliao Wind Farm, Xin Aili Wind Farm, Taonan Thermal Power Station, foreign commissioned units

The wind farm construction affiliated to Datang Xiangyang Wind Power Co., Ltd. won the Silver Award of National Electric Power Construction, and Datang Xiangyang Wind Power Co., Ltd. passed the AAAA certification.

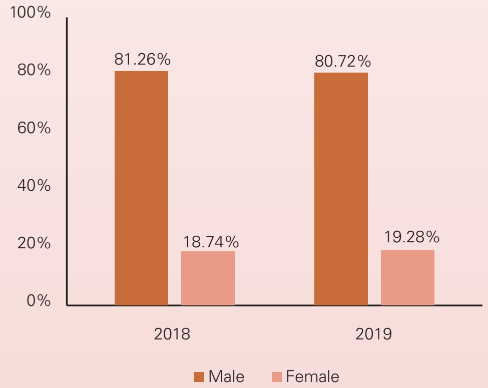
5 EMPLOYEES CARE

Employees are the cornerstone of Datang Renewable's success and an important prerequisite for us to move towards sustainable development. Therefore, it is important for us not only to attract outstanding talents, but also to provide employees with career development platforms and career learning opportunities. In our operation process, we adhere to "people-oriented" and adhere to safety first. We respect and protect the labor rights and interests of employees, and make employees' health and safety the top priority. At the same time, we focus on developing employees' abilities and are committed to providing employees with rich training opportunities. We are committed to creating an equal, diverse and fair working environment.

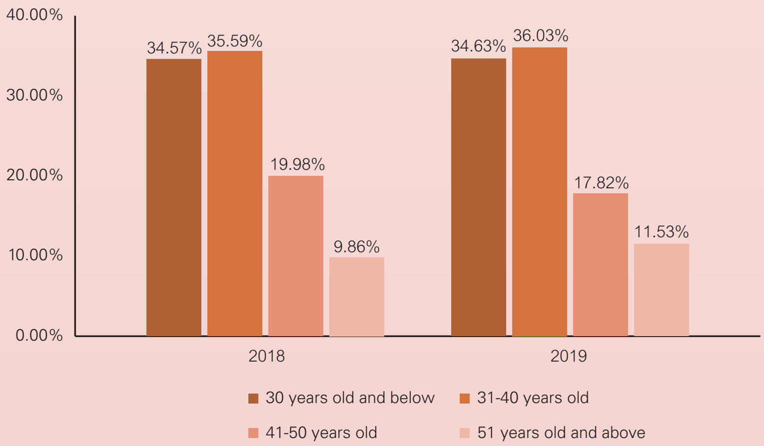
5.1 Regulate Employment

The Group strictly abides the laws and regulations such as the *Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law on the Protection of Minors of the People's Republic of China, and the Regulations on the Prohibition of the Use of Child Labor*. At the same time, in order to strengthen and standardize the labor contract management to protect the legitimate rights and interests of employees and enterprises for a harmonious and stable labor relationship, the Group has issued the *China Datang Corporation Renewable Power Co., Limited Labor Contract Management Measures, China Datang Corporation Renewable Power Co., Limited Employee Entry Management Measures and China Datang Corporation Renewable Power Co., Limited Employee Attendance Management Measures* and a series of employment management measures to regulate the Group's recruitment, dismissal, promotion, working hours, holidays, welfare and other aspects of management. Also the Group guarantees fairness, justice and openness in all aspects during the recruitment process, opposes discrimination based on factors such as gender, race and belief, and eliminates the employment of child labor and forced labor. In 2019, the Group did not have any major violations of the labor standards stipulated in relevant laws and regulations, and did not violate the laws and regulations on remuneration and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification, anti-discrimination and other treatment and welfare. As of 31 December 2019, the Group employed a total of 3,070 employees, including 2,478 male employees and 592 female employees. No child labor recruitment incidents and forced labor occurred.

Gender composition of employees of the Group in 2018 and 2019



Age composition of employees of the Group in 2018 and 2019



5.2 Occupational Health

Adhering to the concept of "safety first", the Group has always maintained and safeguarded the occupational health and safety of its employees. The Group strictly complies with the relevant requirements of the *Labor Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and has formulated a series of measures such as the *Safety Management Measures, Occupational Disease Prevention Measures, and Regulations for Employee Regular Physical Examination Management to strengthen occupational health and safety management*. At the same time, in order to strengthen occupational health education for employees, the Group carried out occupational health and safety training. The training comprises of six aspects based on the industrial enterprise occupational health design standards, employers' occupational disease hazard notification and warning label management standards, occupational disease classification and catalog, occupational disease hazard factor classification catalog, employer's labor protection articles management regulations, and personal protective equipment selection. Occupational safety training enhances employees' awareness of occupational safety. At the same time, the Group provides a series of safety protection to ensure employees' occupational health and safety which including personal protective equipment. The Group also providing a safe working environment by providing regular medical examinations, and conducting occupational disease prevention training. In 2019, the employees' health checkup rate and health file coverage rate both reached 100%. In 2019, the Group has not violated any laws and regulations related to health and safety that have a significant impact on the Group, and the Group has not experienced any employee death due to work.

Occupational health bulletin board for wind farms

Safety signs

Case:

In 2019, Datang Renewable Liaoning Branch held 53 safety training sessions with a total of 508 person-times. Extensive education are conducted on occupational health knowledge using lectures, promotion boards, and posted warning signs to promote occupational health and hygiene. The training involved with the following aspects:

1. The main content of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*;

2. Basic understanding of safe production, occupational hygiene operation and other related guidelines;

3. Personal risk prevention, disaster avoidance and self-help methods;

4. Use of occupational disease protection facilities and personal labor protection supplies and its maintenance;

5. Occupational disease prevention methods, etc.

5.3 Incentive Development

The Group attaches great importance to attracting excellent talents, retaining excellent talents, and promoting employees' development. It is committed to providing a development platform for all types of talents, adheres to "people-oriented", and formulates a series of talent attraction, retention, and training plans and programs to cultivate fertile ground for talents, to nourish the sustainable development of the Group.

In order to standardize the employee training process and improve the efficiency of employees' training, the Group has formulated the *China Datang Corporation Renewable Power Co., Limited Staff Education and Training Fund Management Measures and Implementation Plan of China Datang Corporation Renewable Power Co., Limited For Establishing "Three Ones" Training Mechanism*, to provide diversified training activities and broaden the channels of talent development.

During the reporting period, the employee training rate of the Group was 100%. The employee training hours are summarized as follows:

Average training hours by gender:

Male employees: 141.62 hours/person
Female employees: 43.46 hours/person

Average training hours by level:

Senior management: 57.67 hours/person
Head of Department: 48.67 hours/person
Other office staff: 52.47 hours/person
Ordinary staff and skilled staff: 76.98 hours/person

Case: "Teacher with Apprentice" Training

In order to give full play to the role of teacher and apprentice, Datang Renewable Liaoning Branch signed an apprenticeship agreement with all. The production department carried out teacher and apprenticeship activities, through the one-on-one training and supervision by the master, the apprentices' business and working abilities are expected to get improved as well as the masters' standards. This has greatly alleviates the shortage of production systems and the lack of working capabilities.

In addition, while focusing on the occupational health and safety of employees and career growth, the Group also provides various employee benefits, including caring for employees in difficult, organizing various corporate cultural activities, and distributing holiday benefits. In addition, in order to standardize the process of reimbursement for medical expenses of employees, the Group has formulated the *Administrative Measures for Medical Expenses of China Datang Corporation Renewable Power Co., Limited Headquarters*, which is applicable to employees and retirees of the Company's headquarters. For the employees in difficulties, the Group continuously innovates methods, adhering the idea of the "Happy Datang" of the Group Company, in 2019, in accordance with the actual situation, the Group issued the *Notice on Promoting the Construction of "Happy Datang"* in order to solve the practical difficulties and problems of employees and normalize work. The Group went deep into the grass-roots line, into teams and groups, and faced the employees, carefully listened to and grasped the wishes and voices of the grass-roots line workers and trade union cadres, and established a database of employee appeals. The problem bank implements dynamic management, carries out analysis and forms investigation reports, and truly solves the practical problems of employees in difficulties. In addition, in 2019, the Group launched a variety of cultural and sports activities, and established three cultural and sports associations for swimming, ball games and comprehensive fitness.


Provide employees' with holiday benefits


Organize dumpling making activities for employees


Organize various leisure activities to strengthen employees' communication and exchanges, and enhance corporate cohesion

Organize various leisure activities to strengthen employees' communication and exchanges, and enhance corporate cohesion

Provide cares to employees

6 HARMONIOUS OPERATION

Datang Renewable is charged with a high degree of social responsibility. While focusing on the development of the new energy business, the Group never forgets its original intention, adhering to a sincere heart and insisting on giving back to the communities and other areas where we operate in various ways. In 2019, we continued to fulfill our social responsibilities and looked forward to achieving shared development achievements between the Company and the society.

6.1 Community Contribution

The Group actively participates in social charity activities, devotes itself to social charity, and strives to create value in the communities where the Group operates. At the same time, the Group actively undertakes social responsibilities and encourages employees to actively participate and carry out social welfare activities. The Group's external donation-related matters strictly abide by the relevant laws and regulations such as the *People's Republic of China Public Welfare Donation Law and the Notice of the Ministry of Finance on Strengthening the Financial Management of Enterprises' External Donations* and the Group Company's *China Datang Corporation's External Donation Management Measures* and other relevant regulations to standardize the Group's community investment behavior, strictly control the types of donations to prevent from the loss of state-owned assets, and prevent and resolve operating risks.

Case 1:

Datang Renewable Heilongjiang Branch has formulated the *Datang Renewable Heilongjiang Branch External Donation Management Measures* in accordance with the above laws and regulations to further formulate the community donation types, scope and amount. A daily management mechanism is formulated to strictly control the donations amount through the formulation of a budget control to strengthen internal control and supervision.

Case 2:

In order to carry forward the Chinese nation traditional virtues of respecting, loving and supporting to the elderly. The youth volunteer team of the Datang are fulfilling the social responsibility to demonstrate the great love of the enterprise. In 2019, Datang Sanmenxia Wind Power Co., Ltd. organized the youth volunteers to pay a visit to Sanmenxia Social Welfare Institute to carry out the voluntary service activity called "hand in hand, caring for the elderly", which the purpose is to send care and warmth to the elderly people from Datang.

Pictures of "hand in hand, caring for the elderly" events

Case 3:

Datang Renewable Shanxi Branch held the 13th Enterprise Open Day of China Datang Corporation Limited with the theme called "Celebrating the 70th Birthday of China and Building a Beautiful China" at Limin Wind Farm in Shuozhou Datang Renewable Shuozhou Wind Power Co., Ltd. More than 100 participants including the Shuozhou City leaders, relevant government departments and media reporters were invited into the Limin Wind Farm to learn about the production process of wind energy, and experienced the fruitful achievements of both the Group and Datang Renewable Shanxi Branch in developing clean energy and fulfilling social responsibilities.

The Company Open Day

Case 4:

The National Safety Publicity and Consultation Day was held on June 6, 2019. Datang Renewable Inner Mongolia Branch walked into Wulanfu Memorial Park in Hohhot City to explain the electricity safety and first aid knowledge to the citizens.

Safety knowledge activity

6.2 Targeted Poverty Alleviation

The Group actively responded to the calls of the country and Group Company to organize in-depth poverty alleviation work. Datang Renewable's subsidiaries Datang Renewable Experimental Research Institute (hereinafter referred to as the "Research Institute") and Datang Renewable Technology Industrial Development Corporation (hereinafter referred to as the "Technology Company") have solidly promoted poverty alleviation, and have actively cooperated with Sijiazi Town, Aohan banner, Chifeng City, Inner Mongolia to start the targeted poverty alleviation work since 2017 with good results.

In 2019, the Research Institute and the Technology Company arranged employee representatives to Linjiadi Village, Sijiazi Town, Aohan Banner, Chifeng City to carry out poverty alleviation and kick off the activities called "fulfilling social responsibilities and caring about poverty alleviation". Staff representatives visited the poor villagers, visited the organic ecological millet trail field, and held discussions with the village-based poverty alleviation cadres, village committee cadres and villager representatives. During the event, the Research Institute, the Technology Company and the relevant government officials for poverty alleviation went to the poor rural households to carry out return visits. They inquired in details about the production and life of farmers, daily income and expenditure, family difficulties, etc. The promise are fulfilled through the intention of subscribing to the "small order for poverty alleviation" with purchasing 4080 catty of high-quality organic millet from poor households. The support has encouraged them to strengthen confidence with practical actions and be optimistic and strive to get rid of poverty and become rich as soon as possible. After 3 years of continuous assistance, the 12 poor designated households, which 7 households with 60 members have basically get rid of poverty.

In 2019, in order to better manage and coordinate the poverty alleviation, promote all departments and enterprises to better fulfill the task on poverty alleviation, the Group has established a leading group for poverty alleviation of the Company to ensure the work is carried out efficiently. The main responsibilities of the leading group are as follows:

1. Carry out the strategic deployment of the Party Central Committee, the State Council, the Party Committee of the State-owned Assets Supervision and Administration Commission of the State Council and the Group Company on poverty alleviation; study and review the major issues of the Group's poverty alleviation work;

2. Study and formulate the Group's work system to promote poverty alleviation;

3. Guide the enterprises under management to carry out poverty alleviation work, and strengthen the organization and leadership of poverty alleviation work such as project poverty alleviation and designated poverty alleviation.

7 HKEX ESG GUIDE CONTENTS INDEX

	Subject Areas, Aspects, General Disclosures and KPIs "Comply or explain" Provisions		Section
A. Environment Aspect A1: Emission	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.* *Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.* *Hazardous wastes are those defined by national regulations.*		4.2 Energy Saving and Emission Reduction
	KPI A1.1	The types of emissions and respective emissions data.	4.2 Energy Saving and Emission Reduction
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Energy Saving and Emission Reduction
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Energy Saving and Emission Reduction
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2 Energy Saving and Emission Reduction
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	4.2 Energy Saving and Emission Reduction 4.3 Environmental Protection
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	4.2 Energy Saving and Emission Reduction 4.3 Environmental Protection

	Subject Areas, Aspects, General Disclosures and KPIs "Comply or explain" Provisions		Section
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc*		4.2 Energy Saving and Emission
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.2 Energy Saving and Emission
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Energy Saving and Emission
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	4.1 Low-Carbon Development 4.2 Energy Saving and Emission
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	4.2 Energy Saving and Emission
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	The products and services provided by the Group do not involve the use of packaging materials
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		4.2 Energy Saving and Emission
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.2 Energy Saving and Emission

Subject Areas, Aspects, General Disclosures and KPIs	"Comply or explain" Provisions			Section
B. Social Employment and Labour Practices				
Aspect B1: Employment				5.1 Standard Employment
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	5.1 Standard Employment
Aspect B2: Health and Safety				3.3 Safe and Efficient Energy Supply
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.			5.2 Occupational Health
		KPI B2.1	Number and rate of work-related fatalities.	5.2 Occupational Health
		KPI B2.2	Lost days due to work injury.	5.2 Occupational Health

Subject Areas, Aspects, General Disclosures and KPIs "Comply or explain" Provisions				Section
Aspect B3: Development and Training	General Disclosure			5.3 Incentive Development
	Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities.	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3 Incentive Development
	Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	KPI B3.2	The average training hours completed per employee by gender and employee category.	5.3 Incentive Development
Aspect B4: Labour Standards	General Disclosure			5.1 Standard Employment
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	KPI B4.1	Describe measures to review recruitment practices to avoid child and forced labor	5.1 Standard Employment
Operating Practices				
Aspect B5: Supply Chain Management	General Disclosure			3.5 Sustainable Supply Chain Management
	Policies on managing environmental and social risks of the supply chain.	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	3.5 Sustainable Supply Chain Management

Subject Areas, Aspects, General Disclosures and KPIs				
	"Comply or explain" Provisions			Section
Aspect B6: Product Responsibility				3.4 Responsible Products
	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	3.4 Responsible Products
Aspect B7: Anti-corruption	General Disclosure			3.2 Anti-corruption
	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.2 Anti-corruption
		KPI B7.2	Describe preventive measures and reporting procedures, as well as related implementation and monitoring methods	3.2 Anti-corruption
Community				
Aspect B8: Community Investment	General Disclosure			6.1 Community Contribution
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	6.1 Community Contribution

I. EVENTS RELATING TO INVESTOR RELATIONS IN 2019

1. Investors' Routine Visits

During the reporting period, the Group always gave detailed answers to the queries raised by analysts in compliance with the information disclosure rules. 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 2019, it held 67 investor's conferences, which were attended by a total of 189 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 in-depth communication with important global investors.

3. Results Briefings

During the reporting period, the Group published its 2018 annual results and 2019 interim results in due course. From 29 March to 3 April 2019 , the management of the Company visited Hong Kong to hold a road show for 2018 annual results, organised 15 investor's conferences. In August 2019, the Group held a conference for 2019 interim results in Beijing by telephone meeting, and held 12 investor's conferences.

II. OUTLOOK FOR MANAGEMENT OF INVESTOR RELATIONS IN 2020

In 2020, 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 our work for information disclosure.

Profile of Directors, Supervisors and Senior Management

I. NON-EXECUTIVE DIRECTORS

Mr. Chen Feihu, born in July 1962, serves as chairman of the Board and non-executive Director of the Company. He has been the chairman of Datang Corporation since January 2019. He has served as the chairman of Datang Power since March 2019. He served as the general manager of Datang Corporation, a director, general manager of China Guodian Corporation and chairman of GD Power Development Co., Ltd. He served as the vice general manager 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 the Company and resigned as the general manager of the Company since March 2019. He has also been the chief legal advisor of 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, 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. Wu Zhiquan, born in June 1974, has served as a non-executive Director of the Company since May 2019 and was the dean and deputy secretary of the Party committee of China Datang Corporation Renewable Power Science and Technology Research Institute Co., Ltd. from December 2017 to May 2019. Mr. Wu Zhiquan began his career in July 1995, and had successively served as manager of the bidding division I of Beijing Guodian Engineering Bidding Co., Ltd.; secretary of the Party committee and deputy general manager of China National Water Resources & Electric Power Materials & Equipment Shanghai Co., Ltd. (formerly known as China National Water Resources & Electric Power Materials & Equipment Shanghai Corporation); manager of the bidding division II of Beijing Guodian Engineering Bidding Co., Ltd.; manager of the project development department of China National Water Resources & Electric Power Materials & Equipment Group Co., Ltd.; chief engineer of China Datang Corporation Science and Technology Research Institute Co., Ltd.; and deputy general manager of Datang Anhui Power Generation Co., Ltd. Mr. Wu Zhiquan graduated from North China Electric Power University majoring in thermal engineering, and obtained a doctorate in engineering. He is currently a senior engineer. Mr. Wu resigned as a non-executive Director of the Company on 12 November 2019.

Mr. Li Yi, born in February 1967, served as a non-executive Director of the Company from June 2018 to May 2019 and a non-executive Director of the Company since 12 November 2019 up to now, and has served as the dean of the China Datang Corporation Renewable Power Science and Technology Research Institute Co., Ltd. and the director of the new energy department of Datang Corporation since July 2019, a director of Guangxi Guiguan Electric Power Co., Ltd. (a company listed on the SSE, stock code: 600236) since January 2019, a director of Datang Huayin Electric Power Co., Ltd. (a company listed on the SSE, stock code: 600744) since July 2018 and a non-executive director of Datang Environment Industry Group Co., Ltd. (a company listed on the Hong Kong Stock Exchange, stock code: 1272) since June 2018. Mr. Li Yi started his career in August 1990, and had successively 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., the director of political work department of Datang Jilin Power Generation Company Limited, the general manager of Datang Jilin Ruifeng Renewable Power Company Limited, 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., the deputy director and the director of safety and production department of Datang Corporation, the deputy director of Beijing International Clean Energy Power Generation Training Center and the director of the new energy management department of Datang Corporation. Mr. Li Yi graduated from Jilin University majoring in national economics in June 2004 with a master's degree in economics. He is currently a senior engineer.

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. 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 general manager, the chief accountant and a member of the Party committee in Datang Jilin since January 2015.

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 manager 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 SSE, stock code: 600236) and Datang Huayin Electric Power Co., Ltd. (a company listed on the SSE, 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 from March 2016 to June 2019. 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 II 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 manager 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 general manager since he joined the Group in January 2007, and a Party committee member, vice general manager and chairman of the trade union of the Group since February 2015. Mr. Meng was the Party committee member and vice general manager 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 general manager 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).

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 general manager 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 general manager 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. Mr. Lo, served as an executive director and co-managing partner of South Asian Investment Management Company from 21 January 2002 to 2016 and currently serves as an executive director and the licensee of SPDB International Holdings Limited, an investment bank of Shanghai Pudong Development Bank. Trained as a Chartered Accountant in England & Wales, he also qualified as a Canadian Chartered Accountant and also the member of International Bar Association. Mr. Lo is now pursuing a doctorate in law in the University of California and is licensed as a Responsible Officer by the Securities & Futures Commission of Hong Kong for providing Type 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 SSE.

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

IV. SUPERVISORS

Mr. Liu Quancheng, born in October 1963, has been the chairman of the supervisory committee of the Group from May 2019 and has served as the supervisor of Datang International Power Generation Co., Ltd. (a company listed on the Stock Exchange (stock code: 0991), the SSE (stock code: 601991) and the London Stock Exchange (stock code: DAT)) ("Datang Power") and the director of Datang Huayin Electric Power Co., Ltd. (a company listed on the SSE, stock code: 600744) since June 2016, and has served as the director of the financial management department of Datang Corporation since December 2015. Mr. Liu Quancheng started his career since August 1983, and had served as the chief accountant of Xinxiang Coal-fired Plant; the chief accountant of Luoyang Shouyangshan Electricity Plant; the head of the supervision and audit department, the deputy chief accountant and the head of financial and asset management department, and the chief accountant of Henan Branch of Datang Corporation; the deputy head of financial management department of Datang Corporation; and the chief accountant and a member of the Party group of Datang Power. Mr. Liu Quancheng graduated from Zhongnan University of Economics and Law (formerly known as Zhongnan University of Economics) majoring in finance and accounting, and obtained a bachelor's degree. He then obtained a master's degree of philosophy from Huazhong University of Science and Technology, majoring in philosophy of scientific technology. He also obtained a degree of executive master of business administration from Xiamen University, majoring in business administration. He is currently a senior accountant.

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 Datang Corporation 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 Huo resigned as the chairman of the supervisory committee of the Company on 9 May 2019.

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 Cogeneration 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).

Ms. Bai Xuemei, born in February 1969, has joined the Group and served as an employee representative supervisor since 11 October 2019, and has served as the secretary of discipline inspection committee and the chairlady of the trade union of the Company since June 2019. Ms. Bai started working in July 1991 and served as the chief and the deputy chief of the Division of Remuneration and Insurance (Social Insurance Center) and the chief of the Division of Talents Development (Talents Assessment Center) of the Human Resources Department of Datang Corporation; the secretary of discipline inspection committee of the Company; and the secretary of discipline inspection committee and the chairlady of the trade union of China Datang Corporation Renewable Power Science and Technology Research Institute Co., Ltd. Ms. Bai graduated from Beijing Union University in 1991 with a bachelor of science degree in electrical automation. She completed off-the-job study majoring in human resources in Renmin University of China from September 1995 to June 1996. She is currently a senior engineer and senior economist.

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. Shang resigned as an employee representative Supervisor of the Company on 11 October 2019.

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 – II. EXECUTIVE DIRECTORS" 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 general manager 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 general manager 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. Chen resigned as a chief accountant of the Company on 25 July 2019.

Mr. Sun Yanwen, born in June 1969, has been the chief accountant of the Group since July 2019. He served as the chief accountant of Datang Jingjinji Energy Development Co., Ltd. (大唐京津冀能源開發有限公司) and a member of the Party committee and the chief accountant of Beijing-Tianjin-Hebei Branch Office of Datang International Power Generation Co., Ltd. from January 2018 to June 2019, a member of the Party committee and the chief accountant of Datang Jingjinji Energy Development Co., Ltd. from December 2017 to January 2018, a director of finance department of Datang International Power Generation Co., Ltd. from December 2013 to December 2017, and the deputy head of accounting and auditing division, the head of the funding and property rights division, and the head of the capital assets division of China Datang Corporation from December 2003 to December 2013. Mr. Sun graduated from Beijing Institute of Hydraulic and Electric Power Management in 1992, majoring in accounting in department of economics, with a bachelor's degree in economics.

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

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 general manager, 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 Development Department and the director of headquarters Office (Human Resources Department) of the Company since July 2019. He served as the director of Planning and Marketing Department of the Company from January 2012 to July 2019. Mr. Cui Jian served as the deputy director of the Capital Operation and Equity Management Department of the Company from February 2011 to January 2012. He served successively as project manager of the Renewable Energy Department, the deputy director of the Planning and Developing Department and deputy director of the Marketing and Sales Department of China Datang Technologies & Engineering Co., Ltd. from April 2007 to February 2011, during which, he was temporarily transferred to the Company to assist on the Company's listing process of H shares on the Main Board of the 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 2019, the Group had 3,070 employees in total, including 1,063 employees aged under 30 (inclusive), representing approximately 34.63% of the total number of employees; 1,106 employees aged from 31 to 40, representing 36.03% of the total number of employees; 547 employees aged from 41 to 50, representing 17.82% of the total number of employees; and 354 employees aged above 51 (inclusive), representing approximately 11.53% 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

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

In 2019, the Group provided training programmes on business management, professional techniques and production skills, with 100% employees attending the trainings. Average hours of training per employee by gender for male and female are 141.62 hours/person and 43.46 hours/person, respectively. Average hours of training per employee by ranking for senior management, heads of department, other office staff and general and technical workers are 57.67 hours/person, 48.67 hours/person, 52.47 hours/person and 76.98 hours/person, respectively.

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.

Independent Auditor's Report

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 144 to 285, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with 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	
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 province; and (ii) the suspension of certain wind farms and energy management projects under development or construction. As a result, the Group performed impairment tests for the relevant cash-generating units ("CGUs") for which impairment indicators were identified. The carrying amount of the property, plant and equipment under the relevant CGUs as of 31 December 2019 was material to the consolidated financial statements. The assessment of their value-in-use and fair value less costs of disposal 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 are included in Notes 2.15, 3, and 12 to the consolidated financial statements.	We performed audit procedures on the key assumptions and methodologies used by management. We evaluated the forecasted cash flows made by management with reference to the long-term strategic plans that were approved by management and assessed the key assumptions adopted, such as the production capacity and operating costs by comparing historical information and adjustment factors, and electricity prices by checking to the approval from the National Development and Reform Commission on the on-grid price of the wind power industry in the region. Our assessment was also based on our understanding of the current market conditions and the latest government policy. We assessed the recoverable amounts of certain property, plant and equipment based on fair values less costs of disposal. We involved our internal valuation specialists to assist in 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 the 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 on the long-aged receivables was assessed by considering the individual debtors. The balance of these long-aged receivables as of 31 December 2019 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 for these receivables, the 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 for the long-aged receivables are included in Notes 2.16, 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 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)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (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
30 March 2020

Consolidated Statement Of Profit Or Loss

Year ended 31 December 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
Revenue	4	8,324,779	8,319,406
Other income and other gains, net	5	365,548	269,600
Depreciation and amortisation charges	6	(3,565,636)	(3,397,233)
Employee benefit expenses	6	(703,125)	(567,216)
Material costs		(57,857)	(54,814)
Repairs and maintenance expenses		(252,823)	(244,137)
Service concession construction costs		–	(8,997)
Other operating expenses		(584,377)	(531,451)
Operating profit		3,526,509	3,785,158
Finance income	7	41,233	34,602
Finance expenses	7	(2,186,914)	(2,146,961)
Finance expenses, net	7	(2,145,681)	(2,112,359)
Share of profits and losses of associates and joint ventures	15	59,046	56,099
Profit before tax		1,439,874	1,728,898
Income tax expenses	8	(295,882)	(302,513)
Profit for the year		1,143,992	1,426,385
Attributable to:			
Owners of the parent		936,437	1,209,279
Non-controlling interests		207,555	217,106
		1,143,992	1,426,385
Basic and diluted earnings per share attributable to ordinary equity holders of the parent *(expressed in RMB per share)*	9	0.1128	0.1503

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019
(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
Profit for the year		1,143,992	1,426,385
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		235	(1,037)
Share of other comprehensive income of joint ventures		208	462
Net other comprehensive income that may be reclassified to profit or loss in the subsequent periods		443	(575)
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	100,961	(63,668)
Income tax effect		–	–
Net other comprehensive income that will not be reclassified to profit or loss in the subsequent periods		100,961	(63,668)
Other comprehensive income for the year, net of tax		101,404	(64,243)
Total comprehensive income for the year		1,245,396	1,362,142
Attributable to:			
Owners of the parent		1,038,507	1,144,973
Non-controlling interests		206,889	217,169
		1,245,396	1,362,142

Consolidated Statement of Financial Position

31 December 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	12	59,055,130	56,429,521
Investment properties		20,259	16,748
Intangible assets	13	361,650	564,302
Right-of-use assets	14(b)	1,730,167	–
Land use rights	14(a)	–	634,372
Investments in associates and joint ventures	15	833,173	801,813
Equity investments designated at fair value through other comprehensive income	16	413,010	312,049
Financial assets at fair value through profit or loss		14,368	15,311
Deferred tax assets	17	12,391	15,859
Prepayments, other receivables and other assets	18	2,782,491	2,825,860
Total non-current assets		65,222,639	61,615,835
Current assets			
Inventories	19	193,731	167,573
Trade and bills receivables	20	9,545,652	7,472,540
Prepayments, other receivables and other assets	18	1,500,221	1,486,487
Restricted cash	21	44,041	41,377
Cash and cash equivalents	21	3,517,159	3,632,830
Total current assets		14,800,804	12,800,807
Total assets		80,023,443	74,416,642
LIABILITIES			
Current liabilities			
Trade and bills payables	22	366,641	364,417
Other payables and accruals	23	5,833,280	5,877,847
Interest-bearing bank and other borrowings	24(b)	20,131,024	14,626,860
Current income tax liabilities		126,172	100,105
Total current liabilities		26,457,117	20,969,229
Net current liabilities		(11,656,313)	(8,168,422)

31 December 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
Non-current liabilities			
Interest-bearing bank and other borrowings	24(a)	36,649,523	35,780,675
Deferred tax liabilities	17	18,427	19,907
Other payables and accruals	23	2,397,526	2,365,465
Total non-current liabilities		39,065,476	38,166,047
Total liabilities		65,522,593	59,135,276
Net assets		14,500,850	15,281,366
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
Retained profits		2,951,129	2,339,910
Other reserves	27	(1,237,002)	(1,382,141)
		11,068,797	12,291,764
Non-controlling interests		3,432,053	2,989,602
Total equity		14,500,850	15,281,366

Liu Guangming	Sun Yanwen
Director	*Chief Financial Officer*

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

(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 2019	7,273,701	2,080,969	1,979,325	2,339,910	(1,382,141)	12,291,764	2,989,602	15,281,366
Profit for the year	–	–	–	936,437	–	936,437	207,555	1,143,992
Other comprehensive income for the year:								
Share of other comprehensive income of joint ventures	–	–	–	–	208	208	–	208
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	101,656	101,656	(695)	100,961
Exchange differences on translation of foreign operations	–	–	–	–	206	206	29	235
Total comprehensive income for the year	–	–	–	936,437	102,070	1,038,507	206,889	1,245,396
Capital contributions	–	–	–	–	–	–	359,861	359,861
Repayment of principal of perpetual notes	–	–	(1,979,325)	–	(20,675)	(2,000,000)	–	(2,000,000)
Final 2018 dividend declared *(Note 10)*	–	–	–	(145,474)	–	(145,474)	–	(145,474)
Appropriation to perpetual notes payable *(Note 26)*	–	–	–	(116,000)	–	(116,000)	–	(116,000)
Transfer from retained profits	–	–	–	(63,744)	63,744	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(124,299)	(124,299)
At 31 December 2019	7,273,701	2,080,969	–	2,951,129	(1,237,002)	11,068,797	3,432,053	14,500,850

(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 designated 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	–	–	–	–	–	–	(10,636)	(10,636)
Reduction of non-controlling interests resulting from cancellation of subsidiaries	–	–	–	–	–	–	(18,237)	(18,237)
Final 2017 dividend declared	–	–	–	(130,927)	–	(130,927)	–	(130,927)
Appropriation to perpetual notes payable	–	–	–	(116,000)	–	(116,000)	–	(116,000)
Transfer from retained profits	–	–	–	(48,351)	48,351	–	–	–
Others	–	–	–	(431)	–	(431)	(287)	(718)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(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

Consolidated Statement of Cash Flows

Year ended 31 December 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
Cash flows from operating activities			
Profit before tax		1,439,874	1,728,898
Adjustments for:			
Depreciation of property, plant and equipment	6	3,475,601	3,344,156
Amortisation of deferred income and deferred loss	6	(14,394)	(13,024)
Depreciation of right-of-use assets (2018: amortisation of land use rights)	6	55,772	14,662
Amortisation of intangible assets, long-term prepaid expenses and depreciation of investment properties	6	48,657	51,439
(Gains)/losses on disposal of property, plant and equipment	5	(380)	79,454
Impairment of receivables	6	29,027	–
Impairment of intangible assets	6	–	71,684
Impairment of property, plant and equipment	6	98,790	35,668
Foreign exchange loss, net		3,816	7,667
Interest income		(2,180)	(31,557)
Interest expenses	7	2,182,989	2,139,370
Loss on disposal of a subsidiary	5	–	330
Share of profits and losses of associates and joint ventures	15	(59,046)	(56,099)
Gains on acquisition of a subsidiary	5	(19,001)	–
Gains on restructuring of debt	5	(5,435)	–
Fair value losses/(gains) on financial assets at fair value through profit or loss	5	943	(6,411)
Others, net		(48,571)	(8,214)
Changes in working capital:			
Increase in inventories		(20,723)	(29,649)
Increase in trade and bills receivables		(2,036,816)	(2,432,473)
Decrease in prepayments, other receivables and other assets		34,792	315,521
Increase in restricted cash		(2,664)	(25,966)
Increase in trade and bills payables		98,431	60,321
Increase in other payables and accruals		341,272	320,403
Cash generated from operations		5,600,754	5,566,180
Interest received		39,055	24,073
Income tax paid		(265,279)	(284,364)
Net cash flows from operating activities		5,374,530	5,305,889

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
Cash flows from investing activities			
Purchase of property, plant and equipment, land use rights and intangible assets		(6,349,063)	(5,146,339)
Proceeds from disposal of property, plant and equipment		1,555	20,248
Proceeds from repayments of loans and interest earned from related parties		–	7,484
Investments in associates and joint ventures	15	–	(6,267)
Acquisition of a subsidiary	33	(79,542)	–
Dividends received from equity investments at fair value through other comprehensive income	5	9,452	5,093
Interest received from entrusted loans		–	76
Receipt of government grants for property, plant and equipment		–	135
Disposal of a subsidiary		–	(1)
Payments to non-controlling interests resulting from cancellation of subsidiaries		–	(18,237)
Decrease in time deposits		–	40,000
Dividends received from associates		6,689	18,000
Net cash flows used in investing activities		(6,410,909)	(5,079,808)
Cash flows from financing activities			
Proceeds from issuance of corporate bonds and short-term bonds, net of issuance costs		9,193,160	10,498,849
Capital contributions from non-controlling interests		359,861	13,700
Proceeds from borrowings		9,826,755	12,111,145
Repayments of borrowings		(8,607,244)	(14,019,186)
Repayments of corporate bonds and short-term bonds		(11,000,000)	(9,000,000)
Loans from related parties		17,636,078	12,509,879
Repayments of loans from related parties		(11,931,476)	(7,522,607)
Interests paid to perpetual notes holders		(116,000)	(116,000)
Dividends paid		(145,474)	(130,927)
Dividends paid to non-controlling interests		(38,676)	(71,023)
Interest paid		(2,215,920)	(2,120,556)
Repayments of working capital provided by related parties		(16,000)	(16,000)
Repayment of perpetual notes		(2,000,000)	–
Principal portion of lease payments	34(b)	(24,460)	–
Cash received relating to other financing activities		–	44,911
Net cash flows from financing activities		920,604	2,182,185

Consolidated Statement of Cash Flows (Continued)

Year ended 31 December 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Notes	2019	2018
Net (decrease)/increase in cash and cash equivalents		(115,775)	2,408,266
Cash and cash equivalents at beginning of year		3,632,830	1,223,920
Effect of foreign exchange rate changes, net		104	644
Cash and cash equivalents at end of year		3,517,159	3,632,830
Analysis of balances of cash and cash equivalents:			
Cash and bank balances	21	3,517,159	3,632,830
Cash and cash equivalents as stated in the consolidated statement of cash flows		3,517,159	3,632,830

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 Corporation Ltd. (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 2019, 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 the 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 that certain bills receivable, equity investments designated 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 2019, the Group's current liabilities exceeded its current assets by approximately RMB11,656.3 million (31 December 2018: RMB8,168.4 million). The Group meets its day to day working capital requirements from cash generated from its operating activities and available financing facilities from banks and other financial institutions. 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 2020;

- As at 31 December 2019, the unutilised banking facilities were approximately RMB14,900.0 million (Note 30.1(c)). 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. As at 31 December 2019, the approved but not issued corporate bonds of RMB6,800.0 million, and the approved but not issued ultra short-term financing bonds of RMB6,000.0 million, of which RMB10,800.0 million are not subject to renewal during the next 12 months from the end of the reporting period.

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 2019. 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 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 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRSs 2015–2017 Cycle – Amendments to IFRS 11, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any significant impact on leases where the Group is the lessor.

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

2.2 Changes in accounting policies and disclosures (Continued)

IFRS 16 Leases (Continued)

The Group adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of buildings, plant and equipment and others. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

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

2.2 Changes in accounting policies and disclosures (Continued)

IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank borrowings and other loans. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under lease prepayments of RMB634 million.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties, the Group has continued to include them as investment properties at 1 January 2019. 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.

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

2.2 Changes in accounting policies and disclosures (Continued)

IFRS 16 Leases (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

Impacts on transaction (Continued)

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- Relying on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., obligations under finance leases) measured under IAS 17.

(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 16 Leases (Continued)

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase/ (decrease)
Assets	
Increase in right-of-use assets	866,269
Decrease in land use rights	(634,372)
Decrease in prepayments, other receivables and other assets	(26,974)
Increase in total assets	204,923
Liabilities	
Increase in interest-bearing bank and other borrowings	221,203
Decrease in other payables and accruals	(15,988)
Decrease in trade and bills payables	(292)
Increase in total liabilities	204,923
Decrease in retained earnings	–

(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 16 Leases (Continued)

Financial impact at 1 January 2019 (Continued)

The operating lease commitments as at 31 December 2018 reconciled to lease liabilities as at 1 January 2019 were as follows:

Operating lease commitments as at 31 December 2018	46,572
Weighted average incremental borrowing rate as at 1 January 2019	4.58%
Discounted operating lease commitments as at 1 January 2019	41,700
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	1,404
Add: Payments for optional extension periods not recognised as at 31 December 2018	180,907
Lease liabilities as at 1 January 2019	221,203

Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

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

2.2 Changes in accounting policies and disclosures (Continued)

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. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

Annual Improvements to IFRSs 2015–2017 Cycle

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. The amendments did not have any impact on the Group's consolidated financial statements.

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 dividends. The amendments did not have any impact on the Group's consolidated financial statements.

IAS 23 *Borrowing Costs:* Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments did not have any impact on the financial position or performance of the Group.

(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*[1]
Amendments to IFRS 9, IAS 39 and IFRS 17	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]
Amendments to IAS 1	*Classification of liabilities as Current or Non-current*[3]

1 Effective for annual periods beginning on or after 1 January 2020

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

3 Effective for annual periods beginning on or after 1 January 2022

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 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 the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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

Amendments to IAS 1 clarify the criteria for determining whether to classify a liability as current or non-current. The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists and clarify the situations that are considered settlement of a liability. The Group expects to adopt the amendments retrospectively from 1 January 2022 in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. 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)

2.4 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 the 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.

2.8 Fair value measurement

The Group measures its certain trade and bills receivables, equity investments designed at fair value through other comprehensive income, financial assets at fair value through profit or loss at fair value at the end of each reporting period.

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

2.8 Fair value measurement (Continued)

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 property held as a right-of-use asset (2018: leasehold property under an operating lease)) 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 Leases (applicable from 1 January 2019)

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

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

2.13 Leases (applicable from 1 January 2019) (Continued)

Group as a lessee

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

At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

(a) Right-of-use assets

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

Leasehold land/ocean	10–50 years
Buildings	2–20 years
Plant and equipment	4–20 years

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

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

2.13 Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

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

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

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

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

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

2.13 Leases (applicable from 1 January 2019) (Continued)

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease.

2.14 Leases (applicable before 1 January 2019)

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.

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

2.14 Leases (applicable before 1 January 2019) (Continued)

The Group leases certain property, plant and equipment. 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 property, plant and equipment 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.

2.15 Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, 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.

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

2.15 Impairment of non-financial assets (Continued)

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.

2.16 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" below.

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

2.16 Financial assets (Continued)

(a) Classification (Continued)

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

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

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

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

2.16 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)

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)

2.16 Financial assets (Continued)

(a) Classification (Continued)

Subsequent measurement (Continued)

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

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

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

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

(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)

2.16 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

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.

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

2.16 Financial assets (Continued)

(c) Impairment of financial assets (Continued)

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).

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)

2.17 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:

Financial liabilities at amortised cost (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)

2.18 Offsetting of 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.

2.19 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.

2.20 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.

2.21 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)

2.22 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.

2.23 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)

2.24 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)

2.24 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)

2.24 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.

2.25 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)

2.26 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.

2.27 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.

2.28 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)

2.29 Revenue recognition

Revenue from contracts with customers

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

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

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

(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.

(b) Rendering of other services

The Group provides certain 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.

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

2.29 Revenue recognition (Continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

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.

2.30 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.

2.31 Contract liability

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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.

(c) Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of buildings and machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on production if a replacement is not readily available.

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

The Group performs impairment test on property, plant and equipment and concession assets whenever any impairment indication exists. In accordance with Note 2.15 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 the Gansu province; and the suspension of certain wind and energy management projects under development or construction. 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 a 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 2019, the Group reviews its CDM assets and other long-aged receivables amounting to RMB175.4 million in aggregate to assess impairment. The Group makes judgements and assumptions in determining the allowance for ECLs on 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

Some of the unlisted equity investments have been valued based on a market-based valuation technique as detailed in Note 29 to the financial statements or assessed by third party through evaluating the discounted cash flow. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2019 was RMB53.1 million (2018: RMB56.9 million). Further details are included in Note 16 to the financial statements.

(g) Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

(Amounts expressed in thousands of RMB unless otherwise stated)

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 2019 and 2018. 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 2019, substantially all (2018: substantially all) of the Group's revenue was derived from external customers in the PRC.

At 31 December 2019, substantially all (2018: substantially all) of the non-current assets were located in the PRC.

For the year ended 31 December 2019, all (2018: all) revenue from the sales of electricity was charged to the provincial power grid companies in which the Group 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:

	2019	2018
Revenue from contracts with customers	**8,311,977**	8,315,328
Revenue from other sources		
Gross rental income from investment property leases:		
Other lease payments, including fixed payments	**12,802**	4,078
	8,324,779	8,319,406

(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 2019

Segment	Wind power	Total
Type of goods or services		
Sales of electricity	8,251,394	8,251,394
Other services	60,583	60,583
Total revenue from contracts with customers	8,311,977	8,311,977
Timing of revenue recognition		
Goods transferred at a point in time	8,251,394	8,251,394
Services transferred over time	60,583	60,583
Total revenue from contracts with customers	8,311,977	8,311,977

For the year ended 31 December 2018

Segment	Wind power	Total
Type of goods or services		
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

(Amounts expressed in thousands of RMB unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Revenue (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

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

For the year ended 31 December 2019

Segment	Wind power	Total
Revenue from contracts with customers		
External customers	8,311,977	8,311,977
Intersegment sales	–	–
	8,311,977	8,311,977
Intersegment adjustments and eliminations	–	–
Total revenue from contracts with customers	8,311,977	8,311,977

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:

	2019	2018
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Other services	429	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 a point in time and revenue continues to be recognised upon transmission to the customers.

Rendering of other services

The Group provides 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.

(Amounts expressed in thousands of RMB unless otherwise stated)

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 amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 were as follows:

	2019	2018
Within one year	1,057	259
After one year	2,000	3,056
	3,057	3,315

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised after one year related to construction and maintaining services, of which the performance obligations are to be satisfied within two to fifteen years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

(Amounts expressed in thousands of RMB unless otherwise stated)

5. OTHER INCOME AND OTHER GAINS, NET

	2019	2018
Government grants	334,473	355,269
Dividend from equity investments at fair value through other comprehensive income	9,452	5,093
Fair value (losses)/gains on financial assets at fair value through profit or loss	(943)	6,411
Loss on disposal of a subsidiary	–	(330)
Compensation from wind turbine suppliers *(Note)*	13,206	9,809
Gains/(losses) on disposal of property, plant and equipment	380	(79,454)
Compensation, liquidated damages and fines	(6,205)	(17,628)
Gain on acquisition of a subsidiary *(Note 33)*	19,001	–
Gain on a previously held equity interest remeasured at acquisition date's fair value *(Note 33)*	58	–
Gains on restructuring of debt	5,435	–
Others	(9,309)	(9,570)
	365,548	269,600

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):

	2019	2018
Employee benefit expenses (including directors' and supervisors' remuneration *(Note 11)*)		
– salaries and staff welfares	566,380	457,016
– retirement benefits – defined contribution plans *(Note (i))*	92,052	77,020
– staff housing benefits *(Note (ii))*	38,275	29,829
– other staff costs	77,078	63,639
	773,785	627,504
Less: Employee benefit expenses capitalised in property, plant and equipment and intangible assets	(70,660)	(60,288)
	703,125	567,216
Depreciation of property, plant and equipment *(Note 12)*	3,475,601	3,344,156
Amortisation of deferred income and deferred loss	(14,394)	(13,024)
Amortisation of intangible assets *(Note 13)*	21,591	21,038
Amortisation of long-term prepaid expenses and depreciation of investment property	27,066	30,401
Depreciation of right-of-use assets (2018: amortisation of land use rights) *(Note 14)*	55,772	14,662
Research and development costs	1,531	989
Auditors' remuneration		
– audit and audit related services	8,000	7,550
– non-audit services	450	550
Foreign exchange differences, net *(Note 7)*	3,925	7,591
Impairment of receivables *(Note 18, 20)*	29,027	–
Impairment of intangible assets *(Note 13)*	–	71,684
Impairment of property, plant and equipment *(Note 12)*	98,790	35,668
Lease payments not included in the measurement of lease liabilities (2018: Operating lease expenses) *(Note 14)*	16,586	37,251
Government grants *(Note 5)*	(334,473)	(355,269)
Gain/(loss) on disposal of property, plant and equipment *(Note 5)*	(380)	79,454
Gain on acquisition of a subsidiary *(Note 33)*	(19,001)	–
Gain on a previously held equity interest remeasured at acquisition date's fair value *(Note 33)*	(58)	–
Loss on disposal of a subsidiary *(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% (2018: 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 of 5% (2018: 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% (2018: 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:

	2019	2018
Finance income		
Interest income on deposits with banks and other financial institutions	13,278	9,633
Interest income on deposits with a related party	25,775	21,924
Interest income from finance lease receivables	2,180	3,045
	41,233	34,602
Finance expenses		
Interest expenses	(2,402,123)	(2,388,142)
Interest on lease liabilities	(11,377)	–
Less: interest expenses capitalised in property, plant and equipment and intangible assets	230,511	248,772
	(2,182,989)	(2,139,370)
Foreign exchange loss, net	(3,925)	(7,591)
	(2,186,914)	(2,146,961)
Finance expenses, net	(2,145,681)	(2,112,359)
Interest capitalisation rate	4.37% to 5.39%	4.41% to 5.35%

(Amounts expressed in thousands of RMB unless otherwise stated)

8. INCOME TAX EXPENSES

	2019	2018
Current tax		
PRC enterprise income tax	284,050	292,870
Under provision in prior years	10,755	3,491
	294,805	296,361
Deferred tax		
Recognition of temporary differences	1,077	6,152
Income tax expenses	295,882	302,513

For the year ended 31 December 2019, except for certain subsidiaries established in the PRC which were exempted from tax or entitled to preferential rates ranging from 7.5% to 15% (2018: 7.5% to 15%), all other subsidiaries established in the PRC were subject to income tax at a rate of 25% (2018: 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 EXPENSES (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 a statutory tax rate of 25%.

For the year ended 31 December 2019, the joint ventures and associates were subject to an income tax rate of 25% (2018: 25%), and the share of income tax attributable to joint ventures and associates of nil (2018: Nil) and RMB16.0 million (2018: RMB15.0 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:

	2019	2018
Profit before tax	1,439,874	1,728,898
Taxation calculated at the statutory tax rate	359,969	432,225
Income tax effects of:		
– Preferential income tax treatments	(225,874)	(254,539)
– Income not subject to tax	(15,865)	(14,025)
– Expenses not deductible for tax	2,438	6,004
– Tax losses and temporary differences for which no deferred income tax asset was recognised	178,372	138,268
– Utilisation of previously unrecognised tax losses and temporary differences	(13,913)	(8,911)
– Underprovision for prior years	10,755	3,491
	295,882	302,513
Weighted average effective income tax rate	20.5%	17.5%

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% to 50% or no tax exemption. In addition, due to the increase in tax losses and temporary differences for which no deferred income tax asset was recognised, it reduced total profits without reducing income tax expenses.

(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.

	2019	2018
Earnings		
Profit attributable to ordinary equity holders of the parent *(RMB'000)*	936,437	1,209,279
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)*	820,437	1,093,279
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)*	0.1128	0.1503

(b) Diluted earnings per share

The diluted earnings per share amounts for the years ended 31 December 2019 and 2018 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

	2019	2018
Proposed final dividend– RMB0.03 (before tax) (2018: RMB0.02 (before tax)) per ordinary share	218,211	145,474

The dividend paid by the Company in 2019 was RMB145.5 million (2018: RMB130.9 million).

A final dividend in respect of the year ended 31 December 2019 of RMB0.03 (before tax) per ordinary share, amounting to a total final dividend of RMB218.2 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:

	2019	2018
Fees	600	600
Other emoluments:		
Salaries, allowances and benefits in kind	642	494
Discretionary bonuses	637	918
Pension scheme contributions	99	122
	1,387	1,534
	1,978	2,134

(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 2019

	Notes	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Pension scheme contributions	Total
Executive directors						
– Mr. Liu Guangming (劉光明)*	(i)	–	–	–	–	–
– Mr. Meng Lingbin (孟令賓)		–	334	355	50	739
– Mr. Hu Shengmu (胡繩木)*	(ii)	–	–	–	–	–
Non-executive directors						
– Mr. Chen Feihu (陳飛虎)*		–	–	–	–	–
– Mr. Liu Guangming (劉光明)*	(i)	–	–	–	–	–
– Mr. Hu Shengmu (胡繩木)*	(ii)	–	–	–	–	–
– Mr. Li Yi (李奕)*	(iii)	–	–	–	–	–
– Mr. Wu Zhiquan (吳智泉) *	(iv)	–	–	–	–	–
– 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						
– Ms. Huo Yuxia (霍雨霞)*	(v)	–	–	–	–	–
– Mr. Liu Quancheng(劉全成) *	(vi)	–	–	–	–	–
– Ms. Dingyu (丁宇)*		–	–	–	–	–
– Mr. Shang Yuansheng (商遠生)	(vii)	–	253	282	42	577
– Ms. Bai Xuemei(白雪梅)	(viii)	–	55	–	7	62
		600	642	637	99	1,978

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

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

Notes:

(i) Mr. Liu Guangming has resigned as a non-executive director of the Company with effect from 1 March 2019 and has been appointed as an executive director of the Company with effect from 1 March 2019.

(ii) Mr. Hu Shengmu has resigned as an executive director of the Company with effect from 1 March 2019 and has been appointed as a non-executive director of the Company with effect from 1 March 2019.

(iii) Mr. Li Yi has resigned as a non-executive director of the Company with effect from 9 May 2019; Mr. Li Yi has been appointed as a non-executive director of the Company with effect from 12 November 2019.

(iv) Mr. Wu Zhiquan has been appointed as a non-executive director of the Company with effect from 9 May 2019; Mr. Wu Zhiquan has resigned as a non-executive director of the Company with effect from 12 November 2019.

(v) Ms. Huo Yuxia has resigned as a supervisor and the chairman of the board of supervisors of the Company with effect from 9 May 2019.

(vi) Mr. Liu Quancheng has been appointed as a supervisor and the chairman of the board of supervisors of the Company with effect from 9 May 2019.

(vii) Mr. Shang Yuansheng has resigned as the employee representative supervisor of the Company, with effect from 11 October 2019.

(viii) Ms. Bai Xuemei has been appointed as the employee representative supervisor of the Company, with effect from 11 October 2019.

(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 2018

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

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 2019, 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 (2018: Nil); and no director or supervisor waived or agreed to waive any emoluments (2018: 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 2019 and 2018 is set forth below:

	2019	2018
Directors or supervisors	1	2
Non-director or non-supervisor employees	4	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:

	2019	2018
Salaries and other emoluments	751	326
Discretionary bonuses	1,128	1,108
Retirement benefits – defined contribution plans	123	55
	2,002	1,489

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

	Number of individuals	
	2019	2018
Nil to Hong Kong dollars ("HKD") 1,000,000	5	5

During the year ended 31 December 2019, 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 (2018: 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 2019					
Opening net carrying amount	3,064,699	47,160,913	135,350	6,068,559	56,429,521
Additions	–	7,435	13,047	5,746,100	5,766,582
Transfer and reclassification	73,814	3,376,461	8,032	(3,349,316)	108,991
Acquisition of a subsidiary	32,259	299,704	530	–	332,493
Other disposals	(209)	(386)	(380)	–	(975)
Depreciation	(174,384)	(3,284,429)	(23,879)	–	(3,482,692)
Impairment during the year	–	–	–	(98,790)	(98,790)
Closing net carrying amount	2,996,179	47,559,698	132,700	8,366,553	59,055,130
As at 31 December 2019					
Cost	4,006,633	70,754,276	443,550	8,501,011	83,705,470
Accumulated depreciation	(1,010,454)	(23,194,578)	(310,850)	–	(24,515,882)
Accumulated impairment	–	–	–	(134,458)	(134,458)
Net carrying amount	2,996,179	47,559,698	132,700	8,366,553	59,055,130
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

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 2019, depreciation expense is analysed as follows:

	2019	2018
Depreciation expense recognised in profit or loss *(Note 6)*	3,475,601	3,344,156
Capitalisation as construction in progress	7,091	4,680
	3,482,692	3,348,836

At 31 December 2019, 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 2019, certain construction in progress was considered impaired 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 RMB98.8 million (2018: RMB35.7 million) was recognised in profit or loss in "Other operating expenses".

For the year ended 31 December 2019, no impairment losses were provided for other property, plant and equipment of the Group (2018: 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 flow 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 10.77% (2018: 10.77%) 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 2019					
Opening net carrying amount	58,055	451,878	49,798	4,571	564,302
Additions	–	–	7,764	2,063	9,827
Transferred from CIP	–	–	3,293	–	3,293
Transferred to property, plant and equipment *(Note(iv))*	–	(186,856)	–	–	(186,856)
Transferred to prepayments, other receivables and other assets *(Note(iv))*	–	(7,121)	–	–	(7,121)
Other disposals	–	–	(204)	–	(204)
Amortisation charges	–	(15,282)	(6,309)	–	(21,591)
Closing net carrying amount	58,055	242,619	54,342	6,634	361,650
As at 31 December 2019					
Cost	58,055	640,343	104,557	6,634	809,589
Accumulated amortisation	–	(167,437)	(50,215)	–	(217,652)
Impairment	–	(230,287)	–	–	(230,287)
Net carrying amount	58,055	242,619	54,342	6,634	361,650
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	–	(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	–	(230,287)	–	–	(230,287)
Net carrying amount	58,055	451,878	49,798	4,571	564,302

Notes:

(i) Concession assets represent the rights the Group obtained for the usage of the concessions in relation to wind/solar power plants for the generation of electricity (Note 2.12(a)). The Group recognised the intangible assets at the fair value of the concession construction service. The concession assets are amortised over the original contracted operating period of the relevant service concession projects of 25 years.

13. INTANGIBLE ASSETS (CONTINUED)

Notes: (Continued)

(ii) At 31 December 2019, 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 CGUs that are determined by different operating entities. The Group completed its annual impairment test for goodwill allocated to the respective CGUs 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 flow 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 10.77% (2018: 10.77%). 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 2019 (2018: Nil).

(iv) In September 2017, a wind farm of Datang Hubei Renewable Power Co., Ltd. ("Hubei Renewable"), a subsidiary of the Company, named as the Longganhu Phase I project, ceased electricity generation in order to cooperate with the protection of the Longganhu Nature Protection Zone by Hubei Province Huanggang City. Management had made an accumulated impairment provision for its concession assets of RMB230.3 million as at 31 December 2018. Management reassessed the recoverable amounts of those assets based on fair values less costs of disposal at 31 December 2019, and no additional impairment need to be recognised. The management also formed an utilisation plan for the above concession assets in 2019. According to the plan, some assets in the amount of RMB186.9 million which will be used for other wind farms were transferred to property, plant and equipment; the other assets amounted of RMB7.1 million which will be returned to the suppler were transferred to prepayments, other receivables and other assets.

(Amounts expressed in thousands of RMB unless otherwise stated)

13. INTANGIBLE ASSETS (CONTINUED)

For the year ended 31 December 2019, the amortisation expense is analysed as follows:

	2019	2018
Amortisation charges recognised in profit or loss *(Note 6)*	21,591	21,038
Capitalisation as construction in progress	–	–
	21,591	21,038

At 31 December 2019 and 2018, certain concession assets were pledged as security for long-term bank loans and other loans of the Group (Note 24(c)).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and equipment, buildings, and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 10 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and equipment generally have lease terms between 4 and 20 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(Amounts expressed in thousands of RMB unless otherwise stated)

14. LEASES (CONTINUED)

The Group as a lessee (Continued)

(a) Land use rights (before 1 January 2019)

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
At 1 January	543,625
Additions	24,109
Reclassification	52,348
Transferred from CIP	29,644
Other disposal	(692)
Amortisation charges *(Note 6)*	(14,662)
At 31 December	634,372

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year were as follows:

	Buildings	Plant and equipment	Land use rights	Others *(Note i)*	Total
As at 31 December 2018	–	–	–	–	–
Effect of adoption of IFRS 16	147,668	–	634,372	84,229	866,269
As at 1 January 2019	147,668	–	634,372	84,229	866,269
Additions	3,622	982,793	32,428	–	1,018,843
Additions as a result of acquisition of a subsidiary	2,616	–	–	–	2,616
Other changes *(Notes ii)*	(66,589)	–	–	(35,200)	(101,789)
Depreciation charge *(Note 6)*	(8,018)	(22,664)	(20,455)	(4,635)	(55,772)
As at 31 December 2019	79,299	960,129	646,345	44,394	1,730,167

(Amounts expressed in thousands of RMB unless otherwise stated)

14. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) Right-of-use assets (Continued)

Notes:

i. Others represent the rights the Group obtained for the usage of transmission line and sea use right.

ii. Other changes represent the reductions due to contract expiration or contract changes.

(c) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2019
As at 31 December 2018	–
Effect of adaption of IFRS 16	221,203
Carrying amount at 1 January	221,203
New leases	988,056
Accretion of interest recognised during the year	11,377
Payments	(24,460)
Other changes	(98,989)
Carrying amount at 31 December	1,097,187
Analysed into:	
Current portion *(Note 24 (a))*	35,918
Non-current portion *(Note 24 (a))*	1,061,269

The maturity analysis of lease liabilities is disclosed in Note 30 to the financial statements.

(Amounts expressed in thousands of RMB unless otherwise stated)

14. LEASES (CONTINUED)

The Group as a lessee (Continued)

(d) The amounts recognised in profit or loss in relation to leases are as follows:

	2019
Interest on lease liabilities	11,377
Depreciation charge of right-of-use assets	55,772
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in cost of sales)	16,586
Total amount recognised in profit or loss	83,735

(e) **Extension and termination options**

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. There are no undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms.

(f) **The total cash outflow for leases is disclosed in Note 34(b) to the financial statements.**

The Group as a lessor

The Group leases its property, plant, and equipment (Note 12 to the financial statements) and investment properties consisting of industrial properties under operating lease arrangements, with leases negotiated for terms ranging from one to five years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB12.80 million (2018: RMB4.08 million), details of which are included in Note 4 to the financial statements.

(Amounts expressed in thousands of RMB unless otherwise stated)

14. LEASES (CONTINUED)

The Group as a lessor (continued)

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2019
Within 1 year	2,376
After 1 year but within 2 years	2,376
After 2 years but within 3 years	2,376
After 3 years but within 4 years	1,430
After 4 years	4,746
	13,304

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

(a) Investments in joint ventures

Movements in investments in joint ventures are as follows:

	2019	2018
As at 1 January	100,786	98,598
Capital injection	–	1,267
Other comprehensive income	208	462
Share of (loss)/profit for the year	(1,574)	459
As at 31 December	99,420	100,786

At 31 December 2019, 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.

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Investments in associates

Movements in investments in associates are as follows:

	2019	2018
At 1 January	701,027	640,387
Capital injections	–	5,000
Dividends declared	(25,425)	–
Share of profit for the year	60,620	55,640
An associate changed into a subsidiary	(2,469)	–
At 31 December	733,753	701,027

Set out below are the associates of the Group at 31 December 2019, 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.

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

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Investments in associates (Continued)

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 was issued. As at 31 December 2019, the registered capital of Datang Finance Leasing has been changed and the renewed business license has been issued.

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 the power generation business.

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	
	2019	2018	2019	2018
Total current assets	7,758,674	6,350,461	71,427	128,174
Total current liabilities	(15,586,525)	(15,426,434)	(31,817)	(4,449)
Total non-current assets	17,884,374	15,901,531	311,880	332,771
Total non-current liabilities	(6,845,306)	(3,769,124)	(177,728)	(278,796)
Net assets	3,211,217	3,056,434	173,762	177,700
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	642,243	611,287	85,143	87,073
Goodwill and other adjustments	(51,745)	(53,745)	5,981	5,597
Carrying amount of the investments	590,498	557,542	91,124	92,670
Revenue	1,204,329	1,116,755	52,195	56,748
Profit before tax	326,373	313,138	12,036	11,182
Net profit for the year	254,783	245,477	10,499	9,731
Other comprehensive income	–	–	–	–
Total comprehensive income	254,783	245,477	10,499	9,731
Dividends received from associates	–	18,000	6,689	–

(Amounts expressed in thousands of RMB unless otherwise stated)

15. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)

(b) Investments in 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):

	2019	2018
Share of the associates' profit for the year	4,519	1,776
Share of the associates' other comprehensive income	–	–
Share of the associates' total comprehensive income	4,519	1,776
Aggregate carrying amount of the Group's investments in associates	52,131	50,815

As at 31 December 2019, 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

	2019	2018
At 1 January	312,049	375,717
Net profit/(loss) transferred to other comprehensive income	100,961	(63,668)
At 31 December	413,010	312,049

At 31 December 2019, the Group's equity investments designated at fair value through other comprehensive income include the following:

	2019	2018
Listed equity investments, at fair value:		
Huaneng Renewables Corporation Limited	336,562	228,162
Guodian Technology & Environment Group Corporation Limited	23,326	26,982
	359,888	255,144
Unlisted equity investments, at fair value:		
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	48,778	52,078
Haiyan Zhongdian Wind Power Engineering Co., Ltd.	4,344	4,827
	53,122	56,905
	413,010	312,049

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	Intra-group unrealised profits	Total
At 1 January 2018	15,511	6,202	2,424	24,137
Credited to profit or loss	(8,192)	–	(86)	(8,278)
At 31 December 2018 and 1 January 2019	7,319	6,202	2,338	15,859
Credited to profit or loss	(3,382)	–	(86)	(3,468)
At 31 December 2019	3,937	6,202	2,252	12,391

Deferred income tax liabilities:

	Asset revaluation	Total
At 1 January 2018	(22,033)	(22,033)
Credited to profit or loss	2,126	2,126
At 31 December 2018 and 1 January 2019	(19,907)	(19,907)
Credited to profit or loss	2,391	2,391
Acquisition of a subsidiary	(911)	(911)
At 31 December 2019	(18,427)	(18,427)

(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:

	2019	2018
Tax losses	2,522,805	2,507,096
Other deductible temporary tax differences	440,042	302,741
	2,962,847	2,809,837

	2019	2018
Year of expiry		
2019	–	595,267
2020	465,339	465,339
2021	560,531	560,531
2022	436,628	436,628
2023	465,279	449,331
2024	595,028	–
	2,522,805	2,507,096

(Amounts expressed in thousands of RMB unless otherwise stated)

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019	2018
CDM assets/receivables	68,642	68,751
Less: impairment allowance *(Note (i))*	(66,310)	(66,419)
	2,332	2,332
Prepayments/advances for plant constructions	4,298	2,358
Receivables from the provision of services	36,123	36,123
Proceed receivables from the disposal of subsidiaries	127,324	127,324
Receivable from the disposal of a wind farm project	22,367	22,095
Dividend receivable	18,000	–
Deposit for project investments	23,935	34,181
Deposit for borrowings *(Note 24(a)(ii))*	48,705	48,705
Receivables under a lease arrangement *(Note (ii))*	39,456	45,775
Other receivables	195,843	244,742
	516,051	561,303
Less: impairment allowance *(Note (i))*	(30,220)	(1,520)
	488,163	562,115
Value-added tax recoverable	1,945,606	1,808,349
Current tax prepayments	7,624	15,694
Other prepayments	1,841,319	1,926,189
	4,282,712	4,312,347
Less: Non-current portion of		
– Receivables under a lease arrangement *(Note(ii))*	(32,843)	(39,456)
– Deposit for borrowings *(Note 24(a)(ii))*	(48,705)	(48,705)
– Value-added tax recoverable	(1,341,270)	(1,225,194)
– Other prepayments	(1,359,673)	(1,512,505)
	(2,782,491)	(2,825,860)
Total current portion of prepayments, other receivables and other assets	1,500,221	1,486,487

(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:

	2019	2018
At 1 January	67,939	67,939
Impairment losses recognised	28,591	–
At 31 December	96,530	67,939

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 to be 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 RMB66.3 million are expected to be fully impaired as at 31 December 2019 based on the assessment of recoverability with an expected credit loss rate of 100%.

As at 31 December 2019, included in the proceed receivables from the disposal of subsidiaries with an amount of RMB28.7 million are expected to be fully impaired. In addition, the impairment in the amount of RMB0.1 million of CDM receivables was reversed due to exchange rate fluctuation.

(Amounts expressed in thousands of RMB unless otherwise stated)

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

Notes: (continued)

(ii) During the year ended 31 December 2019, 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.

	2019	2018
Non-current receivables		
Finance lease – gross receivables	42,500	51,000
Unearned finance income from finance lease receivables	(9,657)	(11,544)
	32,843	39,456
Current receivables		
Finance lease – gross receivables	8,500	8,500
Unearned finance income from finance lease receivables	(1,887)	(2,181)
	6,613	6,319
Net investment in finance lease	39,456	45,775

(Amounts expressed in thousands of RMB unless otherwise stated)

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

Notes: (continued)

(ii) *(continued)*

	2019	2018
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	8,500	17,000
	51,000	59,500
Unearned future finance income from finance lease receivables	(11,544)	(13,725)
Net investment in finance lease	39,456	45,775
The net investment in finance lease is analysed as follows:		
– No later than 1 year	6,613	6,319
– Later than 1 year and no later than 5 years	24,548	23,234
– Later than 5 years	8,295	16,222
Total	39,456	45,775

No contingent income was recognised during the year ended 31 December 2019.

(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:

	2019	2018
RMB	461,503	535,191
Euros ("EUR")	26,660	26,924
Total	488,163	562,115

(iv) At 31 December 2019 and 2018, 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

	2019	2018
Finished goods	–	79
Spare parts	193,731	167,494
	193,731	167,573
Less: Provision for impairment of inventories	–	–
	193,731	167,573

As at 31 December 2019 and 31 December 2018, 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

	2019	2018
Trade receivables	9,316,125	7,140,480
Bills receivable	233,179	335,276
	9,549,304	7,475,756
Less: impairment losses	(3,652)	(3,216)
	9,545,652	7,472,540

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

	2019	2018
Within 1 year	5,462,437	5,133,751
Between 1 and 2 years	3,314,653	2,014,496
Between 2 and 3 years	566,524	156,325
Over 3 years	202,038	167,968
	9,545,652	7,472,540

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 2019 and 2018, 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 2019, bills receivable which have not matured but discounted or endorsed with a right of recourse and were not derecognised in the financial statements were nil (31 December 2018: nil).

(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:

	2019	2018
At 1 January	3,216	3,216
Impairment losses	436	–
At 31 December	3,652	3,216

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 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project by project basis are required before the allocation of funds to local grid companies. As at 31 December 2019, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement.

The 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 for 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 (31 December 2018: RMB2.3 million) representing a past due tariff receivable from a power grid company in dispute which was assessed to be not recoverable. The expected credit loss for other trade receivables was RMB1.3 million as at 31 December 2019 (31 December 2018: RMB0.9 million).

(Amounts expressed in thousands of RMB unless otherwise stated)

20. TRADE AND BILLS RECEIVABLES (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 2019

		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	–	–	–	–	1.783%	0.014%
Gross carrying amount	8,154,628	951,826	90,405	44,986	74,280	9,316,125
Expected credit losses	–	–	–	–	1,324	1,324

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	–	–	–	–	1.783%	0.012%
Gross carrying amount	6,188,361	815,555	42,687	44,073	49,804	7,140,480
Expected credit losses	–	–	–	–	888	888

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2019	2018
Restricted cash	44,041	41,377
Cash and bank balances	3,517,159	3,632,830
Cash and cash equivalents and restricted cash	3,561,200	3,674,207

As at 31 December 2019, restricted cash mainly represented deposits held for use as land reclamation deposits, issued notes payable and unsettled suits.

(Amounts expressed in thousands of RMB unless otherwise stated)

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

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

	2019	2018
RMB	3,550,927	3,665,499
HKD	8,803	2,174
EUR	–	5,427
US dollars ("USD")	905	890
AUD	565	217
	3,561,200	3,674,207

22. TRADE AND BILLS PAYABLES

	2019	2018
Trade payables	356,619	257,568
Bills payable	10,022	106,849
	366,641	364,417

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

	2019	2018
Within 1 year	258,761	182,551
After 1 year but within 3 years	77,356	69,752
After 3 years	20,502	5,265
	356,619	257,568

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

	2019	2018
Payables for property, plant and equipment	4,866,326	4,996,991
Loans from related parties *(Note (i))*	2,244,265	2,037,050
Dividends payable	241,256	151,712
Interest payable	141,314	130,998
Accrued staff related costs	42,425	42,596
Payables for CDM projects	3,704	4,759
Payables for taxes other than income taxes	133,026	178,878
Asset retirement obligations *(Note (ii))*	91,992	86,337
Amounts due to a non-controlling interest	48,034	48,034
Contract liabilities	3,057	3,315
Other payables	328,710	281,573
	8,144,109	7,962,243
Deferred government grants	16,052	16,848
Other accruals and deferrals	70,645	264,221
	8,230,806	8,243,312
Less: Non-current portion of		
– Loans from related parties *(Note (i))*	(2,219,964)	(2,012,550)
– Asset retirement obligations *(Note (ii))*	(91,992)	(86,337)
– Deferred government grants	(16,052)	(16,848)
– Other accruals and deferrals	(69,518)	(249,730)
	(2,397,526)	(2,365,465)
Current portion of other payables and accruals	5,833,280	5,877,847

Notes:

(i) Except for the amount of RMB12.6 million which will be paid before 15 October 2020 and carries the effective interest rate of 4.41%, the amount of RMB2,000.0 million which will be paid before 7 June 2021 and carries the effective interest rate of 4.71%, and the amount of RMB220.0 million which will be paid before 26 December 2029 and carries the effective interest rate from 4.85% to 5.39%, 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 2019, the unwinding of discount of RMB5.7 million (2018: RMB5.3 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:

	2019	2018
RMB	8,143,966	7,958,904
EUR	–	29
Other currencies	143	3,310
Total	8,144,109	7,962,243

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

(a) Long-term borrowings

	31 December 2019	1 January 2019	31 December 2018
Bank loans			
– Unsecured	20,230,006	22,084,328	22,084,328
– Guaranteed *(Note 24 (c))*	1,501,203	1,738,927	1,738,927
– Secured	6,301,084	5,199,820	5,199,820
	28,032,293	29,023,075	29,023,075
Other loans			
– Unsecured	4,935,491	4,672,240	4,672,240
– Guaranteed *(Note (i))*	1,000,000	2,000,000	2,000,000
– Secured *(Note (ii))*	5,329,301	3,249,656	3,249,656
	11,264,792	9,921,896	9,921,896
Corporate bonds – unsecured *(Note (iii))*	2,196,545	1,998,151	1,998,151
Lease liabilities *(Note 14 (c))*	1,097,187	221,203	–
Total long-term borrowings	42,590,817	41,164,325	40,943,122
Less: current portion of long-term borrowings *(Note 24 (b))*			
– Bank loans	(3,965,265)	(3,441,744)	(3,441,744)
– Other loans	(1,940,111)	(1,720,703)	(1,720,703)
– Lease liabilities *(Note 14 (c))*	(35,918)	(6,033)	–
	(5,941,294)	(5,168,480)	(5,162,447)
Total non-current portion of long-term borrowings	36,649,523	35,995,845	35,780,675

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

(a) Long-term borrowings (Continued)

Notes:

(i) At 31 December 2019, the borrowings from Pingan Assets Management Co., Ltd. amounting to RMB1.0 billion (2018: RMB2.0 billion) were guaranteed by Datang Corporation (Note 28 (b)).

(ii) At 31 December 2019, included in secured other loans were borrowings amounting to RMB2,645.6 million (31 December 2018: RMB1,884.9 million) due to Datang Financial Leasing, RMB983.3 million (31 December 2018: 138.1 million) due to Shanghai Datang Financial Leasing Company Limited ("Shanghai Datang Financial Leasing") and RMB1,018.8 million (31 December 2018: RMB1,177.2 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 2019, cash amounting to RMB48.7 million (2018: RMB48.7 million) was held in a deposit account with ICBC Financial Leasing Company Limited.

(iii) The Company issued green corporate bonds amounting to RMB1,000.0 million, RMB500.0 million, RMB500.0 million and RMB1,200.0 million with a unit par value of RMB100 each on 14 September 2016, 28 September 2016, 21 October 2016 and 26 September 2019, respectively. The annual interest rates for these green corporate bonds are 3.50%, 3.15%, 3.10% and 3.58%, respectively. The first issued green corporate bond matured in September 2019.

(Amounts expressed in thousands of RMB unless otherwise stated)

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

(b) Short-term borrowings

	31 December 2019	1 January 2019	31 December 2018
Bank loans			
– Unsecured	5,750,000	3,090,000	3,090,000
Short-term bonds – unsecured *(Note (i))*	4,035,833	6,075,584	6,075,584
Entrusted loans *(Note (ii))*	3,000,000	–	–
Other loans			
– Unsecured	855,000	202,000	202,000
– Secured	548,897	96,829	96,829
	1,403,897	298,829	298,829
Current portion of long-term borrowings *(Note 24(a))*	5,941,294	5,168,480	5,162,447
	20,131,024	14,632,893	14,626,860

Notes:

(i) 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 was RMB5.97 million. These bonds have annual effective interest rates ranging from 3.10% to 5.15%. The five issued short-term bonds have already matured in July 2018, October 2018, April 2019, May 2019 and July 2019, respectively.

On 24 May 2019, 18 July 2019, 31 July 2019 and 17 September 2019, the Company issued four tranches of short-term bonds with a par value of RMB100 amounting to RMB2,000.0 million each. The issuance cost was RMB3.65 million. The bond has an annual effective interest rate from 2.35% to 2.60%. The first two issued short-term bonds have already matured in July 2019 and September 2019, and the third and fourth issued short-term bonds will mature in April 2020 and June 2020, respectively.

(ii) During the year ended 31 December 2019, included in entrusted loans were borrowings from Datang Group entrusted through China Datang Group Finance Co., Ltd. ("Datang Finance") with the amount of RMB3,000.0 million. The loans will be paid before 8 December 2020 and carries the effective interest rate of 3.92%.

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 2019 and 2018, the effective interest rates per annum on borrowings are as follows:

	2019	2018
Long-term		
Bank loans	2.82%–5.76%	2.82%–5.50%
Other loans	3.92%–6.41%	4.35%–5.76%
Corporate bonds	3.10%–3.58%	3.10%–3.50%
Short-term		
Bank loans	3.70%–4.35%	4.33%–4.75%
Other loans	3.92%–5.70%	4.35%–5.70%
Short-term bonds	2.48%–2.60%	3.10%–4.25%
Entrusted loans	3.92%	–

At 31 December 2019 and 2018, details of the Group's guaranteed bank loans are as follows:

	2019	2018
Guarantor		
– The Company*	1,269,420	1,472,736
– Non-controlling interests of subsidiaries and ultimate holding companies of non-controlling interests *(Note28 (b))*	231,783	266,191
	1,501,203	1,738,927

* At 31 December 2019, guaranteed loans by the Company amounting to RMB14.0 million (2018: RMB24.0 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 2019 and 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	
	2019	2018	2019	2018
Property, plant and equipment	1,626,498	2,076,748	7,743,519	3,915,217
Concession assets	199,370	214,652	–	–
Tariff collection rights	1,412,974	889,804	436,186	49,319
	3,238,842	3,181,204	8,179,705	3,964,536

At 31 December 2019 and 2018, long-term borrowings were repayable as follows:

	2019	2018
Within 1 year	5,941,294	5,162,447
After 1 year but within 2 years	7,764,504	5,594,850
After 2 years but within 5 years	17,420,300	18,544,584
After 5 years	11,464,719	11,641,241
	42,590,817	40,943,122

At 31 December 2019 and 2018, the carrying amounts of borrowings were all denominated in the RMB.

25. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2019, ordinary shares comprised the following:

	2019	2018
	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 2019 and 2018, 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 2019 and 2018	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 5.8% 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 2019, the Company announced and distributed interest of RMB116.0 million (2018: RMB116.0 million) to the perpetual notes holders in terms of the Medium-term Notes. The Medium-term Notes have been redeemed at maturity in December 2019.

(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 2019 and 2018 is as follows:

	Statutory surplus reserve *(Note (i))*	Other reserves *(Note (ii))*	Fair value reserve	Exchange fluctuation reserve	Total
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 designated 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)
At 1 January 2019	268,691	(1,445,264)	(197,449)	(8,119)	(1,382,141)
Transfer from retained profits	63,744	–	–	–	63,744
Payment on perpetual notes	–	(20,675)	–	–	(20,675)
Share of other comprehensive income of joint ventures	–	208	–	–	208
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	101,656	–	101,656
Exchange differences on translation of foreign operations	–	–	–	206	206
At 31 December 2019	332,435	(1,465,731)	(95,793)	(7,913)	(1,237,002)

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.

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.

(Amounts expressed in thousands of RMB unless otherwise stated)

28. SIGNIFICANT RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

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

	2019	2018
Transactions with fellow subsidiaries of the Group:		
– Provision of installation, construction, general contracting services	5,857	4,281
– Sales of electricity	567	647
– Purchases of engineering, construction, supervisory services and general contracting services *(Note (i))*	(227,228)	(238,112)
– Purchases of key and auxiliary materials, equipment and finished goods *(Note (ii))*	(583,324)	(184,777)
– Loans from related parties *(Note (iii))*	17,636,078	12,509,879
– Repayments of loans from related parties *(Note (iii))*	(11,931,476)	(7,522,607)
– Interest income earned	25,775	23,518
– Interest expense charged *(Note (iii))*	291,419	(272,347)
Capital commitments for the purchase of property, plant and equipment from fellow subsidiaries (contracted, but not provided for)	812,829	887,019
Capital commitments to one of the Group's associates	100,000	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 2019, included in "Loans from related parties" were borrowings from Datang Group, Datang Financial Leasing, Shanghai Datang Financial Leasing, Datang Factoring Company and 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 8 December 2020 to 18 June 2033, and the interest rates range from 3.92% 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 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.

At 31 December 2019, the Group had a cash deposit held at Datang Finance amounting to RMB3,172.1 million (2018: RMB2,829.3 million), and the interest income on the deposit was RMB25.8 million for the year ended 31 December 2019 (2018: RMB23.5 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:

	2019	2018
Cash and cash equivalents deposited with		
A subsidiary of Datang Corporation *(Note 28 (a)(iv))*	3,172,104	2,829,265
Trade and bills receivables		
Datang Corporation and its subsidiaries	15,460	10,545
Prepayments, other receivables and other assets		
Datang Corporation and its subsidiaries	514,425	439,763
Other related parties	1,008	1,008
Trade and bills payables		
Datang Corporation and its subsidiaries	(95,622)	(39,044)
Other payables and accruals		
Datang Corporation and its subsidiaries	(2,666,060)	(2,493,771)
Other related parties	(11,677)	(17,782)
Interest-bearing bank and other borrowings		
Subsidiaries of Datang Corporation	(12,874,763)	(8,258,457)

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 2019, amounts included in "Other payables and accruals" of RMB2,232.5 million (2018: RMB2,028.6 million) and "Interest-bearing bank and other borrowings" of RMB12,874.8 million (2018: RMB8,258.5 million) were payables to Datang Corporation and certain fellow subsidiaries which bore interest at rates ranging from 3.92% to 6.41% per annum (2018: 3.10% to 6.41%). Except for the above mentioned, all (2018: all) other balances with Datang Corporation and its subsidiaries are interest-free, unsecured and due on demand.

At 31 December 2019, 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 RMB1,103.8 million (2018: RMB2,127.2 million) and RMB128.0 million (2018: RMB139.0 million), respectively.

(c) Significant transactions with other state-owned enterprises

For the year ended 31 December 2019, all (2018: 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 2019, substantially all (2018: 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 2019 and 2018, 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 2019 and 2018, 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

	2019	2018
Basic salaries, housing fund, other allowances and benefits in kind	1,054	819
Discretionary bonuses	1,812	2,025
Pension costs	246	178
	3,112	3,022

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

(e) Commitments with related parties

As at 31 December 2019 and 2018, 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.

(f) The Group has initially applied IFRS 16 at 1 January 2019. Under the transition methods, it recognised depreciation expense of RMB18.92 million from right-of-use assets, and interest expense of RMB6.84 million from lease liabilities. It also paid RMB11.78 million under lease agreements during the current period.

(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

	2019				
	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Equity investments designated at fair value through other comprehensive income	Financial assets at fair value through other comprehensive income	Total
Equity investments designated at fair value through other comprehensive income	–	–	413,010	–	413,010
Trade and bills receivables	–	9,312,473	–	233,179	9,545,652
Restricted cash	–	44,041	–	–	44,041
Cash and cash equivalents	–	3,517,159	–	–	3,517,159
Financial assets included in prepayments, other receivables and other assets	–	483,865	–	–	483,865
Financial assets at fair value through profit or loss	14,368	–	–	–	14,368
	14,368	13,357,538	413,010	233,179	14,018,095

Financial liabilities

	2019	
	Financial liabilities at amortised cost	Total
Trade and bills payables	366,641	366,641
Financial liabilities included in other payables and accruals	7,947,311	7,947,311
Interest-bearing bank and other borrowings	56,780,547	56,780,547
	65,094,499	65,094,499

(Amounts expressed in thousands of RMB unless otherwise stated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Financial instruments by category (Continued)

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 designated at fair value through other comprehensive income	–	–	312,049	312,049
Trade and bills receivables	–	7,472,540	–	7,472,540
Restricted cash	–	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)

Transferred financial assets that are derecognised in their entirety

At 31 December 2019, the Company and its certain subsidiaries endorsed or discounted certain bills receivable accepted by banks and Datang Finance as well as to certain of its suppliers in cooperate in the PRC in order to settle the trade payables or other payables due to such suppliers with a carrying amount in aggregate of RMB192 million (2018: RMB117 million). 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 financial institutions 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	
	2019	2018	**2019**	2018
Long-term interest bearing bank and other borrowings (other than lease liabilities)	**35,588,254**	35,780,675	**35,166,659**	35,291,800

Management has assessed that the fair values of cash and cash equivalents, restricted cash, 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 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 and bills receivable 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 were 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 have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates, or assessed by a third party through evaluating the discounted cash flow. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate 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, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2019 and 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	2019:1.5x (2018:1.7x)	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB5,495,002 (2018: RMB482,638)
		Discount for lack of marketability	2019: 27% to 30% (2018:30%)	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB2,317,213 (2018: 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 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Trade and bills receivables	–	233,179	–	233,179
Equity investments designated at fair value through other comprehensive income	359,888	–	53,122	413,010
Financial assets at fair value through profit or loss	–	–	14,368	14,368
	359,888	233,179	67,490	660,557

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

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 (2018: 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 2018 and 2019.

Liabilities for which fair values are disclosed:

As at 31 December 2019

	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 (other than lease liabilities)	–	35,166,659	–	35,166,659

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

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 2019, 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 2019, if RMB had weakened/strengthened by 5% (2018: 5%) against other foreign currencies with all other variables held constant, post-tax profit for the year would have been RMB0.4 million lower/higher (2018: RMB1.2 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 annual period end of the next 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

30.1 Financial risk management

(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 2019, the Group's borrowings at variable rates were denominated in RMB (2018: in RMB).

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 or 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 2019, if interest rates on RMB 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 RMB212.46 million (2018: RMB191.04 million) higher/lower, respectively.

The estimated 50 basis point 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 2019, 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 increased/decreased by RMB30.05 million (2018: RMB21.30 million) as a result of the increase/decrease in equity securities classified as at 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 2019, the Group held cash and cash equivalents of RMB3,517.2 million (2018: RMB3,632.8 million) (Note 21). In addition, the Group held listed equity securities of RMB359.9 million (2018: RMB255.1 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 2019 and 2018, the Group had the following undrawn borrowing facilities at floating rates:

	2019	2018
Expiring within one year	14,900,005	18,230,000
Expiring beyond one year	–	9,764,994
	14,900,005	27,994,994

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 2019					
Lease liabilities	83,868	101,479	695,826	536,795	1,417,968
Long-term loans *(Note 24(a))*	7,822,128	9,353,932	18,087,178	12,634,310	47,897,548
Long-term bonds *(Note 24(a))*	75,507	1,075,554	1,244,133	–	2,395,194
Short-term loans *(Note 24(b))*	10,153,897	–	–	–	10,153,897
Short-term bonds *(Note 24(b))*	4,196,289	–	–	–	4,196,289
Financial liabilities included in other payables and accruals	5,877,641	2,105,980	108,784	160,460	8,252,865
Trade and bills payables *(Note 22)*	366,641	–	–	–	366,641
	28,575,971	12,636,945	20,135,921	13,331,565	74,680,402
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

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 2019 was 81.9% (2018: 79.5%).

The slight increase in the liability-to-asset ratio was primarily due to the demand of developments. Taking into consideration the expected operating cash flows of the Group, the unutilized 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 2019, the Company 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)	543,516	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: 483,770 Registered capital: 449,910	100%	–
Shanghai Dong Hai *(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' 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 2019 which was included in the consolidation.

(ii) At 31 December 2019, 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.

(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:

	2019	2018
Percentage of equity interest held by non-controlling interests:		
Chifeng Renewable	40%	40%
Shanghai Dong Hai	72%	72%
Datang Guoxin Bin Hai Wind Power Co., Ltd. (大唐國信濱海海上風力發電有限公司) ("Guoxin Bin Hai")	40%	40%
Datang Handian (Chaoyang) Renewable Power Co., Ltd. (大唐韓電(朝陽)新能源有限公司) ("Handian (Chaoyang)")	40%	40%
Datang Zhongdian (Jilin) Renewable Power Co., Ltd. (大唐中電(吉林)新能源發電有限公司) ("Zhongdian (Jilin)")	49%	49%
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	93,072	90,394
Shanghai Dong Hai	50,994	77,497
Guoxin Bin Hai	23,538	–
Handian (Chaoyang)	5,578	6,146
Zhongdian (Jilin)	10,122	10,792
Sanhe (Linxi)	10,558	14,322
Dividends paid to non-controlling interests:		
Chifeng Renewable	–	113,336
Shanghai Dong Hai	75,318	62,269
Guoxin Bin Hai	–	–
Handian (Chaoyang)	–	4,883
Zhongdian (Jilin)	–	–
Sanhe (Linxi)	28,254	–
Accumulated balances of non-controlling interests at the reporting date:		
Chifeng Renewable	1,103,159	1,010,087
Shanghai Dong Hai	671,781	696,105
Guoxin Bin Hai	406,920	40,000
Handian (Chaoyang)	258,117	236,799
Zhongdian (Jilin)	183,152	173,030
Sanhe (Linxi)	123,572	141,223

(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:

2019	Chifeng Renewable	Shanghai Dong Hai	Guoxin Bin Hai
Revenue	726,055	334,247	111,812
Total cost and expenses	(491,637)	(263,422)	(52,967)
Profit for the year	234,418	70,825	58,845
Total comprehensive income for the year	232,681	70,825	58,845
Current assets	1,031,464	477,182	228,699
Non-current assets	3,586,433	2,535,660	4,242,090
Current liabilities	(976,768)	(438,494)	(1,229,155)
Non-current liabilities	(852,770)	(1,641,319)	(2,494,500)
Net cash flows from operating activities	480,840	159,963	15,158
Net cash flows (used in)/from investing activities	(68,499)	4,683	(1,370,087)
Net cash flows (used in)/from financing activities	(281,260)	(285,973)	1,288,576
Net increase/(decrease) in cash and cash equivalents	131,081	(121,327)	(66,353)

(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: (Continued)

2018	Chifeng Renewable	Shanghai Dong Hai	Guoxin Bin Hai
Revenue	704,748	401,325	–
Total cost and expenses	(479,241)	(293,690)	–
Profit for the year	225,507	107,635	–
Total comprehensive income for the year	225,986	107,635	–
Current assets	797,281	418,895	703,234
Non-current assets	3,821,424	2,688,015	1,853,617
Current liabilities	(925,290)	(331,485)	(554,657)
Non-current liabilities	(1,137,737)	(1,808,613)	(1,817,787)
Net cash flows from operating activities	442,350	538,248	–
Net cash flows used in investing activities	(21,522)	(2,453)	(421,849)
Net cash flows (used in)/from financing activities	(333,992)	(374,548)	512,542
Net increase in cash and cash equivalents	86,836	161,247	90,693

(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: (Continued)

2019	Handian (Chaoyang)	Zhongdian (Jilin)	Sanhe (Linxi)
Revenue	141,831	93,056	101,342
Total cost and expenses	(127,885)	(72,398)	(79,796)
Profit for the year	13,946	20,658	21,546
Total comprehensive income for the year	13,946	20,658	21,546
Current assets	201,530	126,196	177,893
Non-current assets	939,698	422,718	497,695
Current liabilities	(124,837)	(48,973)	(118,426)
Non-current liabilities	(396,619)	(126,162)	(304,974)
Net cash flows from operating activities	59,724	70,556	81,018
Net cash flows used in investing activities	(12,322)	(2,655)	(3,578)
Net cash flows used in financing activities	(51,257)	(43,366)	(69,339)
Effect of foreign exchange rate changes, net	–	–	(418)
Net (decrease)/increase in cash and cash equivalents	(3,855)	24,535	7,683

(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: (Continued)

2018	Handian (Chaoyang)	Zhongdian (Jilin)	Sanhe (Linxi)
Revenue	113,126	92,075	116,780
Total cost and expenses	(97,760)	(70,051)	(87,551)
Profit for the year	15,366	22,024	29,229
Total comprehensive income for the year	15,366	22,024	29,229
Current assets	163,599	104,536	182,615
Non-current assets	1,011,996	463,328	614,794
Current liabilities	(134,448)	(78,891)	(77,564)
Non-current liabilities	(435,321)	(135,850)	(431,541)
Net cash flows from operating activities	128,156	32,801	67,549
Net cash flows (used in)/from investing activities	(1,015)	(1,760)	27,372
Net cash flows used in financing activities	(96,450)	(50,738)	(63,784)
Net increase/(decrease) in cash and cash equivalents	30,691	(19,697)	31,137

(Amounts expressed in thousands of RMB unless otherwise stated)

33. BUSINESS COMBINATION

In May 2015, a subsidiary of the Company, Datang Guilin Renewable Power Co., Ltd. ("Guilin Renewable") entered into an agreement with Mingyang Intelligent Energy Group Co., Ltd. (formerly known as Guangdong Mingyang Wind Power Industry Group Co., Ltd.) ("Mingyang Intelligent") to hold 2.5% and 97.5% of the shares of Datang Gongcheng Renewable Power Co., Ltd. ("Gongcheng Renewable"), respectively. According to the articles of association of Gongcheng Renewable, Guilin Renewable designated a director and a deputy general manager to Gongcheng Renewable, therefore the Group accounted for it as an associate as it had significant influence on it.

As at 25 March 2019, the Group acquired a 97.5% interest in Gongcheng Renewable from Mingyang Intelligent. Gongcheng Renewable is engaged in the generation and sale of the wind power. The acquisition was made as part of the Group's strategy to expand its market share of wind power industry. The purchase consideration for the acquisition was in the form of cash, with RMB79.56 million paid as at 7 March 2019 and 26 March 2019.

The fair values of the identifiable assets and liabilities of Gongcheng Renewable as at the date of acquisition were as follows:

	Fair value recognised on acquisition
Property, plant and equipment *(Note 12)*	332,493
Right-of-use assets *(Note 14(b))*	2,616
Cash and bank balances	20
Trade receivables	36,732
Prepayments, other receivables and other assets	24,693
Trade payables	(622)
Current income tax liabilities	(895)
Other payables and accruals	(64,626)
Deferred tax liabilities	(911)
Interest-bearing bank and other borrowings	(228,410)
Total identifiable net assets at fair value	101,090
Gain on acquisition	19,001
Satisfied by:	
Cash	79,562
Fair value of a previously held 2.5% equity interest	2,527
	82,089

(Amounts expressed in thousands of RMB unless otherwise stated)

33. BUSINESS COMBINATION(CONTINUED)

The Group incurred transaction costs of RMB0.2 million for this acquisition. These transaction costs have been expensed and are included in other operating expenses in the consolidated statement of profit or loss.

The gain of RMB19.0 million was recognised in other income and other gains in the consolidated statement of profit or loss, which was mainly generated from the profits of Gongcheng Renewable for the period from 1 November 2018 to the acquisition date attributed to the Group.

From the date of acquisition, Gongcheng Renewable has contributed RMB33.33 million to the revenue of the Group and RMB7.74 million to the net profit before tax of the Group.

Details of the 2.5% equity interest held by the Group before the acquisition of Gongcheng Renewable and the profit from the investment are as follows:

Initial investment cost	2,000
Share of profit accumulated under the equity method	1,206
Cash dividends declared	(737)
Book value of the investment in the 2.5% equity interest of Gongcheng Renewable on the acquisition date	2,469
Fair value of the investment in 2.5% equity interest of Gongcheng Renewable on the acquisition date *(Note)*	2,527
Gain on a previously held equity interest remeasured at acquisition date's fair value	58

Note: The fair value was determined based by the valuation report issued by an independent qualified valuer.

An analysis of the cash flows in respect of the acquisition of Gongcheng Renewable is as follows:

Cash consideration	(79,562)
Cash and bank balances acquired	20
Net outflow of cash and cash equivalents included in cash flows from investing activities	(79,542)

(Amounts expressed in thousands of RMB unless otherwise stated)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2019

	Interest-bearing bank and other borrowings	Other payables and accruals
At 31 December 2018	50,407,535	8,243,312
Effect of adoption of IFRS 16	221,203	(15,988)
At 1 January 2019	50,628,738	8,227,324
Changes from financing cash flows	4,922,001	(2,361,258)
Foreign exchange movement	–	3,920
Dividends payable	–	385,773
Interest expense	147,670	2,265,830
Effect of adoption of IFRS 16	889,066	–
Acquisition of a subsidiary	228,410	64,626
Other adjustment	(35,338)	41,934
Changes from operating cash flows	–	341,272
Changes from investing cash flows	–	(738,615)
At 31 December 2019	56,780,547	8,230,806

2018

	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

(Amounts expressed in thousands of RMB unless otherwise stated)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019
Within financing activities	24,460

35. CONTINGENT LIABILITIES

As at 31 December 2019 and 2018, the Group had no significant contingent liabilities.

36. COMMITMENTS

(a) Capital commitments of property, plant and equipment

	2019	2018
Contracted, but not provided for	6,449,396	6,474,074

(b) Commitments under operating leases

The Group leased certain of its plant and machinery and office building under operating lease arrangements, which were negotiated for terms of more than five years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating lease falling due as follows:

	2018
Within one year	17,476
In the second to fifth years, inclusive	24,939
After five years	4,157
	46,572

(Amounts expressed in thousands of RMB unless otherwise stated)

37. EVENTS AFTER THE REPORTING PERIOD

On 30 March 2020, the Board proposed to distribute the final dividend for the year ended 31 December 2019 of RMB0.03 per share (before tax) of the Company in cash to the shareholders with an amount of RMB218.2 million. The proposal is subject to the approval by the shareholders of the Company at the 2019 Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

The Company has completed the public issue of its renewable corporate bonds (first tranche) of 2020 (the "Corporate Bonds I") and received the proceeds therefrom on 16 January 2020. The issuance of the Corporate Bonds I is RMB2 billion, with a basic term of 3 years. The par value is RMB100 and the interest rate is 3.88%. The interest starts to accrue since 16 January 2020.

The Company has completed the public issue of its renewable corporate bonds (second tranche) of 2020 (the "Corporate Bonds II") and received the proceeds on 27 February 2020. The issuance of the Corporate Bonds II is RMB2 billion, with a basic term of 3 years. The par value is RMB100 and the interest rate is 3.58%. The interest starts to accrue since 27 February 2020.

Since January 2020, the novel coronavirus (COVID-19) outbreak continues to spread throughout China and to countries across the world. The COVID-19 has no significant impact to the business operations of the Group. The Group will monitor the development of the COVID-19's situation closely, assess and react actively to its impacts on the financial position and operating results of the Group.

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:

	2019	2018
Assets		
Non-current assets		
Property, plant and equipment	272,804	322,332
Intangible assets	8,123	8,390
Investments in subsidiaries	20,005,533	18,655,591
Investments in associates and joint ventures	197,798	204,486
Equity investments designated at fair value through other comprehensive income	4,344	4,826
Financial assets at fair value through profit or loss	14,368	15,311
Prepayments, other receivables and other assets	10,641,590	13,118,349
Total non-current assets	31,144,560	32,329,285

(Amounts expressed in thousands of RMB unless otherwise stated)

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

	2019	2018
Current assets		
Inventories	309	171
Trade and bills receivables	100,663	112,365
Prepayments, other receivables and other assets	7,882,391	6,453,143
Restricted cash	–	25,919
Cash and cash equivalents	501,841	502,968
Total current assets	8,485,204	7,094,566
Total assets	39,629,764	39,423,851
Liabilities		
Current liabilities		
Interest-bearing bank and other borrowings	15,262,401	11,579,530
Trade and bills payables	3,261	4,360
Current income tax liabilities	2,142	2,142
Other payables and accruals	177,382	247,429
Total current liabilities	15,445,186	11,833,461
Net current liabilities	(6,959,982)	(4,738,895)
Non-current liabilities		
Interest-bearing bank and other borrowings	10,178,728	11,954,382
Other payables and accruals	2,010,045	2,010,456
Total non-current liabilities	12,188,773	13,964,838
Net assets	11,995,805	13,625,552
Equity		
Share capital	7,273,701	7,273,701
Share premium	2,080,969	2,080,969
Perpetual notes payable	–	1,979,325
Retained profits	1,024,662	717,671
Other reserves	1,616,473	1,573,886
Total equity	11,995,805	13,625,552

(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 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 designated 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 and 1 January 2019	717,671	259,399	2,826	1,311,661	2,291,557
Profit for the year	632,209	–	–	–	632,209
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	(482)	–	(482)
Appropriation to perpetual note holders	(116,000)	–	–	–	(116,000)
Transfer from retained profits	(63,744)	63,744	–	–	–
Payment of principal of perpetual notes	–	–	–	(20,675)	(20,675)
Dividends paid	(145,474)	–	–	–	(145,474)
At 31 December 2019	1,024,662	323,143	2,344	1,290,986	2,641,135

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2020.

Glossary of Terms

"Articles of Association"	the articles of association of the Company
"average on-grid tariff"	electricity sales revenue in a period divided by the corresponding electricity sales in such period
"average utilization hours"	the consolidated power generation in a specified period (in MWH or GWH) divided by the average consolidated installed capacity in the same period (in MW or GW)
"biomass"	plant material, vegetation or agricultural waste used as a fuel or energy source
"Board"	the board of Directors of the Company
"capacity"	if used alone, is an abbreviated form of installed capacity for operating projects, constructing capacity for projects under construction, or prospective capacity for pipeline projects (as the case may be)
"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 Corporation Ltd.* (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 Factoring Company"	Datang Commercial Factoring Company Limited* (大唐商業保理有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of Datang Corporation
"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份有限公司) and its subsidiaries
"GWh"	unit of energy, gigawatt-hour. 1 GWh=1 million kWh

Glossary of Terms (Continued)

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"installed capacity"	the capacity of those wind power projects in which the wind turbines have been completely assembled and erected
"kW"	unit of energy, kilowatt. 1 kW=1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy generally used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Latest Practicable Date"	27 April 2020, 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 Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
"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
"SSE"	the Shanghai Stock Exchange
"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*

REGISTERED OFFICE

Room 6197, 6/F, Building 4, Courtyard 49, Badachu Road, Shijingshan District, Beijing, the PRC

HEAD OFFICE IN THE PRC

Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong

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*

Note: The annual report is prepared in both traditional Chinese and English. If there is any discrepancy between the Chinese and English versions of this annual report, the traditional Chinese version shall prevail.

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)*

AUDITORS

Ernst & Young
22/F, Citic Tower, 1 Tim Mei Avenue, Central, Hong Kong

Ernst & Young Hua Ming LLP
Level 16, Ernst & Young Tower, Oriental Plaza, No. 1 East Chang An Ave. Dong Cheng District, Beijing, the PRC

LEGAL ADVISORS

As to Hong Kong law
Clifford Chance
27/F, Jardine House, One Connaught Place, Central, Hong Kong

As to the PRC law
Beijing Dentons Law Offices, LLP
7th Floor, Building D, Parkview Green Fangcaodi, No. 9 Dongdaqiao Road, Chaoyang District, Beijing

PRINCIPAL BANKS

- Industrial and Commercial Bank of China Limited Beijing Branch

  Tower B, Tianyin Mansion, No. 2 Fuxingmen South Avenue, Xicheng District, Beijing, the PRC

- Bank of Communications Co., Ltd. Beijing Branch

  No. 33 Financial Street, Xicheng District, Beijing, the PRC

- China Development Bank Co., Ltd.

  No. 29 Fuchengmenwai Avenue, Xicheng District, Beijing, the PRC

- Standard Chartered Bank (China) Limited

  Building No. 2, West Wing of Ernst & Young Tower, No. 1 East Chang'an Avenue, Beijing, the PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

STOCK CODE

01798

INVESTOR INQUIRIES

Investor Hotline:	86 10 8113 0881 86 10 8113 0882
Fax:	86 10 8113 0701
Website:	http://www.cdt-re.com
E-mail:	dtrir@china-cdt.com

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

Block B, Building 1, Court 6, Yinhe Street, Shijingshan District, Beijing, the PRC
Post Code: 100040
Tel: (86) 10-81130702
Fax: (86) 10-81130701
Website: www.cdt-re.com