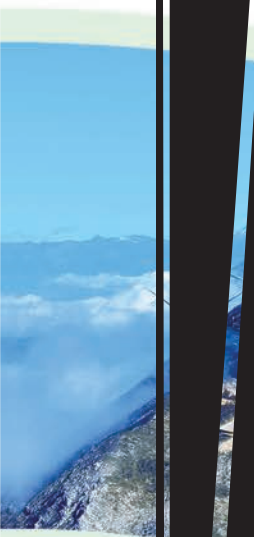
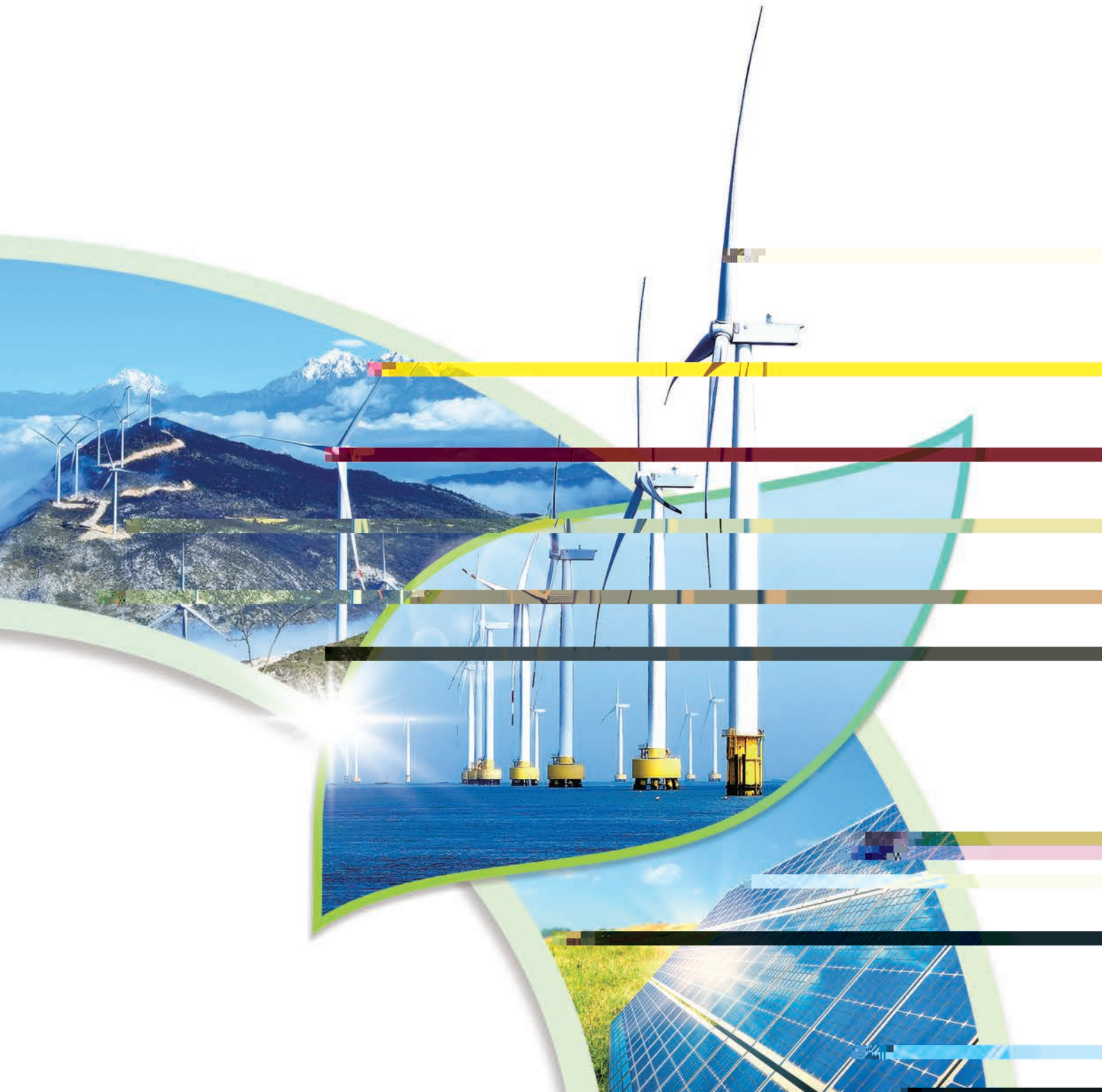
龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited*





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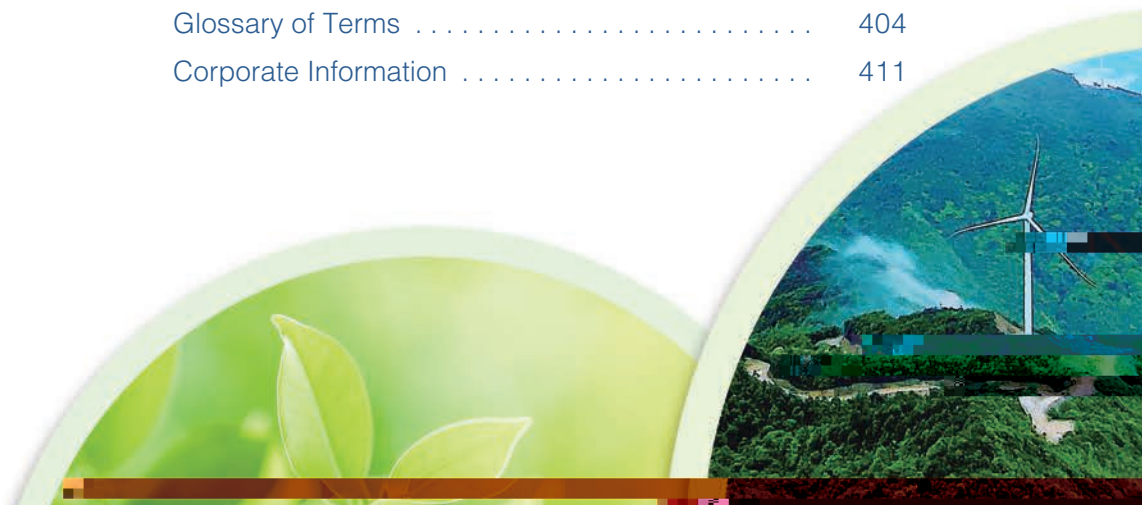


CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2022 was the year of the 20th National Congress of the CPC and the key year of further continuing the implementation of the "14th Five-Year Plan" to build a modern socialist country in an all-rounded way. Under the strong leadership of the Board of the Company, Longyuan Power took the greeting and guarantee of the convening of the 20th National Congress of the CPC and the study, spread and implementation of its spirit as the main line, seriously implemented the development strategy of "One Goal, Three Orientations, Five Variations and Seven World-Class Competitiveness", consciously placed the "Six Commitments" into practice, made concerted efforts to overcome difficulties, and successfully completed all the annual targets and tasks, which initiated a new starting of high-quality development in the "14th Five-Year Plan".

In 2022, Longyuan Power kept the top priorities of China in mind and bravely became the pioneer of green and low-carbon transformation, with a stronger foundation and better conditions for high-quality development. It adhered to the development model of "Troikas, Dual-core Development, Four Growth Engines", opened up a new situation in which onshore, offshore and large-base wind power and photovoltaic power advance side by side, signed development agreements of over 62 GW and obtained development rights of over 18 GW, and took the lead in the new energy development. By the end of 2022, the consolidated installed capacity of Longyuan Power was 31,107.84 MW, of which the consolidated installed capacity of wind power was 26,191.84 MW, continuing to maintain its leading position.

In 2022, Longyuan Power took the initiative to innovate and seek changes, carried out reform and transformation in a rapid and steady manner, with more vigor and stronger momentum for high-quality development. It deeply promoted the digital transformation, comprehensively reinforced the benchmarking management, comprehensively improved the data collection capability, analysis and application levels, and business service quality, significantly improved the stable operation of equipment, and the power generated throughout the year was 70,633,024 MWh, representing an increase of 11.6% year-on-year. The three-year action for the reform of state-owned enterprises has come to a successful conclusion, the effectiveness of corporate governance has been steadily enhanced, the regulatory rules of both A-share market and H-share market have been strictly implemented, the operation as a listed company has been standardized, hence the Company has been awarded the "Best Listed Company" of the Golden Bauhinia Awards of China Securities (中國證券金紫荊獎) and ranked 14th in the "Central Enterprise ESG • Pioneer 50 Index" (央企ESG • 先鋒50指數), thus establishing a good image in the capital market.

CHAIRMAN'S STATEMENT

The year 2023 is the key year of the continuous progress of the "14th Five-Year Plan" and dedicating to building a "new Longyuan". Longyuan Power will earnestly study and implement the guiding spirit of the 20th CPC National Congress, fully, accurately and comprehensively implement the new development concept, further strengthen strategic thinking, benchmarking thinking, data thinking, innovative thinking, compliance thinking, practical thinking, keep wind power in prominence and develop both wind power and photovoltaic power simultaneously. We will stress high-quality resources with one policy for one province, continue to optimize the schedule of project development and construction to ensure the completion of production targets, accelerate digital transformation to help improve quality and efficiency, deepen assessment and incentive mechanism to release the potential of innovation and efficiency, continue to improve operating performance and the value of the Company, strive to provide long-term and stable returns for Shareholders, and accelerated the construction of a world-class new energy company with global competitiveness.

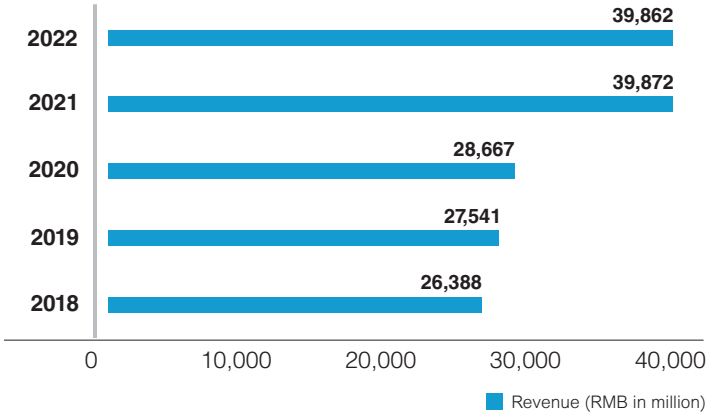
Riding the wind to set sail to vast oceans. It is believed that under the correct leadership of the Board, the joint efforts of management and all employees, and the massive support of the Shareholders and all sectors of society, Longyuan Power will be able to achieve safer, higher quality, more efficient and more sustainable development, and make new and greater contributions to promoting the construction of a beautiful China.

Chairman of the Board

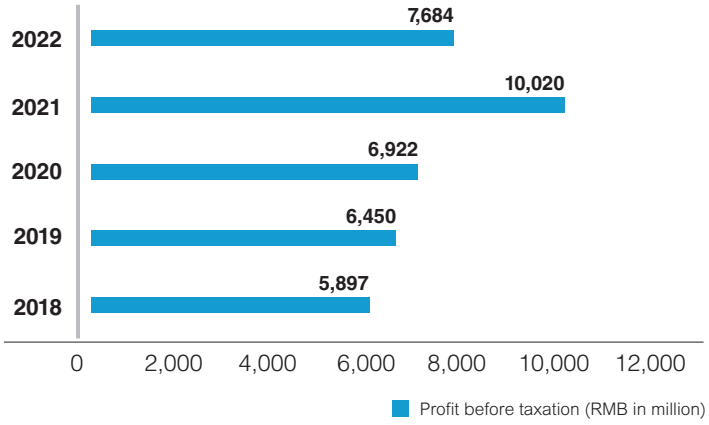
Tang Jian

KEY OPERATING AND FINANCIAL DATA

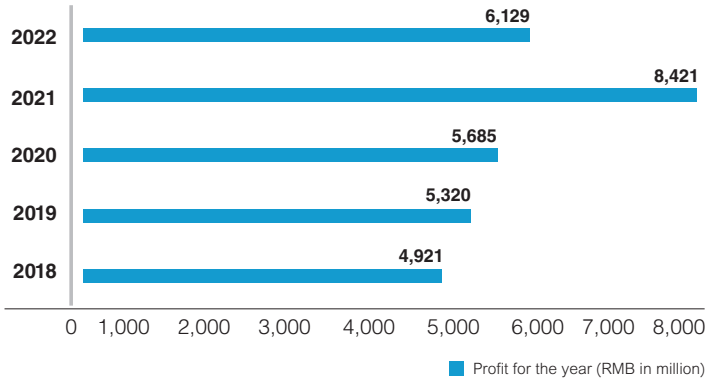
1. Revenue



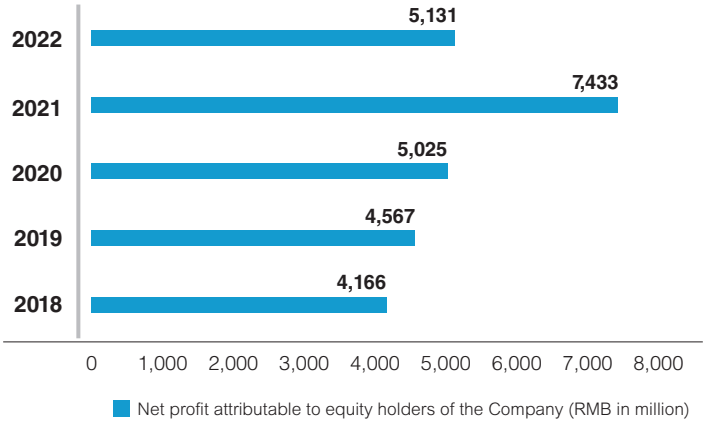
2. Profit before taxation



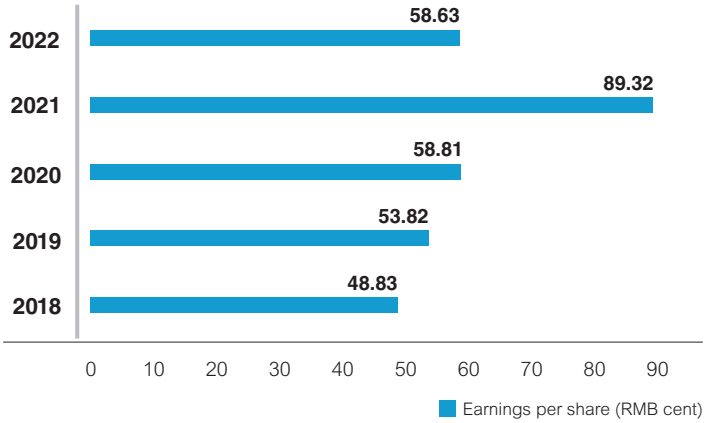
3. Profit for the year



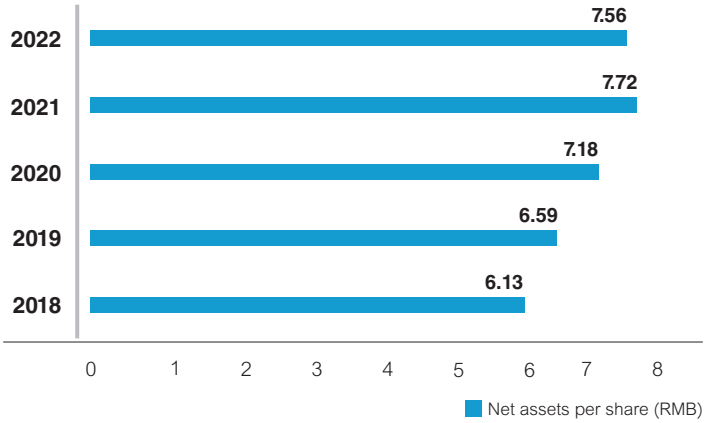
4. Net profit attributable to equity holders of the Company



5. Earnings per share

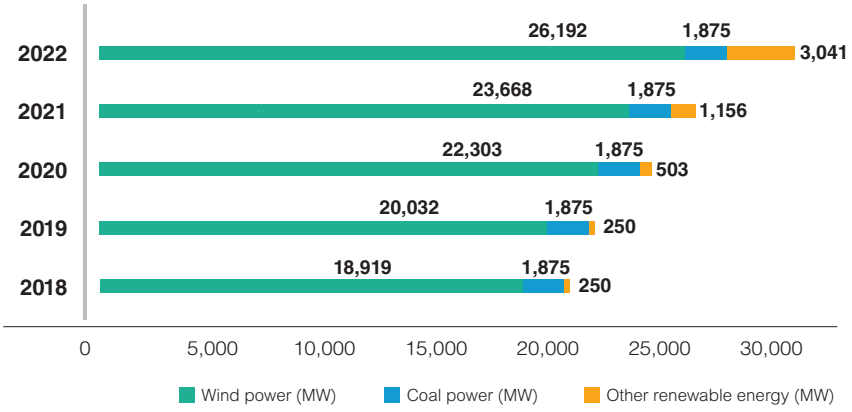


6. Net assets per share

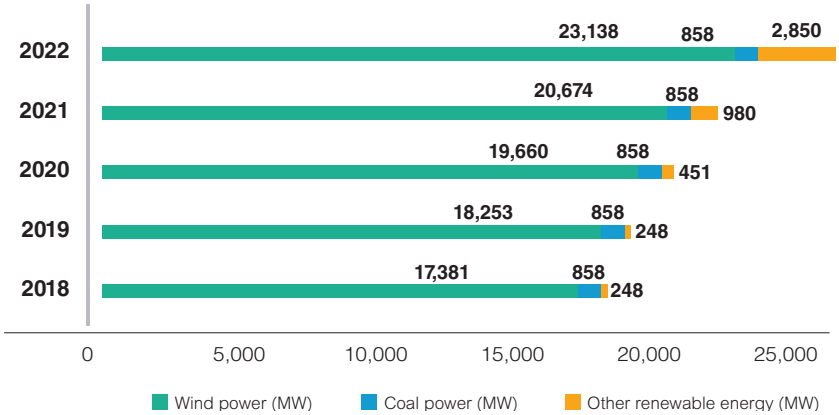


KEY OPERATING AND FINANCIAL DATA

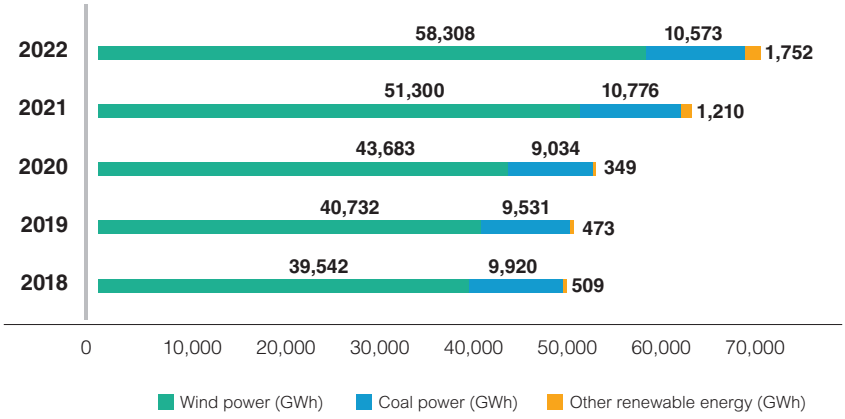
7. Consolidated installed capacity



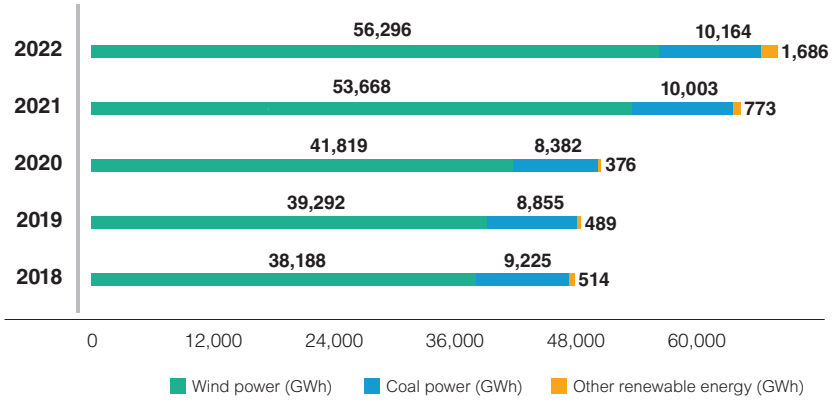
8. Attributable installed capacity



9. Electricity output

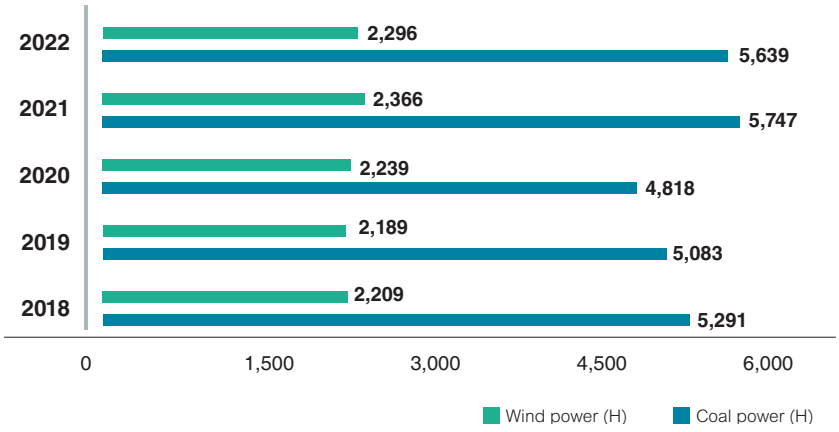


10. Electricity sales

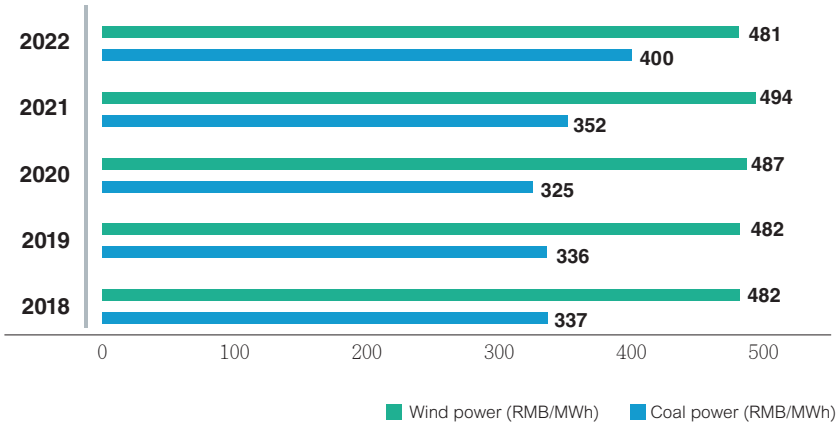


KEY OPERATING AND FINANCIAL DATA

11. Utilisation hours



12. Tariffs (excluding VAT)



KEY OPERATING AND FINANCIAL DATA

	2018 *RMB'000*	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	**2022** ***RMB'000***
Revenue	26,387,923	27,540,630	28,667,181	39,871,937	**39,861,647**
Profit before taxation	5,896,836	6,450,456	6,921,577	10,019,791	**7,683,712**
Income tax	(975,616)	(1,130,758)	(1,236,082)	(1,598,839)	**(1,554,474)**
Profit for the year	4,921,220	5,319,698	5,685,495	8,420,952	**6,129,238**
Attributable to:					
Equity holders of the Company	4,165,809	4,566,790	5,024,979	7,432,663	**5,131,802**
Non-controlling interests	755,411	752,908	660,516	988,289	**997,436**
Total comprehensive income for the year	4,622,561	5,455,679	5,532,714	8,452,586	**6,097,555**
Attributable to:					
Equity holders of the Company	3,886,575	4,713,367	4,882,823	7,459,601	**5,091,706**
Non-controlling interests	735,986	742,312	649,891	992,985	**1,005,849**
Basic and diluted earnings per share *(RMB cent)*	48.83	53.82	58.81	89.32	**58.63**

KEY OPERATING AND FINANCIAL DATA

	2018 *RMB'000*	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	**2022** ***RMB'000***
Total non-current assets	128,718,285	133,773,499	144,101,991	165,971,744	**170,354,922**
Total current assets	17,786,051	23,029,184	31,183,881	39,723,694	**52,864,419**
TOTAL ASSETS	146,504,336	156,802,683	175,285,872	205,695,438	**223,219,341**
Total current liabilities	39,780,268	43,537,841	52,907,326	62,239,403	**74,026,735**
Total non-current liabilities	50,158,275	52,609,770	55,929,572	65,431,856	**69,449,337**
TOTAL LIABILITIES	89,938,543	96,147,611	108,836,898	127,671,259	**143,476,072**
NET ASSETS	56,565,793	60,655,072	66,448,974	78,024,179	**79,743,269**
Total equity attributable to the equity holders of the Company	49,236,430	52,922,642	57,687,575	68,088,055	**68,447,628**
Non-controlling interests	7,329,363	7,732,430	8,761,399	9,936,124	**11,295,641**
TOTAL EQUITY	56,565,793	60,655,072	66,448,974	78,024,179	**79,743,269**
NET ASSETS PER SHARE *(RMB)*	6.13	6.59	7.18	7.72	**7.56**

CORPORATE PROFILE

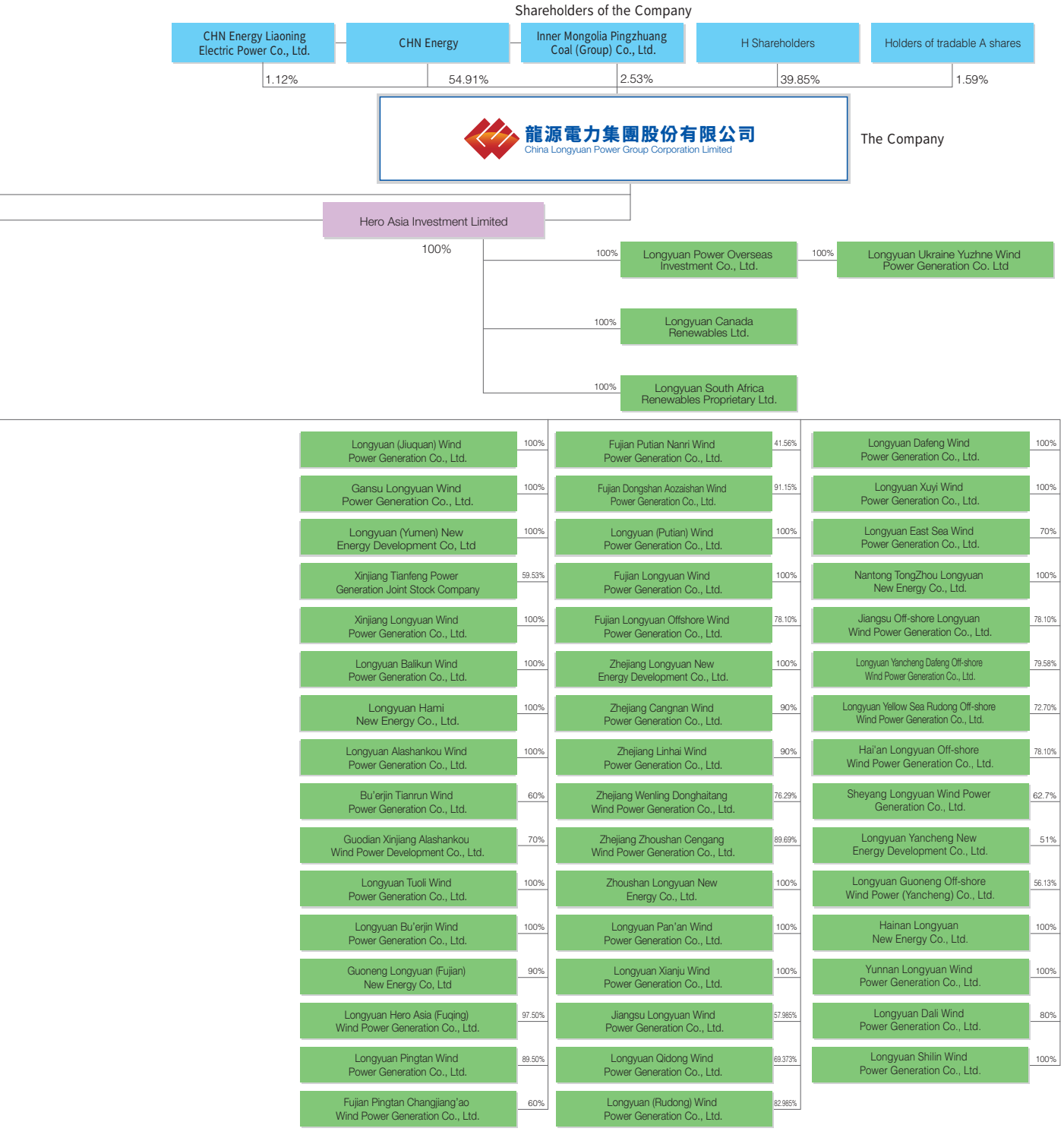
Founded in 1993, China Longyuan Power Group Corporation Limited was originally affiliated to the National Energy Administration and became an affiliated corporation of former Ministry of Power Industry, former State Power Corporation and China Guodian Corporation successively. It is currently affiliated to CHN Energy. It was successfully listed on the Main Board of the Hong Kong Stock Exchange in 2009 and officially listed on the A share market in 2022.

Longyuan Power is the earliest specialized company to develop wind power in China, and the leader in exploring wind power fields such as offshore, low wind speed and high altitude in China, firstly realizing the "going global" of wind power in China, and constantly leading the development of the industry and technological progress. Currently, Longyuan Power has become a large-scale power generation conglomerate focusing on the development and operation of new energy. It possesses wind power, photovoltaic, biomass, tidal, geothermal and coal power generation projects, which has established ten industry-leading technical service systems, including new energy project consulting and design, pre-development, development and research, public services for the industry, carbon asset development and management, vocational training and network security. Its business distributes in 32 provinces, autonomous regions and municipalities of the PRC and other countries such as Canada, South Africa and Ukraine, making positive contributions to the green and low-carbon development of global energy and the utilization of renewable energy.

CORPORATE PROFILE

CORPORATE STRUCTURE

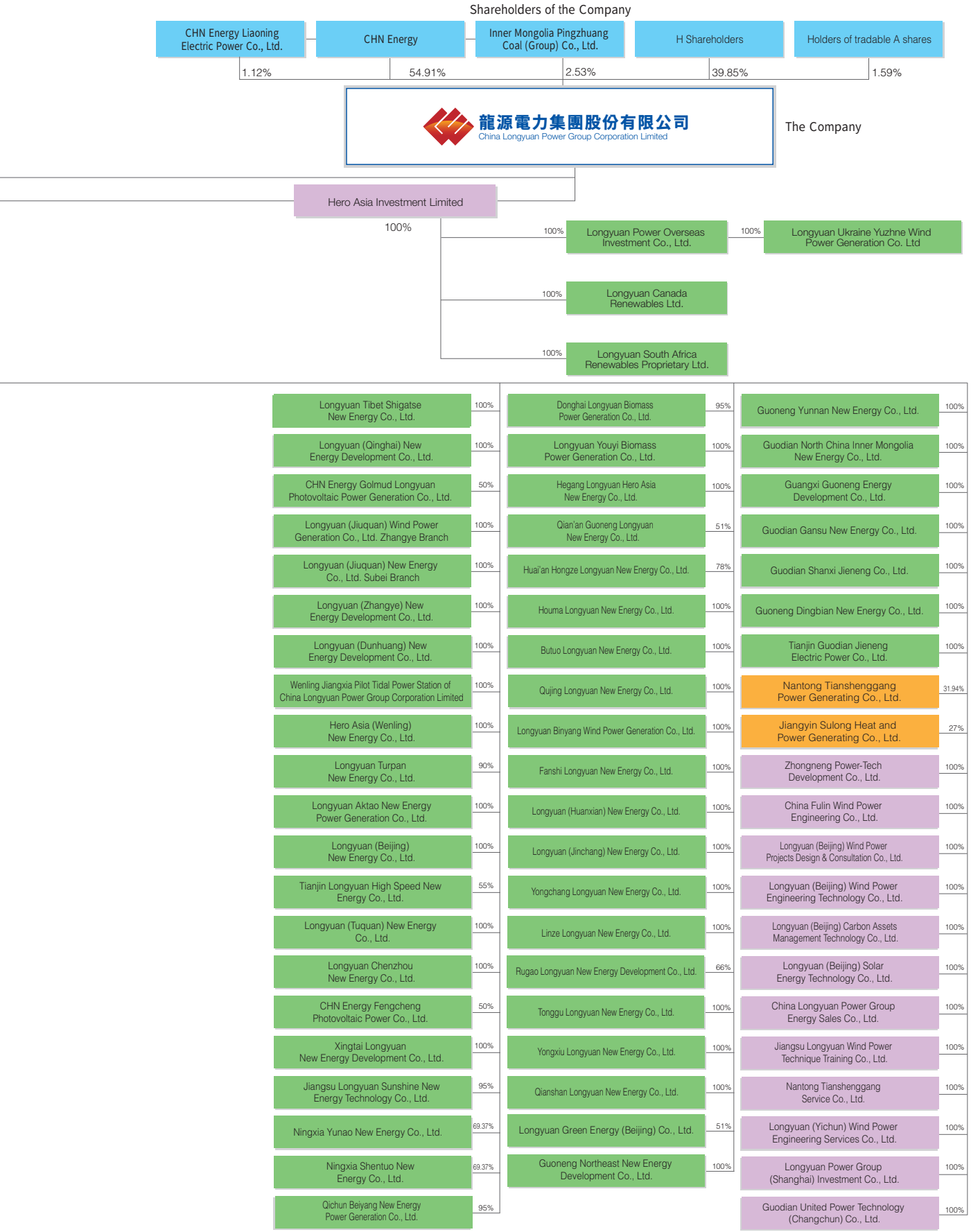
CORPORATE PROFILE



CORPORATE PROFILE

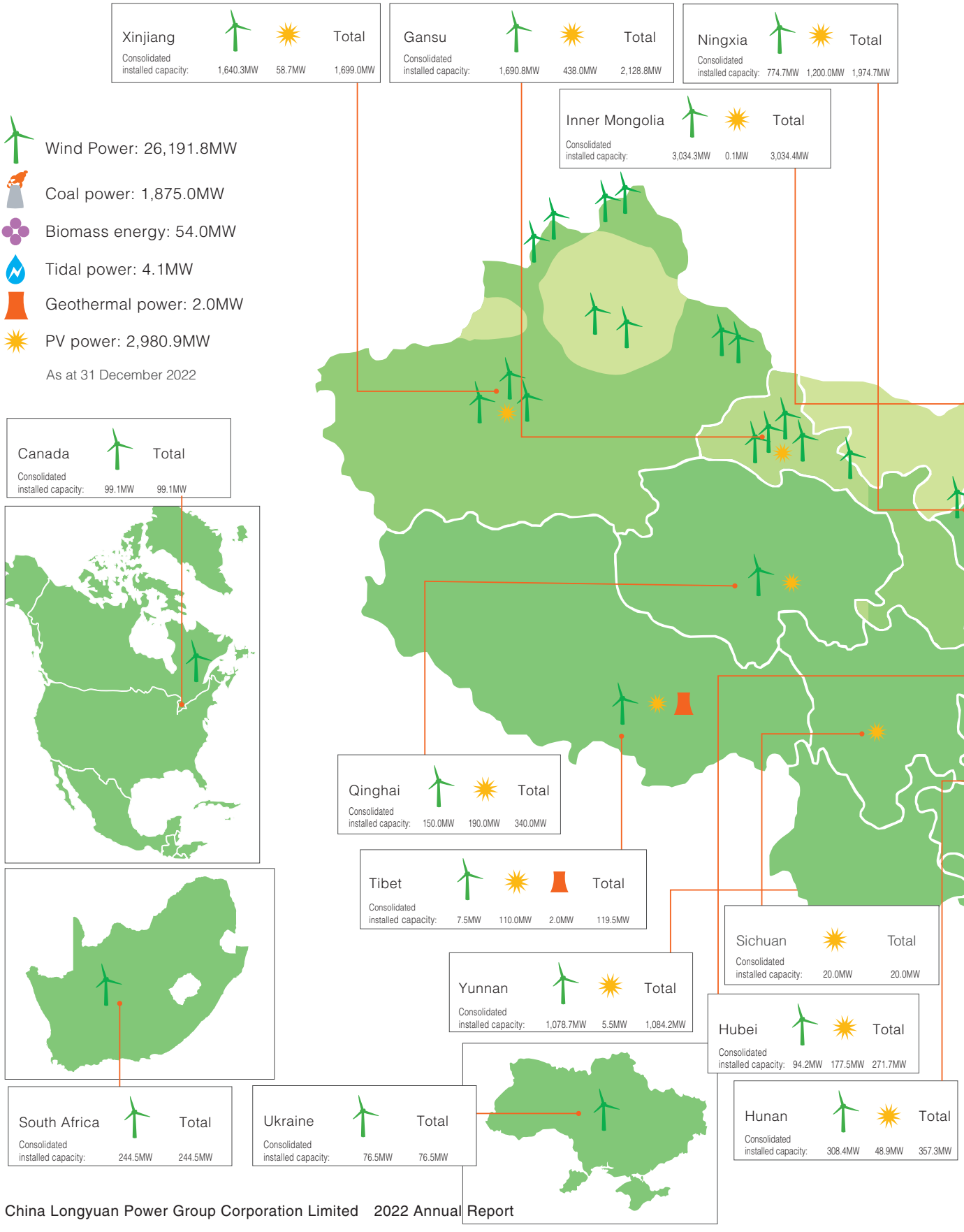
CORPORATE STRUCTURE

CORPORATE PROFILE

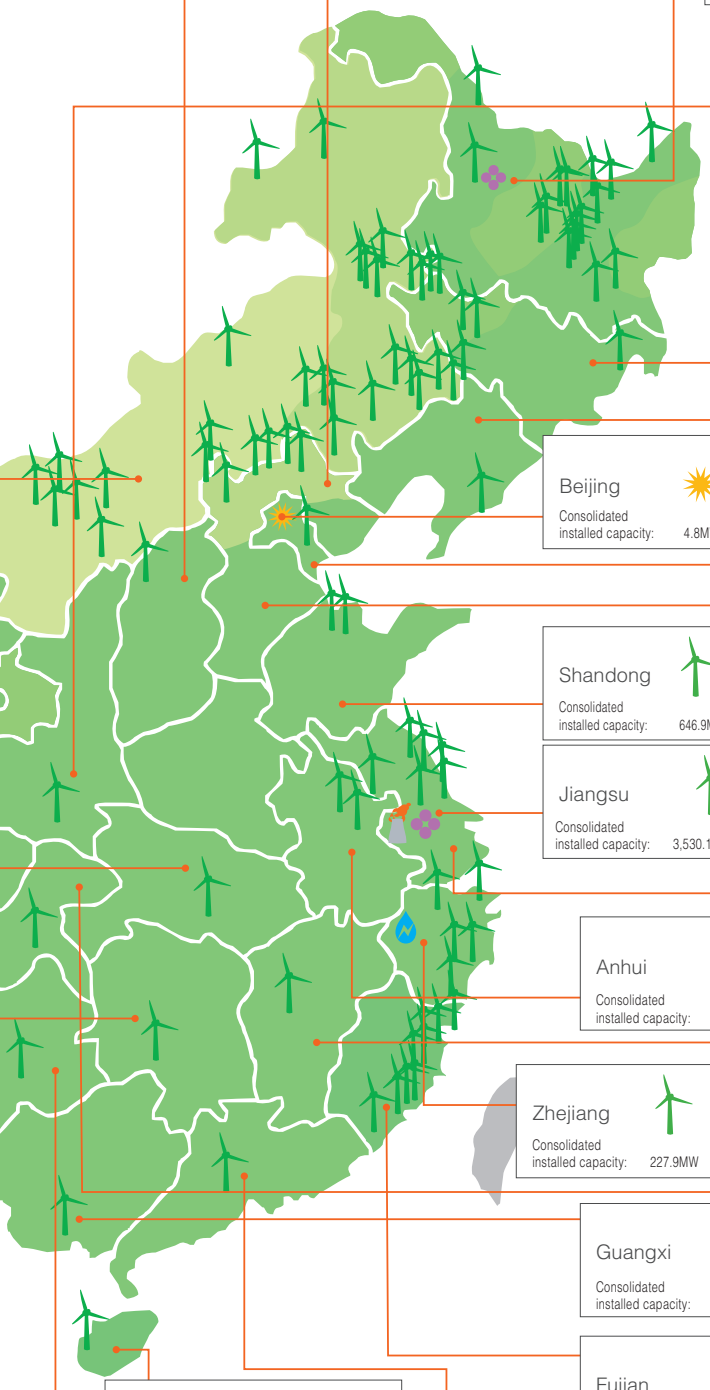


CORPORATE PROFILE

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS



CORPORATE PROFILE



Shanxi	Total
Consolidated installed capacity:	1,239.8MW	1,239.8MW

Heilongjiang	Total
Consolidated installed capacity:	1,345.7MW	30.0MW	1,375.7MW

Hebei	Total
Consolidated installed capacity:	1,770.1MW	0.1MW	1,770.2MW

Jilin	Total
Consolidated installed capacity:	844.4MW	844.4MW

Shaanxi	Total
Consolidated installed capacity:	833.85MW	50.0MW	883.9MW

Liaoning	Total
Consolidated installed capacity:	1,441.7MW	15.5MW	1,457.2MW

Beijing	Total
Consolidated installed capacity:	4.8MW	4.8MW

Tianjin	Total
Consolidated installed capacity:	538.0MW	27.8MW	565.8MW

Henan	Total
Consolidated installed capacity:	223.7MW	5.4MW	229.1MW

Shandong	Total
Consolidated installed capacity:	646.9MW	107.0MW	753.9MW

Jiangsu	Total
Consolidated installed capacity:	3,530.1MW	6.7MW	24.0MW	1,875.0MW	5,435.8MW

Shanghai	Total
Consolidated installed capacity:	47.5MW	3.7MW	51.2MW

Anhui	Total
Consolidated installed capacity:	821.6MW	78.7MW	900.3MW

Jiangxi	Total
Consolidated installed capacity:	196.4MW	303.2MW	499.6MW

Zhejiang	Total
Consolidated installed capacity:	227.9MW	111.0MW	4.1MW	343.0MW

Chongqing	Total
Consolidated installed capacity:	289.5MW	289.5MW

Guangxi	Total
Consolidated installed capacity:	933.0MW	933.0MW

Fujian	Total
Consolidated installed capacity:	1,049.1MW	15.2MW	1,064.3MW

Hainan	Total
Consolidated installed capacity:	99.0MW	3.0MW	102.0MW

Guangdong	Total
Consolidated installed capacity:	125.7MW	125.7MW

Guizhou	Total
Consolidated installed capacity:	789.0MW	789.0MW

HONOURS AND AWARDS

On 2 April, China Association for Science and Technology released the accredited list of the first batch of national science popularization education bases from 2021 to 2025, in which Wenling Jiangxia Pilot Tidal Power Station of Zhejiang Longyuan was successfully selected.

On 28 June, China Electric Power Construction Association released the review results for the "2022 China Power Quality Project Award", in which Longyuan Power's 400,000 kW wind power project in southern offshore area of Sheyang, Jiangsu Province and the 300,000 kW wind power project in Chensuoliang, Shangyi, Hebei Province were awarded.

证 书

证书名称：2022 年度中国电力优质工程

工程名称：射阳海上南区 40 万千瓦风电项目

建设单位：射阳龙源风力发电有限公司

证书编号：2022-DY55-01

证 书

证书名称：2022 年度中国电力优质工程

工程名称：龙源尚义陈所梁 300MW 风电项目

建设单位：龙源（张家口）风力发电有限公司

证书编号：2022-DY59-01

HONOURS AND AWARDS

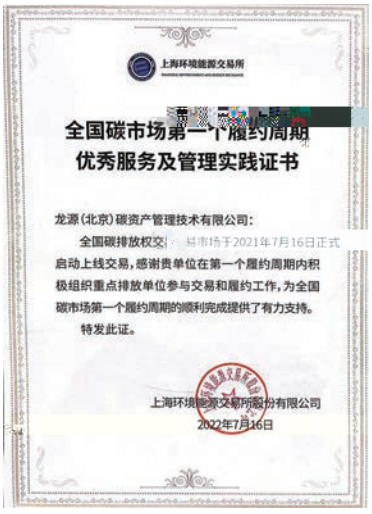
On 26 July, Mr. Sheng Bin of Longyuan South Africa Renewables was awarded the title of "Most Diligent Electricity Worker" by China Electricity Council.

On 12 July, the 2022 Fortune China 500 list was released and Longyuan Power ranked 335th, up 23 places from its ranking of the previous year.

HONOURS AND AWARDS

On 24 July, Longyuan Power's project of "Research and Application of Wind Turbine Performance and Fault Diagnosis and Warning Technology" won the Top 10 Solutions at the 5th "Digital China" Construction Summit after being selected and judged by the organizing committee of the Digital China Construction Summit.

On 25 July, Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. was awarded the "Certificate of Excellent Service and Management Practice for the First Performance Cycle of the National Carbon Market" by Shanghai Environment and Energy Exchange.


上海环境能源交易所

全国碳市场第一个履约周期
优秀服务及管理实践证书

龙源(北京)碳资产管理技术有限公司:

全国碳排放权交易市场于2021年7月16日正式启动上线交易，感谢贵单位在第一个履约周期内积极组织重点排放单位参与交易和履约工作，为全国碳市场第一个履约周期的顺利完成提供了有力支持。

特发此证。

上海环境能源交易所股份有限公司

2022年7月16日

HONOURS AND AWARDS

On 2 September, Longyuan Power has been listed on the "2022 Global Top 500 New Energy Enterprises" for ten consecutive years.

On 31 October, Longyuan Power's video "The Boy Who Harnessed the Wind" won the Popularity Award (Overseas) in the result of the 4th "Belt and Road Initiative" Short Video Competition.

HONOURS AND AWARDS

On 7 November, at the 5th China Enterprise Forum held in Jinan, Shandong Province, the "Listing Company ESG Bluebook (2022) of the Central Enterprises" and the "Central Enterprise ESG Pioneer 50 Series Index" were released, and Longyuan Power was ranked No. 2 in the "Central Enterprise ESG Social Value Pioneer 50 Index" and No. 14 in the "Central Enterprise ESG Pioneer 50 Index". Longyuan Power's case "Practicing ESG Development Concept and Facilitating the Construction of World-Class New Energy Enterprises" was selected as an outstanding case in the Bluebook.

央企ESG·先锋50

龙源电力集团股份有限公司

在2022年度426家中央企业控股上市公司ESG评级中成绩突出，入选"[redacted]50指数""央企ESG·风险管理先锋50指数"。

"践行ESG发展理念，助力世界一流新能源企业创建"入选ESG优秀案例。

特发此证。

《中央企业上市公司ESG蓝皮书（2022）》课题组
指导：国务院国资委社会责任局
执行：责任云研究院
2022年11月

On 20 November, the "Initial Results Presentation of 'A Hundred Companies in a Thousand Villages' Campaign and Summit of Chinese Enterprises in Africa for Social Responsibilities" was held in Beijing. The case of "Practicing Energy Saving and Emission Reduction to Create a Better Ecological Homeland" compiled by Longyuan South Africa Renewables was selected as an outstanding case in the column of "Practicing Energy Saving and Emission Reduction" in the Bluebook of Power of State-owned Companies of "A Hundred Companies in a Thousand Villages" in 2022.

HONOURS AND AWARDS

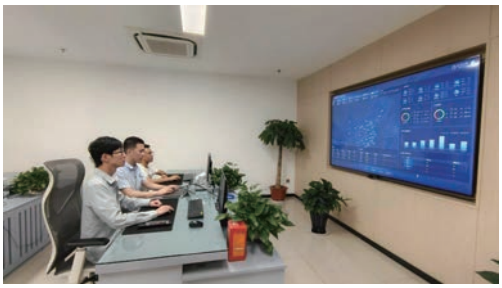
On 23 November, Longyuan Power was awarded the “Overseas CSR Practice Award” in the “2022 Golden Bull Award for Responsibility” organized by the China Social Responsibility 100 Forum.

On 1 December, Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. won the Gold Award in the “Revitalization Cup” – The National Youth Vocational Skills Contest for its project of “Research and Promotion of New Energy Equipment Reliability Predictive Maintenance and Quality Improvement Technology”.

HONOURS AND AWARDS

On 7 December, Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. was awarded the "Double Carbon Practice Award" by Shanghai Environment and Energy Exchange for 2021. The company has won the carbon asset management and related awards in the Shanghai Pilot Carbon Market for four consecutive years.

On 7 December, the scientific research achievement of "Key Technology Research of New Energy Enterprise Network Security Operation and Management Center" declared by Zhongneng Power-Tech Development Co., Ltd. affiliated with Longyuan Power, won the second prize in the science and technology category of Science and Technology Award of China Electric Power Promotion Council.



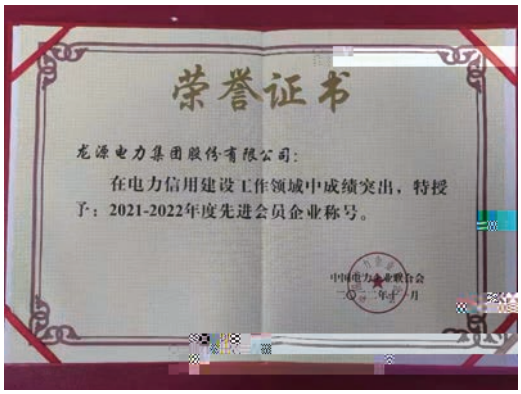
HONOURS AND AWARDS

On 13 December, Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. won the second prize of the China Electricity Council's 2022 Power Innovation Award for the project "Research on Residual Life, Health Status Assessment and Sustainable Economic Operation of Wind Turbines".

On 20 December, the 12th Hong Kong International Finance Forum and China Securities Golden Bauhinia Awards ceremony were held at the Hong Kong Convention and Exhibition Center in a combination of offline and online, and Longyuan Power was awarded the "Best Listed Company" in the 12th China Securities Golden Bauhinia Awards.

HONOURS AND AWARDS

On 21 December, China Electricity Council released the list of 2022 demonstration enterprises for credit system construction in the power industry, in which Longyuan Power was awarded the title of "2022 Power Industry Credit System Construction Demonstration Enterprise".


荣誉证书

龙源电力集团股份有限公司：

在电力信用建设工作领域中成绩突出，特授予：2021-2022年度先进会员企业称号。

中国电力企业联合会

二〇二二年十一月

On 30 December, China Association for Public Companies held the "Best Practice Case Series Award Ceremony" in Quanzhou City, Fujian Province. Longyuan Power's Absorption and Merger of Pingzhuang Energy Through Share Swap and A Shares Listing Project was awarded the "Classic Case of Cross-border Mergers and Acquisitions in the Capital Market" among the "Classic Cases of Mergers, Acquisitions and Restructuring in the Capital Market in this Decade".

CORPORATE MILESTONES IN 2022

On 28 January, the fifth session of the fourth staff representatives assembly and the working conference for 2022 was held by Longyuan Power in Beijing. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and by thoroughly implementing the spirits of the 19th National Party Congress of CPC and previous plenary sessions of the 19th Central Committee of CPC, the Company concluded the work for 2021, and deployed the tasks for 2022 by analyzing the current situation and clarifying the work ideas. The cadres and staff were mobilized to carry forward the great founding spirit of the Party, continuously promote the high-quality development of the "14th Five-Year Plan", and strive to write a new chapter in the construction of a world-class new energy company.

On 14 January, the first domestic trial model of offshore semi-submersible photovoltaic platform and mooring system with independent intellectual property rights, independently developed by Longyuan (Beijing) Solar Energy Technology Co., Ltd. was officially launched, marking the completion of model calculation and theoretical analysis of the offshore photovoltaic floating design scheme and the formal entry into an experiment and demonstration stage.

On 24 January, Longyuan Power was listed on the Shenzhen Stock Exchange. Longyuan Power's entry into the A-share market through merger and absorption is an important measure to integrate high-quality assets and further strengthen and enlarge the new energy sector, which embodies the main force and pioneer in the national strategy of "Carbon Peak, Carbon Neutral".

On 21 March, Longyuan Power Jiangsu Offshore Company, Huangang Wind Farm and Hai'an Offshore Wind Farm, successfully completed the first batch of 5G base stations for offshore wind turbines in the middle and offshore waters of Jiangsu Province, which successfully covered 50 kilometers of surrounding waters with 5G signals, and the regional network download rate reached 400 megabits per second.

CORPORATE MILESTONES IN 2022

On 11 May, developed by Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd., the first online monitoring system for fuel end carbon emissions in the industry officially passed the 100-day trial operation test, realizing 100% of automatic real-time collection, transmission, calculation and analysis of carbon emission index data and eliminating human interference in the whole process to ensure the quality of carbon emission data.

On 18 May, Xuyi 10MW/20MWh Lithium Iron Phosphate Energy Storage Power Station of Jiangsu Branch of Longyuan Power commenced on-grid operation, marking the successful operation of the largest energy storage power station of Longyuan Power and the first new energy supporting energy storage and power generation project in Jiangsu Province. The project is an onshore wind storage demonstration project under the technology innovation project of "Key Technology and Application Research on Multi-energy Complementary of Onshore and Offshore Wind, Solar and Water Storage" of CHN Energy.

On May 30, Zhejiang Branch of Longyuan Power realized the full-capacity on-grid power generation of the first solar-tidal complementary intelligent photovoltaic power plant in China, the solar-tidal complementary intelligent photovoltaic power plant in Wenling, Zhejiang, which created a new mode of comprehensive utilization of new energy with perfect coordination of photovoltaic and tidal power generation, marking a new achievement in the comprehensive utilization of ocean energy and the stereoscopic development and construction of new energy in China.

On 2 June, Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. completed the first domestic green certificate trading on www.greenenergy.org.cn.

On 8 June, the National Energy Administration announced that the Energy Industry Standard (NB/T 10918–2022) "Technical Guidelines for Smart Wind Farms", edited by Longyuan Power, was approved for publication and officially implemented from 13 November 2022. The standard is the first industry standard issued in the field of domestic smart wind farms and is also the foundation of the standard system in the field of smart wind power, which is of great significance in guiding the digital and intelligent transformation and upgrading of the wind power industry.

On 29 June, Longyuan Power held a meeting in Beijing to conclude the phase achievement of trouble-free wind farm construction, which was the first of its kind in the industry and continued to lead the direction of equipment management and technology development in the wind power industry.

CORPORATE MILESTONES IN 2022

On 12 August, the inauguration ceremony of the Xi'an Laboratory of the National Energy Research and Development (Experimental) Center for Wind Power Operation Technology, built by Longyuan Power, was held in Xi'an, and the Science and Technology Department of the National Energy Administration sent a letter of congratulations to this event.

On 5 September, at the invitation of State Grid Smart Car Networking Technology Co., Ltd.*(國網智慧車聯網技術有限公司), "China Electric Eco Expo 2022" jointly hosted by Longyuan Power, China Electricity Council and other departments was opened in Nanjing, Jiangsu Province, where Longyuan Power exhibited at the Green Power Eco Achievement Exhibition.

On 26 September, the main structure design for the world's first floating wind power and fishery integrating platform developed by Longyuan (Beijing) Wind Power Projects Design & Consultation Co., Ltd. depending on the technology project "Floating Offshore Wind Power Key Technology Research and Development and Engineering Demonstration (漂浮式海上風電關鍵技術研發與工程示範)" was reviewed and approved by China Classification Society.

On 11 October, Longyuan Power's first domestic production safety monitoring and control system was officially launched, making Longyuan Power the only domestic new energy operator with a production safety monitoring and control system with fully independent intellectual property rights. The system has access to all kinds of new energy equipment of CHN Energy, with a data capacity of 30 GW, creating a new business card for the new energy digitalization brand of CHN Energy.

On November 28, Longyuan Power, Ningxia Branch obtained the approval for access to the "Ningxiang DC" Supporting New Energy Base Zhongwei Photovoltaic Complex Project (Phase I 1.00 GW), which is the largest desert photovoltaic base project in China, with abundant light resources and superior grid-connected and construction conditions.

On 24 December, the first wind turbine of Longyuan Power, Ningxia Branch's equal-capacity technical reform project through "replacing small-capacity units with large-capacity units" in Helanshan was successfully connected to the grid. The project is the first nationwide equal-capacity wind power technical reform project through "replacing small-capacity units with large-capacity units" completing the filling procedure, with 16 new 5 MW turbine units replacing the original 80 old small wind turbine units.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with the International Financial Reporting Standards)

I. INDUSTRY REVIEW

Operational Environment

In 2022, confronting with the volatilities in the international environment and arduous domestic tasks of reform, development and stabilization, all the people of all ethnic groups in China, under the leadership of the Central Committee of the CPC with Comrade Xi Jinping at the core, faced up to difficulties, strengthened the control on macro-economy to achieve stable economic operation, steady improvement in the quality of development, and stability of the overall social situation, and China has made extremely hard-won new achievements in development.

According to the statistics from China Electricity Council, in 2022, power consumption across the country was 8,637.2 billion kWh, representing a year-on-year increase of 3.6%. The total power generation across the country was 8,694.1 billion kWh, representing a year-on-year increase of 3.6%. In particular, the power generation from non-fossil fuels was 3,147.3 billion kWh, representing a year-on-year increase of 8.7%, accounting for 36.2% of the total power generation, with the proportion up by 1.7 percentage points on a year-on-year basis. The on-grid wind power and the on-grid solar power generation amounted to 762.4 billion kWh and 427.6 billion kWh respectively, representing a year-on-year increase of 16.3% and 30.8% respectively, with both proportions of the nationwide power generation up by 1.0 percentage point over last year. The average utilisation hours of power generation facilities of 6,000 kilowatts and above across the country were 3,687 hours, representing a year-on-year decrease of 125 hours. In particular, the average utilisation hours for coal-fired power generation were 4,594 hours, representing a year-on-year decrease of 8 hours; the average utilisation hours for on-grid wind power were 2,221 hours, representing a year-on-year decrease of 9 hours; and the average utilisation hours for on-grid solar power generation were 1,337 hours, representing a year-on-year increase of 56 hours.

As of the end of 2022, the total power generation installed capacity across the country was 2.56 billion kW, representing a year-on-year increase of 7.8%, of which capacity of on-grid wind power was 0.37 billion kW (including 334.98 million kW and 30.46 million kW of onshore wind power and offshore wind power, respectively), accounting for 14.3% of the total installed capacity; capacity of on-grid solar power generation was 0.39 billion kW (including 392.04 million kW and 0.57 million kW of photovoltaic power generation and solar thermal power generation, respectively), accounting for 15.3% of the total installed capacity. In 2022, the newly added power generation capacity of infrastructure construction across the country amounted to 199.74 million kW, of which capacity of on-grid wind power and on-grid solar power generation amounted to 37.63 million kW and 87.41 million kW respectively.

Policy Environment

I. Improving Clean Energy Policies and Regulations, and Promoting Carbon Peak and Carbon Neutrality in an Orderly Manner

In March 2022, the State Council issued the Opinions on the Division of Key Work in Implementing the Report on the Government Work (《關於落實〈政府工作報告〉重點工作分工的意見》), proposing the orderly promotion of carbon peak and carbon neutrality, promoting the planning and construction of large-scale wind and photovoltaic power bases and their supporting adjustable power supply, strengthening the construction of pumped storage power stations, enhancing the capacity of the grid to consume the electricity generated by renewable energy, promoting the research and development and application of green and low-carbon technologies, building a green manufacturing and service system, improving pollution reduction and carbon reduction incentive restraint policy, developing green finance, and accelerating the formation of a green and low-carbon production mode and lifestyle.

In March 2022, the NDRC, the Ministry of Foreign Affairs, the Ministry of Ecology and Environment and the Ministry of Commerce jointly issued the Opinions on Promoting the Green Development of "The Belt and Road" (《關於推進共建「一帶一路」綠色發展的意見》), proposing to deepen cooperation in green and clean energy, promote green and low-carbon transformation and development through international energy cooperation, encourage solar and wind power generation enterprises to "go global" and promote the completion of a number of green energy best practice projects.

In June 2022, nine governmental departments including the NDRC jointly issued the "14th Five-Year" Plan for Renewable Energy Development (《「十四五」可再生能源發展規劃》). The Plan set four major targets on total renewable energy consumption, electricity generation, consumption responsibility weight and non-electricity utilisation, and proposed to optimise the development mode in terms of supply, develop renewable energy on a large scale, improve the mechanism for guaranteeing the consumption of electricity generated from renewable energy sources, strengthen the security of land and environment support for renewable energy, enhance the fiscal policy support for renewable energy and improve the green financial system for renewable energy.

In July 2022, 16 governmental departments including the NDRC jointly issued the Action Plan for Implementing the National Standardization Development Outline (《貫徹實施〈國家標準化發展綱要〉行動計劃》), proposing to introduce the implementation plan for the establishment and improvement of the standard measurement system for carbon peak and carbon neutrality, strengthen the development of standard for new power systems, and improve the standards for the clean and efficient use of wind power, photovoltaic, power transmission and distribution, energy storage, hydrogen energy, advanced nuclear power and fossil energy.

In August 2022, the Ministry of Industry and Information Technology, the NDRC and the Ministry of Ecology and Environment jointly issued the Circular on the Implementation Plan for Carbon Peaking in the Industrial Sector (《關於工業領域碳達峰實施方案的通知》), proposing to guide enterprises and parks to accelerate the development and operation of integrated systems such as distributed photovoltaic, distributed wind power and diversified energy storage, and promote the large-scale and high-proportion consumption of renewable energy in the vicinity.

In October 2022, the National Energy Administration issued the Action Plan for a Higher Degree of Standardization of Carbon Peak and Carbon Neutrality of Energy (《能源碳達峰碳中和標準化提升行動計劃》). The Action Plan proposed that by 2025, a relatively complete energy standard system that may strongly support and lead the green and low-carbon transformation of energy would be initially established, and energy standards would interact well with technological innovation and industrial development, effectively promoting green and low-carbon transformation of energy, energy conservation and carbon reduction, technological innovation, and carbon emission reduction in the industrial chain. By 2030, a structurally optimized, advanced and reasonable energy standards system will be established, energy standards will develop in close synergy with technological innovation and industrial transformation, and carbon peak and carbon neutrality in the energy sector will be strongly supported and guaranteed by energy standardization.

II. Diversifying the Application of New Energy Storage Technologies and Promoting the Efficient Consumption and Use of New Energy

In January 2022, the NDRC and the National Energy Administration issued a Circular on the Publication of the Plan for Modern Energy System during the "14th Five-Year" Period (《關於印發「十四五」現代能源體系規劃的通知》), which provided detailed rules and regulations and implementation paths of policies for the development of various links of power industry. In terms of promoting the building of a new power system, the document highlighted that greater efforts should be made to plan and build a new energy supply and consumption system based on large-scale wind and photovoltaic power bases, supported by clean, efficient and advanced energy-saving coal power in their vicinity and carried by stable, safe and reliable ultra-high voltage transmission and distribution circuits, to actively promote the integrated development of power generation, grid, load and energy storage.

In April 2022, the NDRC issued the essay named Improving the Energy Storage Cost Compensation Mechanism to Help Build a New Power System with New Energy as the Main Body (《完善儲能成本補償機制助力構建以新能源為主體的新型電力系統》), proposing to accelerate the development of cost diversion mechanisms for various types of energy storage in different application scenarios, and focus on the common problems such as poor cost diversion faced by the energy storage industry.

In April 2022, the NDRC published the Power Reliability Management Measures (Interim) (《電力可靠性管理辦法(暫行)》). Since 1 June, large-scale wind, solar and other renewable energy power generation enterprises in desert, gobi and desert areas were required to establish power reliability management systems to match, establish publishing mechanisms for the construction demand of new types of energy storage, and allow various types of energy storage facilities to participate in system operation.

In June 2022, the NDRC and the National Energy Administration issued the Notice on Further Promoting the Participation of New Types of Energy Storage Facilities in the Power Market, Dispatching and Application《關於進一步推動新型儲能參與電力市場和調度運用的通知》, specifying that new types of energy storage facilities could participate in the electricity market as independent energy storage, and encouraging new energy field stations and supporting facilities for energy storage to jointly participate in the market.

In August 2022, nine governmental departments including the Ministry of Science and Technology issued the Implementation Plan for Carbon Peak and Carbon Neutrality Supported by Science and Technology (2022–2030) (《科技支撐碳達峰碳中和實施方案(2022–2030年)》), proposing the scientific and technological innovation actions and safeguard measures to support the achievement of carbon peak by 2030, and the technology research and development reserves to be made for the achievement of carbon neutrality by 2060.

III. Promoting Steadily Structural Transformation and Developing Renewable Energy of High Quality

In March 2022, the National Energy Administration published the Guiding Opinions on Energy Work in 2022 (《2022年能源工作指導意見》), proposing to steadily promote structural transformation, so that the proportion of coal consumption would steadily decrease, the proportion of non-fossil energy in total energy consumption would increase to about 17.3%, newly-added alternative output from power generation would reach around 180 billion kWh, and the proportion of wind power and photovoltaic power generation in the total electricity consumption in the society would reach about 12.2%.

In May 2022, the NDRC and the National Energy Administration issued the Implementation Plan for Promoting High-Quality Development of New Energy in the New Era (《關於促進新時代新能源高質量發展的實施方案》), proposing to innovate the mode of new energy development and utilisation, accelerate the construction of large-scale wind power and photovoltaic power bases focusing on desert, gobi and desert areas, guide the whole society to consume new energy and other green power, accelerate the building of new type of power systems to accommodate the gradual increase in the proportion of new energy, comprehensively improve the regulation capability and flexibility of the power system, focus on improving the ability of power distribution networks to accept distributed new energy, steadily promote the participation of new energy in electricity market transactions, and improve the system of weighting responsibility for the consumption of electricity generated from renewable energy.

In June 2022, six governmental departments including the NDRC jointly issued the Industrial Energy Efficiency Improvement Action Plan (《工業能效提升行動計劃》) to support qualified industrial enterprises and industrial parks to build industrial green micro grids, accelerate the development and operation of integrated systems such as distributed photovoltaic, distributed wind power and smart energy management and control, and encourage the priority use of renewable energy to meet the electricity demand of electric energy substitution projects.

In November 2022, three governmental departments including the NDRC issued the Notice on Further Enhancing the Work Related to the Exclusion of New Renewable Energy Consumption from the Total Energy Consumption Control (《關於進一步做好新增可再生能源消費不納入能源消費總量控制有關工作的通知》). The document proposed that the scope of the new renewable energy power consumption shall be accurately defined, and renewable energy that is not included in the total energy consumption mainly includes wind power, solar power generation, hydropower, biomass power generation, geothermal power generation and other renewable energy at this stage.

In November 2022, the National Energy Administration issued the Notice of Grid Connection in Best Effort Regarding the Active Promotion of New Energy Power Generation Projects (《關於積極推動新能源發電項目應併盡併、能併早併有關工作的通知》). It required all grid companies to take effective measures to guarantee the prompt grid connection for the qualified wind power and photovoltaic power generation projects, and allowed grid connection in batches, without taking full capacity completion as a necessary condition for grid connection of new energy projects.

IV. Coordinating the Promotion of Green Power Trading and Building a Unified National Power Market

In January 2022, seven governmental departments including the NDRC jointly issued the Implementation Plan for Promoting Green Consumption (《促進綠色消費實施方案》), proposing to implement the requirement that new renewable energy and energy used as raw materials should not be included in the total energy consumption control, and to coordinate the promotion of green power trading and green certificate trading. It encouraged the consumption of green power by industry leaders, large state-owned enterprises and multinational companies, and promoted the gradual increase in the proportion of green power consumption in regions with relatively more export-oriented enterprises and stronger economic capacity. It stressed that the minimum proportion of green power in the power consumption by high energy-consuming enterprises could be set by each region according to its actual situation.

In January 2022, the NDRC and the National Energy Administration issued the Guiding Opinions on Accelerating the Building of a Nationwide Unified Power Market System (《關於加快建設全國統一電力市場體系的指導意見》), proposing to improve the operation and management of the electricity trading platform and the cross-provincial and cross-regional market trading mechanism, encourage and support direct trading between power generation enterprises and electricity sales companies and consumers, and enhance the flexibility of the mechanism for the cross-provincial and cross-regional transmission price.

In April 2022, the Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Construction of a Unified National Market (《中共中央、國務院關於加快建設全國統一大市場的意見》) was released, which specified clearly the rules that the establishment of a unified national market system should be accelerated, local protection and market segmentation should be broken, the smooth flow of commodity resources should be promoted on a wider scale, and the construction of an efficient, regulated, fair, competitive and fully open national market should be accelerated.

In April 2022, the Department of Price under the NDRC issued the Letter on the Continuation of the Parity Grid-connection Policies for New Wind Power and Photovoltaic Power Projects in 2022 (《關於2022年新建風電、光伏發電項目延續平價上網政策的函》), specifying that in 2022, the parity grid-connection policies would be continued for newly approved onshore wind power projects, newly filed centralised photovoltaic power plants and distributed photovoltaic projects for industrial and commercial sectors; new projects could voluntarily participate in market-based trading to form on-grid tariff; at the same time, various regions were encouraged to introduce specific support policies.

In November 2022, the Comprehensive Department of the National Energy Administration issued a notice seeking public opinions on the Basic Rules for Power Spot Market (Draft) (《電力現貨市場基本規則(徵求意見稿)》) and Measures for the Supervision of Power Spot Market (Draft) (《電力現貨市場監管辦法(徵求意見稿)》), which proposed to construct the inter-provincial and provincial/regional spot market in accordance with the framework of "unified market and coordinated operation", strengthen the linkage between the medium- and long-term market and the spot market, promote the participation of new energy in the power market in a steady and orderly manner, and explore the establishment of a market-based capacity compensation mechanism.

In December 2022, the NDRC and the National Energy Administration issued the Notice on Signing and Performing Medium and Long Term Electric Power Contract in 2023 (《關於做好2023年電力中長期合同簽訂履約工作的通知》), which proposed to improve the green power price formation mechanism, encouraged power users to sign annual and above green power trading contracts with new energy enterprises to lock in longer-term and stable price levels for new energy enterprises, and encouraged regions with a high proportion of new energy to explore and enrich the type of new energy to participate in market transactions.

V. Implementing Subsidies for Renewable Energy and Vigorously Developing Green Finance

In March 2022, the Ministry of Finance released the Draft about the Implementation of the Central and Local Budgets in 2021 and the Budgets in 2022 (《關於2021年中央和地方預算執行情況與2022年中央和地方預算草案》), proposing to study the establishment of a national low-carbon transformation fund, improve clean energy support policies, vigorously develop renewable energy and promote the resolution of the funding gap of subsidies for renewable energy power generation.

In March 2022, the NDRC, the National Energy Administration and the Ministry of Finance jointly issued the Notice on Launching the Self-inspection in respect of Subsidies for Renewable Energy Power Generation (《關於開展可再生能源發電補貼自查工作的通知》), deciding to launch the nationwide verification in respect of subsidies for renewable energy power generation to further figure out the base of subsidies for renewable energy power generation.

In June 2022, seven governmental departments including the Ministry of Ecology and Environment issued the Implementation Plan for Synergistic Effectiveness in Reducing Pollution and Reducing Carbon Emission (《減污降碳協同增效實施方案》), proposing to vigorously develop green finance, make good use of monetary policy tools for carbon emission reduction, and guide financial institutions and social capital to increase their support for reducing pollution and carbon emission; we should establish green electricity price policies that would be conducive to the green and low-carbon development of enterprises and promote pilot green power trading; we should implement actions in replacement with renewable energy, vigorously develop wind energy, solar energy, biomass, ocean energy and geothermal energy, and continuously increase the proportion of non-fossil energy consumption.

In August 2022, the Ministry of Finance published the Fiscal and Taxation Supporting Programs of the Central Fiscal Department on Promoting Ecological Protection and High-quality Development in the Yellow River Basin (《中央財政關於推動黃河流域生態保護和高質量發展的財稅支持方案》), proposing to promote the innovation and upgrade of the smart photovoltaic industry in the Yellow River Basin and its featured application on the basis of protecting the ecology, and support the continued construction of large-scale wind power and photovoltaic base in the sands, gobi and desert areas in the upper reaches of the Yellow River.

II. BUSINESS REVIEW

Business

In 2022, the Group has always taken "developing clean energy and building a Beautiful China" as our mission all the time, committed itself to building a world-class new energy company with global competitiveness, and contributed to the realization of the national goal of "carbon peak and carbon neutrality". In 2022, the consolidated installed capacity of the Group's newly self-built projects was 2,409.60 MW, of which the consolidated installed capacity of wind power was 534.40 MW, the consolidated installed capacity of photovoltaic was 1,875.20 MW; the consolidated installed capacity of wind power and photovoltaic increased by 1,989.60 MW and 10.00 MW respectively through asset restructuring and mergers and acquisitions. As of 31 December 2022, the consolidated installed capacity of the Group was 31,107.84 MW, among which, the consolidated installed capacity of the wind power, coal-fired power and other renewable energy segments were 26,191.84 MW, 1,875 MW and 3,041.00 MW, respectively. In 2022, the accumulated power generation amounted to 70,633,024 MWh, representing a year-on-year increase of 11.6%, of which wind power generation amounted to 58,308,065 MWh, representing a year-on-year increase of 13.7%; coal power generation amounted to 10,572,663 MWh, representing a year-on-year decrease of 1.9%; other renewable energy power generation amounted to 1,752,296 MWh, representing a year-on-year increase of 44.9%.

1. Empowering Production Management with Digital Intelligence and Preventing Risks to Lay a Solid Foundation

In 2022, the Group accelerated the construction of a digital production safety technology platform and management system, realizing the management of intelligent empowerment. The Group explore the valuation of data profoundly to resolve the trouble which had interrupted the long-cycle operation at equipment, developed a fault warning model and built a full-coverage online vibration monitoring network, changing from "passive overhaul" to "predictive maintenance". The Group swept away the blind spot of safety management by its continuously innovative equipment monitoring methods, deployment of crew cameras, mobile spherical monitors and work recorders new access to the data of 86 vehicles, which realised the real-time positioning of 542 production vehicles and 17 vessels. It implemented the new mode of operation and inspection separation, centralized monitoring and regional maintenance, integrated regional resources, and broke the barriers between stations to solve the imbalance of uneven staff workload and technology. The Group optimised its workflow, achieved standardization of operation, integrated risk pre-control, safety measures, maintenance quality and inspection technology into the whole process of production operation through the implementation of standardized operation "ticket-card bag", and ensured the operation safety and equipment maintenance quality under control.

In 2022, the Group carried out the spirit of important instructions on production safety in depth, formulated and issued the "Implementation Plan for Further Strengthening Production Safety by Implementing the Spirit of Important Instructions from General Secretary Xi Jinping", implemented various tasks around the "Document No. 1" on safety and environmental protection, improved the safety contracting and assurance responsibility system, and strengthened the safety and environmental protection leadership responsibility. The

Group improved its system and focused on the significant aspects including production and infrastructure, developed and revised nine management systems for high-risk operations, offshore wind power operations, etc. "Two lists" (problematic hidden dangers and institutional measures) and key projects were basically completed with its in-depth implementation of the special action in "consolidation and upgrading year" for the three-year action plan of the national production safety special rectification. It formulated the power guarantee plan for major festivals and successfully completed various power guarantee tasks for this year. It made efforts to enhance its risk prevention capability, conducted remote inspections on high-risk operations with full coverage throughout the year, issued weekly inspection reports, sent reminders and conducted assessments on typical problems, actively improved the dual prevention mechanism for risks and hazards, clarified the list and procedures for risk identification, and dynamically updated the risk database. In combination with the actual work, the Group revised and released the comprehensive emergency plan for emergencies and 20 special emergency plans for emergencies to ensure scientific and effective emergency disposal.

In 2022, the accumulated power generation of the Group amounted to 70,633,024 MWh, representing a year-on-year increase of 11.6%, of which wind power generation amounted to 58,308,065 MWh, representing a year-on-year increase of 13.7%, mainly due to the impact of factors such as the year-on-year increase in installed capacity of wind power, the year-on-year increase in unit availability and the year-on-year decrease in power curtailment ratio. The average utilisation hours of wind power in 2022 was 2,296 hours, 70 hours less than that in 2021, mainly due to the year-on-year decrease in the average wind velocity in 2022.

Geographical breakdown of the consolidated power generation of the Group's wind farms for 2021 and 2022:

Region	2022 *(MWh)*	2021 *(MWh)*	Percentage of change
Heilongjiang	**3,373,653**	2,823,428	19.49%
Jilin	**2,041,863**	1,543,771	32.26%
Liaoning	**3,111,842**	2,343,985	32.76%
Inner Mongolia	**6,835,334**	6,567,889	4.07%
Jiangsu (onshore)	**2,281,530**	2,763,657	-17.45%
Jiangsu (offshore)	**5,380,629**	4,032,165	33.44%
Zhejiang	**380,131**	384,503	-1.14%
Fujian	**3,629,312**	2,763,390	31.34%
Hainan	**143,506**	139,125	3.15%
Gansu	**3,217,564**	2,818,883	14.14%
Xinjiang	**3,970,318**	3,936,234	0.87%
Hebei	**3,993,512**	3,657,925	9.17%
Yunnan	**2,624,821**	2,278,336	15.21%
Anhui	**1,718,341**	1,955,551	-12.13%
Shandong	**1,259,587**	1,281,806	-1.73%
Tianjin	**967,771**	663,998	45.75%
Shanxi	**2,430,177**	2,433,099	-0.12%
Ningxia	**1,490,938**	1,726,813	-13.66%
Guizhou	**1,483,689**	1,442,389	2.86%
Shaanxi	**1,715,468**	1,101,840	55.69%
Tibet	**14,181**	15,078	-5.95%
Chongqing	**658,655**	692,761	-4.92%
Shanghai	**115,373**	120,359	-4.14%
Guangdong	**297,506**	286,879	3.70%
Hunan	**666,490**	600,665	10.96%
Guangxi	**1,901,034**	549,014	246.26%
Jiangxi	**449,517**	426,205	5.47%
Hubei	**230,239**	220,800	4.27%
Qinghai	**274,652**	228,132	20.39%
Henan	**445,643**	362,479	22.94%
Canada	**283,219**	264,574	7.05%
South Africa	**693,043**	783,286	-11.52%
Ukraine	**228,529**	90,742	151.84%
Total	**58,308,065**	51,299,762	13.66%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for 2021 and 2022:

Region	Average utilisation hours of wind power for 2022 *(hour)*	Average load factor of wind power for 2022	Average utilisation hours of wind power for 2021 *(hour)*	Average load factor of wind power for 2021	Percentage of change of the average utilisation hours of wind power
Heilongjiang	2,510	29%	2,293	26%	9.46%
Jilin	2,413	28%	2,324	27%	3.83%
Liaoning	2,160	25%	2,240	26%	-3.57%
Inner Mongolia	2,417	28%	2,482	28%	-2.62%
Jiangsu (onshore)	1,692	19%	2,050	23%	-17.46%
Jiangsu (offshore)	2,453	28%	2,550	29%	-3.80%
Zhejiang	1,656	19%	1,675	19%	-1.13%
Fujian	3,340	38%	3,192	36%	4.64%
Hainan	1,450	17%	1,405	16%	3.20%
Gansu	2,025	23%	2,186	25%	-7.37%
Xinjiang	2,428	28%	2,473	28%	-1.82%
Hebei	2,266	26%	2,146	25%	5.59%
Yunnan	2,459	28%	2,620	30%	-6.15%
Anhui	2,124	24%	2,417	28%	-12.12%
Shandong	2,317	26%	2,641	30%	-12.27%
Tianjin	2,010	23%	2,226	25%	-9.70%
Shanxi	1,960	22%	2,404	27%	-18.47%
Ningxia	1,921	22%	2,225	25%	-13.66%
Guizhou	2,006	23%	1,877	21%	6.87%
Shaanxi	2,056	23%	2,158	25%	-4.73%
Tibet	1,891	22%	2,010	23%	-5.92%
Chongqing	2,271	26%	2,389	27%	-4.94%
Shanghai	2,429	28%	2,534	29%	-4.14%
Guangdong	2,374	27%	2,253	26%	5.37%
Hunan	2,161	25%	2,262	26%	-4.47%
Guangxi	2,568	29%	2,623	30%	-2.10%
Jiangxi	2,289	26%	2,340	27%	-2.18%
Hubei	2,444	28%	2,631	30%	-7.11%
Qinghai	1,831	21%	1,766	20%	3.68%
Henan	2,566	29%	2,750	31%	-6.69%
Canada	2,858	33%	2,670	31%	7.04%
South Africa	2,835	32%	3,204	37%	-11.52%
Ukraine	2,987	34%	1,127	31%	165.04%
Total	2,296	26%	2,366	27%	-2.96%

During the Reporting Period, the consolidated power generation from coal power segment of the Group was 10,572,663 MWh, representing a decrease of 1.9% as compared with 10,776,027 MWh in the corresponding period of 2021, which was primarily due to the year-on-year increase in the times and duration of downtime for dispatching control of coal power units. The average utilisation hours of the Group's coal power segment in 2022 was 5,639 hours, representing a decrease of 108 hours as compared with 5,747 hours in 2021.

2. Continuing to Promote the Acquisition of Resources and Optimizing the New Energy Development Layout

In 2022, the Group strengthened top-level design, enhanced strategic guidance and gave priority to plans, scientifically studied and judged the development situation around the "14th Five-Year" development goal, and fully leveraged the Group's advantages in brand, technology, talents, layout and other aspects to accelerate high-quality development. Taking into account the strategic consistency and flexibility and in accordance with the development spirit of being "Troikas, Dual-core Development, Four Growth Engines", the Group adhered to the policy of "one province, one policy", comprehensively promoted the development of its projects featuring "base-type, station-type and distribution-type"; enhanced its strategic synergy and competed in the initiative for the base development through utilising the strength of the integration of CHN Energy, the industrial supporting advantages of cooperative enterprises and its own professional advantages; adhered to the combination of centralised and distributed operations to promote the efficient and rapid development of PV; deepened policy study and technology research and expanded the development and leading of emerging technologies such as energy storage, hydrogen energy and ammonia energy. The Group continued to plan and promote large base projects in a closely consistent manner with the base project development policy of the NDRC, and planned for extra-high voltage lines and supporting coal power capacity in order to promote large base projects along with the construction of extra-high voltage transmission lines. The Group seized the development opportunities of offshore wind power, expanded the offshore layout, and successfully won the bid for the total capacity of 2,100 MW of offshore wind power and photovoltaic projects.

In 2022, the Group increased its resource reserve by 62 GW (25.63 GW for wind power and 36.37 GW for photovoltaic), representing an increase of 9.8% as compared with 56.46 GW in the corresponding period of last year, all of which are located in regions with better resources. Branches of the Group in 19 provinces including Anhui, Yunnan, Inner Mongolia, Shandong and Hunan all have additional agreed capacity of more than 1 million kW. It obtained more than 18.37 GW of development quota, including 13.14 GW of centralized development quota (4.67 GW of wind power and 8.47 GW of PV) through competitive allocation and other means, and 5.23 GW of distributed PV projects on file.

3. Improving Efficiency in Construction and Creating a Safe and Stable Construction Site

In 2022, the Group promoted the completion of "one person, one machine" configuration of work recorders and real-time positioning of production vehicles and vessels through full implementation in application of video monitoring equipment, resulting in the visualization of the operation site. The Group's construction of the infrastructure high-risk operation video access production control system was accelerated, and the development of six business modules, including construction management, has been completed to completely strengthen the digital management of engineering. The project construction site intelligent management platform was formally launched and steadily operated, with a total of 11 modules including video monitoring, vehicle positioning, work planning, personnel punching, etc. Video monitoring could reflect the construction site in real time and realise remote monitor of the project safety management. The accurate work plan was made through electronic fence, personnel punching and vehicle positioning and other functions to make the construction more methodical and purposeful.

In 2022, the Group vigorously promoted the construction of projects with high standards through linkage throughout the whole process, enhancing engineering design leadership and optimization of construction organization scheme, and achieved a generally stable safety situation of the project construction. All units overcame challenges imposed by extreme weather, put the safety responsibilities at all levels in place, strengthened the on-site emergency management and attached significant importance to the management and control of high-risk operations, intensified inspection on safety inspection and paid special attention on rectification of problems, without any major or above safety accidents and equipment damage accidents throughout the year.

In 2022, the consolidated installed capacity of the Group increased by 4,409.20 MW, including the consolidated installed capacity of self-built projects of 2,409.60 MW (including 10 wind power projects with consolidated installed capacity of 534.40 MW, 61 photovoltaic projects with consolidated installed capacity of 1,875.20 MW), and 36 wind power projects with consolidated installed capacity of 1,989.60 MW and one photovoltaic project with consolidated installed capacity of 10.00 MW through asset restructuring and acquisition and merger. As of 31 December 2022, the consolidated installed capacity of the Group reached 31,107.84 MW, including 26,191.84 MW and 1,875.00 MW of wind power and coal power respectively, and 3,041.00 MW of photovoltaic and other renewable energy.

Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 31 December 2021 and 31 December 2022 is set out as below:

Region	2022 (MW)	2021 (MW)	Percentage of change
Heilongjiang	1,345.70	1,341.70	0.30%
Jilin	844.40	794.90	6.23%
Liaoning	1,441.70	1,096.70	31.46%
Inner Mongolia	3,034.30	2,685.30	13.00%
Jiangsu (onshore)	1,338.50	1,338.50	0.00%
Jiangsu (offshore)	2,191.60	2,191.60	0.00%
Zhejiang	227.90	227.90	0.00%
Fujian	1,049.10	1,049.10	0.00%
Hainan	99.00	99.00	0.00%
Gansu	1,690.80	1,489.80	13.49%
Xinjiang	1,640.30	1,640.30	0.00%
Hebei	1,770.10	1,770.10	0.00%
Yunnan	1,078.70	869.50	24.06%
Anhui	821.60	809.10	1.54%
Shandong	646.90	570.40	13.41%
Tianjin	538.00	347.50	54.82%
Shanxi	1,239.75	1,041.75	19.01%
Ningxia	774.70	774.70	0.00%
Guizhou	789.00	789.00	0.00%
Shaanxi	833.85	584.25	42.72%
Tibet	7.50	7.50	0.00%
Chongqing	289.50	289.50	0.00%
Shanghai	47.50	47.50	0.00%
Guangdong	125.74	125.74	0.00%
Hunan	308.35	308.35	0.00%
Guangxi	933.00	343.80	171.38%
Jiangxi	196.40	196.40	0.00%
Hubei	94.20	94.20	0.00%
Qinghai	150.00	150.00	0.00%
Henan	223.65	173.65	28.79%
Canada	99.10	99.10	0.00%
South Africa	244.50	244.50	0.00%
Ukraine	76.50	76.50	0.00%
Total	26,191.84	23,667.84	10.66%

4. Continuing to Enhance Marketing Efforts to Increase Revenues and Improve Efficiency

In 2022, the Group sought profit models through multiple channels, organized its branches and subsidiaries to actively participate in green power trading, continuously expanded the scale of trading and improved trading revenue; seized the market factor of high coal power fuel cost, actively launched generation swap transactions between wind power and coal power to enhance synergy and efficiency, and obtained a year-on-year increase in trading revenues; vigorously participated in inter-provincial spot trading to improve the new energy consumption; completed the trading of 466,000 green certificates with a year-on-year increase of 47.5%; constantly boosted its carbon asset management capabilities, and deepened carbon emissions trading work, accomplished the trading of 100,000 tonnes of carbon quota to lay a solid foundation for coal power enterprises to fulfill their contracts, carried out carbon emission reduction actions, and assumed corporate social responsibility.

In 2022, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB468 per MWh (value added tax ("VAT") exclusive), representing a decrease of RMB7 per MWh as compared with RMB475 per MWh (VAT exclusive) in 2021. The average on-grid tariffs for wind power amounted to RMB481 per MWh (VAT exclusive), representing a decrease of RMB13 per MWh as compared with RMB494 per MWh (VAT exclusive) in the corresponding period of 2021, which was mainly due to the expansion of wind power market transaction volume, the increase in parity production projects and structural factors. The average on-grid tariffs for coal power amounted to RMB400 per MWh (VAT exclusive), representing an increase of RMB48 per MWh as compared with the average on-grid tariffs for coal power of RMB352 per MWh (VAT exclusive) in 2021, which was mainly due to the rise of market transaction tariff.

5. Optimising Capital Efficiency Model to Reduce Overall Capital Costs

In 2022, the Group paid close attention to the policy orientation, fully utilized the green finance policy, continuously optimized the financing structure, and proactively carried out the replacement of existing loans to reduce the capital cost of existing loans. By leveraging its credit advantages, the Group increased the frequency of capital market financing and successfully completed the registration of DFI (Debt Financing Instrument for Non-financial Enterprises) this year to ensure smooth financing channels for the ultra-short-term financing bonds, short-term financing bonds, and medium-term notes. The Group insisted on the rigid management of capital plan and adopted measures such as fund collection and centralized deployment to increase the frequency of capital utilisation and maximize the time value of capital.

In 2022, the Group successfully issued twenty-five tranches of ultra-short-term financing bonds, one tranche of short-term financing bonds and one tranche of medium-term notes, maintaining its advantages in the industry in terms of capital cost, and successfully issued one tranche of green medium-term notes, not only does it reduce the capital costs, but also represent the Group's responsibility for "Carbon Peak and Carbon Neutrality".

6. Comprehensively Strengthening Scientific and Technological Innovation and Deepening the Innovation-driven Strategy

In 2022, the Group made new breakthroughs in science and technology innovation, including the on-grid operation of Longyuan Power's first wind storage demonstration power station; the full-capacity grid-connected generation of the country's first solar-tidal intelligent photovoltaic power plant; the approval of the first domestic industry standard in the field of smart wind power; the completion of the construction and online operation of the first three-dimensional digital wind power design platform in China; the completion of Longyuan Power's wind power anti-icing technology filled the industry gap; the online operation of Longyuan Power's first independently controllable safety production monitoring system; the commencement of the world's first floating wind power and grid box breeding integration project; and the conclusion of the compilation of the "History of China's Electric Power Industry – Volume for Renewable Energy Power Generation" led by the Group. This year, 44 invention patents and 36 utility model patents were applied for, and the number of invention patent applications reached a record high.

In 2022, the Group completed the Xi'an base of National Energy Wind Power Operation R&D (Experiment) Center, expanded the electric control laboratory, oil and fluid laboratory and vibration laboratory. 11 science and technology projects were completed, of which 3 achievements were certified as international leading level and 3 achievements were certified as domestic leading level; 2 awards of excellence, 3 second-class awards and 5 third-class awards for industry science and technology innovation were obtained.

7. Strengthening Foreign Asset Management in Response to International Environment Challenges

In 2022, the Group successfully completed the tender for a 30MW photovoltaic project in Brunei; actively participated in the tender for the low-carbon electricity import project in Singapore and made it to the second round; led a consortium to pass the pre-qualification for the 1.5 GW hydropower project in Pandacuva, Mozambique. Facing with the challenges and risks arising from the outbreak of the Russian- Ukrainian conflict, the Group activated the emergency plan immediately, took measures to evacuate the Chinese staff in a timely and safe manner, and maintained the normal operation of the affiliated project in Uzhny. Meanwhile, the Group has coordinated the operation and management of overseas projects, optimised the construction of the overseas risk control compliance system, and successfully realised the efficient management and sharing of overseas business data. The Group increased its efforts to study the investment opportunities in Southern Africa, Southeast Asia, SCO, and other countries along the "Belt and Road". The Group tracked the market dynamics closely, focused on key country-specific projects, and strived to achieve regional rolling development and breakthroughs in emerging markets.

In 2022, the Group continued to strengthen overseas asset management, deepened cooperation and exchange and operated all in-service projects well. As of 31 December 2022, Canada Dufferin Wind Farm of the Group recorded total power generation of 283.22 GWh; its utilization hours reached 2,858 hours, and it has maintained safe production for 2,952 consecutive days. The wind power projects in De Aar of South Africa recorded the power generation of 693.04 GWh in total, the utilization hours reached 2,835 hours, and maintained its accumulated safe production for 1,887 days. The wind power projects in Uzhny, Ukraine recorded the accumulated power generation of 228.53 GWh, the utilization hours reached 2,987 hours, and maintained its accumulated safe production for 506 days.

8. Improving the Quality of Carbon Emission Data and Proactively Expanding the Trading Business

In 2022, the Group built a carbon asset management network driven by professional carbon asset management institutions; continued efforts to enhance carbon emission data quality, carbon emission monitoring technology research, carbon emission reduction project development, carbon trading system construction, and carbon management mechanism innovation; actively expanded the business of the national carbon emission trading market and the international voluntary emission reduction market, completed the development of international projects under the Verified Carbon Standard (VCS) with over 15 million tons of emission reduction, carried out the collection of funds for projects under China Certified Emission Reduction (CCER), and ensured that all projects qualified for CCER filing were applied for. The Group took the lead in building a digital control system for carbon inventory to sort out the necessary on-site visits, evidence checks, and material inspections, made the process of carbon inventory standardized, digitalized, and informationized, and the software copyright and patents of the project have been authorized by the state. The Group has always attached importance to the prevention and control of carbon trading risks, consolidated the foundation of carbon trading management, and promoted the upgrade of the carbon asset trading platform system, to realize intelligent trading operation, automatic risk control, and visualization of index analysis. With multiple measures implemented together to speed up the research of carbon emission projects, the Group has improved the accuracy of carbon data, strictly controlled the quality of data, and successfully developed the first online carbon emission monitoring system for the fuel end of coal power plants.

Core competitiveness analysis

1. Continuous leadership in resource acquisition

In 2022 the Group actively leveraged its advantages of being a good brand, low debt ratio, extensive project layout, leading technology management and sufficient professional staff to expedite the acquisition of quality resources. It innovated its project cooperation mode and has been cooperating with various parties in an all-round, wide-ranging and multi-level manner based on the principles of "complementing advantages, mutual benefit and win-win situation, resource sharing and common development", gradually forming a clear overall development strategy. It further promoted the development of "base-type, station-type and distribution-type" projects, advanced the layout of desert, gobi and offshore-base projects, actively and orderly developed distributed photovoltaic projects, and strived for qualification for competitive allocation. The Group strengthened the strategic cooperation and leveraged the industrial supporting advantages of cooperative enterprises and its own professional advantages to strive for the dominant position in base development. The Group seized the opportunity of offshore wind power development, expanded the offshore layout, and fully participated in the competitive bidding of offshore wind power and photovoltaic. The Group adhered to the combination of centralised and distributed operations to promote the efficient and rapid development of PV.

2. Overall strengthening of risk prevention and control

Focusing on the five major objectives of strategic development, operational performance, financial reporting, asset security and legal compliance, in 2022 the Group continued to improve the internal control system, build information technology platforms and establish the new pattern of internal control risk management. The Group completed the internal control process and risk point control audit of 115 core systems with emphasis on auditing the effectiveness of the internal control process and risk control of the system business, and embedded the internal control risks into the daily management to provide standard guidelines for the Company to operate in compliance with the law. The Group took the construction of the internal control risk compliance management system as an opportunity to comprehensively refine the risk-oriented internal control matrix, evaluation standards, early warning indicators and other operational mechanisms to promote the integration, online monitoring

and dynamic updating of the internal control management system. The Group reinforced the regular audit supervision, updated the audit mode to realise "multiple items in one audit" and "multiple results in one audit"; strengthened overseas risk control and established an integrated overseas financial information system; coordinated the work of network security, complaints and proposals stability, security and confidentiality, etc., to satisfactorily complete various power security tasks; insisted on "seeking legal advice before making major decisions" and deepened the legal decision-making review mechanism to make legal audit necessary in the management process, and to ensure that the rate of legal audit for major decisions, contracts and systems remained 100%; strictly enforced the compliance system in key areas such as the Integrity and Compliance Manual and the Overseas Compliance Management Measures, and the compliance commitment rate reached 100%; optimized the organization and implementation mechanism to ensure that the corresponding system was continuously improved and the relevant work was effectively implemented.

3. Steady improvement in marketing management

The Group adhered to "one plant, one policy" to deepen the management of power curtailment, strengthened the analysis of power curtailment information, tracked and collected information on power installations, grid operation mode, grid structure, load consumption, and major policy changes, and scientifically predicted the risks and trends of power restrictions in the region, which led to a year-on-year decrease in the proportion of power curtailment and the successful completion of the annual target. The Group has deepened its business philosophy of "integration, price, cost and profit", accurately grasped the pace of the power market and trading, adhered to the market-oriented direction and the principle of volume and price synergy, thoroughly analyzed the base power situation, supply and demand balance adjustment, grid structure and transmission conditions in each province and district, and continued to optimize and improve the trading strategy in accordance with local conditions. The Group strengthened the management of inter-provincial power spot trading, paid close attention to the progress of the construction of the spot market and inter-provincial spot participation in each province and region, established a decision-making mechanism with clear authority and responsibility, flexibility, and efficiency to continue improving the ability to create efficiency in operation. The Group strengthened the management of green power trading, continued to expand the scale of trading, and broadened the profit model of grid parity projects to improve trading revenue. The Group

also enhanced the team building of trading personnel and cultivated a group of backbone forces with high technical levels and strong market awareness to improve the overall level of market trading.

4. In-depth promotion of technology applications

In 2022, the Group applied the distributed intelligent algorithm platform on a large scale across the country, which combined video, audio, and other data with safety production to continuously improve the level of intelligent surveillance. Digital management for construction has been strengthened continuously. By building a GIS (Geographic Information System) platform, remote monitoring of infrastructure sites has been realized to significantly reduce safety hazards. The Group actively optimized its technological innovation system, enhanced its technological innovation capability, and drove high-quality development of technological innovation. Focusing on the pivotal points and difficulties of scientific and technological innovation, the Group has improved the system and mechanism of scientific and technological innovation and made systematic revisions to the management system, such as "Administrative Measures for Science and Technology Innovation Projects" and "Incentive Measures on Scientific Technology". With a deep understanding of the spirit of the important instruction of General Secretary Xi Jinping on the "in-depth implementation of the strategy of revitalizing the country through science and education, the strategy on developing a quality workforce, and the strategy on innovation-driven development", the Company revised its "14th Five-Year Plan" for science and technology innovation to further clarify the development path, goals and implementation measures for science and technology innovation of the Company during the period of 2023–2025, and to ensure "a step in each year and a jump in three years".

5. Mature tax management model

The Group has been improving the information database of tax policies and providing guidance to its branches and subsidiaries to make full use of and ensure the adequate payment and enjoyment of preferential tax policies, so as to realize the full return of preferential tax amount and the value creation of tax management under the premise of legal compliance and risk prevention; meanwhile, the Group conducts tax analysis and research on key businesses and key tax types to eliminate risk points and continuously improve the ability of tax risk prevention and control. The Group has launched a special campaign to promote the "Year of Financial Digital Intelligence Transformation", established a unified digital intelligence platform and management accounting standards, and improved its data analysis capabilities by developing business intelligence (BI) studies and building business analysis models. The Group has a relatively low asset-liability ratio compared with its peers, and a high credit facility. In addition, it insists on lean capital management, maintains a leading edge in the capital, and carries out financing through multiple channels and methods, with good credit ratings and AAA ratings from several domestic rating agencies, including China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) and Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司), and S&P's rating of A- and Moody's rating of A3.

6. Continuous improvement of talent team construction

The Group has more than 500 chief talents at four levels and 40 professional directions, giving full play to the technical leadership role. Through the establishment of the "1+2+N" (1 new energy training centre, 2 company-level training bases and N provincial-level training bases) training base system and the continuous implementation of the "Leadership (Craftsmanship) Training Camp", the Group has cultivated and reserved a number of outstanding wind power management and production talents, with a total of 214 trainees in the leadership training class and 280 trainees in the craftsmanship training class. The Group has 454 employees possessing senior titles and 2,172 possessing mid-level titles. The majority of the senior management team has been in the power industry for over 20 years, with extensive experience and an international perspective in new energy management.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

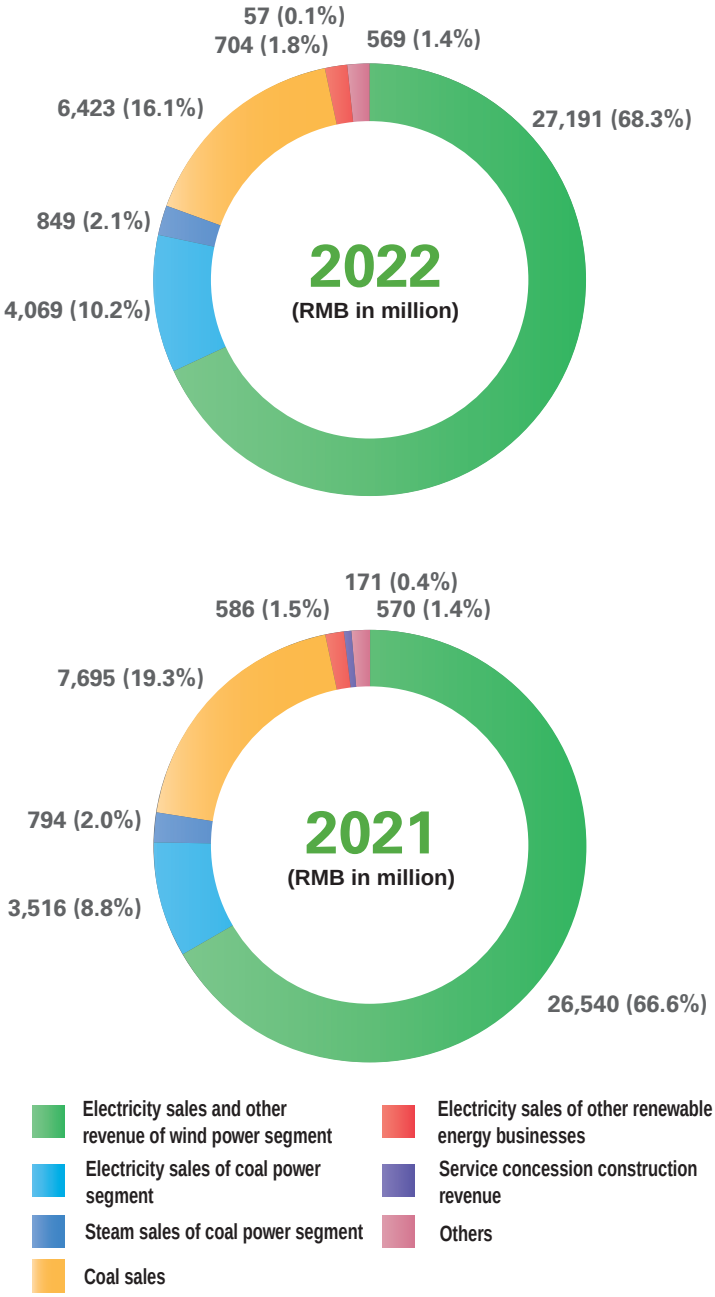
Profit or loss and other comprehensive income

In 2022, the net profit of the Group amounted to RMB6,129 million, representing a decrease of 27.2% as compared to RMB8,421 million in 2021. Net profit attributable to equity holders of the Company amounted to RMB5,132 million, representing a decrease of 31.0% as compared to RMB7,433 million in 2021. Earnings per share amounted to RMB58,63 cents, representing a decrease of RMB30.69 cents as compared to RMB89.32 cents in 2021.

Operating revenue

In 2022, the operating revenue of the Group amounted to RMB39,862 million, representing a decrease of RMB10 million as compared to RMB39,872 million in 2021. The decrease of operating revenue was mainly due to: (1) revenue from electricity sales and other revenue of wind power segment in 2022 was RMB27,191 million, representing an increase of RMB651 million or 2.5% as compared to RMB26,540 million in 2021, which was primarily due to greater increases in electricity sales volume of wind power segment than decreases in the average electricity sales unit price; (2) the revenue from service concession construction of wind power segment in 2022 was RMB57 million, representing a decrease of RMB114 million or 66.7% as compared to RMB171 million in 2021, which was primarily due to concession projects under construction in 2022 being close to completion; (3) coal sales revenue of the coal power segment in 2022 was RMB6,423 million, representing a decrease of RMB1,272 million or 16.5% as compared to RMB7,695 million in 2021, which was mainly due to greater decreases in sales volume of coal than increases in the unit selling price of coal; revenue from sales of steam amounted to RMB849 million, representing an increase of RMB55 million or 6.9% as compared to RMB794 million in 2021, which was mainly due to greater increases in unit price of sales of steam than decreases in sales volume of steam; (4) revenue from sales of electricity of the coal power segment for 2022 was RMB4,069 million, representing an increase of RMB553 million or 15.7% as compared to RMB3,516 million in 2021, which was mainly due to increases in unit price of electricity sales of coal power; and (5) revenue from renewable electricity sales of other segments in 2022 was RMB704 million, representing an increase of RMB118 million or 20.1% as compared to RMB586 million in 2021, which was mainly due to the increase in sales volume of photovoltaic power.

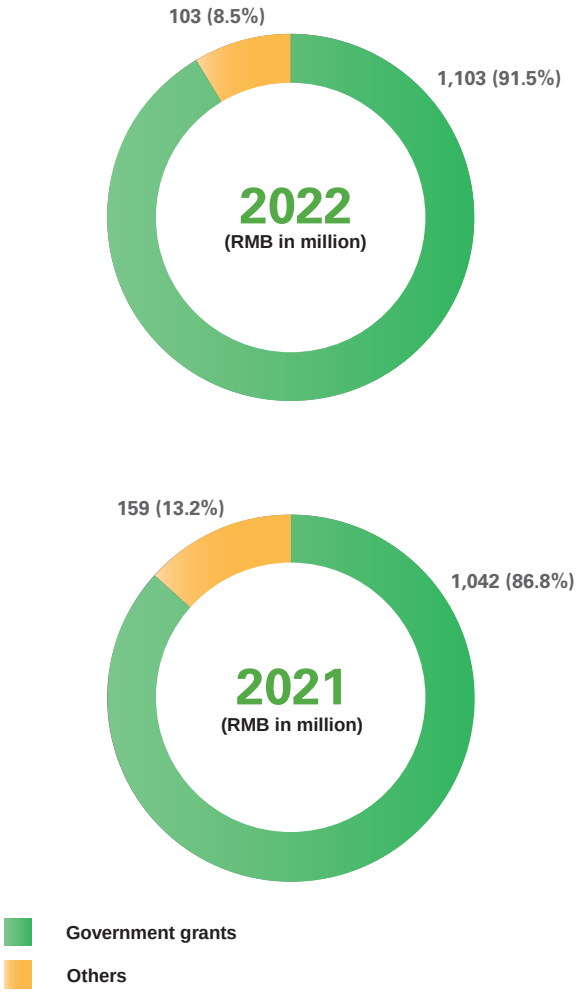
Operating revenue of each segment and their respective proportions are set out in the diagram below:



Other net income

In 2022, other net income of the Group amounted to RMB1,206 million, representing an increase of 0.4% as compared to RMB1,201 million in 2021, mainly due to: (1) a decrease of RMB7 million in net gains from acquisition of subsidiaries as compared to 2021; (2) an increase of RMB61 million in government grants as compared to 2021; and (3) a decrease of RMB49 million in income from insurance claims as compared to 2021.

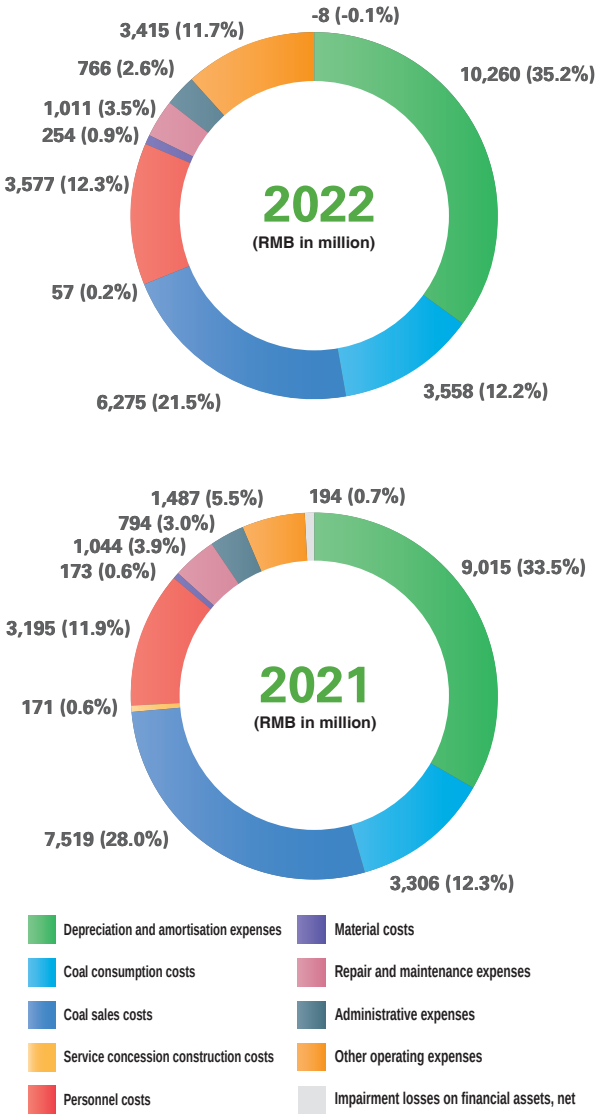
The breakdown of other net income items and their respective proportions are set out in the diagram below:



Operating expenses

Operating expenses of the Group amounted to RMB29,165 million in 2022, representing an increase of 8.4% as compared to RMB26,898 million in 2021, primarily due to: (1) an increase of RMB1,117 million in depreciation and amortisation expenses, a decrease of RMB114 million in service concession construction costs and an increase of RMB315 million in personnel costs in the wind power segment; (2) a decrease of RMB1,244 million in the cost of coal sales and an increase of RMB252 million in the cost of coal consumption in the coal power segment; and (3) the provision of RMB2,045 million made for the impairment in 2022, representing an increase of RMB1,594 million as compared to RMB451 million in 2021.

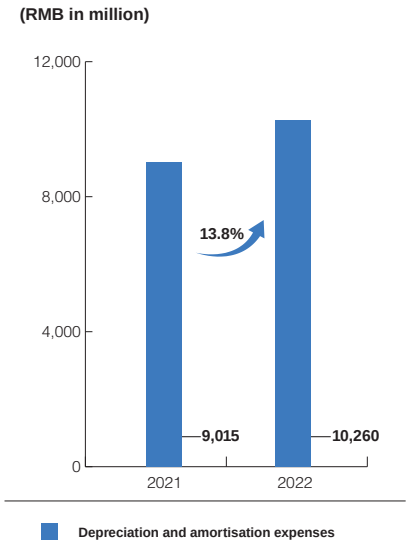
The breakdown of operating expenses items and their respective proportions are set out in the diagram below:



Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB10,260 million in 2022, representing an increase of 13.8% as compared to RMB9,015 million in 2021, primarily due to: (1) an increase of RMB1,117 million or 13.0% in depreciation and amortisation expenses in the wind power segment as compared to 2021 as a result of the effect of expansion in the installed capacity of wind power projects; (2) an increase RMB25 million or 8.9% in depreciation and amortisation expenses of the coal power segment as compared to 2021; and (3) an increase of RMB92 million, or 60.4% in depreciation and amortisation expenses of the photovoltaic power business in other segments as compared to 2021.

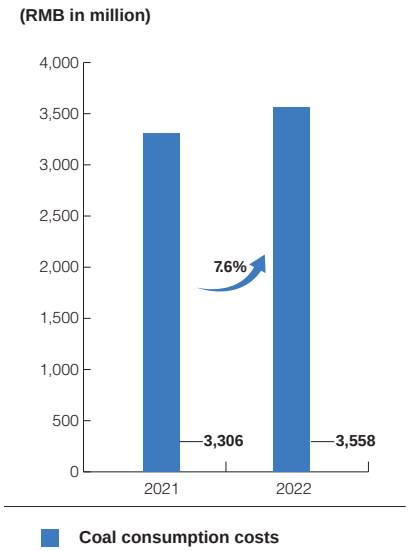
The depreciation and amortization expenses are set out in the diagram below:



Coal consumption costs

Coal consumption costs of the Group amounted to RMB3,558 million in 2022, representing an increase of 7.6% as compared to RMB3,306 million in 2021, which was primarily due to: (1) a decrease in the consumption of standard coal by 3.0% as a result of the combined effect of the decrease in power generation and the decrease in heat sales; and (2) an increase of approximately 11.0% in the average unit price of standard coal for power generation and heat supply as affected by the increase in coal price in 2022.

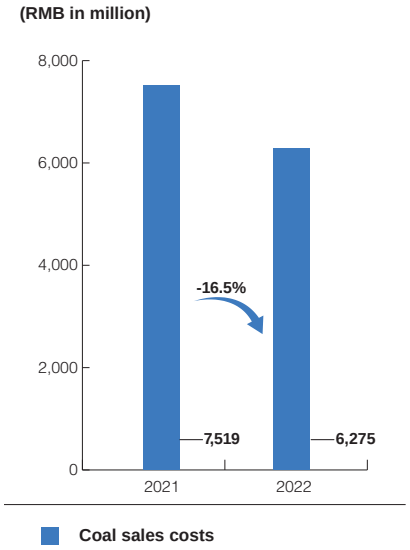
The coal consumption costs are set out in the diagram below:



Coal sales costs

Coal sales costs of the Group in 2022 amounted to RMB6,275 million, representing a decrease of 16.5% as compared to RMB7,519 million in 2021, which was primarily due to: (1) an increase of 17.8% in the average purchase price of coal in 2022 as compared to 2021; and (2) a decrease of 29.1% in the sales volume of coal in 2022 as compared to 2021.

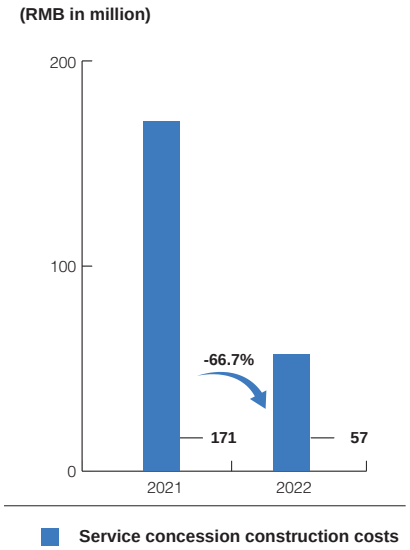
The coal sales costs are set out in the diagram below:



Service concession construction costs

The Group's service concession construction costs in 2022 amounted to RMB57 million, representing a decrease of 66.7% as compared to RMB171 million in 2021, which was primarily due to concession projects under construction in 2022 being close to completion.

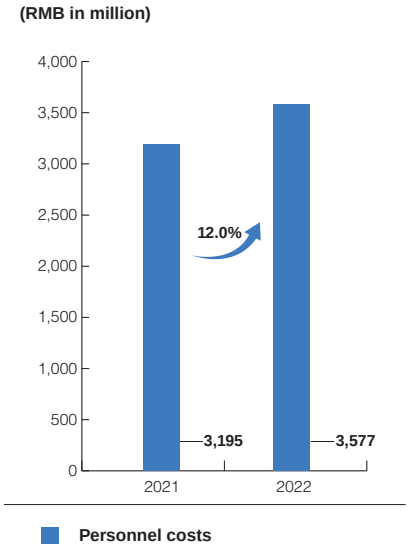
The service concession construction costs are set out in the diagram below:



Personnel costs

Personnel costs of the Group amounted to RMB3,577 million in 2022, representing an increase of 12.0% as compared to RMB3,195 million in 2021, which was primarily due to: (1) an increase in headcounts as a result of expansion in the installed capacity of wind power and photovoltaic projects, resulting in an increase in the salary level of staff; and (2) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

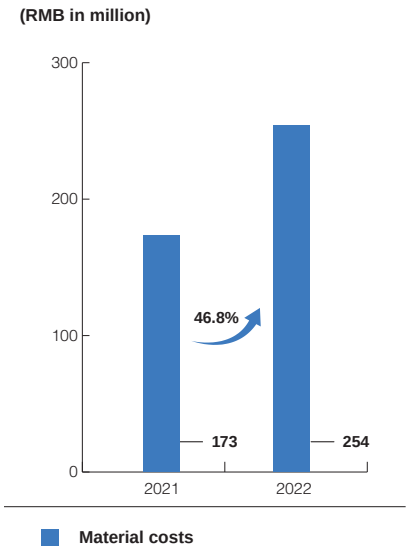
The personnel costs are set out in the diagram below:



Material costs

Material costs of the Group amounted to RMB254 million in 2022, representing an increase of 46.8% as compared to RMB173 million in 2021, which was primarily due to (1) a decrease in material consumption as a result of the decrease in biomass power generation; (2) an increase in procured materials for the thermal power generation segment to commence unit insulation works; and (3) an increase in procured materials for other segments.

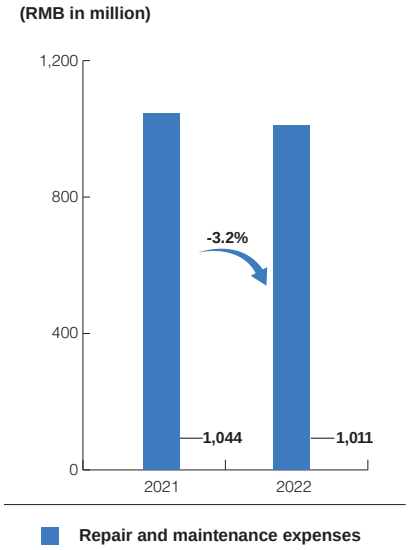
The material costs are set out in the diagram below:



Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB1,011 million in 2022, representing a decrease of 3.2% as compared to RMB1,044 million in 2021, primarily due to less significant maintenance in 2022.

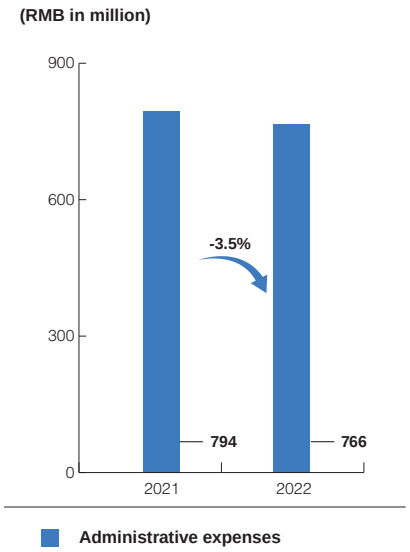
The repair and maintenance expenses are set out in the diagram below:



Administrative expenses

Administrative expenses of the Group amounted to RMB766 million in 2022, representing a decrease of 3.5% as compared to RMB794 million in 2021, which was primarily due to the large audit consulting fees incurred for the "Acquisition I".

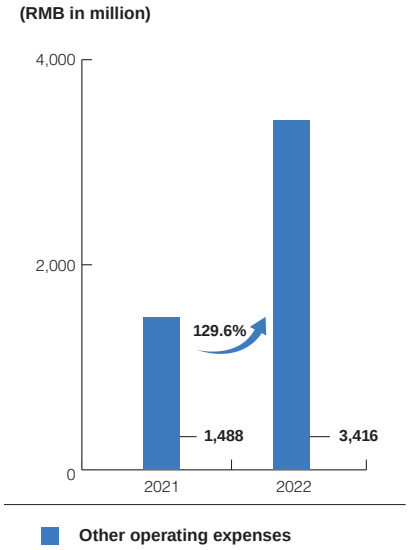
The administrative expenses are set out in the diagram below:



Other operating expenses

Other operating expenses of the Group amounted to RMB3,416 million in 2022, representing an increase of 129.6% as compared to RMB1,488 million in 2021, which was primarily due to: (1) the provision for impairment of RMB 2,053 million in 2022, representing an increase of RMB1,797 million as compared with the provision for impairment of RMB256 million in 2021; and (2) with the wind power projects' being transferred to fixed asset in 2022, technical service expenses and purchase of electricity charge amounted to RMB389 million, representing an increase of RMB116 million as compared with RMB273 million in 2021.

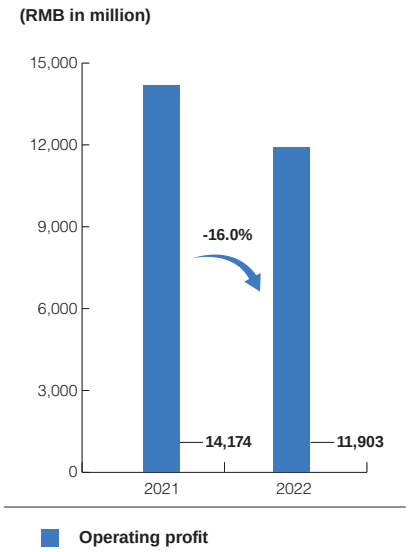
The other operating expenses are set out in the diagram below:



Operating profit

In 2022, the operating profit of the Group amounted to RMB11,903 million, representing a decrease of RMB2,271 million or 16.0% as compared to RMB14,174 million in 2021, which was primarily due to: (1) a decrease of RMB2,266 million in operating profit of wind power segment as a result of the increase in depreciation and amortisation of the wind power segment and the increase in asset impairment losses; and (2) an increase of RMB90 million in operating profit of coal power segment as a result of the combined effect of the increase in average unit price of electricity sales and unit price of heat sales and the increase in average purchase price of coal.

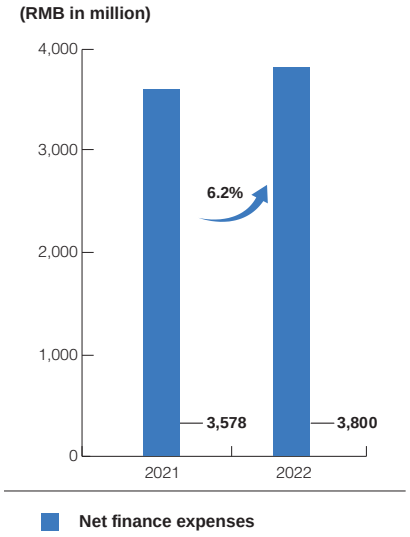
Operating profit is set out in the diagram below:



Net finance expenses

Net finance expenses of the Group amounted to RMB3,800 million in 2022, representing an increase of RMB222 million or 6.2% as compared to RMB3,578 million in 2021. The change was primarily due to: (1) an increase of RMB68 million in the interest expense of the Group in 2022 as compared with 2021 due to the increase in the balance of borrowings; (2) an increase of RMB370 million in the net foreign exchange gains and losses incurred by the Group in 2022 as compared with 2021; (3) an increase of RMB12 million in gains from changes in fair value of interest rate swap agreements as compared with 2021; (4) the fact that the Group reduced various securitization business of trade receivable, resulting in a decrease of RMB465 million of related charges in 2022 as compared with 2021; (5) an increase of RMB305 million in the unrealized losses recognized for trading securities held in 2022 as compared with 2021; (6) an increase of RMB28 million in interest and dividend income from financial assets in 2022 as compared with 2021; (7) a decrease of RMB29 million in other charges in 2022 as compared with 2021; and (8) a decrease of RMB13 million in cash discount received by the Group in 2022 as compared with 2021.

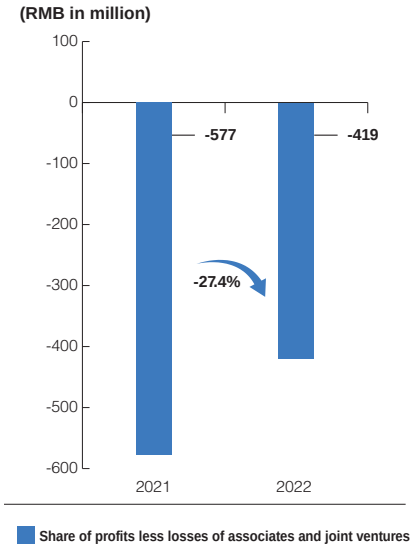
The net finance expenses are set out in the diagram below:



Share of profits less losses of associates and joint ventures

The Group's share of losses of associates and joint ventures amounted to RMB419 million in 2022, representing a decrease of RMB158 million or 27.4% as compared to share of losses of RMB577 million in 2021, which was primarily due to the substantial increase in operating profit from the continuous expansion of offshore wind power projects by Jiangsu Longyuan Zhenhua Offshore Engineering Co., Ltd. as compared with 2021.

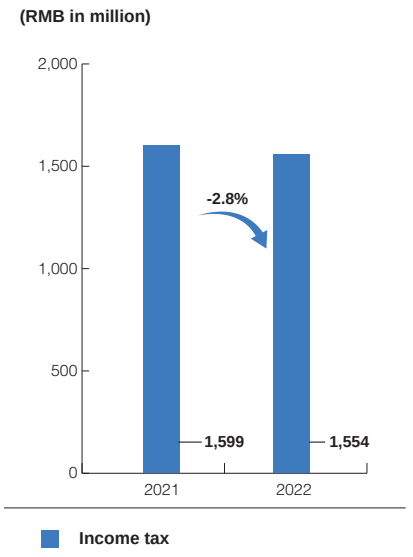
The share of profits less losses of associates and joint ventures is set out in the diagram below:



Income tax

In 2022, the income tax of the Group amounted to RMB1,554 million, representing a decrease of 2.8% as compared to RMB1,599 million in 2021, which was mainly due to: (1) a decrease of 23.3% in profit before tax in 2022; and (2) the fact that certain items had passed the expiry of the tax holiday and the 50% relief period under the "three-year full exemption and three-year 50% exemption" preferential policy.

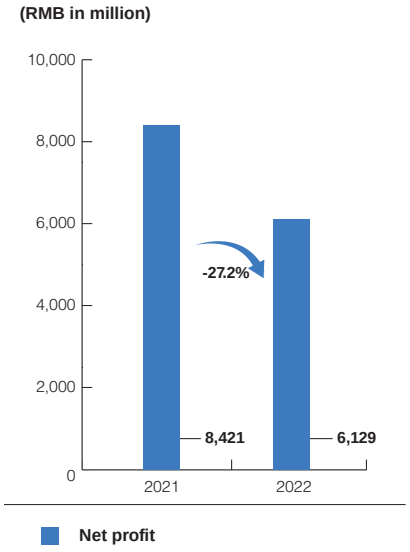
The income tax is set out in the diagram below:



Net profit

In 2022, the net profit of the Group amounted to RMB6,129 million, representing a decrease of 27.2% as compared to RMB8,421 million in 2021, which was mainly due to the combined effect from the decrease in net profit of wind power segment and the increase in net profit of coal power segment.

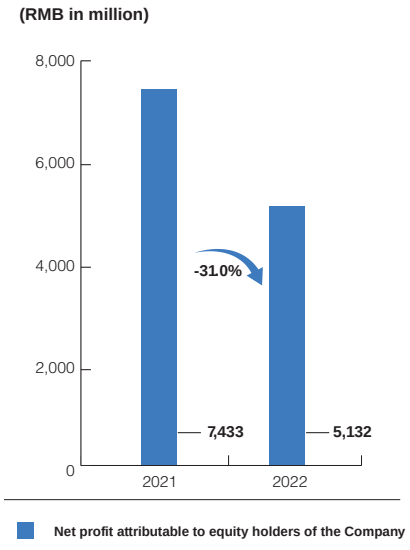
The net profit is set out in the diagram below:



Net profit attributable to equity holders of the Company

In 2022, the net profit attributable to equity holders of the Company amounted to RMB5,132 million, representing a decrease of 31.0% as compared to RMB7,433 million in 2021, mainly attributable to the combined effect from the decrease in net profit of wind power segment and the increase in net profit of coal power segment.

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



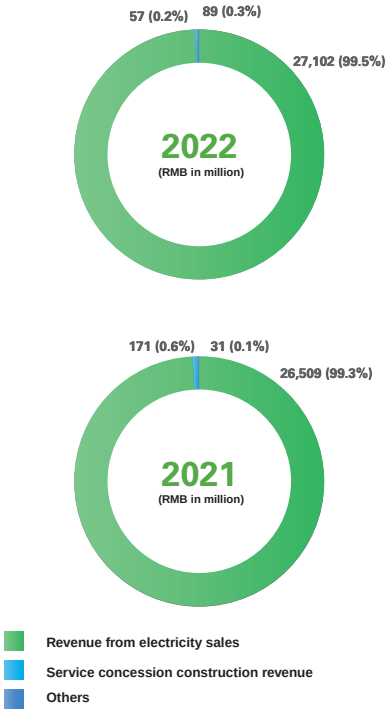
Segment results of operations

Wind power segment

Operating revenue

In 2022, the operating revenue of the wind power segment of the Group amounted to RMB27,248 million, representing an increase of 2.0% as compared to RMB26,711 million in 2021, primarily due to the combined effect from the increase in revenue from electricity sales in the wind power segment resulting from the increase in installed capacity, and increase in amount of electricity sales and the decrease in revenue from service concession construction.

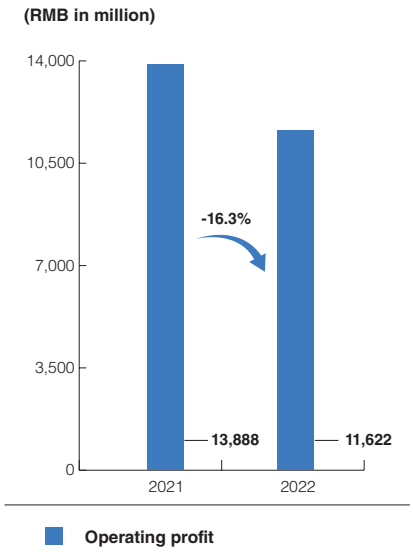
Operating revenue in the wind power segment and proportions are set out in the diagram below:



Operating profit

In 2022, the operating profit in the wind power segment of the Group amounted to RMB11,622 million, representing a decrease of 16.3% as compared to RMB13,888 million in 2021, which was mainly attributable to the decrease in operating profit in the wind power segment resulting from the increase in depreciation amortisation and asset impairment losses in the wind power segment for the year.

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

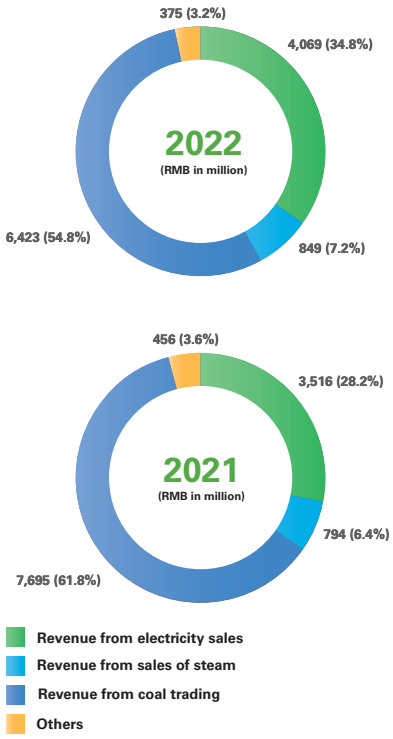


Coal power segment

Operating revenue

In 2022, operating revenue of the coal power segment of the Group amounted to RMB11,716 million, representing a decrease of 6.0% as compared to RMB12,461 million in 2021, primarily due to: (1) an increase of RMB553 million in electricity sales revenue of coal power segment as compared to 2021 as affected by the increase in the average unit price of electricity sales of coal power segment in 2022; and (2) a decrease of RMB1,272 million in revenue of coal sales as compared to 2021 resulting from the impact of a decrease in sales volume of coal and an increase in average unit selling price of coal in 2022.

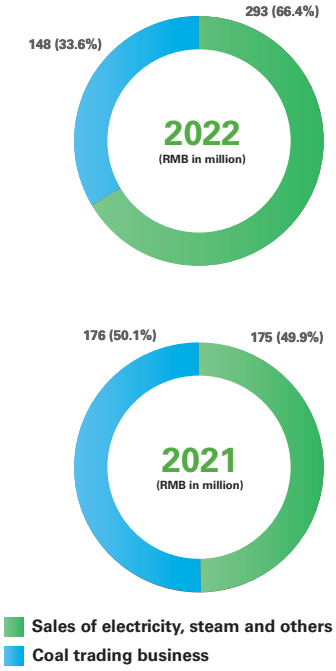
Operating revenue of the coal power segment and proportions are set out in the diagram below:



Operating profit

In 2022, the operating profit of coal power segment of the Group amounted to RMB441 million, representing an increase of 25.6% as compared to RMB351 million in 2021, which was mainly attributable to the combined effect of the increase in average unit price of electricity sales, unit selling price of steam as well as average purchase price of coal.

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

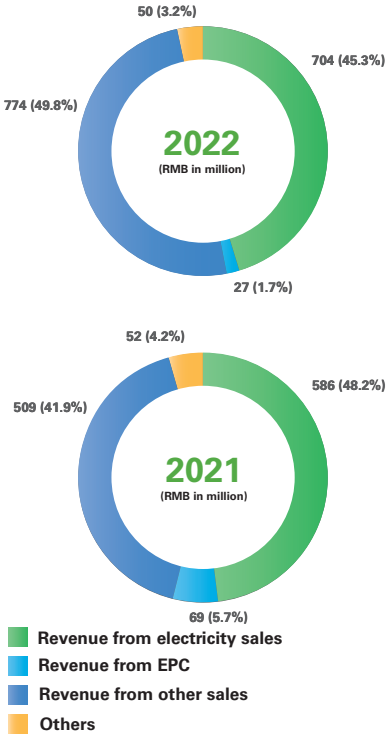


Other segments

Operating revenue

In 2022, the operating revenue of other segments of the Group amounted to RMB1,555 million, representing an increase of 27.9% as compared to RMB1,216 million in 2021, which was mainly attributable to (1) an increase in revenue from electricity sales of RMB198 million resulting from the increase in electricity volume generated from photovoltaic power; (2) a decrease in revenue from electricity sales of RMB78 million resulting from the decrease in electricity volume generated from biomass power; and (3) an increase of RMB265 million in consulting and design services in other segments and a decrease of RMB42 million in revenue from the Engineering Procurement Construction ("EPC") as a result of the decrease in EPC services provided.

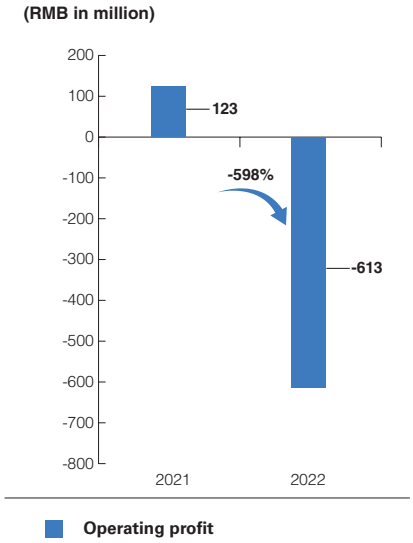
Operating revenue of other segments and proportions are set out in the diagram below:



Operating profit

In 2022, the operating loss of other segments of the Group amounted to RMB613 million, representing a decrease of RMB736 million as compared to RMB123 million of operating profit in 2021, which was mainly attributable to the combined effect of the increase of RMB899 million in the provision for asset impairment and credit impairment losses of other segments in 2022 as compared to 2021.

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



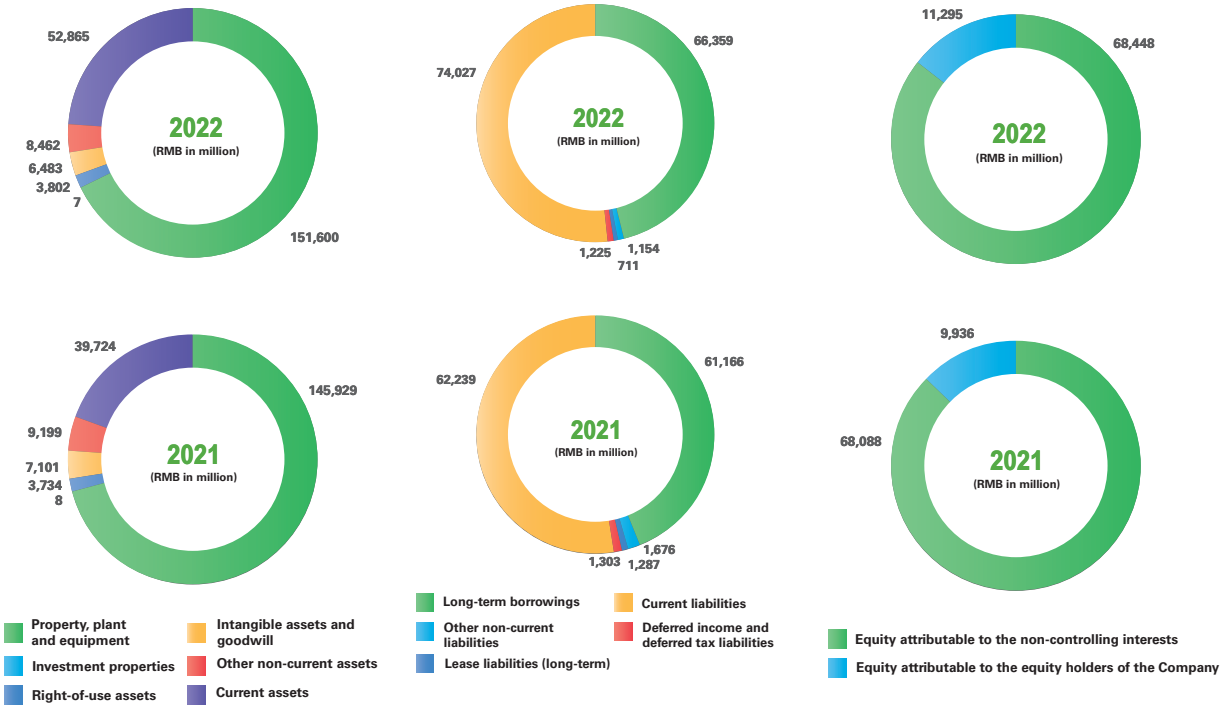
Assets and liabilities

As at 31 December 2022, total assets of the Group amounted to RMB223,219 million, representing an increase of RMB17,524 million as compared with total assets of RMB205,695 million as at 31 December 2021. This was primarily due to (1) an increase of RMB13,141 million in current assets including bank deposits and cash; and (2) an increase of RMB4,383 million in non-current assets including property, plant and equipment.

As at 31 December 2022, total liabilities of the Group amounted to RMB143,476 million, representing an increase of RMB15,805 million as compared to total liabilities of RMB127,671 million as at 31 December 2021. This was primarily due to (1) an increase of RMB4,017 million in non-current liabilities including long-term borrowings; and (2) an increase of RMB11,788 million in current liabilities including short-term borrowings.

As at 31 December 2022, equity attributable to equity holders of the Company amounted to RMB68,448 million, representing an increase of RMB360 million as compared with RMB68,088 million as at 31 December 2021, which was mainly due to (1) a decrease of RMB2,263 million in the absorption and merger through share swap, asset sales and cash purchase of assets for the year; (2) an increase of RMB5,132 million in earnings from business for the year; (3) a decrease of RMB1,232 million in dividend distribution; and (4) a decrease of RMB1,000 million in redemption of perpetual medium-term notes.

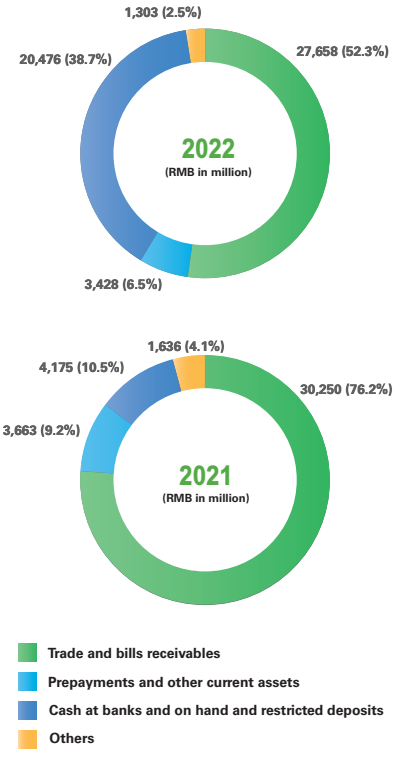
Details of assets, liabilities and equity are set out in the diagrams below:



Capital liquidity

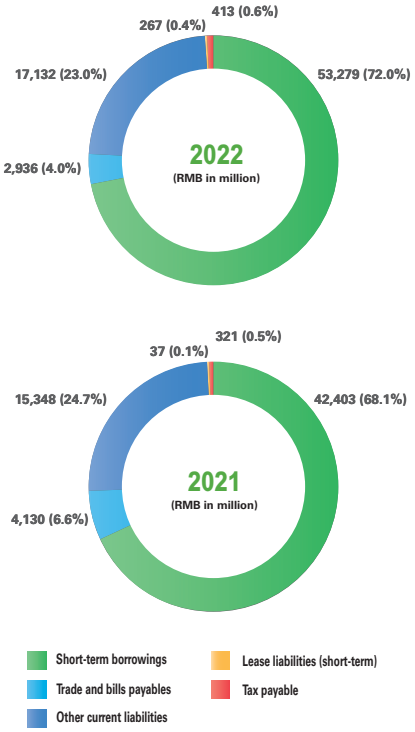
As at 31 December 2022, current assets of the Group amounted to RMB52,865 million, representing an increase of RMB13,141 million as compared with the current assets of RMB39,724 million as at 31 December 2021. It was mainly attributable to the increase in cash at banks and on hand and restricted deposits.

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



As at 31 December 2022, current liabilities of the Group amounted to RMB74,027 million, representing an increase of RMB11,788 million as compared with the current liabilities of RMB62,239 million as at 31 December 2021, which was mainly attributable to the increase in short-term borrowings and other current liabilities.

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



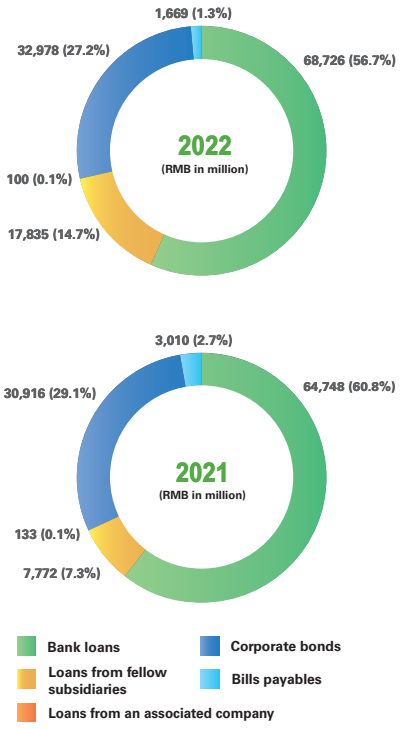
As at 31 December 2022, net current liabilities of the Group amounted to RMB21,162 million, representing a decrease of RMB1,353 million as compared with the net current liabilities of RMB22,515 million as at 31 December 2021. The liquidity ratio was 0.71 as at 31 December 2022, representing an increase of 0.07 as compared with the liquidity ratio of 0.64 as at 31 December 2021. The increase was mainly attributable to the cash at banks and on hand and restricted deposits during the year.

Restricted deposits amounted to RMB2,137 million, which were mainly time deposits with original maturities of more than three months deposited in China Energy Finance Co., Ltd. and monetary funds used to repay bank loans.

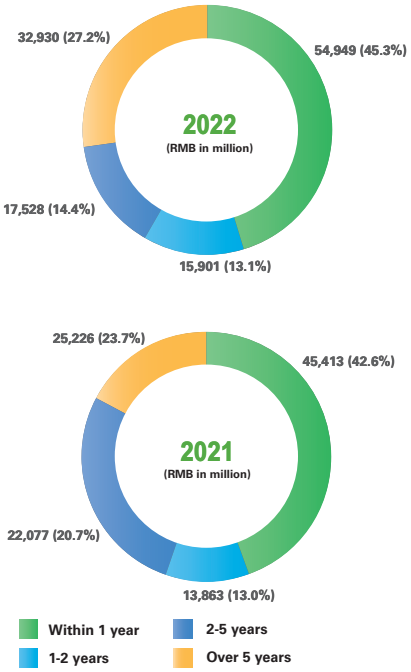
Borrowings and bills payables

As at 31 December 2022, the Group's balance of the borrowings and bills payables amounted to RMB121,308 million, representing an increase of RMB14,729 million as compared with the balance of RMB106,579 million as at 31 December 2021. As at 31 December 2022, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB54,949 million (including long-term borrowings due within one year of RMB19,874 million and bills payables of RMB1,669 million) and long-term borrowings amounting to RMB66,359 million (including debentures payables of RMB10,917 million). The above-mentioned borrowings included borrowings denominated in Renminbi of RMB113,237 million, borrowings denominated in U.S. dollars of RMB2,675 million and borrowings denominated in other foreign currencies of RMB3,727 million. As at 31 December 2022, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB1,793 million and corporate bonds with fixed interest rates of RMB10,917 million. As at 31 December 2022, the balance of bills payables issued by the Group amounted to RMB1,669 million.

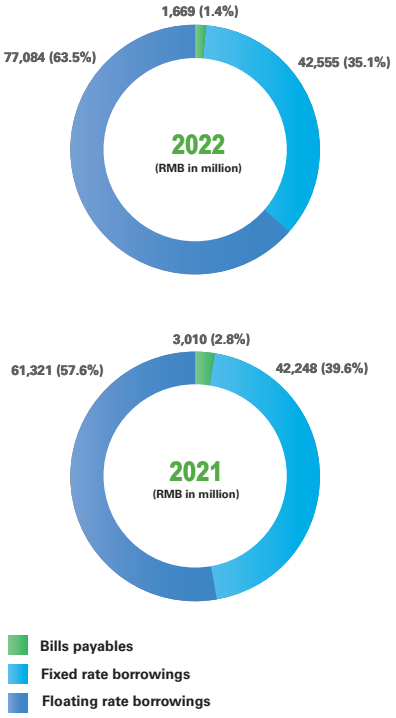
Borrowings and bills payables by type and proportions are set out in the diagram below:



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



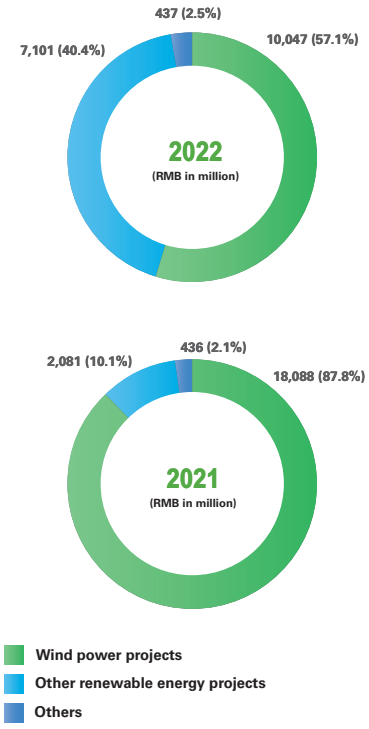
The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB17,585 million in 2022, representing a decrease of 14.7% as compared to RMB20,605 million in 2021, among which, the expenditures for the construction of wind power projects amounted to RMB10,047 million, and the expenditures for the construction of other renewable energy projects amounted to RMB7,101 million. The sources of funds mainly included self-owned funds, the borrowings from banks and the proceeds from the issuance of bonds.

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



Net gearing ratio

As at 31 December 2022, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, was 56.19%, representing a decrease of 0.22 percentage point from 56.41% as at 31 December 2021. This was primarily due to the increase in debt being lower than the increase in total equity during 2022.

Major investments

The Group made no major investment in 2022.

Material acquisitions and disposals

References are made to the announcements of the Company dated 15 January 2021, 18 June 2021, 23 July 2021 and 20 January 2022 and the circular (the "**Circular**") of the Company dated 8 July 2021 in relation to, among others, the absorption and merger of Pingzhuang Energy through share swap by the Company, disposal of material assets, purchase of assets through cash payment (the "**Transaction**") and matters in relation to the Issuance of A shares. Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the Circular.

On 15 January 2021 and 18 June 2021, the Company and subsidiaries of CHN Energy entered into the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, respectively, pursuant to which the Company acquired the following target assets:

No.	Counterparty	Target assets	Transaction price *(RMB 0'000)*
1.	Northeast Electric Power	100% equity interest in Northeast New Energy *(Note 1)*	79,400.00
2.	Shaanxi Electric Power	100% equity interest in Dingbian New Energy *(Note 1)*	81,600.00
3.	Guangxi Electric Power	100% equity interest in Guangxi New Energy *(Note 1)*	98,600.00
4.	Yunnan Electric Power	100% equity interest in Yunnan New Energy *(Note 1)*	75,200.00
5.	Gansu Electric Power	100% equity interest in Gansu New Energy *(Note 3)*	44,200.00
6.	North China Electric Power	100% equity interest in Tianjin Jieneng *(Note 3)*	60,000.00
7.	North China Electric Power	100% equity interest in Inner Mongolia New Energy *(Note 1)*	79,100.00
8.	North China Electric Power	100% equity interest in Shanxi Jieneng *(Note 2)*	59,300.00

Notes:

1. As relevant entities were controlled by CHN Energy both before and after the transaction and such control was not temporary, the transaction was business combinations under common control. According to the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, the closing date of the equity interest as agreed by the parties was 4 January 2022. On 4 January 2022, the transferee had effectively obtained the control over the transferred equity interest and assets, therefore the merger date was determined to be 4 January 2022.

2. As relevant entities were controlled by CHN Energy both before and after the transaction and such control was not temporary, the transaction was business combinations under common control. According to the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, the closing date of the equity interest as agreed by the parties was 5 January 2022. On 5 January 2022, the transferee had effectively obtained the control over the transferred equity interest and assets, therefore the merger date was determined to be 5 January 2022.

3. As relevant entities were controlled by CHN Energy both before and after the transaction and such control was not temporary, the transaction was business combinations under common control. According to the Agreement on Purchase of Assets through Cash Payment and its supplemental agreement, the closing date of the equity interest as agreed by the parties was 6 January 2022. On 6 January 2022, the transferee had effectively obtained the control over the transferred equity interest and assets, therefore the merger date was determined to be 6 January 2022.

Upon the completion of the Merger, Pingzhuang Energy ceased to be listed. As the surviving company, the Company will inherit and take over all the remaining assets and liabilities of Pingzhuang Energy after the disposal of its assets. At the same time, the A shares issued by the Company for the Merger and its original domestic shares were listed and traded on the Main Board of the Shenzhen Stock Exchange ("**SZSE**"). On 21 January 2022, the Company issued 345,574,164 A shares on the Main Board of the SZSE to absorb and merge Pingzhuang Energy through share swap. On 24 January 2021, the A shares and the original domestic shares issued by the Company for the Merger were listed on the Main Board of the SZSE (SZSE: 001289). Upon the completion of the issuance and listing of the A shares, the total number of issued shares of the Company was 8,381,963,164, comprising 5,041,934,164 A shares and 3,340,029,000 H shares. For details of the above transactions, please refer to the Circular.

Disclosure pursuant to Rule 14A.63 of the Listing Rules

References are made to the announcements of the Company dated 15 January 2021, 18 June 2021, 23 July 2021, 20 January 2022 and 29 March 2023 (the "**Announcements**") and the Circular, in relation to the entering into of the Performance Compensation Agreements, the Achievement of Performance Commitment and Performance Compensation Scheme for the Year 2022.

On 18 June 2021, the Company entered into a Profit Compensation Agreements with each of Liaoning Electric Power, Gansu Electric Power, Guangxi Electric Power, North China Electric Power, Shaanxi Electric Power and Yunnan Electric Power (individually or collectively, the "**Performance Undertaker(s)**"). Based on the completion of the Transaction and the terms of the Performance Compensation Agreements, the performance commitment period set by the Performance Undertakers in respect of Valuation Adjustment Targets is the year following the completion of the Purchase of Assets (i.e. the transfer of the assets of the Valuation Adjustment Targets) and the two accounting years thereafter, namely 2022, 2023 and 2024 (collectively, the "**Performance Commitment Period**"). The Performance Undertakers shall make compensation to the Company in cash for the difference in the valuation result corresponding to the difference in net profit pursuant to the agreement if the amount of the Actual Net Profit of the Valuation Adjustment Targets (being the net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss) in any accounting year during the Performance Commitment Period is lower than the amount of the Committed Net Profit. The estimated net profit for each of the Valuation Adjustment Targets in 2022 is shown in the table below:

Unit: RMB0'000

Performance Undertaker	Valuation Adjustment Target	Committed Net Profit for the Year 2022	Actual Audited Net Profit for the Year 2022
Liaoning Electric Power	Northeast New Energy	8,882.29	9,718.44
Shaanxi Electric Power	Dingbian New Energy	10,914.34	12,700.31
Guangxi Electric Power	Guangxi New Energy	22,900.01	18,952.32
Yunnan Electric Power	Yunnan New Energy	15,702.47	15,725.79
Gansu Electric Power	Gansu New Energy	2,910.08	5,502.24
North China Electric Power	Tianjin Jieneng	5,157.28	5,647.22
North China Electric Power	Inner Mongolia New Energy	6,054.75	4,427.44
North China Electric Power	Shanxi Jieneng	2,352.51	2,372.99

The Actual Net Profits of the aforesaid Valuation Adjustment Targets in 2022 has been subject to a special audit by Da Hua Certified Public Accountants (Special General Partnership). As the Actual Net Profits of Guangxi New Energy and Inner Mongolia New Energy are lower than the Committed Net Profits, Guangxi Electric Power and North China Electric Power shall compensate the Company in cash in the amount of RMB108.71 million in accordance with the Performance Compensation Agreements. The Company shall determine the compensation amount payable for the current period within 30 days after the issuance of the special audit report for each year and notify the Performance Undertakers in writing. The Performance Undertakers shall remit the compensation amount payable for the current period in cash to the bank account designated by the Company within 30 days from the date of receipt of the notice of the Company.

For details, please refer to the Announcements and the Circular and the Company will make further announcement on the progress of the compensation situation in due course.

Pledged assets

As at 31 December 2022, general banking facilities and bonds amounting to RMB8,410 million are secured by property, plant and equipment with net carrying amount of RMB3,847 million, inventories with net carrying amount of RMB3 million and trade debtors' beneficial rights arising from future electricity sales.

Contingent liabilities/Guarantees

As at 31 December 2022, the Group issued a counter-guarantee of no more than RMB15 million to the controlling shareholder of an associate. As at 31 December 2022, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB7 million.

Cash flow analysis

As at 31 December 2022, bank deposits and cash held by the Group amounted to RMB18,338 million, representing an increase of RMB14,425 million as compared to RMB3,913 million as at 31 December 2021. The principal sources of funds of the Group mainly included self-owned funds and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

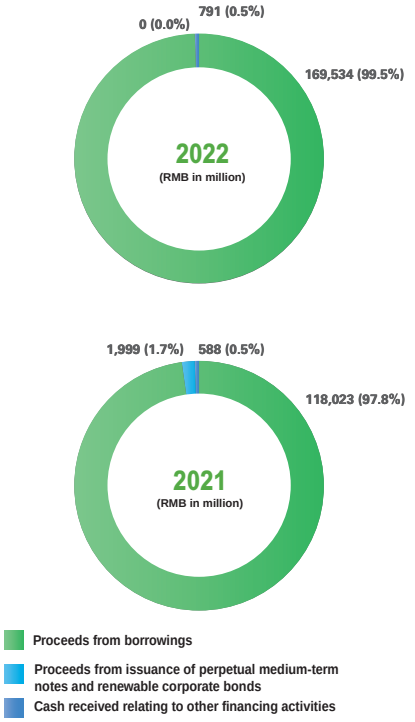
The net cash inflow from the Group's operating activities amounted to RMB29,606 million in 2022, representing an increase of RMB11,486 million as compared to RMB18,120 million in 2021, which was mainly attributable to the collection of electricity sales subsidies receivable and the repayment of borrowings.

The net cash outflow from investing activities of the Group was RMB19,009 million in 2022. The cash outflow from investing activities was mainly used for the construction for wind power projects and photovoltaic projects.

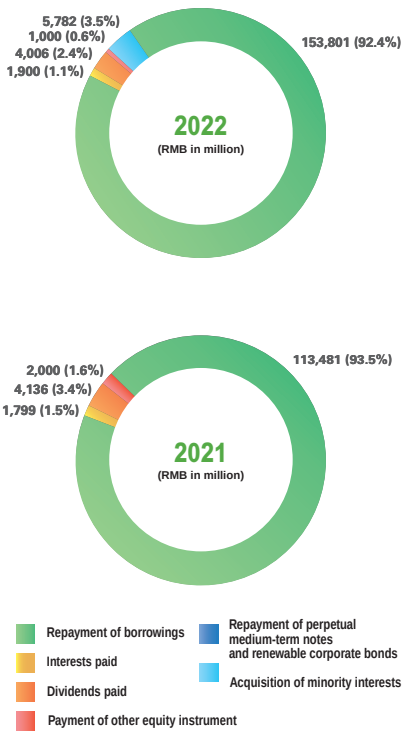
The net cash inflow from financing activities of the Group was RMB3,839 million in 2022. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of corporate bonds and bank loans. The cash outflow from financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

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

Cash inflows from financing activities



Cash outflows from financing activities



IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk and countermeasures

In 2022, the power market-oriented reform continued to advance and the trading scale of the new energy market continued to expand. In the Guiding Opinions on Accelerating the Building of a Nationwide Unified Electricity Market System promulgated by the NDRC and National Energy Administration, it was proposed to further encourage clean energy to participate in market-based trading and expand the scale of green power trading. Since this year, the number of regions participating in new energy market-based trading has continued to expand, and the proportion of electricity traded in new energy market-based trading has increased. In the future, the region will face the risk of lower electricity prices and lower revenue.

In April 2022, Northeast China Energy Regulatory Bureau of National Energy Administration issued the Notice on Adjusting the Operation Rules of the Northeast Power Auxiliary Services Market (《關於調整東北電力輔助服務市場運營規則的通知》), which stipulates the scale of auxiliary services to be apportioned by new energy enterprises in the northeast region having increased, which may continue to affect the apportionment of auxiliary service fees in the future.

The Group will continue to track relevant national policies, study and judge the impact of the policies, take effective measures to overcome the resistance to the rise of new energy trading prices, guide the implementation of favorable policies, actively strive for high-quality medium and long-term transactions, and lock in the income from electricity sales; sort out the market mechanism and policies of auxiliary services issued by various provinces and regions, study the active response measures, and reduce expenses by means of inter-provincial spot trading and other means.

2. Climatic risk and countermeasures

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind and solar resources, which is represented by the higher power generation in years of high wind velocity and the lower power generation in years of low wind velocity than that in normal years. On the vast territory of our nation which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climatic characteristics of the years of high and low wind velocity in the same period. In 2022, the average wind velocity of most provinces (including autonomous regions and municipalities) in our nation is close to the normal annual level, and the power generation standards are on the normal condition. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As of the end of 2022, the Group had substantial projects in 32 provinces, autonomous regions and municipalities in China, covering all regions except for Hong Kong, Macau and Taiwan and formulating an increasingly optimized and rational project layout. In the future, the Group will further balance the project development ratio in the regions subject to the impact of different climatic conditions.

3. Risks relating to power grids and countermeasures

In 2022, the continuous increase in the installed capacity of new energy brought a great test to the transmission capacity of the power grid. In some regions, the risk existed to intensify the structural constraints of the power grid and the insufficient transmission capacity, and power rationing for new energy was still under great pressure. The Group will continue to strengthen communication with the competent government departments and power grid dispatching in combination with the different characteristics and situations of different regions, and strive for favorable policies and power generation space. At the same time, we will actively expand consumption channels and actively promote the improvement of local power grid structure.

4. Internationalization risks and countermeasures

At present, the drastic changes in the international situation, fierce competition in the industry and global financial turmoil, the risks of international operation and the uncertainty of international investment faced by the Company's overseas investment are mainly affected by the host country's political, legal and economic environment, local culture and other factors. The Group will do a good job in analyzing the situation of the country where the investment is located and screening the projects with comprehensive evaluation in risks of international operation from politic and economy to effectively guard against systemic risks. The Group will reduce the uncertainty of overseas investment by strengthening its study, conducting risk investigation on a regular basis as well as sharing risks for projects with investment risks through project insurance.

5. Risk in interest rate and countermeasures

Changes in macro-economic environment at home and abroad, national economic policies and other factors caused the change in market interest rate, and the fluctuation of market interest rate had a certain impact on loans of the Company and the issuance interest rate of relevant bonds. Keeping abreast of market changes, the Group established financial market information sharing mechanism with several financial institutions, focused on macro environment, fiscal and monetary policies, specific operations of the central bank, and market risk events, and selected a favorable issue window to avoid the risk in interest rate resulting from the acute market volatility; the Group continued to increase the type of financing, did well in setting product terms and quotas, and matching long-term and short-term so as to ensure the stabilities of overall interest rate; the Group kept close cooperation with the financial institutions, to guarantee that issuance interest rate can be at a comparable low level in the degree of marketization.

6. Risk in currency exchange rate and countermeasures

The Group's foreign exchange management principles are not involved in any speculative arbitrage, but for the purpose of risk aversion. Foreign exchange risk management runs through the whole lifetime cycle of the Company. In the preliminary investigation and preparation stage of new overseas projects, the Group shall propose suggestions on prevention and control of foreign exchange risk according to relevant data such as new project feasibility report, after consulting with professional financial institutions for external opinions, taking into consideration local overall social and economical situation, so as to avoid the potential foreign exchange risk that may appear in the construction period. In the start-up stage of new projects, the relevant foreign exchange risk items shall be reviewed mainly through the data reported by overseas subsidiaries. Meanwhile, the Group has continuously strengthened the management of overseas financial personnel. Once the foreign exchange risk exposure caused by currency mismatch and other factors of overseas subsidiaries is found, we will immediately verify the relevant potential risks. Upon confirmation, we will gather all financial institutions in Hong Kong to set up a temporary risk control team with overseas companies involved in risks and the Finance Department of the Company to study, judge and put forward relevant hedging plans. After the plans are approved, all parties shall strictly implement them to ensure that foreign exchange risks are under control.

7. Risk in fuel prices and countermeasures

The Group has two coal power plants with a consolidated installed capacity of 1,875 MW. The fluctuations in coal price will affect the operating results of the Group's coal power business. At present, the main risk is that the coal price rises and maintains at a high level. In 2022, the Group made every effort to complete the full coverage of the annual long-term agreement on coal supply, and signed the annual long-term agreement with CHN Energy. Meanwhile, the Group made good efforts in securing annual quotas for imported coal, paid close attention to changes in coal prices and freight rates to increase the purchase volume at low cost.

V. OUTLOOK IN 2023

Outlook for Business Environment at Home and Abroad

After the country proposed the "3060" target of carbon peak and carbon neutrality, the new energy development guarantee system has been gradually improved with the introduction of relevant policies. In terms of planning, the top-level design for the new energy system has been basically completed with the promulgation of a series of documents such as the "Plan for Modern Energy System during the 14th Five Year Period". Based on the principle of creating a new model before abandoning the old model, the incremental dominant position of new energy in the future power installation structure will be further clarified, the predominant position of new energy storage in the power system will be established, resulting in its gradually clear business model and supporting electricity price policy. Although the policy system is conducive to the development and growth of the new energy industry, competition among new energy enterprises has further intensified, with enterprises competing to be the first to carry out the energy structure adjustment and transformation with wind power and photovoltaic as the core basis and "New Energy+" new industries, new business types and new model development as the main path, at the same time, in the process of the allocation of indicators, energy supply capacity, bundled regulation of power supply with the delivery, the introduction of supporting industry landing and other preconditions are increasing. As a specialized new energy company, the Group needs to combine more internal and external resources to obtain development indicators, which makes project development more difficult.

The challenges and opportunities of overseas new energy market coexist with the complex and changeable external environment and exacerbated competition of overseas new energy industry. The Russia-Ukraine conflict has led to a volatile world situation and as the conflict between Russia and Ukraine continues to escalate, the reshaping of the international structure accelerated. High inflation caused by energy crisis, and a boom in the development of new energy markets triggered by the influx of a large number of emerging buyers will lead the competition in overseas energy markets become increasingly intense. The Chinese enterprises will face greater challenges as international traditional energy industry giants and internet companies have increased their efforts in new energy transformation and actively seized the global high-quality wind and photovoltaic resources. On the other hand, with a new round of spreading energy crisis around the world, energy security has become the focus again. Green and low-carbon transformation is becoming a new driving force for countries to stimulate economic growth and achieve green recovery, which brings opportunities for international new energy development and provides a wide market for the Chinese enterprises to "go global". The Group will continue to closely follow the international situation, continuously strengthen the guidance and management of overseas business, and continuously and efficiently control overseas risks. At the same time, the Group will adopt a diversified investment model to steadily promote its internationalization strategy with its adherence to the main development line of "developing wind and solar power simultaneously, multi-energy complementing each other".

Operation Targets of the Group in 2023

In 2023, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, comprehensively implement the spirit of the 20th National Congress of the Communist Party of China, adhere to the general keynote of securing steady progress, fully, accurately and comprehensively implement the new development concept to speed up constructing a new development pattern and promote high-quality development. The Company will implement the great call of "socialism is the result of work" in depth, completely carry out the development strategy of "One Goal, Three Orientations, Five Variations and Seven World-Class Competitiveness (一個目標、三型五化、七個一流)", unwaveringly put "Six Commitments (六個擔當)" into practice, fully enhance six kinds of thinking, firmly establish the strategic goal of the world's leading new energy enterprises, adhere to steady growth and sustainable development, and focus on six aspects of work, such as ensuring safety, promoting development, stabilizing growth, seeking innovation, pushing reform and strengthening party building to hasten to build a leading new energy enterprise in the world as well as make every effort in building a new Longyuan that is "inherently safe, doubling in scale, transforming digitally and progressing healthily". The Group will focus on the following six areas of work:

1. Fully improve the intrinsic safety standard and closely follow the "lifeline" of development

2. Improve the development ability in an all-round way and continuously consolidate the leading position

3. Comprehensively implement quality and efficiency improvement to ensure steady growth of performance

4. Comprehensively strengthen innovation guidance and enhance the Company's core competitiveness

5. Extensively expand the depth of reform and accelerate the construction of first-class enterprises

6. Fully strengthen the Party's leadership and constantly gather the strength to forge ahead

DIRECTORS' REPORT

The Board of Directors of the Company hereby presents to the Shareholders the annual report and the audited financial statements for the year ended 31 December 2022 (the "Financial Statements").

BOARD OF DIRECTORS MEETING

During the Reporting Period, ten Board meetings were held and a total of 66 resolutions of the Board were approved:

The 2022 first meeting of the fifth session of the Board was held on 14 January 2022, at which two resolutions were considered and approved.

The 2022 second meeting of the fifth session of the Board was held on 30 March 2022, at which thirty-four resolutions were considered and approved.

The 2022 third meeting of the fifth session of the Board was held on 27 April 2022, at which eleven resolutions were considered and approved.

The 2022 fourth meeting of the fifth session of the Board was held on 31 May 2022, at which two resolutions were considered and approved.

The 2022 fifth meeting of the fifth session of the Board was held on 20 June 2022, at which two resolutions were considered and approved.

The 2022 sixth meeting of the fifth session of the Board was held on 21 July 2022, at which one resolution was considered and approved.

DIRECTORS' REPORT

The 2022 seventh meeting of the fifth session of the Board was held on 23 August 2022, at which four resolutions were considered and approved.

The 2022 eighth meeting of the fifth session of the Board was held on 27 October 2022, at which two resolutions were considered and approved.

The 2022 ninth meeting of the fifth session of the Board was held on 8 December 2022, at which one resolution was considered and approved.

The 2022 tenth meeting of the fifth session of the Board was held on 30 December 2022, at which seven resolutions were considered and approved.

During the Reporting Period, Directors' attendance at the Board meetings is as follows:

Name	Position in the Company	Number of Meetings Attended/Held	Attendance Rate
Tang Jian	Chairman of the Board, Executive Director	10/10	100%
Tian Shaolin	Non-executive Director	10/10	100%
Tang Chaoxiong	Non-executive Director	10/10	100%
Wang Yiguo	Non-executive Director	10/10	100%
Ma Bingyan	Non-executive Director	8/8	100%
Michael Ngai Ming Tak	Independent Non-executive Director	10/10	100%
Gao Debu	Independent Non-executive Director	10/10	100%
Zhao Feng	Independent Non-executive Director	10/10	100%
Li Zhongjun	Chairman of the Board, Executive Director	6/6	100%
Liu Jinhuan	Non-executive Director	2/2	100%

Notes:

1. Mr. Tang Jian was appointed as an Executive Director of the Company on 28 May 2021, and was appointed as the Chairman of the Board of the Company on 8 December 2022.

2. Mr. Wang Yiguo was appointed as a Non-executive Director of the Company on 14 January 2022.

3. Mr. Ma Bingyan was appointed as a Non-executive Director of the Company on 27 April 2022.

4. Mr. Li Zhongjun resigned as the Chairman of the Board and Executive Director of the Company due to work rearrangements on 27 July 2022.
5. Mr. Liu Jinhuan resigned as a Non-executive Director of the Company due to age reason on 30 March 2022.

Save as disclosed above, during the year of 2022, the Chairman of the Board and independent non-executive Directors held separate meetings in respect of the business, finance, corporate governance and other matters of the Company during the Reporting Period. Save as disclosed in the notes, the term of office of each of the aforesaid Directors shall expire at the expiry of the term of the fifth session of the Board.

SHARE CAPITAL

As at 31 December 2022, the total share capital of the Company was RMB8,381,963,164, divided into 8,381,963,164 shares of RMB1.00 each, comprising 5,041,934,164 A shares in aggregate and 3,340,029,000 H shares in aggregate. Details of movements in the share capital of the Company during the year are set out in Note 35 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED

On 24 January 2022, the Company absorbed and merged Pingzhuang Energy through share swap by issuing 345,574,164 A shares (SZSE:001289) with par value of RMB1 per share on the Main Board of Shenzhen Stock Exchange. As at 15 January 2021, being the date of the agreement on absorption and merger through share swap, the closing price of the H shares of the Company was HK$10.32. The issue price of the A shares of the Company was RMB11.42 per share and adjusted to RMB11.30 per share. Upon the completion of the merger, Pingzhuang Energy ceased to be listed. The Company, as the surviving company, undertakes all the remaining assets and liabilities after the sale of assets by Pingzhuang Energy. At the same time, the Company listed and circulated the A shares and original domestic shares in the Main Board of Shenzhen Stock Exchange. The A shares issued were all used for the absorption and merger through share swap of Pingzhuang Energy and no funds were raised. Upon completion of the listing of the A shares, the total number of issued shares of the Company was 8,381,963,164, including 5,041,934,164 A shares and 3,340,029,000 H shares.

The share swap, absorption merger is in line with the national new energy development strategy and was beneficial to the consolidation and enhance of the Company's leading position in the industry and international competitiveness, as well as widening financing channels, enhancing the Company's competitive advantages, reducing intersectoral competition and achieve resource integration. For further details, please refer to the announcements dated 15 January 2021, 4 June 2021, 18 June 2021, 23 July 2021, 8 December 2021, 20 January 2022 and the circular dated 8 July 2021 of the Company.

Save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

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

PRINCIPAL BUSINESS

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

DIRECTORS' REPORT

BUSINESS REVIEW

In 2022, the Group followed strictly the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), the Civil Code of the PRC (《中華人民共和國民法典》), the Law of the People's Republic of China on the State-Owned Assets of Enterprises (《中華人民共和國企業國有資產法》), the Electricity Law of the PRC (《中華人民共和國電力法》), the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Forest Law of the People's Republic of China (《中華人民共和國森林法》), the Labour Law of the PRC (《中華人民共和國勞動法》), Administrative Measures for the Legal Disclosure of Corporate Environmental Information (《企業環境信息依法披露管理辦法》) and other relevant laws and regulations as well as environmental policies in China. The Group was not involved in any serious violation of laws or regulations during the Reporting Period.

For the analysis of business using key financial indicators, major risks the Group is exposed to, particulars of important events affecting the Group and the future business development of the Group, please refer to the section headed Management Discussion and Analysis. For the discussion on the Group's environmental policies and their effectiveness, and the relations between the Group and its employees, customers and suppliers, please refer to the 2022 Environmental, Social and Governance (ESG) Report.

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group had no material or major disputes with its employees, suppliers and customers in 2022.

RELATIONS WITH EMPLOYEES

The Group has maintained friendly relationship with the employees. It established a sound system of personnel, employment, and distribution, standardized employee behavior, and safeguarded the legitimate rights and interests of employees. It improved the working environment and living conditions for the front-line production staff, expanded the front-line employees in distressed regions into the advanced study and recreation systems for model workers and thoroughly implemented the system of employee fraternal funds, which enhanced the staff's sense of belonging and the enterprise cohesiveness.

RELATIONS WITH SUPPLIERS

In 2022, The Group continued to attach great emphasis on good relationships with major suppliers in the industry. The management frequently communicated, exchanged opinions, and discussed cooperative relations with them, so as to achieve the goal of long-term cooperation and win-win results. The Group attracted strong suppliers to participate in the competition by adopting centralized bundling, entering into of long-term agreements and other centralized procurement methods, so as to ensure good brand quality at the source of procurement while reasonably saving cost.

The Group selects its suppliers in a completely competitive manner, gives an annual comprehensive evaluation on suppliers and sets up a warning and no-access mechanism for dishonest suppliers, thus selecting a group of quality suppliers through long-term cooperation.

The Group strengthens the requirements on quality, environmental protection and social responsibility of suppliers in procurement, and requires suppliers to have relevant certifications of quality management system, environmental management system and occupational safety and health management system in major bid sections. At the same time, bidders for major construction bid sections were required to focus on the environmental protection and safety measures, and included this content in the selection system, so as to promote the use of more environmental protection products and services. In addition, in the course of the implementation of contracts, an on-site supervision or manufacturing supervision management system was maintained for the construction and the major equipment bid sections.

RELATIONS WITH CUSTOMERS

The Group has carried out power marketing by always adhering to the customer-centric concept. It has attracted and retained more customers by continuing to improve power quality, analyzing and processing customers' feedback in a timely manner, further exploring customers' needs, providing fast and thoughtful quality services and has been maintaining a good relationship with its customers.

For particulars of the relations with employees, suppliers and customers, please refer to the 2022 Environmental, Social and Governance (ESG) Report.

DIRECTORS' REPORT

ENVIRONMENT-RELATED PERFORMANCE AND POLICIES

The Group steadily raised its political stance, adhered to being responsible, accountable, and diligent in safeguarding our homeland, and promoted high-quality development with a high level of ecological environment conservation. With its safety and environmental protection worked around "No. 1 Document" as the main line, the Group affirmed the main person in charge of the units is the first responsible person for ecological and environmental protection of the unit, which signs the target responsibility letter, clarifies the goals and tasks of ecological and environmental protection. The Group compiled the "New Energy Enterprise Eco-environmental Conservation Inspection Manual" to standardize the inspection standards for the management system, project construction, and project operation stages, and to strengthen the process of supervising the construction of demonstration projects. The Group has established a panel of experts to provide ongoing comprehensive diagnosis and technical oversight of the projects in operation and new projects. To implement the national strategic deployment of Yellow River and Yangtze River, the Group completed soil and water conservation monitoring by remote sensing at 22 stations along Yellow River and Yangtze River, which greatly enhanced the ecological management level of the enterprise.

For particulars of the environment-related performance and policies, please refer to the 2022 Environmental, Social and Governance (ESG) Report.

MATERIAL LITIGATION

As at 31 December 2022, the Group was not involved in any material litigation or arbitration. As far as the Directors are aware, there is no material litigation or claim of material importance pending or threatened against the Group.

PERFORMANCE

The audited results of the Company and its subsidiaries for the year ended 31 December 2022 are set out in the Consolidated Statement of Profit or Loss on pages 202 to 203. The financial position of the Company and its subsidiaries as at 31 December 2022 is set out in the Consolidated Statement of Financial Position on pages 204 to 205. The cash flows of the Company and its subsidiaries for the year ended 31 December 2022 are set out in the Consolidated Statement of Cash Flows on pages 208 to 210.

A discussion and analysis of the Company's performance during the year and the material factors underlying its results and financial position are set out in the Management Discussion and Analysis in this annual report.

PROFIT DISTRIBUTION

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

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

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

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

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

After the Company withdraws the statutory reserve from after-tax profits, it can also withdraw discretionary surplus reserve from after-tax profits after passing a resolution in the general meeting.

After the Company offsets the losses and withdraws the reserve, the remaining after-tax profits shall be distributed to the Shareholders in proportion to their shareholdings.

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

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

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

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

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

The Board recommends the distribution of a final dividend of RMB0.1171 per share (tax inclusive) in cash for the year ended 31 December 2022 to Shareholders. All the dividend will be subject to Shareholders' approval at the Annual General Meeting of the Company to be held on Thursday, 15 June 2023, and is expected to be paid on Monday, 14 August 2023. Details of the dividend payment will be announced after holding of the Annual General Meeting.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2022 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited (香港中央結算(代理人)有限公司), other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual H-share Shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual H-share Shareholders should take the initiative to submit statements to the Company to enjoy the agreed treatment, and keep relevant data for future reference. If the information provided is complete, the Company will withhold it in accordance with regulations of the PRC tax laws and agreements. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

For the Southbound Trading Shareholders, in accordance with the relevant requirements of China Securities Depository and Clearing Corporation Limited, Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the Southbound Trading Shareholders for Shanghai market and Shenzhen market, respectively, will receive cash dividends distributed by the Company and distribute the cash dividends to the relevant Southbound Trading Shareholders through its depository and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in Renminbi whilst that paid to holders of A shares and holders of H shares will be in Renminbi and in Hong Kong dollar respectively. Pursuant to the relevant provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 35(a) to the Financial Statements, among which, details of reserves distributable to the Shareholders are set out in Note 35(e) to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as at 31 December 2022 are set out in Note 28 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth some information concerning the Directors, supervisors and senior management of the Company as at the Latest Practicable Date.

Name	Position in the Company	Date of appointment/ re-election/resignation
Directors		
Tang Jian	Chairman of the Board	Appointed on 8 December 2022
	Executive Director	Re-elected on 12 November 2021
Tian Shaolin	Non-executive Director	Re-elected on 12 November 2021
Tang Chaoxiong	Non-executive Director	Re-elected on 12 November 2021
Wang Yiguo	Non-executive Director	Appointed on 14 January 2022
Ma Bingyan	Non-executive Director	Appointed on 27 April 2022
Michael Ngai Ming Tak	Independent Non-executive Director	Appointed on 12 November 2021
Gao Debu	Independent Non-executive Director	Appointed on 12 November 2021
Zhao Feng	Independent Non-executive Director	Appointed on 12 November 2021
Resigned Directors		
Li Zhongjun	Executive Director, Chairman of the Board	Resigned on 27 July 2022
Liu Jinhuan	Non-executive Director	Resigned on 30 March 2022

Name	Position in the Company	Date of appointment/ re-election/resignation
Supervisors		
Shao Junjie	Chairman of the Supervisory Board	Re-elected on 12 November 2021
	Supervisor	Re-elected on 12 November 2021
Hao Jingru	Supervisor	Re-elected on 12 November 2021
Wu Jinmei	Employee Supervisor	Re-elected on 12 November 2021
Senior Management		
Yang Wenjing	Chief Accountant	Re-elected on 12 November 2021
Ding Jing	Vice President	Appointed on 20 June 2022
Gong Yufei	Vice President	Re-elected on 12 November 2021
Chen Qiang	Vice President	Re-elected on 12 November 2021
Xia Hui	Vice President	Appointed on 20 June 2022
Wang Qi	Vice President	Appointed on 30 December 2022
Resigned Senior Management		
Tang Jian	President	Resigned on 8 December 2022

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on pages 134 to 151 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

Each of the supervisors has entered into a contract in respect of compliance of relevant laws and regulations, Articles of Association and provisions on arbitration with the Company. Save as disclosed above, none of the Directors or supervisors has entered into a service contract with the Company which could not be terminated without payment of compensation (other than statutory compensation) paid by the Company within one year.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

The remuneration of the senior management by remuneration band for the year ended 31 December 2022 is set out below:

Remuneration band *(RMB)*	**Number of persons for 2022**	Number of persons for 2021
<600,000	**3**	2
600,000–1,000,000	**0**	2
>1,000,000	**4**	2
Total	**7**	6

DIRECTOR INSURANCES

The Company has bought effective insurances for the Directors.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

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

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors, Supervisors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

Name	Position in the Company	Other interests
Tang Chaoxiong	Non-executive Director	Director of Capital Operation Department of CHN Energy
Wang Yiguo	Non-executive Director	Full-time Director of CHN Energy
Ma Bingyan	Non-executive Director	Business Director (2nd Grade) of the Strategic Planning Department of CHN Energy
Hao Jingru	Supervisor	Vice Team Leader of the Party Committee Inspection Team of CHN Energy
Shao Junjie	Chairman of the Supervisory Board	Senior Business Director of CHN Energy

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

As at 31 December 2022, none of the Directors, supervisors and chief executives of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be registered in the register indicated in the section, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2022, so far as known to the Directors, the following persons (other than the Directors, chief executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
CHN Energy	A shares	Beneficial owner and interest of corporation controlled by substantial Shareholders	4,908,598,141 *(Note 2)* (Long position)	97.36	58.56
Wellington Management Group LLP	H shares	Investment manager	236,308,513 *(Note 3)* (Long position)	7.08	2.82
Wellington Management Group LLP	H shares	Investment manager	1,866 *(Note 4)* (Short position)	0.00	0.00
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	298,269,906 *(Note 5)* (Long position)	8.93	3.56
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	1,649,000 *(Note 6)* (Short position)	0.05	0.02
JPMorgan Chase & Co.	H shares	Interest of corporation controlled by substantial Shareholders, investment manager, person having a security interest in shares and approved lending agent	196,877,504 *(Note 7)* (Long position)	5.89	2.35

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
JPMorgan Chase & Co.	H shares	Interest of corporation controlled by substantial Shareholders	27,802,293 *(Note 8)* (Short position)	0.83	0.33
JPMorgan Chase & Co.	H shares	Approved lending agent	63,578,571 (Shares in a lending pool)	1.90	0.76
The Bank of New York Mellon Corporation	H shares	Interest of corporation controlled by substantial Shareholders	198,818,301 *(Note 9)* (Long position)	5.95	2.37
The Bank of New York Mellon Corporation	H shares	Approved lending agent	163,730,869 (Shares in a lending pool)	4.90	1.95
Citigroup Inc.	H shares	Interest of corporation controlled by substantial Shareholders and approved lending agent	243,267,212 *(Note 10)* (Long position)	7.28	2.90
Citigroup Inc.	H shares	Interest of corporation controlled by substantial Shareholders	13,661,710 *(Note 11)* (Short position)	0.40	0.16
Citigroup Inc.	H shares	Approved lending agent	225,455,412 (Shares in a lending pool)	6.75	2.69
Brown Brothers Harriman & Co.	H shares	Agent	239,298,521 (Long position)	7.16	2.85

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
Brown Brothers Harriman & Co.	H shares	Agent	239,298,521 (Shares in a lending pool)	7.16	2.85
Lazard Asset Management LLC	H shares	Investment manager	167,128,772 (Long position)	5.00	1.99

Notes：

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 31 December 2022.

2. Among these 4,908,598,141 A shares, 4,602,432,800 A shares were directly held by CHN Energy while the remaining 212,238,141 A shares were held by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司), an indirect non-wholly-owned subsidiary of CHN Energy and 93,927,200 A shares were held by CHN Energy Liaoning Electric Power Co., Ltd. (國家能源集團遼寧電力有限公司), a wholly-owned subsidiary of CHN Energy. Accordingly, CHN Energy was deemed as the owner of the equity interests held by its aforesaid subsidiaries.

3. Among these 236,308,513 H shares, 233,493,595 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 2,778,106 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 36,812 H shares were held by Wellington Management Singapore Pte. Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

4. These 1,866 H shares, were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

5. Among these 298,269,906 H shares, 1,167,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 7,344,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 39,152,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 108,563,000 H shares were held by BlackRock Fund Advisors, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 3,610,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 4,548,196 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 420,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,728,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 2,962,812 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 15,678,740 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 674,814 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 91,000 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 21,455,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 71,395,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 8,764,159 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 9,165,353 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 901,039 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 562,000 H shares were held by BlackRock (Singapore) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 24,000 H shares were held by BlackRock Asset Management Schweiz AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 63,000 H shares were held by Aperio Group, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc.. Accordingly, BlackRock, Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

6. Among these 1,004,000 H shares, 90,000 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 61,000 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 543,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 7,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 303,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

7. Among these 196,877,504 H shares, 3,157,000 H shares were held by JPMorgan Asset Management (Taiwan) Limited, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 134,960 H shares were held by J.P. Morgan SE, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 305,620 H shares were held by J.P. Morgan Securities LLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 63,578,571 H shares were held by JPMORGAN CHASE BANK, N.A. – LONDON BRANCH, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1,686,000 H shares were held by JPMORGAN ASSET MANAGEMENT (UK) LIMITED, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 7,193,000 H shares were held by J.P Morgan Investment Management Inc., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 4,296,000 H shares were held by JPMorgan Chase Bank, National Association., a wholly-owned subsidiary of JPMorgan Chase & Co., 67,327,000 H shares were held by JPMorgan Asset Management (Asia Pacific) Limited, an indirect non-wholly-owned subsidiary of JPMorgan Chase & Co., 48,569,353 H shares were held by J.P. MORGAN SECURITIES PLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co.. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

8. Among these 27,802,293 H shares, 27,000 H shares were held by J.P. Morgan Securities LLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 1 H share was held by J.P. Morgan Structured Products B.V., an indirect wholly-owned subsidiary of JPMorgan Chase & Co., 27,775,292 H shares were held by J.P. MORGAN SECURITIES PLC, an indirect wholly-owned subsidiary of JPMorgan Chase & Co.. Accordingly, JPMorgan Chase & Co. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

9. These 198,818,301 H shares were held by The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation. Accordingly, The Bank of New York Mellon Corporation was deemed as the owner of the H share equity interests held by its aforesaid subsidiary.

10. Among these 243,267,212 H shares, 226,005,412 H shares were held by Citibank, N.A., an indirect wholly-owned subsidiary of Citigroup Inc., 704,000 H shares were held by Citigroup Global Markets Hong Kong Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 16,557,800 H shares were held by Citigroup Global Markets Limited, an indirect non-wholly-owned subsidiary of Citigroup Inc. Accordingly, Citigroup Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

11. Among these 13,661,710 H shares, 1,173,386 H shares were held by Citigroup Global Markets Hong Kong Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 12,488,324 H shares were held by Citigroup Global Markets Limited, an indirect non-wholly-owned subsidiary of Citigroup Inc.. Accordingly, Citigroup Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

ISSUE OF DEBENTURES

The debentures issued by the Company in 2022 are set out as below:

Issue date	Type of debentures	Financing amount *(RMB million)*	Reasons for the issue
7 January 2022	Ultra short-term debentures	2,500.00	For repayment of the interest-bearing liabilities
11 January 2022	Ultra short-term debentures	2,500.00	For repayment of the interest-bearing liabilities
13 January 2022	Mid-term notes	2,000.00	For repayment of the interest-bearing liabilities
16 February 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
9 March 2022	Ultra short-term debentures	1,500.00	For repayment of the interest-bearing liabilities
13 April 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
15 April 2022	Ultra short-term debentures	1,000.00	For repayment of the interest-bearing liabilities
25 April 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
26 April 2022	Ultra short-term debentures	600.00	For repayment of the interest-bearing liabilities

Issue date	Type of debentures	Financing amount *(RMB million)*	Reasons for the issue
12 May 2022	Mid-term notes	1,500.00	For repayment of the interest-bearing liabilities
24 May 2022	Ultra short-term debentures	1,000.00	For repayment of the interest-bearing liabilities
15 June 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
23 June 2022	Ultra short-term debentures	1,500.00	For repayment of the interest-bearing liabilities
13 July 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
14 July 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
25 July 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
17 August 2022	Ultra short-term debentures	1,500.00	For repayment of the interest-bearing liabilities
25 August 2022	Ultra short-term debentures	1,000.00	For repayment of the interest-bearing liabilities
19 September 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
22 September 2022	Ultra short-term debentures	1,000.00	For repayment of the interest-bearing liabilities
28 September 2022	Ultra short-term debentures	1,200.00	For repayment of the interest-bearing liabilities
19 October 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
14 November 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
24 November 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
12 December 2022	Ultra short-term debentures	2,900.00	For repayment of the interest-bearing liabilities
13 December 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
16 December 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
21 December 2022	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time in 2022.

SUBSEQUENT EVENTS

Finance and Property Department to provide the information according to the actual situation.

CONNECTED TRANSACTIONS

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

DONATIONS

In 2022, the Company donated RMB90,696,000 in total, of which, donation of RMB18,000,000 to the poverty alleviation work in Youyu County was made by the Company.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, the purchase from the Company's five largest suppliers in aggregate contributed 22% of the Company's total purchase for the year, among which, the total purchase from the largest supplier contributed 5% of the Company's total purchase for the year.

For the year ended 31 December 2022, the sales to the Company's five largest customers in aggregate contributed 40% of the Company's total sales for the year, among which, the sales to the largest customer contributed 22% of the Company's total sales for the year.

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

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group in 2022 are respectively set out in Note 35(e) and Consolidated Statement of Changes in Equity to the Financial Statements.

REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the five highest paid individuals (other than Directors and supervisors) of the Company in 2022 are set out in Note 11 to the Financial Statements.

MATERIAL CONTRACTS

Save as disclosed in the section headed Material acquisitions and disposals in this annual report, none of the Company or any of its subsidiaries entered into any material contracts with the controlling Shareholder or any of its subsidiaries other than the Company, nor was there any material contracts between the Company and the controlling Shareholder or any of its subsidiaries other than the Company in relation to provision of services in 2022.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at the end of 2022, none of the Directors or supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporation, or had exercised any such right.

ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND SHARE OPTION

In 2022, no arrangement for share pre-emptive right and share option was made by the Company.

EQUITY-LINKED AGREEMENTS

In 2022, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing new shares.

PERMITTED INDEMNITY PROVISION

In 2022, no permitted indemnity provision (whether made by the Company or otherwise) was made or in force for the benefit of the Directors of the Company or any directors of the subsidiaries of the Company (if made by the Company). The Company has liability insurance coverage for certain relevant lawsuits for the Directors, supervisors and senior management.

ACCOUNTING POLICIES

Other than the new standards which took effect on 1 January 2022, the principal accounting policies adopted in the preparation of the Company's 2022 audited consolidated financial statements are consistent with the principal accounting policies for the preparation of the 2021 audited consolidated financial statements, details of which are set out in Notes 2 and 3 to the Financial Statements.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Company's retirement and employees benefit scheme are set out in Note 32 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

DIRECTORS' REPORT

PUBLIC FLOAT

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

AUDIT COMMITTEE

The 2022 annual results of the Group and the Financial Statements for the year ended 31 December 2022 prepared in accordance with the International Financial Reporting Standards have been reviewed by the Audit Committee of the Company.

AUDITORS

Ernst & Young and Da Hua Certified Public Accountants LLP were appointed as auditors for the financial statements prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises for the year ended 31 December 2022, respectively. The accompanying Financial Statements prepared in accordance with the International Financial Reporting Standards have been audited by Ernst & Young. The Company has appointed Ernst & Young as its auditor since 20 June 2017 and appointed Da Hua Certified Public Accountants LLP as its auditor since 14 January 2022.

By order of the Board
China Longyuan Power Group Corporation Limited*
Chairman of the Board
Tang Jian

Beijing, 29 March 2023

* *For identification purpose only*

CONNECTED TRANSACTIONS

Particulars of the major related party transactions of the Group for the year ended 31 December 2022 are set out in Note 39 to the Financial Statements.

Some of the aforementioned related party transactions also constitute connected transactions as prescribed under Chapter 14A of the Listing Rules and are subject to announcement, annual review and seeking independent shareholders' approval (if applicable) requirements under Chapter 14A of the Listing Rules. The aforementioned connected transactions have complied with the requirements under Chapter 14A of the Listing Rules.

The connected transactions disclosed below constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules, and are not exempt from the relevant disclosure requirements. In relation to the connected transactions or continuing connected transactions mentioned below, the Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details, please refer to the announcements disclosed on the website of the Hong Kong Stock Exchange and the website of the Company.

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

In respect of the type 1 to type 2 non-exempt continuing connected transactions as set out below, at the time of the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of those continuing connected transactions and granted a waiver to the Company from complying with the announcement and independent Shareholders' approval requirements. For type 1 and type 2 non-exempt continuing connected transactions as set out below, the annual caps for each year from 2021 to 2023 have been approved at the third extraordinary general meeting in 2020 held on 31 December 2020. For type 3 non-exempt continuing connected transaction as set out below, it shall be subject to the reporting and announcement requirements under Rule 14A. 35 of the Listing Rules, but exempt from independent Shareholders' approval requirements under Rule 14A.36 to Rule 14A. 39 of the Listing Rules, and the annual caps of Financial Services Agreement (the "**Financial Services Agreement**") with China Energy Finance Co., Ltd. ("**China Energy Finance**") from 28 October 2021 to 27 October 2022 were considered and approved by the Board of the Company on 27 October 2021. Due to the continued growth of the Group's business scale, the scope of financial services business provided by the Group and the annual caps need to be adjusted by China Energy Finance accordingly, and the Company entered into the New Financial Services Agreement (the "**New Financial Services Agreement**") with China Energy Finance on 27 April 2022. The annual caps of the agreement from 27 April 2022 to 31 December 2024 were considered and approved by the Board of the Company on 27 April 2022, and the Financial Services Agreement expired on the same date.

CONNECTED TRANSACTIONS

The diagram below sets out the annual caps and actual transaction amounts of such connected transactions for 2022:

Connected Transactions	Connected Person		Annual Cap for 2022 *(RMB'000)*	Actual Transaction Amount for 2022 *(RMB'000)*
1. Provision of products and services by the Group	CHN Energy		1,250,000	167,893
2. Provision of products and services to the Group	CHN Energy		7,048,381	3,394,501
3. Provision of financial services to the Group	China Energy Finance	Financial Services Agreement • Deposit Services: no more than RMB5,500,000 of the maximum daily deposit balance (including any interest accrued thereon)		4,282,000
	China Energy Finance	New Financial Services Agreement • Deposit Services: no more than RMB3,000,000 of the maximum daily deposit balance (inclusive of accrued interests occurred)		2,993,000

1. Provision of products and services by the Group

The Company entered into the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services with CHN Energy on 12 November 2020. Pursuant to the agreement, the products and services provided by the Group to CHN Energy mainly include wind power design and consulting services, wind power technical services, resource evaluation of wind power projects, wind power vocational training and development and technical services of photovoltaic power generation.

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

- The products and services provided by the Group to CHN Energy mainly include wind power design and consulting services, wind power technical services, resource evaluation of wind power projects, wind power vocational training and development and technical services of photovoltaic power generation;

- The products and services provided by CHN Energy to the Group mainly include wind power generating units, unit spare parts, and relevant technical services, coals, power generation rights transactions and general contracting;

- The terms of products and services offered by the Group to CHN Energy are no better than those offered by an independent third party, and the terms of products and services offered by CHN Energy to the Group are no less favourable than those offered by an independent third party;

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

- Relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of provision of products and/or services and terms and conditions of providing such products and/or services according to the principles laid down by the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services.

The Framework Agreement for the Purchase and Sale of Comprehensive Products and Services will supersede the Guodian Master Agreement and has a term of 3 years commencing on 1 January 2021 and expiring on 31 December 2023, and is renewable subject to the agreement of the parties and the compliance with the Listing Rules.

It is beneficial to the Company to maintain the continuing connected transactions as the transactions between the Company and CHN Energy in the past and in the future are both beneficial to the business operation and development of the Company, and the long-term cooperating relationship can reduce integration costs for the Company. The Company purchases products and services from CHN Energy and/or its associates in the ordinary and usual course of business. Over several years, the Company have been using the products and services supplied by CHN Energy and/or its associates, and CHN Energy provides the Company with stable supply in long term. Therefore, CHN Energy and its associates can adequately understand the Company's business and operating requirements. Maintaining the Company's stable and high quality supply of products and services is critical to our current and future production and operation. With reference to the Company's purchase experience with CHN Energy and its associates before, the Company believe that CHN Energy can effectively satisfy the Company's requirements of the supply of stable and high quality products and integrated services. At the date of signing the agreement, as CHN Energy directly and indirectly holds approximately 4,696,360,000 Domestic Shares, representing 58.44% of the issued share capital of the Company, it is a controlling Shareholder as defined under the Listing Rules and thus a connected person of the Company. Accordingly, the transactions between the Group and CHN Energy constitute connected transactions under the Listing Rules.

During the Reporting Period, the annual cap of this continuing connected transaction for 2022 was RMB1,250,000,000 and the actual transaction amount was RMB167,893,000.

2. Provision of products and services to the Group

The Company entered into the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services with CHN Energy on 12 November 2020. Pursuant to the agreement, the products and services provided by CHN Energy to the Group mainly include wind power generating units, unit spare parts, and relevant technical services, coals, power generation rights transactions and general contracting. For details of the major terms and conditions of the agreement and reasons for and benefits of the Continuing Connected Transactions, please refer to the relevant disclosure of the non-exempt continuing connected transaction set out in subsection 1 above.

At the date of signing the agreement, as CHN Energy directly and indirectly holds approximately 4,696,360,000 Domestic Shares, representing 58.44% of the issued share capital of the Company, it is a controlling shareholder as defined under the Listing Rules and thus a connected person of the Company. Accordingly, the transactions between the Group and CHN Energy constitute connected transactions under the Listing Rules.

During the Reporting Period, the annual cap of this continuing connected transaction for 2022 was RMB7,048,381,000 and the actual transaction amount was RMB3,394,501,000.

CONNECTED TRANSACTIONS

3. Provision of financial services to the Group

The Company entered into a financial services agreement with China Energy Finance on 27 October 2021, pursuant to which, China Energy Finance agreed to provide the Group with loan services, deposit services and other financial services in accordance with the terms and conditions provided therein.

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

- Pursuant to the Financial Services Agreement, the services to be provided by China Energy Finance to the Group include the provision of comprehensive credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, entrusted loans and entrusted investment services, bill acceptance and discount services, deposit services, finance lease, financial and financing advisory services, credit attestation and related consultancy and agency services, underwriting services, financial consultation services and other services.

- China Energy Finance shall ensure the stable operation of fund management system and security of the fund, and monitor the risk related to assets and liabilities to satisfy the payment needs of the Group.

- In respect of the provision of the loan services under the Financial Services Agreement, the aggregated daily balance of the direct loans, bill acceptance and discount, letter of guarantee and accounts receivable factoring, and financial guarantee provided by China Energy Finance shall not exceed RMB22 billion.

- In respect of the provision of the deposit services under the Financial Services Agreement, the daily deposit balance (including any interest accrued thereon) for the Group's deposits with China Energy Finance shall not exceed RMB5.5 billion for the period from 28 October 2021 to 27 October 2022.

- The term of the Financial Services Agreement shall be one year, commencing from 28 October 2021 and expiring on 27 October 2022.

For deposit services, China Energy Finance has been maintaining satisfactory operating performance and financial position, with prescribed risk monitoring and good performance in supervision and management, and security level of its settlement system has reached the level of domestic commercial banks. Compared with typical commercial banks, the account supervision of China Energy Finance such as substantial payment is more stringent, and its deposit services provides higher fund security. The deposit placed with China Energy Finance facilitates the settlement within the subsidiaries of the Group and between the subsidiaries of CHN Energy, and shortens the time required for transfer and turnover of funds. China Energy Finance will enable the Company to lower the cost of funds by improving the efficiency of the internal settlement and help realise optimisation of cost and operational efficiency. In addition, deposits placed with China Energy Finance would be conducive to realising centralized fund management of subsidiaries of the Group and can satisfy the flexible needs of funds of the Group. China Energy Finance offers the Group relatively good commercial terms as compared with the domestic commercial banks.

In the area of credit services, compared with typical commercial banks in the PRC, China Energy Finance could provide the Group with stronger support and more flexible loan conditions. The collaboration between the Group and China Energy Finance may reduce finance costs, ensure the security of the capital chain and help monitor risks for the Group. China Energy Finance is familiar with the capital structure, business operation, capital needs and cash flow pattern of each subsidiary of the Group, enabling it to better forecast the capital needs of the Group. Therefore, China Energy Finance can provide flexible, convenient and low-cost services to the Group at any time. By entering into the Financial Services Agreement with China Energy Finance, the Group opens another channel for service providers. The Group is allowed to cooperate with China Energy Finance without being prohibited from selecting other financial and insurance institutions, including commercial banks in the PRC. The Group may freely cooperate with any institutions selected and obtain any best terms offered. Moreover, the credit services provided by China Energy Finance for the Group may increase credit for the credit provided by domestic commercial banks for the Group.

CONNECTED TRANSACTIONS

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

During the Reporting Period, the cap of the maximum daily deposit balance (including any interest accrued thereon) for deposit services under this continuing connected transaction for 2022 was RMB5,500,000,000 and the actual maximum daily deposit balance (including any interest accrued thereon) was RMB4,281,683,000.

Due to the continued growth of the Group's business scale, the scope of financial services business provided by the Group and the annual caps need to be adjusted by China Energy Finance accordingly. Therefore, the Company entered into the New Financial Services Agreement with China Energy Finance on 27 April 2022. Pursuant to which, China Energy Finance agreed to provide the Group with loan services, deposit services and other financial services subject to the terms and conditions provided therein. The term of the New Financial Services Agreement shall commence from 27 April 2022 and expire on 31 December 2024. Upon the negotiation and determination between the Company and China Energy Finance, the Financial Services Agreement entered into between both parties on 27 October 2021 and its annual caps will expire from 27 April 2022.

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

- Pursuant to the New Financial Services Agreement, the services to be provided by China Energy Finance to the Group include the provision of comprehensive credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, entrusted loans and entrusted investment services, bill acceptance and discount services, deposit services, provision of finance leasing services to the Group, financial and financing advisory services, credit attestation and related consultancy and agency services, underwriting services, financial consultation services , revolving entrusted loan services and other services.

- In particular, the provision of revolving entrusted loan services by China Energy Finance to the Group is to manage the collection and allocation of funds between the Company and its subsidiaries in the form of entrusted loans. Specifically, the revolving entrusted loan business of the Group is to enable the branches and subsidiaries of the Company to collect funds from the Company in the form of entrusted loans through the cash management module of the new core system of China Energy Finance, and the Company allocates funds to each member of the Company in the form of entrusted loan repayment. The service fees charged by China Energy Finance for the provision of the revolving entrusted loan services to the Group are included in the annual caps of the total service fees charged by China Energy Finance for the provision of other financial services to the Group.

- China Energy Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the asset-liabilities risk so as to satisfy the payment needs of the Group.

- In respect of the provision of the loan services under the New Financial Services Agreement, the maximum daily balance of loans provided by China Energy Finance to the Group (including loans, credit, bill acceptance and discounting, guarantee, letter of guarantee, overdraft, opening of letter of credit, etc., including accrued interest incurred) shall not exceed RMB22 billion.

- In respect of the provision of the deposit services under the New Financial Services Agreement, the maximum daily deposit balance of the Group with China Energy Finance (including accrued interest incurred) shall not exceed RMB3 billion for the period from 27 April 2022 to 31 December 2024.

- In addition to the loan services and deposit services, during the term of the New Financial Services Agreement, the total agency fees, handling fees, consulting fees or other service fees charged by China Energy Finance for the provision of other financial services (including but not limited to the provision of consultation, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loans, guarantees, bill acceptance and other services) to the Group shall not exceed RMB10 million for each year.

CONNECTED TRANSACTIONS

Please refer to the relevant disclosure of the Financial Services Agreement above for the reasons for and benefits of the continuing connected transactions under the New Financial Services Agreement.

At the date of signing the New Financial Services Agreement, as CHN Energy directly and indirectly holds approximately 58.56% 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. China Energy Finance is a subsidiary and, by virtue of this, an associate of CHN Energy, and is therefore the connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under the Listing Rules.

During the Reporting Period, the cap of the maximum daily deposit balance (including accrued interest incurred) for deposit services under this continuing connected transaction for 2022 was RMB3,000,000,000 and the actual maximum daily deposit balance (including any interest accrued thereon) was RMB2,992,667,000.

CONFIRMATION OF INDEPENDENT NON–EXECUTIVE DIRECTORS

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

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

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

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

CONFIRMATION OF AUDITOR

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

EXECUTIVE DIRECTORS

Mr. Tang Jian, aged 52, is the secretary of the Party Committee, an executive Director and the Chairman of the Board of the Company. He graduated from China University of Mining and Technology with a bachelor degree in engineering. He is a senior engineer. He has served as an executive Director of the Company since May 2021. He worked at Yangzhou No. 2 Power Plant (揚州第二發電廠) and Guodian Changzhou Power Generating Co., Ltd. (國電常州發電有限公司). He successively served as a member of the Party Committee and the vice general manager of Guodian Bengbu Power Generation Co., Ltd. (國電蚌埠發電有限公司); the deputy head and head of the Coal-fired Power Office of the Engineering Construction Department, and head of the General Office of China Guodian Corporation (中國國電集團公司); a deputy general manager and a member of the Party Committee of Guodian Technology & Environment Group Corporation Limited and the general manager and the deputy secretary of the Party Committee of Beijing Guodian Longyuan Environmental Engineering Co., Ltd. (北京國電龍源環保工程公司); a deputy general manager and a member of the Party Committee of Guodian Technology & Environment Group Corporation Limited and the chairman of the board of directors and the secretary of the Party Committee of Guodian Longyuan Environmental Engineering Co., Ltd. (國電龍源環保工程有限公司); a member of the Party Committee and vice president of China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司); and the deputy secretary of the Party Committee and general manager of China Longyuan Power Group Corporation Limited .

NON-EXECUTIVE DIRECTORS

Mr. Tian Shaolin, aged 59, is a non-executive Director of the Company. He graduated from Northeast China Institute of Electric Power with a bachelor's degree in engineering. He is a senior engineer. Mr. Tian has served as a non-executive Director of the Company since April 2021. He successively served as the head of the Power Generation Division and the deputy director of the Shuangyashan Power Plant (雙鴨山發電廠); the general manager of Guodian Shuangyashan Power Generation Co., Ltd. (國電雙鴨山發電有限公司); the deputy general manager of Guodian Northeast Power Co., Ltd. (國電東北電力有限公司); the deputy director of the Corporate Management and Legal Affairs Department of China Guodian Corporation (中國國電集團公司); the deputy general manager, the general manager and an executive director of Guodian Gansu Power Co., Ltd. (國電甘肅電力有限公司); an inspector of the Party Group Inspection Work Office of China Guodian Corporation; and the first-level business director of the Party Group Inspection Office of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司).

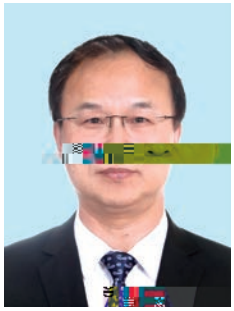
Mr. Tang Chaoxiong, aged 55, is a non-executive Director of the Company. He graduated from Changsha Institute of Water Conservancy and Electric Power, majoring in finance and accounting, and is a senior accountant. He has served as a non-executive Director of the Company since June 2021. Mr. Tang successively served as the deputy director of the financial department of Sichuan Electric Power Corporation; the deputy director of the financial department of State Power Corporation; the director of the financing and accounting division of the financial property department of China Guodian Corporation; the vice general manager and a member of the Party group of Guodian Finance Co., Ltd.; the vice general manager and a member of the Party group of China Guodian Capital Holdings Ltd., the vice chairman of Bank of Shizuishan Co., Ltd.; a member of the Party Committee, executive director, deputy general manager and chief accountant of Guodian Technology & Environment Group Corporation Limited (HKSE: 1296), the chairman of Yantai Longyuan Power Technology Co., Ltd. (SZSE: 300105); and the head of capital operation department of China Energy Investment Corporation Limited.

Mr. Wang Yiguo, aged 56, is a non-executive Director of the Company. He graduated from Hunan Education College with a bachelor's degree in literature, and then from Peking University with postgraduate diploma in politics and administrative management, and is a senior economist. Mr. Wang has served as a non-executive Director of the Company since January 2022. He worked in Hunan Chenzhou Normal College, Chenzhou District Education Committee of Hunan Province, Hunan Provincial Education Committee, and the General Office of Hunan Provincial Government. He served as deputy secretary of the Party committee and executive deputy director of Hunan Social Insurance Management Service Bureau, director of the Employment and Unemployment Insurance Division of Hunan Provincial Department of Labor and Social Insurance, a deputy-director level cadre of Hunan Provincial Department of Labor and Social Insurance, senior manager and director-level chief of human resources department of Shenhua Group Corporation Limited, deputy general manager and member of Party committee of China National Electro-Mechanical Export and Investment Company Limited; member of Party committee and deputy general manager of China Energy-saving Emission Reduction Co., Ltd.; and a full-time director of China Energy Investment Corporation Limited.

Mr. Ma Bingyan, aged 58, is a non-executive Director of the Company. He graduated from Lanzhou University with a master degree in business administration and is a senior engineer. He has served as a non-executive Director of the Company since April 2022. He served as the chief engineer of Planning and Development Department of Gansu Electric Power Company, as the manager assistant (presiding over the work), deputy manager (presiding over the work), manager of Planning and Development Department of Guodian Power Development Co., Ltd. (SHSE: 600795), as the head of the comprehensive planning division of Planning and Development Department of China Guodian Corporation, as the secretary of the party group, deputy general manager, general manager and deputy secretary of the party group of Qinghai Branch of China Guodian Corporation, as the deputy director of the Planning and Development Department of China Guodian Corporation; as the deputy director of the Strategic Planning Department of China Energy Investment Corporation Limited; and as the second-level business director of the Strategic Planning Department of China Energy Investment Corporation Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

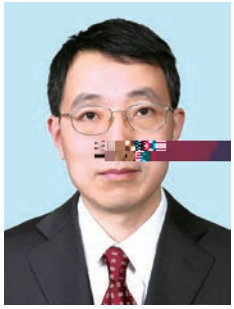
Mr. Michael Ngai Ming Tak, aged 55, is an independent non-executive Director of the Company. He graduated from University of Cambridge. He has served as an independent non-executive Director of the Company since November 2021. He is the chairman of the Red Group, the chairman of Asia GreenTech Fund, the president of Green Economy Development Limited (HKSE: 01315), an external director of China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), an independent non-executive director of CRRC Corporation Limited (中國中車股份有限公司) (HKSE: 01766, SHSE: 601766), an independent non-executive director of Starlight Culture Entertainment Group Limited (HKSE: 01159), an independent non-executive director of True Partner Capital Holding Limited (HKSE: 08657), an independent non-executive director of Sanergy Group Limited (昇能集團有限公司) (HKSE: 02459). He has a wealth of experience in the international financial sector. Mr. Ngai is also a member of the National Committee of the 12th, 13th and 14th Chinese People's Political Consultative Conference, a Council Member of The Hong Kong University of Science and Technology, and a Court Member of Hong Kong Metropolitan University. Mr. Ngai was awarded the Honorary Citizen of Harbin City, Heilongjiang Province, Fellow Commoner of Clare Hall, University of Cambridge, and an Honorary Fellow of the Lingnan University, Hong Kong.



Mr. Gao Debu, aged 67, is an independent non-executive Director of the Company. He graduated from the Faculty of Economics of Renmin University of China with a doctorate degree in economics. He has served as an independent non-executive Director of the Company since November 2021. He successively served as the deputy director of the Faculty of Economics of Renmin University of China, the vice dean of the School of Economics and the head of the organization department under the Party Committee of Renmin University of China. He was a senior visiting scholar at University of California, Los Angeles (UCLA), the US in 2002. He currently serves as a supervisor of Inner Mongolia Yili Industrial Group Co., Ltd. (SHSE: 600887), an independent director of Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司) (SZSE: 300239) and a professor and doctoral supervisor of the School of Economics of Renmin University of China, undertook and completed various national, provincial and ministerial level research projects.

Ms. Zhao Feng, aged 54, is an independent non-executive Director of the Company. She graduated from Nankai University with a bachelor degree in accounting and auditing. She is a PRC Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants (FCCA) and a member of Hong Kong Institute of Certified Public Accountants (HKICPA). She has served as an independent non-executive Director of the Company since November 2021. She served as an auditor of Arthur Anderson Hua Qiang Certified Public Accountants (安達信華強會計師事務所), the chief financial officer of East Asiatic Company (PRC), the chief financial officer and the general manager of Denmark Wangtai Communications Technology (PRC) (丹麥網泰通訊科技(中國)), the chief financial officer of Apple Inc. (PRC), the chief financial officer and the general manager of Infront Sports & Media (PRC), and an independent director of Shenzhen Weiye Decoration Group Co., Ltd. (深圳市維業裝飾集團股份有限公司) (SZSE: 300621). She is currently an independent non-executive director of Shandong Gold Mining Co., Ltd. (SHSE: 600547, HKSE: 01787) , and an independent non-executive director of Xiamen International Bank (廈門國際銀行).

SUPERVISORS



Mr. Shao Junjie, aged 60, is the chairman of the Supervisory Board of the Company. Mr. Shao was a representative of the Thirteenth National People's Congress, a National Model Worker, received a master's degree in law from Peking University and a doctor's degree in engineering from Beijing Jiaotong University. He is a professorate senior engineer and a recipient of the 1st class of National Science and Progress Award. He has served as a supervisor and the chairman of the Supervisory Board of the Company since April 2021. He successively served as the general manager of Shenhua Hong Kong Limited (神華國際(香港)有限公司); the chairman of Shenhua International Trading Company Limited (神華國際貿易有限責任公司); the chairman of China Shenhua Overseas Development & Investment Co., Ltd. (中國神華海外開發投資有限公司); the chairman of Shenhua Ningxia Coal Industry Co., Ltd. (神華寧夏煤業集團有限責任公司); the chairman of China Energy Group Ningxia Coal Industry Group Co., Ltd. (國家能源集團寧夏煤業有限責任公司); the team leader of the Party Committee Inspection Team of China Energy Investment Corporation Limited; and the chief business officer of China Energy Investment Corporation Limited.

Ms. Hao Jingru, aged 56, is a supervisor of the Company. Ms. Hao graduated from Party School of the Central Committee of CPC with a master's degree in engineering. She is a senior accountant. She has served as a supervisor of the Company since February 2020. She successively served as the deputy financial manager of Shenhua Shendong Coal Group Co., Ltd. (神華神東煤炭集團有限責任公司); person in charge of budget and business performance of the Finance Department, director of the Budget and Business Performance Division of the Finance Department, and deputy general manager of the Finance Department of Shenhua Group Corporation Limited (神華集團有限責任公司); deputy general manager of the Finance Department of Shenhua Group Corporation Limited; deputy general manager of the Financial Department of China Shenhua Energy Company Limited (中國神華能源股份有限公司); financial controller and deputy general manager of China Shenhua Coal-to-liquid and Chemical Company Limited (中國神華煤製油化工公司); associate director of the Finance and Property Department of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司); and the deputy team leader of the Party Committee Inspection Team of China Energy Investment Corporation Limited.

Ms. Wu Jinmei, aged 54, is an employee supervisor of the Company. Ms. Wu graduated from Party School of the Central Committee of CPC with a master's degree in economic administration and is a professor-level senior political engineer. She has served as an employee supervisor of the Company since March 2021. Ms. Wu successively served as the secretary of the Youth League Committee of Xinjiang Electric Power Company (新疆電力公司); the deputy secretary of the Party Committee, deputy general manager and chairman of the Labour Union of Xinjiang Wind Power Generation Company (新疆風力發電公司) (Wind Power Plant (風力發電廠), Tianfeng Power Generation Joint Stock Company (天風發電股份有限公司), Dabancheng Wind Power Generation Co., Ltd. (達阪城風力發電有限責任公司)); the deputy head of the Party Office, deputy head of the Political Work Department (in charge of work), head of the Political Work Department, deputy chairman of the Labour Union Committee and head of the Political Work Department, deputy chairman of the Labour Union Committee and head of the Corporate Culture Department of China Longyuan Electric Power Group Corporation (龍源電力集團公司); the deputy chairman of the Labour Union Committee and head of the Corporate Culture Department, deputy chairman of the Labour Union Committee and head of the Promotion Department of the Party Committee (Political Work Department), head of the Organization Department of the Party Committee (Human Resources Department) of China Longyuan Power Group Corporation Limited; and an assistant to president and the head of the Organization and Personnel Department (Human Resources Department).

SENIOR MANAGEMENT

Ms. Yang Wenjing, aged 53, is a member of the Party Committee, the chief accountant of the Company. She graduated from Central University of Finance and Economics majoring in accounting, with as a doctoral degree in management. She is a senior engineer. She successively served as deputy head of the Fund Management Division of the Finance Department, senior head of assets and equity of the Finance and Equity Management Department and manager for fund management of the Finance and Equity Management Department of Guohua (Beijing) Electric Power; performance convenor of the Finance and Equity Operation Department, manager of the Finance and Assets Department, manager of the Finance and Equity Department of Guohua Electric Power Company of China Shenhua Energy Company, manager of the Finance Department of CSEC Guohua International Power Company Limited, deputy chief accountant, manager of the Finance and Equity Department of Guohua Electric Power Company and manager of the Finance Department, deputy chief accountant of CSEC Guohua International Power Company; deputy general manager of the Finance Department of China Shenhua Energy Company; deputy general manager, chief financial officer of Shenhua Trading Group Co., Ltd.; chief accountant, member of the Party Committee of the coal operation branch of CHN Energy (Shenhua Trading Group Co., Ltd.).

Ms. Ding Jing, aged 53, is a vice president of the Company. She graduated from Beijing Normal University with a master degree in environmental science. She is a senior engineer. She successively served as a deputy director of strategic projects in China of World Wide Fund For Nature (Switzerland), Beijing Representative Office (世界自然基金會(瑞士)北京代表處); deputy director of Technology Management Department (International Cooperation Department) of Guodian New Energy Technology Research Institute (國電新能源技術研究院); head of Integrated Management Division of International Cooperation and Overseas Business Department of China Guodian Corporation (中國國電集團公司); assistant and deputy director of Office of Cooperation with the United States of CHN Energy; deputy director of International Cooperation Department (Overseas Cooperation Department, Office of Cooperation with the United States) of CHN Energy.

Mr. Gong Yufei, aged 51, is a member of the Party Committee and a vice president of the Company. He graduated from Shandong Institute of Mining and Technology (山東礦業學院) with a bachelor degree in engineering and from Shandong University with a master's degree in business administration. Mr. Gong Yufei worked at Shandong International Trust and Investment Corporation (山東省國際信託投資公司). He successively served as a deputy general manager of Jinan Guohua Properties Company (濟南國華置業公司), the general manager and chairman of the board of directors of Shandong Guohua ERA Investment and Development Co., Ltd. (山東國華時代投資發展公司), the general manager and chairman of the board of directors of Shandong Branch of Guohua Investment Company (國華投資公司山東分公司), the director of the Cost Consulting Center of Guohua Investment Company, the general manager of the Project Construction Department of Guohua Investment Company and the deputy general manager of CHN Energy Properties Company.

Mr. Chen Qiang, aged 51, is a member of the Party Committee and a vice president of the Company. He graduated from Shanghai Electric Power College majoring in the thermal dynamics. He is a senior engineer. He successively served as deputy head of the planning department under the preparatory office of Jiangsu Longyuan Offshore Wind Power Project; deputy head of the Engineering Construction Department (in charge of work), head of the Engineering Construction Department of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd., manager of Rudong Offshore Wind Power Project, assistant to president of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd., member of the Party Committee and vice president of Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd.; deputy head of the Engineering Construction Department of China Longyuan Power Group Corporation Limited; deputy secretary of the Party Committee and vice president, secretary of the Party Committee and vice president of Fujian Longyuan Wind Power Generation Co., Ltd.; and head of the Engineering Construction Department of China Longyuan Power Group Corporation Limited.

Mr. Xia Hui, aged 50, is a member of the Party Committee and a vice president of the Company. He graduated from Shenyang Gold Institute with a college degree majoring in industrial and electric automation, and is a bachelor in engineering and senior engineer. He successively served as deputy director and director of Repair Department of Xinjiang Wind Power Plant (新疆風力發電廠); deputy chief engineering of Xinjiang Wind Power Plant; deputy general manager of Gansu Jieyuan Wind Power Generation Co., Ltd. (甘肅潔源風電有限責任公司); deputy general manager of Beijing Zhongneng Lianchuang Wind Power Technology Company Limited (北京中能聯創風電技術有限公司); a member of the Party committee of Zhongneng Power-Tech Development Co., Ltd. (中能電力科技開發有限公司); a member of the Party committee and deputy general manager of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. (龍源(北京)風電工程技術有限公司); deputy director of Safety Production Department of China Longyuan Power Group Corporation Limited; secretary of the Party committee, secretary of the discipline inspection committee and deputy general manager of Longyuan Ningxia Wind Power Generation Co., Ltd. (龍源寧夏風力發電有限公司); general manager and deputy secretary of the Party Committee of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd.; secretary of the Party Committee and chairman of the board of directors of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd.

Mr. Wang Qi, aged 47, is a member of the Party Committee and a vice president of the Company. He graduated from Wuhan University of Hydraulic and Electrical Engineering with a master degree and is a senior engineer. He successively served as a member of the Party Committee and manager of Wind Power Tender Department of Zhongneng Power-Tech Development Co., Ltd. (中能電力科技開發有限公司); deputy general manager and chairman of the Labour Union of Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd. (龍源(興安盟)風力發電有限公司); general manager, deputy secretary of the general party branch and chairman of the Labour Union of Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd.; general manager and deputy secretary of the Party Committee of Jilin Longyuan Wind Power Generation Co., Ltd. (吉林龍源風力發電有限公司); deputy secretary of the Party Committee, secretary of the discipline inspection committee and deputy general manager of Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. (龍源(北京)風電工程技術有限公司); secretary of the Party Committee and deputy general manager of Longyuan (Beijing) Wind Power Projects Design & Consultation Co., Ltd. (龍源(北京)風電工程設計諮詢有限公司); director of procurement and materials management department, director of general management department (Party Committee office), secretary for the office of the Party Committee and director of construction engineering department of China Longyuan Power Group Corporation Limited.

COMPANY SECRETARY

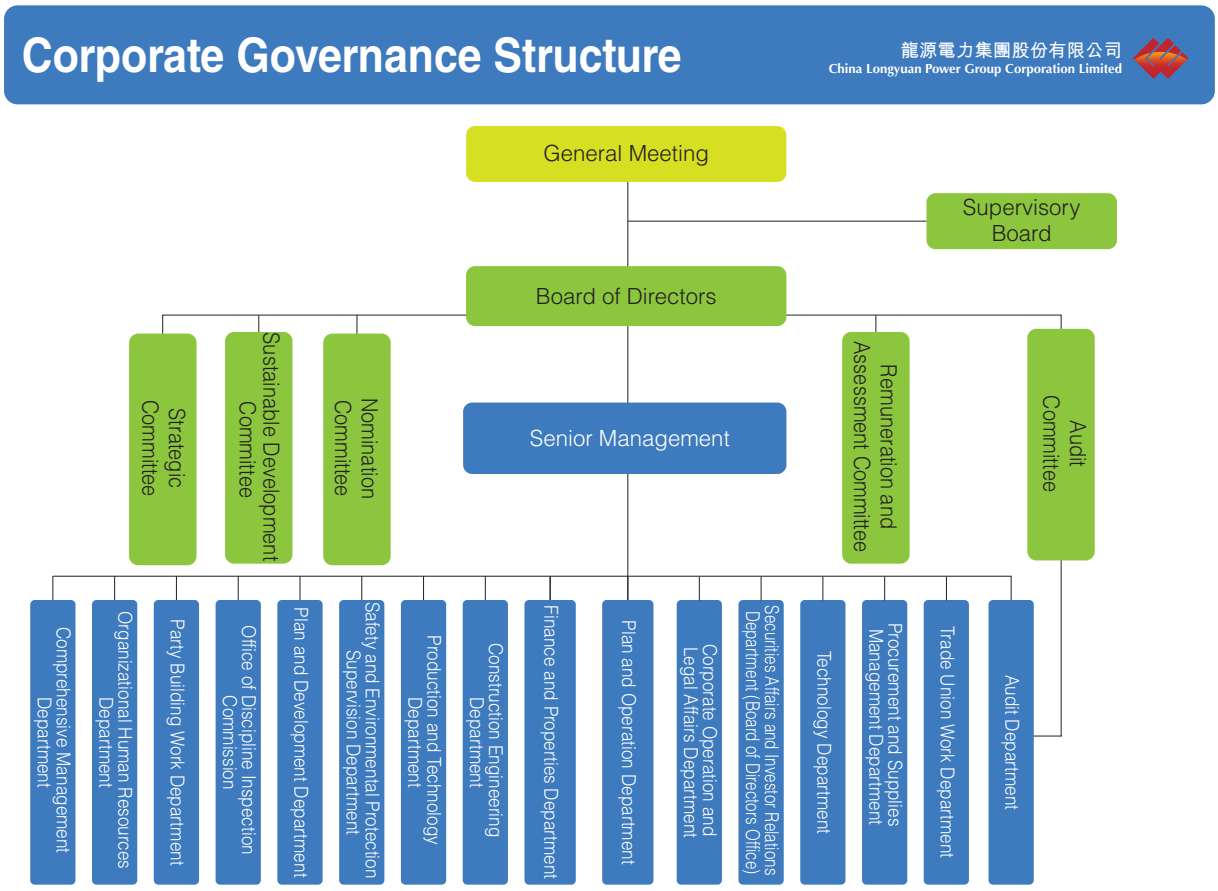
Ms. Chan Sau Ling, was appointed as one of the joint Company secretaries from 26 October 2017 to 12 November 2021, and has served as the Company secretary since 12 November 2021. She is a director of the Corporate Services Division of Tricor Services Limited (卓佳專業商務有限公司) ("Tricor"). Ms. Chan is a chartered secretary and a fellow of both The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. Ms. Chan has extensive experience in the corporate service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. (Note: The Company has engaged Tricor as external service provider and appointed Ms. Chan Sau Ling as the Company's company secretary.)

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2022.

The Company has complied with the Code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules of the Hong Kong Stock Exchange, as well as most of the recommended best practices therein. For the recommended best practices, the Company strives to implement them to the largest extent based on the Company's actual management conditions. Meanwhile, the Board also monitors and reviews the existing corporate governance on a regular basis with the aim of constantly advocating and carrying out a sound standard of corporate governance. The Board of the Company is responsible for performing the corporate governance duties set out in the terms of reference in the Code Provision A.2.1 of the Corporate Governance Code.

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



CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that shareholder wealth will be maximised in the long-term and that employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure that:

– shareholders receive satisfactory and sustainable returns

– the interests of those who engage in business with the Company are safeguarded

– overall business risk is understood and managed appropriately

– high standards of ethics are maintained

CORPORATE GOVERNANCE PRACTICES

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

As a company listed on the Hong Kong Stock Exchange, the Company is committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2022, save for the deviation from the code provision F.2.2 disclosed in paragraph 5 below. the Company has complied with all the Code provisions and, where appropriate, adopted certain recommended best practices as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Corporate governance practices adopted by the Company are summarised below:

1. The Board

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

1.1 Composition of the Board

As at the Latest Practicable Date, the Board consisted of eight Directors, including one executive Director, four non-executive Directors and three independent non-executive Directors.

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

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

Upholding its belief that the increasing diversity at the Board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development, the Company formulated the Board Diversity Policy in October 2013. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can brought to the Board. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The nomination committee will report the composition of the Board at a diversity level in the annual report each year, supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. The nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for approval.

As at the Latest Practicable Date, the current composition of the Board of the Company is set out as follows:

Name	Position in the Company	Date of appointment/re-election
Tang Jian	Chairman of the Board	8 December 2022
	Executive Director	12 November 2021
Tian Shaolin	Non-executive Director	12 November 2021
Tang Chaoxiong	Non-executive Director	12 November 2021
Wang Yiguo	Non-executive Director	14 January 2022
Ma Bingyan	Non-executive Director	27 April 2022
Michael Ngai Ming Tak	Independent non-executive Director	12 November 2021
Gao Debu	Independent non-executive Director	12 November 2021
Zhao Feng	Independent non-executive Director	12 November 2021

The Board of Directors consists of 8 Directors with different backgrounds in engineering, finance, economics, accounting, and management, and different ages, and female Directors account for 12.5% of the total number of Directors. The composition of the Board is in compliance with the gender diversity requirements of the Board under the Listing Rules and is in line with the Company's Board Diversity Policy. The Company appreciates the importance and benefits of gender diversity on the Board. The Company's nomination policy and the Board Diversity Policy ensure that the Board will have alternate potential successors to continue the existing gender diversity on the Board. For the Company, the composition of the current Board presents diversity in terms of skills, gender, experience and knowledge as follows:

Gender Diversity	Number of Directors	Percentage of Board Members
Male	7	87.5%
Female	1	12.5%

Diversity in Educational Background	Number of Directors	Percentage of Board Members
Bachelor degree	3	37.5%
Master degree	3	37.5%
Doctor degree	2	25%

Diversity in Skills, Experience and Knowledge	Number of Directors	Percentage of Board Members
Accounting or finance related	4	50%
Business and management experience	8	100%
Industry related knowledge	5	62.5%

The Group fully respects individual differences in talent and values gender diversity of the employees, and as at the Latest Practicable Date, the gender ratio of the Group's employees (including the senior management) was 7532:1317. The Group expects to maintain a reasonable gender diversity at the employee level.

For details of the composition of the Group's employees, please refer to the 2022 Environmental, Social and Governance (ESG) Report.

1.2 Board Meetings

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

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

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

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

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

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

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

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

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

1.3 Powers Exercised by the Board and the Management

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

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

Led by the President, the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

1.4 Chairman and President

The roles of the Chairman of the Board and President (i.e. the chief executive pursuant to the relevant Listing Rules) of the Company are separate and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. During the Reporting Period, Mr. Tang Jian has served as the Chairman of the Board with effect from 8 December 2022 and resigned as the President on the same date. The Company will complete the appointment of a new President as soon as possible in accordance with the relevant regulations. The Board considered and approved the Rules of Procedures of the Board Meeting and the Terms of Reference of the Senior Management of the Company, which clearly defined the division of duties between the Chairman and the President.

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

1.5 Appointment and Re-election of Directors

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

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

1.6 Directors' Remuneration

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

1.7 Independent View and Opinions

The Board has established mechanisms to ensure that the Board obtains independent views and opinions, and the Board has also reviewed the implementation and effectiveness of such mechanisms annually. According to the Articles of Association and other provisions, the number of independent non-executive Directors is not less than 3, accounting for at least one third of the number of the Board. The Board also evaluates the independence of independent non-executive Directors every year to ensure that such persons can continue to make independent judgments. In addition, the Chairman and independent non-executive Directors also hold separate meetings on the business, finance, corporate governance and other matters of the Company.

The Company has established the independent Director system to stipulate the qualifications and responsibilities of independent Directors. According to the Articles of Association and other provisions, in addition to those powers vested to independent Directors by the Company Law, other relevant laws and regulations and the listing rules of the stock exchanges on which the Company's shares are listed and the Articles of Association, independent Directors shall have the following special functions and powers with the consensus of more than one half of or all independent Directors: proposing to the Board with respect to the engagement or dismissal of accounting firms; proposing to the Board with respect to the holding of extraordinary general meetings; proposing the holding of Board meetings; independently appointing external audit firms and consultancies to carry out audits and provide consultancy on specific issues; major connected transactions shall be recognised by independent Directors before submitted to the Board for discussion; publicly collecting voting rights from Shareholders prior to the convening of the general meetings.

During the Reporting Period, the Board has complied with the above relevant requirements and the above mechanism has been effective in providing independent views and opinions to the Board.

2. Board Committees

There are five Board committees, namely the Audit Committee (its work summary for the year shall include its performance in reviewing the risk management and internal audit systems and confirming the effectiveness of the Company's internal audit function unless such matters are handled by a separate risk committee or the Board itself), remuneration and assessment committee, nomination committee, strategic committee and sustainable development committee.

2.1 Audit Committee

As at the Latest Practicable Date, the Audit Committee consists of three Directors: Mr. Tang Chaoxiong (non-executive Director), Mr. Michael Ngai Ming Tak (independent non-executive Director) and Ms. Zhao Feng (independent non-executive Director). Ms. Zhao Feng serves as the chairlady of the Audit Committee.

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

The primary responsibilities of the Audit Committee are to supervise the Group's financial reporting system, supervise and review the annual and interim reports and results announcements; supervise the Company's risk management and internal control systems (unless such matters are to be handled by separately established risk committee or the Board itself), and supervise and evaluate the effectiveness of the Company's internal inspection and audit function and audit process; review the annual internal audit plan, material risks and the ability of the Company to cope with risks; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectivity of external auditors and effectiveness of audit process; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company; review interim and annual financial statements before submission to the Board; review and oversee the financial reporting system, risk management and internal control procedures of the Company and the effectiveness of the procedures in complying with relevant regulations under the Listing Rules; review material faults or defects (if any) and the impact that has and may incur thereby; evaluate the effectiveness

of the internal control and risk management system; ensure coordination between the internal and external auditors and ensure that the internal audit function is operating with adequate resources in the Company and the relevant staff have sufficient capabilities and experience and are provided with regular training programs or similar arrangement. In 2022, the Audit Committee and the Board of the Company had no disagreements with the selection, appointment, resignation or dismissal of the external auditors.

During the Reporting Period, the Audit Committee held five meetings, details of which are as follows:

- On 30 March 2022, the 2022 first meeting of the Audit Committee of the fifth session of the Board was held, at which eight proposals were considered and approved.

- On 27 April 2022, the 2022 second meeting of the Audit Committee of the fifth session of the Board was held, at which three proposals were considered and approved.

- On 23 August 2022, the 2022 third meeting of the Audit Committee of the fifth session of the Board was held, at which four proposals were considered and approved.

- On 27 October 2022, the 2022 fourth meeting of the Audit Committee of the fifth session of the Board was held, at which one proposal was considered and approved.

- On 30 December 2022, the 2022 fifth meeting of the Audit Committee of the fifth session of the Board was held, at which two proposals were considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Tang Chaoxiong	5/5	100%
Michael Ngai Ming Tak	5/5	100%
Zhao Feng	5/5	100%

During the Reporting Period, the Audit Committee has reviewed the annual results of the Group for 2021, unaudited consolidated results for the three months ended 31 March 2022, interim results for 2022 and unaudited consolidated results for the nine months ended 30 September 2022 and assisted the Board in reviewing the effectiveness and assessment of the risk management and internal control systems. For detailed information about the Company's review of risk management and internal control systems, please refer to "Risk Management and Internal Control" section of this report.

2.2 Remuneration and Assessment Committee

As at the Latest Practicable Date, the remuneration and assessment committee consists of three Directors: Mr. Ma Bingyan (Non-executive Director), Mr. Michael Ngai Ming Tak (independent non-executive Director) and Mr. Gao Debu (independent non-executive Director). Mr. Michael Ngai Ming Tak is the chairman of the remuneration and assessment committee.

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

The primary responsibilities of the remuneration and assessment committee are (including but not limited to) to make recommendations to the Board with respect to the establishment of policies, schemes or proposals for Directors' and senior management's overall remuneration; review, approve and oversee the overall remuneration proposals for Directors and senior management; formulate the evaluation standards on Directors and senior management and assess the said standards; ensure that neither the Director nor any of his or her associates may determine his or her own remuneration; assess the performance of executive Directors; approve the terms of service contracts of executive Directors, etc.

During the Reporting Period, the remuneration and assessment committee held one meeting, details of which are as follows:

- On 30 March 2022, the 2022 first meeting of the remuneration and assessment committee of the fifth session of the Board was held, at which two proposals were considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Ma Bingyan	N/A	N/A
Michael Ngai Ming Tak	1/1	100%
Gao Debu	1/1	100%
Liu Jinhuan	1/1	100%

Notes:

1. Mr. Ma Bingyan was appointed as a non-executive Director, a member of remuneration and assessment committee and a member of the strategic committee of the Company on 27 April 2022;

2. Mr. Liu Jinhuan resigned as a non-executive Director, a member of remuneration and assessment committee and a member of the strategic committee of the Company on 30 March 2022 due to his age reason.

During the Reporting Period, the remuneration and assessment committee reviewed the implementation of the remuneration of the Directors, supervisors and senior management in 2021, and the remuneration plan of the Directors, supervisors and senior management in 2022.

2.3 Nomination Committee

As at the Latest Practicable Date, the nomination committee consists of three Directors: Mr. Wang Yiguo (non-executive Director), Mr. Gao Debu (independent non-executive Director) and Ms. Zhao Feng (independent non-executive Director). Mr. Gao Debu is the chairman of the nomination committee.

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

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

In order to implement the Board's diversity policy, the following measurable objectives have been achieved:

1. the Board has independent non-executive Directors representing more than one-third of the Board;

2. at least one of the independent non-executive Directors has professional qualifications in line with the regulatory requirements.

During the Reporting Period, the nomination committee held four meetings, details of which are as follows:

- On 30 March 2022, the 2022 first meeting of the nomination committee of the fifth session of the Board was held, at which two proposals were considered and approved.

- On 20 June 2022, the 2022 second meeting of the nomination committee of the fifth session of the Board was held, at which two proposals were considered and approved.

- On 8 December 2022, the 2022 third meeting of the nomination committee of the fifth session of the Board was held, at which one proposal was considered and approved.

- On 30 December 2022, the 2022 fourth meeting of the nomination committee of the fifth session of the Board was held, at which one proposal was considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Wang Yiguo	3/3	100%
Zhao Feng	4/4	100%
Gao Debu	4/4	100%
Li Zhongjun	1/1	100%

Notes:

1. Mr. Wang Yiguo served as a member of the nomination committee on 30 March 2022;

2. Mr. Li Zhongjun ceased to serve as the chairman and a member of the nomination committee on 30 March 2022.

During the Reporting Period, the nomination committee conducted the following nomination procedures for Director candidates pursuant to the Rules of Procedures of the Nomination Committee of the Board of China Longyuan Power Group Corporation Limited. The nomination committee carried researches on the list of Director candidates in accordance with laws, regulations, normative documents, regulatory requirements and the Articles of Association and submitted the recommendation opinion to the Board to determine whether to submit for election at the general meeting. The nomination committee and the Board fully took consideration of the Board diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure) and the benefits therefrom; they focused on the educational background of the candidates and their professional experience, in particular, the management research experience in financial and insurance industries and paid special attention to the independence of the candidates for independent non-executive Directors. During the Reporting Period, the Shareholders elected Mr. Ma Bingyan as the non-executive Director of the Company at the 2022 second extraordinary general meeting.

2.4 Strategic Committee

As at the Latest Practicable Date, the strategic committee consists of three Directors: Mr. Tang Jian (executive Director), Mr. Tian Shaolin (non-executive Director) and Mr. Ma Bingyan (non-executive Director). Mr. Tang Jian is the chairman of the strategic committee.

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

During the Reporting Period, the strategic committee held one meeting, details of which are as follows:

- On 30 March 2022, the 2022 first meeting of the strategic committee of the fifth session of the Board was held, at which one proposal was considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Tang Jian	1/1	100%
Tian Shaolin	1/1	100%
Ma Bingyan	N/A	N/A
Li Zhongjun	1/1	100%
Liu Jinhuan	1/1	100%

Notes:

1. Mr. Ma Bingyan was appointed as a non-executive Director, a member of remuneration and assessment committee and a member of the strategic committee of the Company on 27 April 2022;

2. Mr. Li Zhongjun ceased to serve as the executive Director, chairman of the Board, and chairman of the strategic committee on 27 July 2022;

3. Mr. Liu Jinhuan resigned as a non-executive Director, a member of remuneration and assessment committee and a member of the strategic committee of the Company on 30 March 2022 due to his age reason.

During the Reporting Period, the resolution on the comprehensive scheme, target and arrangement of the Company for 2022 was considered at the strategic committee.

2.5 Sustainable Development Committee

On 15 February 2023, the Board established the Sustainable Development Committee. As at the Latest Practicable Date, the Sustainable Development Committee comprises three Directors, namely Mr. Tang Jian (executive Director), Mr. Michael Ngai Ming Tak (independent non-executive Director) and Mr. Gao Debu (independent non-executive Director). Mr. Tang Jian is the chairman of the strategic committee.

The primary responsibilities of the strategic committee are to study and make recommendations on the Company's sustainable development policies and measures; study and provide decision-making consultation and recommendations on the Company's ESG governance; and review the Company's performance and risks in the ESG area and propose coping strategies.

3. Directors' Responsibility for the Financial Statements

The Board acknowledges its responsibility for preparing the financial statements of the Group for the year ended 31 December 2022.

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

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

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

The statement of the Company's auditor about their reporting responsibilities on the financial statements of the Company is set out in the Independent Auditors' Report of this annual report.

4. Compliance with the Code for Securities Transactions

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

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

5. Compliance with the Corporate Governance Code

As a company listed on the Hong Kong Stock Exchange, the Company is committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2022, save as disclosed below, the Company complied with all the Code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and, where appropriate, adopted the recommended best practices set out therein.

In respect of code provision F.2.2 of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules, Li Zhongjun[Note], the Chairman of the Board of the Company, was unable to attend the 2021 annual general meeting of the Company held on 22 June 2022 due to work reasons.

Note: Mr. Li Zhongjun resigned as chairman of the Board of the Company and executive Director on 27 July 2022.

6. Training of Directors and Company Secretaries

All Directors participated in continuous professional development training in 2022 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of all current Directors' training during the Reporting Period are set out as below:

Name	Position held at the Company	Length of training received in 2022 *(hours)*	Areas covered in the training
Tang Jian	Chairman of the Board and Executive Director	352	corporate governance, industry research, macro policy, strategic investment, etc.
Tian Shaolin	Non-executive Director	331	corporate governance, investment finance, business administration, risk assessment, etc.
Tang Chaoxiong	Non-executive Director	328	corporate governance, internal control audit, risk management, corporate development
Wang Yiguo	Non-executive Director	337	corporate governance, human resources, laws and regulations, monetary policy
Ma Bingyan	Non-executive Director	322	corporate governance, industry development, industry policy, financial management

Name	Position held at the Company	Length of training received in 2022 *(hours)*	Areas covered in the training
Michael Ngai Ming Tak	Independent non-executive Director	367	corporate governance, management philosophy, securities investment, risk management
Gao Debu	Independent non-executive Director	374	corporate governance, financial economy, corporate finance, industry economy
Zhao Feng	Independent non-executive Director	359	corporate governance, financial management, international trade, econometrics

In 2022, Ms. Chan Sau Ling, being the company secretary of the Company, received no less than 15 hours of relevant professional training, as required under Rule 3.29 of the Listing Rules.

7. Risk Management and Internal Control

In accordance with the requirements of the Listing Rules, the Company has established a standardized governance structure, improved its deliberation and decision-making system, and clarified the boundaries of powers and responsibilities between the Board of Directors, the Audit Committee and the Supervisory Board. The Board is responsible for approving risk management and internal control system, evaluating their effectiveness and truthfully disclosing the internal control related reports. The Audit Committee and other professional committees under the Board perform their duties in accordance with regulations and provide support to the Board in making scientific decisions. The Supervisory Board supervises the establishment and implementation of internal control by the Board. The audit department of the Group is the department in charge of risk management and internal control management, and the corporate management and legal affairs department is the department in charge of compliance management. In 2022, the personnel of all departments and responsible departments of the Company performed their respective duties and no material weaknesses were identified through self-assessment, and during the Reporting Period, the Group conducted a review and evaluation of the effectiveness of the operation of the internal control system for comprehensive risk management, which covered all significant control aspects, including financial control, operational control and compliance control, and the risk management and internal control were effective and adequate. The Board is responsible for the Company's systems of risk management and internal control and has a duty to review the effectiveness of these systems. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and the Board can only provide reasonable, but not absolute, assurance that these systems protect against material misrepresentation or loss.

In 2022, the Company established a sound internal control capability model based on the COSO (Committee of Sponsoring Organizations of the National Commission of Fraudulent Financial Reporting) internal control framework around the Company's strategic objectives.

The Company continued to establish connections with other management systems and developed an internal control database with value map, risk map, process map, internal rules and regulations database, department responsibility database, position responsibility database, decision authorization database, business process and risk control database, the compliance system database and compliance negative list, system control database, performance assessment database and risk alert database as the underlying logic, conducted strategic decoding, constructed capability model, aligned with external laws and internal regulations, optimized processes, refined internal control key points, and promoted the integration with the form system.

In 2022, the Company built an information platform for integrated internal control risk management, which realized the functions of online maintenance of internal control matrix management standards, online execution of internal control evaluation standards, closed-loop tracking of defect rectification, and real-time monitoring and response to risk warning in key areas. The online internal control system management standard covers 84 business types, 204 risk scenarios, 386 business processes, and formulated 392 risk control measures and evaluation standards, involving 947 execution documents, and set 65 key risk warning indicators, for comprehensive and dynamic management of the internal control system.

The Company further strengthened the awareness and knowledge skills of its personnel and conducted 4 multi-level training sessions on internal control theories and practices, involving 125 senior management, middle management, and business personnel, to shape a good risk control culture. The Company adopted the PDCA cycle to give full play to the role of "promoting construction by evaluation", and formed a monthly tracking, quarterly rolling, and annual overall evaluation operation mechanism. Using a combination of self-evaluation and self-correction and supervision and inspection, the Company collaborated to integrate evaluation resources and improve evaluation coverage and frequency of key areas.

In accordance with the relevant regulatory requirements of "Basic Standards for Enterprise Internal Control", "Guidelines for Application of Enterprise Internal Control" and "Guidelines for Evaluation of Enterprise Internal Control" of five ministries and commissions including China Securities Regulatory Commission, the Company has established systems such as the "Internal Control Risk Management Regulations of China Longyuan Power Group Corporation Limited", and the "Internal Control Evaluation Regulations of China Longyuan Power Group Corporation Limited", and revised and updated the system of "Internal Control Risk Management Regulations of China Longyuan Power Group Corporation Limited" to clarify the roles and responsibilities of the Board and the management in risk management and the internal control department, the workflow of the three lines of defense, and standardize the implementation standards, evaluation supervision and assessment requirements.

For the rectification of internal control defects and risk events, the Company implemented ledger management and regular tracking to ensure that defects were eliminated item-by-item and the rectification was in place. By establishing internal control defect and risk event ledger, the Company defined plan and responsibility of the rectification, set the time limit for rectification completion, and regularly tracked and supervised the problems rectification after the event to ensure the effective implementation of defect rectification and reduce losses and negative impacts. Meanwhile, by improving risk sensitivity, paying close attention to emerging risk events, digging deep into the underlying causes, the Company assessed the degree of impact, and formulated response strategies as well as implemented the control measures and responsible persons.

In accordance with the Company's 2022 internal control evaluation standards and defect recognition criteria, no material internal control deficiencies were identified throughout 2022.

In 2022, the risks were generally controllable and under control, and the control of the top five risks was generally stable, with no major risk events occurring.

As the world accelerates into a period of turbulent change in 2022, various conflicts and risks have intensified, including the reshaping of the geopolitical landscape. In the face of complex and diversified internationalization risks, Longyuan Power took the initiative to respond appropriately to overseas emergencies, and implemented evacuation and security actions as soon as possible after the conflict between Russia and Ukraine, ensuring the safety of personnel and no loss of project properties. The Company paid close attention to the international operation risks of each overseas unit, and organized companies in Canada and South Africa to carry out risk assessment, emergency drills and other compliance management special investigation and rectification work. The Group will continue to track its overseas investments and manage major risks, systematically establish an overseas risk management system, and carry out project operation and management in compliance with laws and regulations.

8. Internal Audit Function

The audit department of the Company is responsible for group-wide audit. Each subordinate unit sets up an internal audit institution in accordance with relevant laws, regulations and regulations of the Company and ensures the personnel needed for the performance of duties of internal audit institutions. The internal audit institution conducts internal audit work under the direct leadership of the Party committee and the Board (or the principal), and is responsible for and reports to them. The legal representative or the principal is in charge of the internal audit work. Auditors are required to have professional knowledge and ability appropriate to the internal audit work which they engage in. Head of audit institutions is required to have a bachelor degree or above in finance and related majors, advanced professional technical qualifications or relevant practice qualifications such as certified public accountants, and more than eight years' work experience of related posts. The Company supports and guarantees that auditors improve the occupational competence through continuing education and other ways, establishes and improves the work shift and cultivation, selection and appointment mechanism of auditing personnel, tries to build the internal audit platform into the cradle of training of enterprise management talent.

In 2022, with the development strategy of the Company as the focus of the internal audit work, the Group expanded the breadth and depth of audit supervision, continuously improved the quality of audit coverage, and strived to transform the results of supervision into governance effectiveness. The Group scientifically formulated various audit plans based on the actual production and operation of each unit of the Group, which were divided into five major categories: major policy measure audit, construction project audit, internal control evaluation, economic responsibility audit and special audit. By coordinating internal and external auditing forces, the Group focused on key issues and key areas, revealed problems accurately and efficiently, implemented the requirement of full audit coverage, strengthened communication with business departments, insisted on seeking truth from facts and ensured compliance with the law; actively used the audit information system, continuously standardized the audit operation process and strived to improve audit efficiency. The Group paid close attention to audit rectification and application of results, and built an integrated risk control and compliance system by adding 16 new items to and revising 111 items of the systems, and improving 43 business processes, so as to serve the development center of the Company.

9. Inside Information Management

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

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

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

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

10. Auditors and Their Remuneration

Ernst & Young and Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) were appointed as auditors for the Company's financial statements prepared in accordance with the International Financial Reporting Standards ("IFRSs") and China Accounting Standards for Business Enterprises for the year ended 31 December 2022, respectively. The financial statements of the Company for 2022 prepared in accordance with the IFRSs have been audited by Ernst & Young.

The Company has appointed Ernst & Young as its auditor since 20 June 2017. The term of service of Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合夥)), the former PRC auditor of the Company, has expired at the conclusion of the 2020 annual general meeting of the Company. As approved at the first extraordinary general meeting of the Company in 2022 held on 14 January 2022, the Company has appointed Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) as the PRC auditor of the Company since 14 January 2022.

For the year ended 31 December 2022, the fees payable to Ernst & Young and Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) for annual audit services were RMB12,859,000 and RMB8,360,000 respectively and the fees payable to Ernst & Young for interim review were RMB2,960,000. The fees payable to Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) for annual internal control report review were RMB914,000. The statements of the reporting responsibility of Ernst & Young, the Company's external auditor, in respect of the financial statements are set out on pages 199 to 201 of this annual report.

11. Shareholders' Meetings

During the Reporting Period, the Company held three Shareholders' meetings in total.

On 14 January 2022, the first extraordinary general meeting of the Company in 2022 was held. Li Zhongjun, Tang Jian, Tian Shaolin, Tang Chaoxiong, Michael Ngai Ming Tak, Gao Debu and Zhao Feng were present; and Liu Jinhuan was absent due to work reasons.

On 27 April 2022, the second extraordinary general meeting of the Company in 2022 was held. Tang Jian, Tian Shaolin, Wang Yiguo, Michael Ngai Ming Tak, Gao Debu and Zhao Feng were present; and Li Zhongjun and Tang Chaoxiong were absent due to work reasons.

On 22 June 2022, the 2021 annual general meeting of the Company was held. Tang Jian, Tian Shaolin, Wang Yiguo, Gao Debu and Zhao Feng were present; and Li Zhongjun, Tang Chaoxiong, Ma Bingyan and Michael Ngai Ming Tak were absent due to work reasons. The Company will arrange the Board and relevant committee members to attend and answer questions from Shareholders at the forthcoming 2022 annual general meeting of the Company.

Details of the attendance of the Shareholders' meetings by the Directors are as follows:

Name	Position in the Company	Number of Meetings Attended/Held	Attendance Rate
Tang Jian	Chairman and Executive Director	3/3	100%
Tian Shaolin	Non-executive Director	3/3	100%
Tang Chaoxiong	Non-executive Director	1/3	33.33%
Wang Yiguo	Non-executive Director	2/2	100%
Ma Bingyan	Non-executive Director	0/1	0%
Michael Ngai Ming Tak	Independent non-executive Director	2/3	66.66%
Gao Debu	Independent non-executive Director	3/3	100%
Zhao Feng	Independent non-executive Director	3/3	100%
Li Zhongjun	Chairman and Executive Director	1/3	33.33%
Liu Jinhuan	Non-executive Director	0/1	0%

Notes:

1. Mr. Tang Jian was appointed as an Executive Director of the Company on 28 May 2021, and was appointed as the Chairman of the Company on 8 December 2022.

2. Mr. Wang Yiguo was appointed as a Non-executive Director of the Company on 14 January 2022.

3. Mr. Ma Bingyan was appointed as a Non-executive Director of the Company on 27 April 2022.

4. Due to work reasons, Mr. Li Zhongjun resigned as Chairman and Executive Director of the Company on 27 July 2022.

5. Mr. Liu Jinhuan resigned as a Non-executive Director of the Company on 30 March 2022 due to his age reason.

12. Communication Policy with Shareholders

The Company establishes a Shareholder communication policy and conduct annual review to ensure its effectiveness. The Company highly values Shareholders' opinions and advice, and proactively organizes various investor relations activities to maintain connections with Shareholders and respond to the reasonable requests of Shareholders in a timely manner. Various material issues of the Company are communicated to Shareholders on a regular, timely and fair basis through quarterly, interim, annual reports, announcements and circulars, etc. All of those information are accessible through the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.clypg.com.cn). During the Reporting Period, after implementing the above measures and conducting a review, the Company considers the existing Shareholder communication policy to be adequate and effective.

12.1 Shareholders' Rights

The Board is committed to maintaining an on-going dialogue with Shareholders and makes timely disclosure to Shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between Shareholders and the Board. A twenty (20) days' prior written notice for convening an annual general meeting, and a fifteen (15) days' prior written notice for convening an extraordinary general meeting shall be served to notify the Shareholders, whose names appear in the register of members of the Company, of the matters proposed to be considered and the date and venue of the meeting. Where the relevant rules otherwise stipulated by the regulatory authorities and the stock exchange of the place where the Company's Shares are listed, such provisions shall prevail.

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

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

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

12.2 Shareholders' Enquiries and Communication

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

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out in the section of Corporate Profile of this annual report.

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

13. Investor Relations

Results Roadshows

In 2022, the Company published its 2021 annual results, 2022 first quarter results, 2022 interim results and 2022 third quarter results in March, April, August and October, respectively, and organised results roadshows. More than 1,000 analysts and investors attended the four results presentation. During the period of results roadshow, the management of the Company communicated with over 500 new and existing Shareholders through teleconferences.

Investor Research Reception

In 2022, the Company received investors in the form of one-on-one or group meetings and actively participated in investment summit activities organized by domestic and international brokerage firms. It also had sufficient and effective communication and exchanges with over 1,000 institutional investors and analysts.

13.1 Information Disclosure

The Company formulated the Provisions on Information Disclosure Management (《信息披露事務管理規定》) to ensure a timely and fair disclosure of comprehensive and accurate information to investors. We extensively utilised the website of the Company to release information and ensured that all Shareholders can receive important information of the Company in a timely and fair manner. The financial reports, energy generation and other news and exchange announcements of the Company are available on the website of the Company. In 2022, the Company published 336 pieces of information on the stock exchange.

14. Company Secretary

Ms. Chan Sau Ling from Tricor Services Limited, being an external service provider, is acting as the company secretary of the Company. Ms. Gao Zhenli acts as the securities affairs representative of the Company who is the principal liaison of Ms. Chan Sau Ling.

15. Articles of Association

The Shareholders of the Company have considered and approved the resolution on the Articles of Association (Draft) applicable after the listing of A Shares of the Company at the third extraordinary general meeting in 2021, the first domestic Shareholders class meeting in 2021 and the first H Shareholders class meeting in 2021 dated on 23 July 2021. Please refer to the circular for details of the amendments. The revised Articles of Association became effective from the date of listing of the A Shares of the Company on 24 January 2022.

The Articles of Association of the Company was published on the website of the Company for public access.

16. Roles and Responsibilities

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

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

17. Authorization of the Board

The Board shall review the implementation and effectiveness of the mechanism on an annual basis.

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

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

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

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

19. Employee of the Group

As at 31 December 2022, the Group had a total of 8,842 employees. The staff structure is as follows:

Education Background

Number of employees with a master's degree and above	687
Number of employees with a bachelor's degree	5,570
Number of employees with an associate degree and below	1,524
Number of employees graduating from technical secondary schools and below	1,061

Age

Number of employees aged below 30	2,273
Number of employees aged 30–50	5,229
Number of employees aged over 50	1,340

Remuneration Policies

We conduct performance appraisal for all employees, highlight performance contribution, and gradually establish a positive and incentive system with distinctive orientation and hierarchical classification. More attention is paid to high-level and high-skilled professionals on the front line who occupy key positions and are urgently needed. We also boost and maintain the salary competitiveness of key positions, make timely contributions to the five mandatory insurance plans and housing provident fund for employees with supplementary medical insurance and personal accident insurance, and strictly implement the leave regulations for female employees during pregnancy and childbirth.

Employee Training

We fully respect the talent value, place considerable value on talent growth, focus on the talent cultivation, constantly promote the Company's "14th Five-Year Plan" for talent cultivation and "Longteng" talent project, and continue to optimize the talent cultivation system and project curriculums, to ensure the sustainable development of enterprise talents.

Career advancement: We make clear the three talent channels including "technology, skills and management", and intensify efforts to cultivate outstanding young talents. In 2022, we selected and promoted 22 young managers, accounting for 67% of the promoted employees.

On-the-job training: We accelerate the training of professionals and establish a professional talent pool of 459 people covering five professional directions, including internationalization, law, science and technology innovation, directors and supervisors, and certified professionals. We continue to promote the construction of lead instructors, title evaluation and skills identification, with over 500 lead instructors employed in 2022. We also provide high-quality training projects such as "Craftsmanship Training Camp", "Grassroots Comprehensive Management Ability Promotion Class", "Employees with Certificates", "Lead Instructor Training", and "Famous Teachers' Lecture" tailored for employees.

For details of the Group's employees, please refer to the 2022 Environmental, Social and Governance (ESG) Report.

SUPERVISORY BOARD'S REPORT

On 12 November 2021, the current session of Supervisory Board was established upon the approval of the 2021 fourth extraordinary general meeting of the Company. The current session of the Supervisory Board consists of three supervisors.

In 2022, the Supervisory Board of China Longyuan Power Group Corporation Limited (the "**Company**") acted in strict compliance with relevant laws and regulations, the provisions of the systems such as the Company Law of the PRC, the Stock Listing Rules of the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of China Longyuan Power Group Corporation Limited, and the Rules of Procedures of of the Supervisory Board of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司監事會議事規則》). In the spirit of being responsible to all Shareholders, it earnestly performed the supervisory duties of the Supervisory Board, actively carried out relevant work, attended all general meetings and Board meetings of the Company, supervised and verified the Company's operation and decision-making procedures, legal compliance of the operation, financial position and internal management, and conducted comprehensive supervision over the performance of duties by the Directors and senior management of the Company, effectively enhancing the effectiveness of supervision and providing strong protection for the Company's standardized operation and healthy development. Major work of the Supervisory Board in 2022 is reported as follows:

I. MEETINGS CONVENED BY THE SUPERVISORY BOARD

During the Reporting Period, the Supervisory Board of the Company held a total of 4 meetings and considered 15 resolutions. The convening, holding and voting procedures of the meetings were in compliance with the provisions of the Company Law of the PRC, the Articles of Association and other laws, regulations and regulatory documents. The details are as follows:

The 2022 first meeting of the fifth session of the Supervisory Board was held on 30 March 2022, at which nine resolutions were considered and approved.

The 2022 second meeting of the fifth session of the Supervisory Board was held on 27 April 2022, at which two resolutions were considered and approved.

The 2022 third meeting of the fifth session of the Supervisory Board was held on 23 August 2022, at which three resolutions were considered and approved.

The 2022 fourth meeting of the fifth session of the Supervisory Board was held on 27 October 2022, at which one resolution was considered and approved.

II. VERIFICATION OPINIONS OF THE SUPERVISORY BOARD ON RELATED MATTERS OF THE COMPANY IN 2022

In accordance with relevant laws and regulations such as the Company Law, the Stock Listing Rules of the Shenzhen Stock Exchange, as well as the provisions of the Articles of Association, the Supervisory Board of the Company earnestly performed the functions of the Supervisory Board from the perspective of earnestly safeguarding the interests of the Company and the shareholders, and conducted comprehensive supervision and verification on the Company's standard operation, financial conditions and the performance of duties by senior management personnel, and formed the following opinions:

1. Legal Compliance of the Company's Operation

During the Reporting Period, the Supervisory Board exercised the necessary strict supervision over the decision-making procedures of the Company and the performance of duties by the Directors and senior management of the Company, and supervised important matters throughout.

The Supervisory Board is of the opinion that the decision-making procedures of the Company for the year of 2022 were in strict compliance with the Company Law, the Securities Law and other laws and regulations and various provisions stipulated by China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the Company has established a sound corporate governance structure and a strict internal control system, forming a standardized management system. In order to maintain the sustainable and healthy development of the Company and maximize the interests of Shareholders, the Directors and senior management of the Company diligently performed their duties with devotion. During the performance of duties, there was no violation of laws, regulations, the Articles of Association or any act that damaged the interests of the Company.

2. Inspection of the Company's Financial Condition

During the Reporting Period, the Supervisory Board conducted a serious examination and supervision of the financial position of the Company in 2022. The Supervisory Board is of the opinion that the Company's financial system and internal control mechanism are sound, the financial operation is standardized, the financial position is in good condition, and the recognition and measurement of revenue, expenses and profit are true and accurate. The 2022 standard unqualified audit report issued by domestic and foreign auditors on the Company is objective and fair and truly reflects the financial position, operation results and cash flow of the Company.

3. Supervision on the Company's Information Disclosure

During the Reporting Period, the Supervisory Board effectively urged the Board of Directors and senior management of the Company to pay attention to and make information disclosure in accordance with relevant regulations, and urged regular reports and interim reports to be disclosed in a timely and fair manner within the specified period to ensure the truthfulness, accuracy, completeness, timeliness and fairness of the disclosed information, and no untimely or correction of information disclosure occurred. The Supervisory Board considered that the Company strictly regulated the procedures for spreading information for insider information and controlled the scope of insiders; during sensitive periods such as the disclosure of regular reports and significant matters, the Company avoided receiving investors' research, actively performed information confidentiality work, and the Company's Directors, senior management and other insiders were not engaged in inside trading, short-swing trading, etc., which maintained the openness, fairness and impartiality of the Company's information disclosure and protected the legitimate rights and interests of investors.

4. Verification on the Company's Related Transactions

During the Reporting Period, the Supervisory Board verified the related transactions conducted in 2022 and was of the opinion that the decision-making procedures of the related transactions conducted by the Company were legal, the transaction prices were reasonable, without any prejudice to the interests of the Company and all Shareholders, especially small and medium-sized Shareholders.

5. Verification on the Fund Occupancy and Guarantee

During the Reporting Period, the Supervisory Board verified the external guarantees of the Company in 2022. All necessary decision-making procedures were implemented to the Company's external guarantees in 2022, without guarantees provided in violation of relevant regulations or prejudice to the interests of the Shareholders, especially small and medium-sized Shareholders, and the Company's external guarantee was in compliance with the requirements of laws and regulations as well as the Company's rules and regulations. Except for the cash flow with related parties in normal operation, there was no illegal occupation of the Company's funds by related parties.

III. 2023 WORKING PLAN

In the year of 2023, the Supervisory Board of the Company will continue to perform its supervisory duties assigned by the laws, regulations and the Articles of Association with the goal of standardized management of the Company, supervising the legal operation of the Company, performing its supervisory duties on the Company's finance, internal control, external guarantees etc., and striving for the standardized operation and stable and healthy development of the Company. In the year of 2023, the Supervisory Board will focus on the following areas of work.

1. Actively participate in relevant training organized by the regulatory authorities, strengthen the learning of relevant laws and regulations, continuously improve its professional level and enhance its ability to perform its duties.

2. Strengthen the supervision of material matters such as related transactions and external guarantees of the Company, ensure that the Company implements an effective internal control system to ensure the efficiency and compliance in the use of funds, and actively prevent contingent risks.

3. Perform its duties in a diligent and faithful manner, actively participate in the Board of Directors and general meeting of the Company, pay close attention to the operation of the Company, participate in the decision-making process of major matters, urge the Company's Directors and senior management to perform their duties in a diligent and faithful manner, prevent acts that may harm the Company's interests, and earnestly safeguard the rights and interests of the Company and Shareholders.

4. Undertake both regular and ad hoc reviews of the Company's financial situation, undertake regular reviews of the financial work, listen to reports on various tasks such as production and operation, corporate management, etc., timely put forward rectification opinions and reasonable suggestions, and promote the orderly and efficient operation of the Company's business.

Chairman of the Supervisory Board
Shao Junjie

Beijing, 29 March 2023

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 202 to 401, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessing potential impairment of property, plant and equipment	
As at 31 December 2022, the Group had property, plant and equipment ("PPE") of RMB151,600 million. Management assessed that impairment indicators for certain PPE existed. For those PPE with impairment indicators identified, management performed impairment assessment by determining the recoverable amounts of the cash-generating units ("CGUs") to which the PPE belong. As a result of the impairment assessment, impairment losses of RMB1,941 million were recognised during the year ended 31 December 2022. Auditing management's impairment assessment of PPE is complex due to significant estimation and judgement involved in projections of future cash flows, including future sales volumes, future on-grid tariffs, future operating costs and discount rates applied to these forecasted future cash flows. These estimation and judgement may be significantly affected by unexpected future market or economic conditions. Related disclosures are included in notes 2(m), 4(a) and 15 to the consolidated financial statements.	We evaluated management's significant assumptions in determining the recoverable amounts of the CGUs to which the PPE belong. We assessed the key assumptions such as CGUs identification, future sales volumes, future on-grid tariffs and future operating costs by comparing them with the recent historical results of the related CGUs, the budget and feasibility report, and evidence obtained subsequent to the end of the reporting period. We also tested the accuracy in the calculation of the recoverable amounts. In addition, we also involved our internal valuation specialists to assist us in evaluating the methodology and discount rates used in the calculation of the recoverable amounts. We also assessed the adequacy of the Group's disclosures included in the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Accounting for absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. ("Pingzhuang Energy") through share swap and purchase of assets through cash payment	
On 15 January 2021 and 18 June 2021, the Company entered into the Agreement on Absorption and Merger through Share Swap, the Assets Disposal Agreement, the Agreement on Purchase of Assets through Cash Payment and its Supplemental Agreement, and Profit Compensation Agreements, respectively for the Absorption and Merger of Pingzhuang Energy through share swap and the material assets disposal and purchase of assets through cash payment. The merger of Pingzhuang Energy, the assets disposal and the purchase of assets through cash payment are inter-conditional on each other. In January of 2022, the Company merged with Pingzhuang Energy successfully by a share swap and was listed on the Shenzhen Stock Exchange Main Board with the total issuance of 345,574,164 shares. At the same time, the Company completed the purchase of assets with the total cash consideration of RMB5,774 million. The absorption and merger through share swap was accounted for as assets acquisition and the purchase of assets through cash payment was accounted for as business combination under common control. We considered the audit of accounting for the above mentioned transactions to be a key audit matter as these are significant transactions during the year which require significant management judgements for determining the assets acquisition date and the substance of the acquisition. More details are included in noted 2(f)、35(c) and 41 to the consolidated financial statements.	We obtained the related agreements and the circulars issued to the shareholders in relation to these transactions to obtain an understanding of the transactions and the key terms and conditions and to confirm if the correct accounting treatment was applied; Besides, we obtained, read and understood the corporate resolutions and administrative authorizations. In addition, we obtained the related confirmations or other equivalent supporting documents of transferring ownership of assets from the counterparties to the Company and assessed the management's judgements on the completion date of the transactions. We performed audit procedures to obtain evidence of the acquisition-date balances which, as provided for in the terms of the related agreements. We also assessed the criteria used for recognition of the purchase of assets through cash payment as a business combination under common control and the determination of the acquisition date and the price paid. We also assessed the disclosures in the consolidated financial statements in relation to the assets acquisition and business combination under common control with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants
Hong Kong

29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2022 RMB'000	2021 (Restated) RMB'000
Revenue	5	**39,861,647**	39,871,937
Other net income	6	**1,206,428**	1,200,926
Operating expenses			
Depreciation and amortisation		**(10,259,954)**	(9,015,190)
Coal consumption		**(3,558,261)**	(3,306,220)
Coal sales costs		**(6,274,866)**	(7,518,765)
Service concession construction costs		**(56,704)**	(170,875)
Personnel costs		**(3,577,239)**	(3,194,697)
Material costs		**(253,555)**	(172,838)
Repair and maintenance		**(1,010,824)**	(1,043,503)
Administration expenses		**(765,592)**	(793,510)
Impairment losses on financial assets, net		**7,770**	(194,375)
Other operating expenses		**(3,415,915)**	(1,488,495)
		(29,165,140)	(26,898,468)
Operating profit		**11,902,935**	14,174,395
Finance income		**306,836**	498,582
Finance expenses		**(4,106,687)**	(4,076,322)
Net finance expenses	7	**(3,799,851)**	(3,577,740)
Share of profits less losses of associates and joint ventures		**(419,372)**	(576,864)
Profit before taxation	8	**7,683,712**	10,019,791
Income tax	9	**(1,554,474)**	(1,598,839)
Profit for the year		**6,129,238**	8,420,952

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2022 RMB'000	2021 (Restated) RMB'000
Other comprehensive (loss)/income:			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive income/(loss), net of tax		**125,092**	(59,467)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(150,891)**	89,196
Exchange differences on net investments in foreign operations		**(5,884)**	1,905
Other comprehensive (loss)/income for the year, net of tax	12	**(31,683)**	31,634
Total comprehensive income for the year		**6,097,555**	8,452,586
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**4,903,454**	7,178,246
– Perpetual medium-term notes and renewable corporate bonds holders	44	**228,348**	254,417
Non-controlling interests		**997,436**	988,289
Profit for the year		**6,129,238**	8,420,952
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**4,863,358**	7,205,184
– Perpetual medium-term notes and renewable corporate bonds holders	44	**228,348**	254,417
Non-controlling interests		**1,005,849**	992,985
Total comprehensive income for the year		**6,097,555**	8,452,586
Basic and diluted earnings per share (RMB cent)	13	**58.63**	89.32

The notes on pages 211 to 401 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	31 December 2022 RMB'000	31 December 2021 (Restated) RMB'000
Non-current assets			
Property, plant and equipment	15	**151,599,930**	145,929,078
Investment properties		**7,090**	7,680
Right-of-use assets	16(a)	**3,802,118**	3,734,270
Intangible assets	17	**6,287,691**	6,905,846
Goodwill	18	**195,617**	195,617
Investments in associates and joint ventures	20	**3,796,677**	4,166,936
Other assets	21	**4,125,972**	4,736,326
Deferred tax assets	31(b)	**539,827**	295,991
Total non-current assets		**170,354,922**	165,971,744
Current assets			
Inventories	22	**749,955**	765,096
Trade and bills receivables	23	**27,657,623**	30,250,343
Prepayments and other current assets	24	**3,428,069**	3,663,413
Tax recoverable	31(a)	**104,479**	127,128
Other financial assets	25	**448,539**	742,494
Restricted deposits	26	**2,137,452**	262,099
Cash at banks and on hand	27	**18,338,302**	3,913,121
Total current assets		**52,864,419**	39,723,694
Current liabilities			
Borrowings	28(b)	**53,279,235**	42,402,672
Trade and bills payables	29	**2,936,019**	4,130,038
Other current liabilities	30	**17,132,068**	15,347,582
Lease liabilities	16(b)	**266,882**	37,325
Tax payable	31(a)	**412,531**	321,786
Total current liabilities		**74,026,735**	62,239,403
Net current liabilities		**(21,162,316)**	(22,515,709)
Total assets less current liabilities		**149,192,606**	143,456,035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	31 December 2022 RMB'000	31 December 2021 (Restated) RMB'000
Non-current liabilities			
Borrowings	28(a)	**66,359,454**	61,165,878
Lease liabilities	16(b)	**711,384**	1,286,944
Deferred income	33	**965,503**	1,103,361
Deferred tax liabilities	31(b)	**259,090**	200,136
Other non-current liabilities	34	**1,153,906**	1,675,537
Total non-current liabilities		**69,449,337**	65,431,856
NET ASSETS		**79,743,269**	78,024,179
CAPITAL AND RESERVES			
Share capital	35(c)	**8,381,963**	8,036,389
Perpetual medium-term notes and renewable corporate bonds	44	**5,056,400**	6,061,652
Reserves	35(d)	**55,009,265**	53,990,014
Total equity attributable to equity holders of the Company		**68,447,628**	68,088,055
Non-controlling interests		**11,295,641**	9,936,124
TOTAL EQUITY		**79,743,269**	78,024,179

Approved and authorised for issue by the board of directors on 29 March 2023.

Tang Jian
Chairman

The notes on pages 211 to 401 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

		Attributable to the equity holders of the Company										
	Notes	Share capital *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000* *(Note 44)*	Capital reserve *RMB'000* *(Note 35 (d)(i))*	Statutory surplus reserve *RMB'000* *(Note 35 (d)(ii))*	Special reserve *RMB'000* *(Note 35 (d)(iii))*	Exchange reserve *RMB'000* *(Note 35 (d)(iv))*	Fair value reserve *RMB'000*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2021		8,036,389	6,061,652	14,688,374	2,637,321	-	(254,319)	(71,692)	31,835,159	62,932,884	9,387,786	72,320,670
Effect of adoption of IAS 16		-	-	-	-	-	-	-	362,111	362,111	35,757	397,868
Business combination under common control *(Note41)*		-	-	2,879,685	-	-	-	-	1,913,375	4,793,060	512,581	5,305,641
At 1 January 2022 (Restated)		8,036,389	6,061,652	17,568,059	2,637,321	-	(254,319)	(71,692)	34,110,645	68,088,055	9,936,124	78,024,179
Changes in equity:												
Profit for the year		-	228,348	-	-	-	-	-	4,903,454	5,131,802	997,436	6,129,238
Other comprehensive (loss)/income		-	-	-	-	-	(162,673)	122,577	-	(40,096)	8,413	(31,683)
Total comprehensive income/(loss)		-	228,348	-	-	-	(162,673)	122,577	4,903,454	5,091,706	1,005,849	6,097,555
Issue of shares *(Note35(c))*		345,574	-	3,057,211	-	-	-	-	-	3,402,785	-	3,402,785
Capital contributions by non-controlling interests		-	-	-	-	-	-	-	-	-	791,282	791,282
Redemption of renewable corporate bonds		-	(998,200)	(1,800)	-	-	-	-	-	(1,000,000)	-	(1,000,000)
Appropriation		-	-	-	185,440	-	-	-	(185,440)	-	-	-
Dividends by subsidiaries to non-controlling interests		-	-	-	-	-	-	-	-	-	(432,024)	(432,024)
Dividends to shareholders of the Company *(Note35(b))*		-	-	-	-	-	-	-	(1,232,149)	(1,232,149)	-	(1,232,149)
Distribution for perpetual medium-term notes and renewable corporate bonds *(Note44)*		-	(235,400)	-	-	-	-	-	-	(235,400)	-	(235,400)
Transfer of fair value reserve upon the disposal of equity investment of at fair value through other comprehensive income		-	-	-	-	-	-	(102,577)	102,577	-	-	-
Acquisition of non-controlling interests		-	-	144	-	-	-	-	-	144	(7,700)	(7,556)
Business combination under common control *(Note41)*		-	-	(5,774,114)	-	-	-	-	-	(5,774,114)	-	(5,774,114)
Profit compensation		-	-	108,711	-	-	-	-	-	108,711	-	108,711
Safety Production Expenditures		-	-	-	-	19,667	-	-	(21,777)	(2,110)	2,110	-
At 31 December 2022		8,381,963	5,056,400	14,958,211*	2,822,761*	19,667*	(416,992)*	(51,692)*	37,677,310*	68,447,628	11,295,641	79,743,269

* These reserve accounts comprise the consolidated reserves of RMB55,009,265,000 (2021: RMB53,990,014,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021 (Expressed in thousands of Renminbi unless otherwise stated)

		Attributable to the equity holders of the Company									
	Notes	Share capital *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000 (Note 44)*	Capital reserve *RMB'000 (Note 35 (d)(i))*	Statutory surplus reserve *RMB'000 (Note 35 (d)(ii))*	Exchange reserve *RMB'000 (Note 35 (d)(iii))*	Fair value reserve *RMB'000 (Note 35 (d)(iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2021		8,036,389	6,045,435	14,699,774	2,043,659	(341,707)	(11,242)	27,215,267	57,687,575	8,761,399	66,448,974
Business combination under common control		–	–	2,745,256	–	–	–	1,551,490	4,296,746	507,905	4,804,651
At 1 January 2021 (Restated)		8,036,389	6,045,435	17,445,030	2,043,659	(341,707)	(11,242)	28,766,757	61,984,321	9,269,304	71,253,625
Changes in equity:											
Profit for the year		–	254,417	–	–	–	–	7,178,246	7,432,663	988,289	8,420,952
Other comprehensive income/(loss)		–	–	–	–	87,388	(60,450)	–	26,938	4,696	31,634
Total comprehensive income/(loss)		–	254,417	–	–	87,388	(60,450)	7,178,246	7,459,601	992,985	8,452,586
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	532,179	532,179
Issuance of perpetual medium-term notes		–	1,999,300	–	–	–	–	–	1,999,300	–	1,999,300
Redemption of renewable corporate bonds		–	(1,998,600)	(1,400)	–	–	–	–	(2,000,000)	–	(2,000,000)
Appropriation		–	–	–	593,662	–	–	(593,662)	–	–	–
Dividends by subsidiaries to non-controlling interests		–	–	–	–	–	–	–	–	(593,688)	(593,688)
Dividends to shareholders of the Company *(Note35(b))*		–	–	–	–	–	–	(945,079)	(945,079)	–	(945,079)
Distribution for perpetual medium-term notes and renewable corporate bonds *(Note44)*		–	(238,900)	–	–	–	–	–	(238,900)	–	(238,900)
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	8,065	8,065
Acquisition of non-controlling interests		–	–	(10,000)	–	–	–	–	(10,000)	(130,000)	(140,000)
Disposal of a subsidiary		–	–	–	–	–	–	–	–	(49,052)	(49,052)
Business combination under common control		–	–	134,429	–	–	–	(295,617)	(161,188)	(93,669)	(254,857)
At 31 December 2021		8,036,389	6,061,652	17,568,059 *	2,637,321*	(254,319)*	(71,692)*	34,110,645*	68,088,055	9,936,124	78,024,179

The notes on pages 211 to 401 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2022 RMB'000	2021 (Restated) RMB'000
Cash flows from operating activities			
Profit before taxation		**7,683,712**	10,019,791
Adjustments for:			
Depreciation		**9,650,787**	8,500,300
Amortisation		**609,167**	514,890
Provision of impairment losses on property, plant and equipment and intangible assets	8	**2,044,675**	256,232
Gains on disposal of property, plant and equipment, right-of-use assets and intangible assets	6	**(1,732)**	(5,303)
Gains on bargain acquisition of subsidiaries	6	**(2,210)**	(8,801)
Interest expenses on financial liabilities		**3,451,833**	3,410,732
Interest expenses on lease liabilities		**50,846**	24,188
Recognition of provision for loss allowance of receivables		**(7,770)**	194,375
Recognition of provision for inventory obsolescence		**8,094**	–
Net foreign exchange losses		**422,182**	52,388
Net unrealised gains on derivative financial instruments		**(104,518)**	(92,686)
Interest income on financial assets		**(59,898)**	(24,469)
Dividend income		**(12,317)**	(106,393)
Share of profits less losses of associates and joint ventures		**419,372**	576,864
Deferred income		**(139,982)**	(108,060)
Changes in fair value of listed equity securities designated at fair value through profit or loss		**108,086**	(196,894)
Changes in working capital:			
Decrease in inventories		**7,047**	55,734
Decrease/(increase) in trade and bills receivables		**2,603,493**	(5,676,991)
Decrease in prepayments, restricted deposits and other current assets		**2,065,930**	1,433,056
Increase in trade and bills payables and other current liabilities		**2,378,823**	992,698
Cash generated from operations		**31,175,620**	19,811,651
Income tax paid	31	**(1,569,659)**	(1,691,510)
Net cash generated from operating activities		**29,605,961**	18,120,141

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment and intangible assets	**(22,319,741)**	(18,227,115)
Payments for loans and advances	**–**	(28,931)
Payments for acquisition of investments in associates and joint ventures, and equity investments	**(273,149)**	(731,161)
Advanced payments for acquisition of subsidiaries	**–**	(521,750)
Proceeds from receivable deposits for aborted planned acquisitions	**640,000**	–
Increase in deposits with banks	**(1,810,631)**	–
Proceeds from disposal of property, plant, equipment, right-of-use assets and intangible assets	**18,721**	481,554
Proceeds from disposal of a subsidiary, net of cash disposed of	**–**	(11,400)
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	**621,343**	–
Proceeds from disposal of investments in an associate	**–**	1,342
Repayments of loans and advances	**126,991**	382,145
Dividends received	**379,543**	118,975
Interest received	**43,953**	27,007
Purchase of short-term investments, net	**206,700**	(248,100)
Acquisition of subsidiaries	**3,357,692**	(252,093)
Net cash used in investing activities	**(19,008,578)**	(19,009,527)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2022 RMB'000	2021 (Restated) RMB'000
Cash flows from financing activities			
Capital contributions		**791,282**	587,539
Proceeds from borrowings		**169,537,054**	118,022,654
Repayment of borrowings		**(153,802,198)**	(113,480,586)
Dividends paid by subsidiaries to non-controlling equity owners		**(432,788)**	(615,153)
Dividends paid to shareholders of the Company		**(1,232,149)**	(945,079)
Issuance of perpetual medium-term notes and renewable corporate bonds		**–**	1,999,300
Redemption of perpetual medium-term notes and renewable corporate bonds		**(1,000,000)**	(2,000,000)
Interest paid for borrowing		**(3,533,264)**	(3,584,470)
Interest paid for perpetual medium-term notes and renewable corporate bonds		**(235,400)**	(238,900)
Lease payments		**(471,945)**	(551,814)
Payment for acquisition of businesses under common control		**(5,774,114)**	–
Acquisition of non-controlling interests		**(7,556)**	–
Net cash generated from/(used in) financing activities		**3,838,922**	(806,509)
Net increase/(decrease) in cash and cash equivalents		**14,436,305**	(1,695,895)
Cash and cash equivalents at the beginning of year		**3,913,121**	5,602,161
Effect of foreign exchange rate changes		**(11,124)**	6,855
Cash and cash equivalents at the end of year	27	**18,338,302**	3,913,121

The notes on pages 211 to 401 form part of these financial statements.

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") are principally engaged in wind and coal power generation and sale, coal trading and other related businesses in the People's Republic of China (the "PRC"). The registered office address of the Company is Room 2006, 20th Floor, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing, PRC.

The Company's parent and ultimate holding company is China Energy Investment Corporation Limited ("CHN Energy"), which is a company with registered address and main business places in the PRC and a state-owned enterprise, controlled by the State-owned Assets Supervision and Administration Commission.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of consolidation (Continued)

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

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

Going concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2022 amounting to RMB21,162,316,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure (see note 36(c)).

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial assets and liabilities.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Functional and presentation currency

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

(d) Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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.

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.

The Group's investments in an associate and a joint venture are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments in associates and joint ventures (Continued)

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. 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 its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, 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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer 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 subsequent settlement is accounted for within equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Business combinations and goodwill (Continued)

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 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Business combination for entities under common control

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

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

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset 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. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated to write off the cost less residual value if applicable, using the straight-line method over the estimated useful lives of 40 years. Rental income from investment properties is accounted for as described in note 2(x).

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation 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, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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 the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

		Depreciation period
–	Buildings and structures	10–50 years
–	Wind turbines & Photovoltaic ("PV") equipment	20 years
–	Other generators and related equipment	10–35 years
–	Motor vehicles	8–10 years
–	Furniture, fixtures and others	5–10 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment and depreciation (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

(i) Intangible assets (other than goodwill)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill) (Continued)

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

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

–	Concession assets	20–25 years
–	Power sales rights	20 years
–	Software and others	5–10 years

Both the period and method of amortisation are reviewed annually.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases

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.

(i) Group as a lessee

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

Right-of-use assets

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

– Land	20–50 years
– Buildings and structures	2–8 years
– Generators and related equipment	5–20 years
– Motor vehicles	2–3 years
– Sea-use rights	24–29 years

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

(i) Group as a lessee (Continued)

Lease liabilities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

(i) Group as a lessee (Continued)

Short-term leases and leases of low-value assets

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

(ii) Group as a lessor

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair value measurement

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Fair value measurement (Continued)

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets

Initial recognition and measurement

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

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

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

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

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

(o) Derecognition of financial assets

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Derecognition of financial assets (Continued)

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

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

(p) Impairment of financial assets

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

General approach (Continued)

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

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

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

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

Simplified approach

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

(r) Inventories

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Inventories (Continued)

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

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

(s) Perpetual securities

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(u) Employee benefits

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

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

In connection with pension obligations, the Group operates various defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which it operate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate publicly administered pension insurance plan on mandatory and voluntary bases. The contributions are recognised as employee benefits when incurred.

(ii) Termination benefits

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Income tax (Continued)

Deferred tax assets and deferred tax 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 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.

(w) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

(x) Revenue recognition

Revenue from contracts with customers

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

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.

(i) Sale of electricity, steam and goods (including coal trading)

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(ii) Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Revenue from the operation under a service concession construction contract is recognised at the point in time as described in Note 2 (x) (i) Sale of electricity, steam and goods (including coal trading).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(z) Contract liabilities

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

(aa) Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ad) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(ae) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

(af) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ag) 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 significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(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 party;

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

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

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Changes in accounting policies and disclosures

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRSs 2018–2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*

The nature and impact of the revised IFRSs are described below:

(i) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) Changes in accounting policies and disclosures(continued)

(ii) Amendment to IFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021, but has not received Covid-19-related rent concessions. The amendment did not have significant impact on the consolidated financial position and performance of the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) Changes in accounting policies and disclosures (continued)

(iii) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2022 as a result of the adoption of the amendments to IAS 16:

	Increase/ (decrease) *RMB'000*
Assets	
Property, plant and equipment	**399,842**
Deferred tax assets	**(1,974)**
Total assets	**397,868**
Equity	
Retained earnings	**362,111**
Non-controlling interests	**35,757**
	397,868

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) Changes in accounting policies and disclosures (continued)

(iv) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(v) Annual Improvements to IFRSs 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

(i) Amendments to IFRS 10 and IAS 28 (2011) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between the requirements in IFRS 10 and in IAS 28 (2011) 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 resulting from a downstream transaction 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 mandatory effective date for these amendments is not yet determined but early adoption is permitted. The Group is currently assessing the impact that the amendments will have on current practice.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (continued)

(ii) Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

(iii) Amendments to IAS 1 Classification of Liabilities as Current or Non-current (the "2020 Amendments")

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact that the amendments will have on current practice and whether existing loan agreements may require renegotiation.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (continued)

(iv) Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

(v) Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (continued)

(v) Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (continued)

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(vi) Amendments to IAS 8 Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (continued)

(vii) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. Early application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. The Group will apply the amendments from 1 January 2023 and is currently assessing the impact of the amendments.

4 CRITICAL 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.

Impairment losses on non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill and investments in associates and joint ventures, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use for each smallest identifiable group of assets that generate independent cash flows ("CGU"), expected cash flows generated by each CGU are discounted to their present value, which requires significant judgement relating to items such as future sales volumes, future on-grid tariffs, future operating costs and the discount rates applied. The Group uses all readily available information in determining an amount that is the reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as future sales volumes, future on-grid tariffs, future operating costs and the discount rates applied.

5 REVENUE

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

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of electricity	**31,875,175**	30,611,051
Sales of steam	**848,838**	793,598
Service concession construction revenue *(note 46)*	**56,704**	170,875
Sales of coal	**6,422,950**	7,694,661
Others	**657,980**	601,752
	39,861,647	39,871,937

5 REVENUE (Continued)

(i) Disaggregated revenue information:

For the year ended 31 December 2022

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services				
Sales of electricity	27,102,031	4,069,444	703,700	31,875,175
Sales of steam	–	848,838	–	848,838
Service concession construction revenue	56,704	–	–	56,704
Sales of coal	–	6,422,950	–	6,422,950
Others	89,081	374,903	193,996	657,980
	27,247,816	11,716,135	897,696	39,861,647
Geographic markets				
Mainland China	26,562,564	11,716,135	897,696	39,176,395
Canada	215,631	–	–	215,631
South Africa	339,590	–	–	339,590
Ukraine	130,031	–	–	130,031
	27,247,816	11,716,135	897,696	39,861,647
Timing of revenue recognition				
Goods transferred at a point of time	27,102,031	11,533,210	703,700	39,338,941
Services transferred over time	145,785	182,925	193,996	522,706
	27,247,816	11,716,135	897,696	39,861,647

5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2021

	Wind power (Restated) *RMB'000*	Coal power *RMB'000*	All others (Restated) *RMB'000*	Total (Restated) *RMB'000*
Types of goods and services				
Sales of electricity	26,508,874	3,516,239	585,938	30,611,051
Sales of steam	–	793,598	–	793,598
Service concession construction revenue	170,875	–	–	170,875
Sales of coal	–	7,694,661	–	7,694,661
Others	30,776	456,855	114,121	601,752
	26,710,525	12,461,353	700,059	39,871,937
Geographic markets				
Mainland China	26,066,276	12,461,353	700,059	39,227,688
Canada	198,386	–	–	198,386
South Africa	388,187	–	–	388,187
Ukraine	57,676	–	–	57,676
	26,710,525	12,461,353	700,059	39,871,937
Timing of revenue recognition				
Goods transferred at a point of time	26,508,874	12,290,328	585,938	39,385,140
Services transferred over time	201,651	171,025	114,121	486,797
	26,710,525	12,461,353	700,059	39,871,937

5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued)

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

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Types of goods and services – others	**162,150**	356,693

(ii) Performance obligations

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

Sales of electricity, steam and coal

The Group's contracts with customers for the sales of electricity, steam and coal generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point of time and revenue continues to be recognised upon transmission to the customers.

Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

5 REVENUE (Continued)

(ii) Performance obligations (Continued)

Rendering of services

Revenue from the rendering of services is recognised over time by reference to the stage of completion of the transaction based on the progress of work performed.

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

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**21,962**	28,883
After one year	**15,404**	17,102
	37,366	45,985

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

6 OTHER NET INCOME

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Government grants	**1,103,039**	1,041,727
Rental income from investment properties	**9,281**	13,033
Gains on disposal of property, plant and equipment, right-of-use assets and intangible assets	**1,732**	5,303
Gains on bargain acquisition of subsidiaries	**2,210**	8,801
Others	**90,166**	132,062
	1,206,428	1,200,926

7 FINANCE INCOME AND EXPENSES

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Interest income on financial assets	**182,806**	60,312
Dividend income	**12,317**	106,393
Net unrealised profits on trading securities and derivative financial instruments	**104,518**	289,580
Foreign exchange gains	**7,195**	42,297
Finance income	**306,836**	498,582
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,562,214**	2,533,984
Interest on bank and other borrowings repayable more than five years	**1,103,798**	1,278,644
Interest on lease liabilities	**52,747**	54,592
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(216,080)**	(432,300)
	3,502,679	3,434,920
Foreign exchange losses	**429,377**	94,685
Net unrealised losses on trading securities	**108,086**	–
Bank charges and others	**66,545**	546,717
Finance expenses	**4,106,687**	4,076,322
Net finance expenses	**3,799,851**	3,577,740

The borrowing costs have been capitalized at rates of 2.20% to 4.83% per annum for the year ended 31 December 2022 (2021: 3.05% to 4.83%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**3,107,675**	2,810,093
Contributions to defined contribution retirement plans	**469,564**	384,604
	3,577,239	3,194,697

(b) Other items

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Amortisation		
– intangible assets	**609,167**	514,890
Depreciation		
– investment properties	**590**	590
– property, plant and equipment	**9,510,654**	8,365,288
– right-of-use assets	**139,543**	134,422
Provision/(reversal) of impairment losses		
– property, plant and equipment*	**1,940,802**	256,232
– trade receivables	**18,077**	195,282
– other receivables	**(25,847)**	(907)
– Intangible assets*	**103,873**	–
Recognition of provision for inventory obsolescence*	**8,094**	–

8 PROFIT BEFORE TAXATION (Continued)

(b) Other items (Continued)

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Auditors' remuneration		
– annual audit services	**22,124**	17,280
– interim review services	**6,300**	6,300
– other services	**6,835**	2,558
Operating lease charges		
– plant and equipment and motor vehicles	**38,891**	26,776
– properties	**45,659**	49,420
Net gains on disposal of property, plant and equipment, right-of-use assets and Intangible assets	**(1,732)**	(5,303)
Cost of inventories	**10,086,682**	10,997,823
Revenue from trial sales	**(273,555)**	(477,394)
Cost of trial sales	**26,459**	77,552
Net gains from trial sales	**(247,096)**	(399,842)
Gains on bargain acquisition of subsidiaries	**(2,210)**	(8,801)

* The provision/(reversal) of impairment losses and recognition of provision for inventory obsolescence are included in "Other operating expenses" in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income".

8 PROFIT BEFORE TAXATION (Continued)

(c) Other operating expenses

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Insurance expenses	**258,968**	226,101
Other tax expenses	**216,052**	212,627
Purchase of electricity charges	**139,654**	101,478
Technical service expenses	**249,129**	171,868
Impairment losses on property, plant and equipment	**1,940,802**	256,232
Impairment losses on intangible assets	**103,873**	–
Recognition of provision for inventory obsolescence	**8,094**	–
Others	**499,343**	520,189
	3,415,915	1,488,495

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**1,661,809**	1,566,864
Underprovision in respect of prior years	**21,244**	15,174
	1,683,053	1,582,038
Deferred tax		
Origination and reversal of temporary differences *(note 31(b))*	**(128,579)**	16,801
	1,554,474	1,598,839

Notes:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2022 and 2021, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents (Continued):

Notes (Continued):

(i) Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.

Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC are entitled to a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020. In addition, according to the Announcement on Continuation of Enterprise Income Tax in West Development published by the Ministry of Finance of the People's Republic of China (the "Ministry of Finance"), the State Taxation Administration and the National Development and Reform Commission (the "NDRC") on 23 April 2020, the aforementioned subsidiaries established in the Western Region of the PRC are authorised to be taxed at a preferential income tax rate of 15% till 31 December 2030.

(ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands ("BVI"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

Longyuan Canada Renewables Ltd., a subsidiary of the Group in Canada, is subject to income tax at a rate of 26.5%. Longyuan South Africa Renewables Proprietary Ltd., a subsidiary of the Group in South Africa, is subject to income tax at a rate of 28%. Ukraine Yuzhne Energy Co., Ltd. and Longyuan Ukraine Southern Wind Power Generation Co., Ltd., subsidiaries of the Group in Ukraine, are subject to income tax at a rate of 18%.

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Profit before taxation	**7,683,712**	10,019,791
Notional tax on profit before taxation	**1,920,928**	2,504,948
Tax effect of non-deductible expenses	**48,048**	80,237
Tax effect of share of profits less losses of associates and joint ventures	**104,843**	144,216
Tax effect of non-taxable income	**(1,149)**	(26,598)
Effect of differential tax rate of certain subsidiaries of the Group	**(1,052,498)**	(1,216,376)
Use of unrecognised tax losses in prior years	**(90,036)**	(94,390)
Tax effect of unused tax losses and deductible temporary differences not recognised	**597,836**	191,628
Underprovision in respect of prior years	**21,244**	15,174
Others	**5,258**	–
Income tax	**1,554,474**	1,598,839

10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to the Listing Rules section 383(1) (a), (b), (c) and (d) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2022:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2022 Total *RMB'000*
Directors					
Mr. Li Zhongjun (Resigned in July 2022)	–	261	581	85	927
Mr. Tang Jian (Chairman) (Appointed in December 2022)	–	459	840	148	1,447
Mr. Liu Jinhuan (Resigned in March 2022)	–	–	–	–	–
Mr. Tian Shaolin	–	–	–	–	–
Mr. Tang Chaoxiong	–	–	–	–	–
Mr. Wang Yiguo (Appointed in January 2022)	–	–	–	–	–
Mr. Ma Bingyan (Appointed in April 2022)	–	–	–	–	–
Independent non-executive directors					
Mr. Wei Mingde	143	–	–	–	143
Mr. Gao Debu	143	–	–	–	143
Ms. Zhao Feng	143	–	–	–	143
Supervisors					
Mr. Shao Junjie	–	–	–	–	–
Ms. Hao Jingru	–	–	–	–	–
Ms. Wu Jinmei	–	330	626	121	1,077
	429	1,050	2,047	354	3,880

10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

For the year ended 31 December 2021:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2021 Total *RMB'000*
Directors					
Mr. Li Zhongjun (Chairman) (Appointed in June 2021)	–	206	286	65	557
Mr. Tang Jian (Appointed in May 2021)	–	404	831	108	1,343
Mr. Liu Jinhuan	–	–	–	–	–
Mr. Tian Shaolin (Appointed in April 2021)	–	–	–	–	–
Mr. Tang Chaoxiong (Appointed in June 2021)	–	–	–	–	–
Mr. Jia Yanbing (Resigned in June 2021)	–	207	676	62	945
Mr. Sun Jinbiao (Resigned in May 2021)	–	131	567	35	733
Mr. Zhang Xiaoliang (Resigned in April 2021)	–	–	–	–	–
Mr. Yang Xiangbin (Resigned in June 2021)	–	–	–	–	–
Independent non-executive directors					
Mr. Wei Mingde (Appointed in November 2021)	12	–	–	–	12
Mr. Gao Debu (Appointed in November 2021)	12	–	–	–	12
Ms. Zhao Feng (Appointed in November 2021)	12	–	–	–	12
Mr. Zhang Songyi (Resigned in November 2021)	131	–	–	–	131
Mr. Meng Yan (Resigned in November 2021)	131	–	–	–	131
Mr. Han Dechang (Resigned in November 2021)	131	–	–	–	131

10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

For the year ended 31 December 2021: (Continued)

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2021 Total *RMB'000*
Supervisors					
Mr. Shao Junjie (Appointed in April 2021)	–	–	–	–	–
Ms. Hao Jingru	–	–	–	–	–
Ms. Wu Jinmei (Appointed in March 2021)	–	239	264	82	585
Mr. Yu Yongping (Resigned in April 2021)	–	–	–	–	–
Mr. Ding Yinglong (Resigned in March 2021)	–	–	–	–	–
	429	1,187	2,624	352	4,592

During the year, no emolument was paid to the directors or the supervisors as an inducement to join or upon joining the Company or as compensation for loss of office (2021: nil).

No director or supervisor had waived or agreed to waive any emoluments during the years 2022 and 2021.

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The numbers of directors and non-directors included in the five highest paid individuals for the years ended 31 December 2022 and 2021 are set forth below:

	2022	2021
Directors	**1**	1
Non-directors	**4**	4
	5	5

The emoluments of the directors are disclosed in note 10. The emoluments of the highest paid non-director individuals are as follows:

	2022	2021
	RMB'000	*RMB'000*
Salaries and other emoluments	**1,005**	1,904
Discretionary bonuses	**3,565**	3,216
Retirement scheme contributions	**470**	440
	5,040	5,560

The emoluments of the non-director individuals with the highest emoluments are within the following bands:

	2022	2021
HKD1,000,000 to HKD1,500,000	**3**	1
HKD1,500,001 to HKD2,000,000	**1**	3

During the year, no emolument was paid to the five highest paid employees as an inducement to join or upon joining the Company or as compensation for loss of office (2021: nil).

No five highest paid employees had waived or agreed to waive any emoluments during the years 2022 and 2021.

12 OTHER COMPREHENSIVE INCOME

	2022 *RMB'000*	2021 *RMB'000*
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income/(loss) ("FVOCI"):		
– Changes in fair value recognized during the year	**135,390**	(81,271)
– Tax expense	**(10,298)**	21,804
Net of tax amount	**125,092**	(59,467)
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations:		
– Before and net of tax amount	**(150,891)**	89,196
Exchange differences on net investment in foreign operations:		
– Before and net of tax amount	**(5,884)**	1,905
Other comprehensive (loss)/income	**(31,683)**	31,634

13 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the year ended 31 December 2022 of RMB4,903,454,000 (2021: RMB7,178,246,000) and the weighted average number of ordinary shares of 8,363,028,000 in issue during the year (2021: 8,036,389,000).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

14 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

– Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

The Group combined other business activities that are not mentioned above in "All others". Revenue included in this category is mainly from the manufacturing and sale of power equipment, the provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets do not include investments in associates and joint ventures, equity investments at fair value through other comprehensive income, other financial assets, tax recoverable, deferred tax assets and unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities, tax payable and unallocated head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated head office and corporate expenses.

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below:

For the year ended 31 December 2022:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	27,102,031	4,069,444	703,700	31,875,175
– Others	89,081	7,646,691	193,996	7,929,768
Subtotal	27,191,112	11,716,135	897,696	39,804,943
Inter-segment revenue	–	–	657,442	657,442
Reportable segment revenue	27,191,112	11,716,135	1,555,138	40,462,385
Reportable segment profit/ (losses) (operating profit/ (losses))	11,622,306	441,238	(613,033)	11,450,511

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2022: (Continued)

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Depreciation and amortisation before inter-segment elimination	(9,716,162)	(306,849)	(287,043)	(10,310,054)
(Provision)/reversal of impairment losses of trade and other receivables	(12,280)	(8)	20,058	7,770
Provision of impairment losses of property, plant and equipment and intangible assets *(note (i))*	(1,945,897)	–	(98,778)	(2,044,675)
Recognition of provision for inventory obsolescence	–	–	(8,094)	(8,094)
Interest income	51,831	8,358	122,617	182,806
Interest expense	(3,122,494)	(51,749)	(328,436)	(3,502,679)
Reportable segment assets	209,654,212	5,208,790	18,451,590	233,314,592
Expenditures for reportable segment non-current assets during the year	10,047,451	436,713	7,101,044	17,585,208
Reportable segment liabilities	131,905,684	3,898,978	15,255,312	151,059,974

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2022 (Continued)

Note:

(i) For the year ended 31 December 2022, the Group recognised the impairment losses of RMB2,044,675,000 of property, plant and equipment and intangible assets in "Other operating expenses" which mainly contains the followings: (1) certain property, plant and equipment in the wind power segment and the photovoltaic ("PV") power business in other segments were in long-term delay of construction progress, the Group made a provision for the impairment of RMB289,204,000(2021: RMB78,679,000) and RMB2,164,000 (2021: nil) included in wind power segment and other segment, respectively; (2) the recoverable amount of two CGUs in wind power segment and one CGU of PV power segment was lower than their carrying amount due to the continuing operating losses, the Group assessed the recoverable amount based on the discounted future cash flows and recognised an impairment loss of RMB408,347,000 (2021: RMB177,553,000) and RMB97,914,000(2021: nil) included in wind power segment and other segment; (3) the recoverable amount of the operated wind farms in Ukraine of the Group was lower than its carrying amount due to the impact of the Russia-Ukraine conflict, the Group assessed the recoverable amount based on the discounted future cash flows and recognized the impairment losses of RMB384,914,000 (2021:nil). Besides, the construction work of another wind farm in Ukraine was suspended due to Russia-Ukraine conflict, the Group made a provision for the impairment of RMB271,932,000 (2021: nil); (4) the recoverable amount of certain property, plant and equipment for several wind farms was lower than their carrying amount due to the special programme of replacing smaller units of wind turbines with larger ones, the Group assessed the recoverable amount based on basis of the fair value less cost of disposal and recognized the impairment losses of RMB590,200,000 (2021: nil).

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2021:

	Wind power (Restated) *RMB'000*	Coal power *RMB'000*	All others (Restated) *RMB'000*	Total (Restated) *RMB'000*
Revenue from external customers				
– Sales of electricity	26,508,874	3,516,239	585,938	30,611,051
– Others	30,776	8,945,114	114,121	9,090,011
Subtotal	26,539,650	12,461,353	700,059	39,701,062
Inter-segment revenue	–	–	516,280	516,280
Reportable segment revenue	26,539,650	12,461,353	1,216,339	40,217,342
Reportable segment profit (operating profit)	13,888,455	351,118	123,400	14,362,973
Depreciation and amortisation before inter-segment elimination	(8,598,883)	(281,768)	(180,923)	(9,061,574)
(Provision)/reversal of impairment losses of trade and other receivables	(199,036)	–	4,661	(194,375)
Provision of impairment losses of property, plant and equipment *(note (i))*	(256,232)	–	–	(256,232)
Interest income	19,033	17,490	23,789	60,312
Interest expense	(3,240,614)	(51,242)	(143,064)	(3,434,920)
Reportable segment assets	194,927,511	4,886,975	10,310,765	210,125,251
Expenditures for reportable segment non-current assets during the year	18,088,172	435,405	2,081,114	20,604,691
Reportable segment liabilities	122,850,524	4,035,775	12,744,458	139,630,757

14 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**40,462,385**	40,217,342
Service concession construction revenue	**56,704**	170,875
Elimination of inter-segment revenue	**(657,442)**	(516,280)
Consolidated revenue	**39,861,647**	39,871,937
Profit		
Reportable segment profit	**11,450,511**	14,362,973
Elimination of inter-segment profit	**678,968**	25,944
	12,129,479	14,388,917
Share of profits less losses of associates and joint ventures	**(419,372)**	(576,864)
Net finance expenses	**(3,799,851)**	(3,577,740)
Unallocated head office and corporate expenses	**(226,544)**	(214,522)
Consolidated profit before taxation	**7,683,712**	10,019,791

14 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**233,314,592**	210,125,251
Inter-segment elimination	**(7,066,922)**	(5,974,287)
	226,247,670	204,150,964
Investments in associates and joint ventures	**3,796,677**	4,166,936
Equity investments at fair value through other comprehensive income	**261,632**	697,586
Other financial assets	**448,539**	742,494
Tax recoverable	**104,479**	127,128
Deferred tax assets	**539,827**	295,991
Unallocated head office and corporate assets	**89,319,368**	75,631,836
Elimination	**(97,498,851)**	(80,117,497)
Consolidated total assets	**223,219,341**	205,695,438

14 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**151,059,974**	139,630,757
Inter-segment elimination	**(32,433,998)**	(12,759,594)
	118,625,976	126,871,163
Tax payable	**412,531**	321,786
Deferred tax liabilities	**259,090**	200,136
Unallocated head office and corporate liabilities	**96,932,370**	74,332,469
Elimination	**(72,753,895)**	(74,054,295)
Consolidated total liabilities	**143,476,072**	127,671,259

14 SEGMENT REPORTING (Continued)

(c) Geographical information

(i) External revenue generated from the following countries:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
PRC	**39,176,395**	39,227,688
Overseas	**685,252**	644,249
Total	**39,861,647**	39,871,937

The geographical location of customers is based on the location at which the electricity was transferred, goods were delivered, and services were provided.

(ii) Non-current assets (excluding investments in associates and joint ventures, deferred tax assets and financial assets included in other assets) located in the following countries:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
PRC	**162,133,909**	156,709,736
Overseas	**3,574,280**	4,052,090
Total	**165,708,189**	160,761,826

The non-current asset information above is based on the locations of the assets.

(d) Major customers

Revenue from the PRC government-controlled power grid companies amounted to RMB31,189,923,000 for the year ended 31 December 2022 (2021: RMB29,966,802,000(restated)). All the service concession construction revenue was from the PRC government.

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost:						
At 1 January 2021	12,811,897	140,961,392	277,693	1,043,115	29,155,835	184,249,932
Business combination under common control	2,179,287	10,895,408	24,869	227,176	1,748,279	15,075,019
At 1 January 2021 (Restated)	14,991,184	151,856,800	302,562	1,270,291	30,904,114	199,324,951
Additions	32,856	488,155	9,073	118,278	17,951,856	18,600,218
Transfer from construction in progress	2,671,707	24,101,181	643	326,934	(27,100,465)	–
Transfer to construction in progress	–	(119,384)	–	–	8,709	(110,675)
Disposals	(124,473)	(276,528)	(15,545)	(42,480)	(3,690)	(462,716)
Disposal of subsidiaries	(7,069)	(315,665)	(234)	(507)	(3,883)	(327,358)
Acquisition of a subsidiary	–	179,249	212	293	202,931	382,685
Reclassification	112,415	(108,882)	–	(2,236)	(1,297)	–
Reclassification between assets	2,099	417,544	–	–	–	419,643
Others	(56,326)	(28,543)	–	–	(183,364)	(268,233)
Exchange adjustments	(64,724)	(156,696)	(9)	(267)	(1,093)	(222,789)
At 31 December 2021 (Restated)	17,557,669	176,037,231	296,702	1,670,306	21,773,818	217,335,726
At 1 January 2022	**17,557,669**	**176,037,231**	**296,702**	**1,670,306**	**21,773,818**	**217,335,726**
Additions	**24,252**	**8,269**	**13,138**	**145,755**	**16,828,399**	**17,019,813**
Transfer from construction in progress	**901,342**	**18,193,067**	**970**	**291,703**	**(19,387,082)**	**–**
Disposals	**(11,830)**	**(46,375)**	**(3,833)**	**(76,196)**	**(6,882)**	**(145,116)**
Disposal of subsidiaries	**–**	**–**	**–**	**(415)**	**(71,422)**	**(71,837)**
Acquisition of a subsidiary	**–**	**44,947**	**–**	**–**	**–**	**44,947**
Reclassification	**88,454**	**(705,515)**	**56,050**	**561,011**	**–**	**–**
Reclassification between assets	**(4,383)**	**260,799**	**–**	**–**	**(54,318)**	**202,098**
Exchange adjustments	**69,722**	**(132,865)**	**11**	**3,096**	**(96,533)**	**(156,569)**
At 31 December 2022	**18,625,226**	**193,659,558**	**363,038**	**2,595,260**	**18,985,980**	**234,229,062**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture, fixtures and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2021	5,229,933	52,330,939	265,139	914,545	591,569	59,332,125
Business combination under common control	503,153	3,276,391	19,175	195,320	44,254	4,038,293
At 1 January 2021 (Restated)	5,733,086	55,607,330	284,314	1,109,865	635,823	63,370,418
Depreciation	392,450	7,758,867	2,652	169,275	–	8,323,244
Impairment	18,939	163,395	–	–	73,898	256,232
Transfer to construction in progress	–	(110,675)	–	–	–	(110,675)
Write-back on disposal	(119,608)	(111,534)	(14,330)	(37,164)	(3,690)	(286,326)
Disposal of subsidiaries	(2,073)	(92,744)	(226)	(161)	–	(95,204)
Reclassification	20,452	(17,431)	–	(1,724)	(1,297)	–
Reclassification between assets	–	(807)	–	–	–	(807)
Exchange adjustments	(9,101)	(40,957)	(78)	(98)	–	(50,234)
At 31 December 2021 (Restated)	6,034,145	63,155,444	272,332	1,239,993	704,734	71,406,648
At 1 January 2022	**6,034,145**	**63,155,444**	**272,332**	**1,239,993**	**704,734**	**71,406,648**
Depreciation	**481,473**	**8,673,615**	**5,130**	**353,005**	**–**	**9,513,223**
Impairment	**16,346**	**1,376,571**	**–**	**293**	**547,592**	**1,940,802**
Write-back on disposal	**(9,150)**	**(31,799)**	**(3,707)**	**(61,313)**	**(6,882)**	**(112,851)**
Disposal of subsidiaries	**–**	**–**	**–**	**(415)**	**(71,422)**	**(71,837)**
Reclassification	**(2,118)**	**(319,410)**	**42,494**	**279,034**	**–**	**–**
Reclassification between assets	**1,001**	**(9,015)**	**–**	**–**	**(3,637)**	**(11,651)**
Exchange adjustments	**49,992**	**(64,025)**	**13**	**444**	**(21,626)**	**(35,202)**
At 31 December 2022	**6,571,689**	**72,781,381**	**316,262**	**1,811,041**	**1,148,759**	**82,629,132**
Net carrying amount:						
At 31 December 2021 (Restated)	11,523,524	112,881,787	24,370	430,313	21,069,084	145,929,078
At 31 December 2022	**12,053,537**	**120,878,177**	**46,776**	**784,219**	**17,837,221**	**151,599,930**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) Certain of the Group's interest-bearing bank borrowings and bonds were secured by the Group's equipment, which had an aggregate net book value of RMB3,846,970,373 as at 31 December 2022 (31 December 2021: RMB4,635,467,229).

(ii) Provision of impairment losses

– Impairment of individual assets

For the year ended 31 December 2022, certain construction in progress in the wind power segment and the PV power business in other segments were in long-term delay of construction progress or suspended due to various factors. The Group impaired those assets and recognized an impairment loss of RMB561,136,000 (2021: RMB78,679,000) and RMB2,164,000 (2021: nil) included in wind power segment and other segment respectively and recognised the provision in "Other operating expenses".

Besides, due to the plan of demolition of certain wind farms of the Group, the demolished generators and related equipment would no longer be used, the management assessed the recoverable amount of these assets on the basis of the fair value less cost of disposal and recognized an impairment loss of RMB590,200,000 (2021: nil) in the wind power segment for the year ended 31 December 2022.

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes (Continued):

(ii) Provision of impairment losses (Continued)

– Impairment for CGUs

When any indicators of impairment are identified, property, plant and equipment are reviewed for impairment based on each CGU. The CGU is an individual entity. The carrying values of these individual plants or entities were compared to the recoverable amounts of the CGUs, which were based predominantly on value in use.

For the year ended 31 December 2022, the recoverable amount of certain CGUs in wind power segment were lower than their carrying amount due to the continuing operating losses. The Group determined the recoverable amount based on a value in use calculation using the discounted future cash flows with pre-tax discount rates of 8.45% to 8.66%. The significant estimation and judgement involved in projections of future cash flows, including future sales volumes, future on-grid tariffs, future operating costs applied to these forecasted future cash flows. As a result, the Group recognized an impairment loss of RMB408,347,000 (2021: RMB177,553,000) in "Other operating expenses". Besides, the recoverable amount of the CGU named Ukraine Yuzhe Energy Co. Ltd ("Yuzhe Energy"), one of the subsidiary of the Group located in Ukraine, were lower than their carrying amount due to the operating loss and the increased market return on investment affected by the Russia-Ukraine conflict. The Group determined the recoverable amount based on a value in use calculation using the discounted future cash flows with pre-tax discount rates of 34.36%. The significant estimation and judgement involved in projections of future cash flows, including future sales volumes, future on-grid tariffs, future operating costs, the exchange rate and consumer price index applied to these forecasted future cash flows. As a result, the Group recognized an impairment loss of RMB281,311,000 (2021: nil) for property, plant and equipment and RMB103,603,000 (2021: nil) for intangible assets in "Other operating expenses".

For the year ended 31 December 2022, the recoverable amount of one CGU in PV power business of other segment were lower than its carrying amount due to the continuing operating losses. The Group determined the recoverable amount based on a value in use calculation using the discounted future cash flows with pre-tax discount rates of 7.48%. The significant estimation and judgement involved in projections of future cash flows, including future sales volumes, future on-grid tariffs, future operating costs applied to these forecasted future cash flows. As a result, the Group recognized an impairment loss of RMB97,644,000 (2021: nil) for property, plant and equipment and RMB270,000 (2021: nil) for intangible assets in "Other operating expenses".

16 LEASES

The Group as a lessee

(a) Right-of-use assets

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

	Land *RMB'000*	Buildings and structures *RMB'000*	Generators and related equipment *RMB'000*	Motor vehicles *RMB'000*	Sea-use rights *RMB'000*	Total *RMB'000*
As at 1 January 2021	2,386,305	40,550	6,606	1,603	425,749	2,860,813
Business combination under common control	79,089	–	221,690	–	–	300,779
As at 1 January 2021 (Restated)	2,465,394	40,550	228,296	1,603	425,749	3,161,592
Additions	137,387	17,908	159,698	1,302	–	316,295
Depreciation charge	(100,966)	(14,278)	(16,889)	(1,152)	(17,158)	(150,443)
Disposals	(16,350)	(1,030)	–	–	–	(17,380)
Disposal of a subsidiary	(19,562)	–	–	–	–	(19,562)
Acquisition of subsidiaries	69,615	3,188	773,723	–	–	846,526
Reclassification between assets	33,002	–	(433,628)	–	–	(400,626)
Reclassification	–	–	(61)	61	–	–
Exchange adjustments	(1,758)	(254)	–	(120)	–	(2,132)
As at 31 December 2021 (Restated)	2,566,762	46,084	711,139	1,694	408,591	3,734,270
As at 1 January 2022	**2,566,762**	**46,084**	**711,139**	**1,694**	**408,591**	**3,734,270**
Additions	**383,250**	**30,207**	**5,786**	**3,793**	**3,204**	**426,240**
Depreciation charge	**(85,571)**	**(30,540)**	**(7,392)**	**(1,364)**	**(16,762)**	**(141,629)**
Disposals	**–**	**(4,317)**	**–**	**–**	**–**	**(4,317)**
Reclassification between assets	**51,006**	**1**	**(263,995)**	**(131)**	**–**	**(213,119)**
Exchange adjustments	**597**	**53**	**–**	**23**	**–**	**673**
As at 31 December 2022	**2,916,044**	**41,488**	**445,538**	**4,015**	**395,033**	**3,802,118**

16 LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Carrying amount at 1 January	**1,324,269**	823,239
Additions	**74,782**	195,422
Acquisition of subsidiaries	**–**	805,934
Accretion of interest recognised during the year	**52,747**	54,592
Disposal	**–**	(1,048)
Payments	**(471,945)**	(551,814)
Exchange adjustments	**(1,587)**	(2,056)
Cost and carrying amount as at 31 December	**978,266**	1,324,269
Analysed into:		
Current portion	**266,882**	37,325
Non-current portion	**711,384**	1,286,944

As at 31 December 2022, part of the lease liabilities amounting to RMB330,196,000 (2021: RMB336,069,000) was derived from leases from the related parties under China Energy.

16 LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities (Continued)

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

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Interest on lease liabilities	**50,846**	24,188
Depreciation charge of right-of-use assets	**139,543**	134,422
Expense relating to short-term leases and lease of low-value assets	**77,692**	68,343
Variable lease payments not included in the measurement of lease liabilities	**6,858**	7,853
Total amounts recognised in profit or loss	**274,939**	234,806

(c) Variable lease payments

The Group has lease contracts for land that contain variable payments based on the Group's revenue generated from the sale of electricity. These terms are negotiated by management for certain land where the wind turbines are located. Management's objective is to align the lease expense with the revenue of the sale of electricity. The amount of variable lease payments recognised in profit or loss for the current year for these leases was RMB6,858,000 (2021: RMB7,853,000).

(d) The total cash outflow for leases is disclosed in note 43 to the financial statements.

17 INTANGIBLE ASSETS

	Concession assets *RMB'000*	Power sales rights *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2021	12,140,502	273,969	180,199	12,594,670
Business combination under common control	–	–	21,351	21,351
At 1 January 2021 (Restated)	12,140,502	273,969	201,550	12,616,021
Additions	170,875	–	19,630	190,505
Acquisition of a subsidiary	–	270,678	6	270,684
Disposal	(303,801)	–	–	(303,801)
Disposal of a subsidiary	–	–	(930)	(930)
Exchange adjustments	–	(6,189)	(10)	(6,199)
Others	(204,146)	–	–	(204,146)
At 31 December 2021 (Restated)	11,803,430	538,458	220,246	12,562,134
At 1 January 2022	**11,803,430**	**538,458**	**220,246**	**12,562,134**
Additions	**65,170**	**–**	**29,038**	**94,208**
Disposal	**–**	**–**	**(423)**	**(423)**
Disposal of subsidiaries	**–**	**–**	**(171)**	**(171)**
Reclassification between assets	**–**	**–**	**(630)**	**(630)**
Exchange adjustments	**–**	**7,211**	**22**	**7,233**
At 31 December 2022	**11,868,600**	**545,669**	**248,082**	**12,662,351**

17 INTANGIBLE ASSETS (Continued)

	Concession assets	Power sales rights	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortization and Impairment losses:				
At 1 January 2021	5,040,784	45,799	86,406	5,172,989
Business combination under common control	–	–	13,705	13,705
At 1 January 2021 (Restated)	5,040,784	45,799	100,111	5,186,694
Amortization	492,426	24,423	11,566	528,415
Disposal	(57,613)	–	–	(57,613)
Disposal of a subsidiary	–	–	(636)	(636)
Exchange adjustments	–	(562)	(10)	(572)
At 31 December 2021 (Restated)	5,475,597	69,660	111,031	5,656,288
At 1 January 2022	**5,475,597**	**69,660**	**111,031**	**5,656,288**
Amortization	**571,217**	**32,205**	**11,316**	**614,738**
Impairment losses *(Note)*	**–**	**103,603**	**270**	**103,873**
Disposal	**–**	**–**	**(238)**	**(238)**
Disposal of subsidiary	**–**	**–**	**(171)**	**(171)**
Exchange adjustments	**–**	**164**	**6**	**170**
At 31 December 2022	**6,046,814**	**205,632**	**122,214**	**6,374,660**
Net Carrying amount:				
At 31 December 2021 (Restated)	6,327,833	468,798	109,215	6,905,846
At 31 December 2022	**5,821,786**	**340,037**	**125,868**	**6,287,691**

Note:

The impairment of the power sales rights represented the impairment of Yuzhe Energy's power sales rights (Note 15 (ii)).

18 GOODWILL

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Cost	**213,521**	213,521
Accumulated impairment losses	**(17,904)**	(17,904)
Cost and carrying amount as at 31 December	**195,617**	195,617

Impairment tests for CGUs containing goodwill:

Goodwill is allocated to the Group's CGUs identified according to operating segment as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Wind power	**145,668**	145,668
Coal power	**49,949**	49,949
Cost and carrying amount as at 31 December	**195,617**	195,617

18 GOODWILL (Continued)

Goodwill of the wind power segment in the Group arises from the acquisition of Buerjin Tianrun Wind Power Co., Ltd. ("Buerjin Tianrun"), Fuxin Julonghu Wind Power Generation Co., Ltd. ("Fuxin Julonghu"), Fuxin Huashun Wind Power Generation Co., Ltd. ("Fuxin Huashun"), Ji'an Changchuan Hydropower Generation Co., Ltd. ("Ji'an Changchuan"). On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with CHN Energy Northeast Electric Power Co., Ltd. ("Northeast Electric Power") for the purchase of 100% interest of Guoneng Northeast New Energy Development Co., Ltd. ("Northeast New Energy"). The purchase of 100% interest of Northeast New Energy was accounted for as business combination under common control. Thus the goodwill that arises from the acquisition of Ji'an Changchuan in 2010 and the acquisition of Fuxin Julonghu and Fuxin Huashun in 2013 by Northeast New Energy was also included in the restated consolidated statements of financial position the Group as at 31 December 2021. The recoverable amount of goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 7.83% to10.01% (2021: 6.61%).

Goodwill of the coal power segment in the Group arises from the acquisition of Jiangyin Binjiang Heat and Power Generating Co., Ltd. ("Jiangyin Binjiang"), Jiangyin Chengdong Heat and Power Generating Co., Ltd. ("Jiangyin Chengdong") and Nantong Xinxing Heat and Power Generating Co., Ltd. ("Nantong Xinxing") in 2016. The recoverable amount of the above goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rates of 12.50% to 13.35% (2021: 10.10% to 12.80%).

Cash flows beyond the five-year period are expected to maintain constant, which is comparable with the industry. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The key assumption used for the value-in-use calculations is the revenue from electricity and heat sales. Management determined the revenue from electricity and heat sales based on its expectation of electricity and heat volume and the tariffs approved by related government authorities.

19 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries at 31 December 2022 which principally affected the results, assets or liabilities of the Group.

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
1	瀋陽龍源風力發電有限公司 Shenyang Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB432,270,000	73.62%	25.00%	Wind power generation
2	甘肅潔源風電有限責任公司 Gansu Jieyuan Wind Power Generation Co., Ltd.	the PRC	RMB505,020,000	77.11%	–	Wind power generation
3	新疆天風發电股份有限公司 Xinjiang Tianfeng Power Generation Joint Stock Company	the PRC	RMB511,016,909	59.52%	–	Wind power generation
4	吉林龍源風力發電有限公司 Jilin Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB438,200,000	56.58%	9.65%	Wind power generation
5	江蘇龍源風力發電有限公司 Jiangsu Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB333,320,000	50.00%	25.00%	Wind power generation
6	龍源平潭風力發電有限公司 Longyuan Pingtan Wind Power Generation Co., Ltd.	the PRC	RMB170,000,000	85.00%	5.00%	Wind power generation
7	龍源加拿大可再生能源有限公司 Longyuan Canada Renewables Ltd. *(note (iii))*	the CAN	CAD90,000,101	–	100.00%	Wind power generation
8	國能重慶風電開發有限公司 China Energy Chongqing Wind Power Generation Co., Ltd.	the PRC	RMB499,198,000	51.00%	–	Wind power generation
9	樺南龍源風力發電有限公司 Huanan Longyuan Wind Power Generation Co., Ltd. *(note (iv))*	the PRC	RMB414,304,995	15.01%	24.95%	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
10	龍源(巴彥淖爾)風力發電有限責任公司 Longyuan (Bayannur) Wind Power Generation Co., Ltd.	the PRC	RMB672,550,000	75.00%	25.00%	Wind power generation
11	寧夏龍源新能源有限公司 Ningxia Longyuan New Energy Co., Ltd.	the PRC	RMB1,905,930,000	100.00%	–	Wind power generation
12	龍源啟東風力發電有限公司 Longyuan Qidong Wind Power Generation Co., Ltd.	the PRC	RMB245,760,000	30.00%	70.00%	Wind power generation
13	河北圍場龍源建投風力發電有限公司 Hebei Weichang Longyuan Jiantou Wind Power Generation Co., Ltd. *(note (iv))*	the PRC	RMB209,300,000	50.00%	–	Wind power generation
14	龍源(包頭)風力發電有限責任公司 Longyuan (Baotou) Wind Power Generation Co., Ltd.	the PRC	RMB394,940,000	75.00%	25.00%	Wind power generation
15	龍源(張家口)風力發電有限公司 Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	the PRC	RMB1,613,605,900	100.00%	–	Wind power generation
16	瀋陽龍源雄亞風力發電有限公司 Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.	the PRC	RMB449,519,999	75.00%	25.00%	Wind power generation
17	伊春龍源雄亞風力發電有限公司 Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.	the PRC	RMB320,139,995	75.00%	25.00%	Wind power generation
18	赤峰龍源風力發電有限公司 Chifeng Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB468,570,000	72.01%	25.00%	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
19	吳忠龍源新能源有限公司 Wuzhong Longyuan New Energy Co., Ltd.	the PRC	RMB256,000,000	100.00%	–	Wind power generation
20	貴州龍源新能源有限公司 Guizhou Longyuan New Energy Co., Ltd.	the PRC	RMB1,126,133,800	100.00%	–	Wind power generation
21	龍源大豐風力發電有限公司 Longyuan Dafeng Wind Power Generation Co., Ltd.	the PRC	RMB520,614,000	100.00%	–	Wind power generation
22	龍源石林風力發電有限公司 Longyuan Shilin Wind Power Generation Co., Ltd.	the PRC	RMB153,808,000	100.00%	–	Wind power generation
23	廣東國能龍源新能源有限公司 Guangdong Guoneng Longyuan New Energy Co., Ltd.	the PRC	RMB420,000,000	51.00%	–	Wind power generation
24	雲南龍源風力發電有限公司 Yunnan Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB809,198,000	100.00%	–	Wind power generation
25	甘肅龍源風力發電有限公司 Gansu Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB624,530,000	75.00%	25.00%	Wind power generation
26	國電龍源吳起新能源有限公司 Guodian Longyuan Wuqi New Energy Co., Ltd.	the PRC	RMB312,965,300	51.00%	–	Wind power generation
27	天津龍源風力發電有限公司 Tianjin Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB556,798,920	100.00%	–	Wind power generation
28	龍源(莆田)風力發電有限責任公司 Longyuan (Putian) Wind Power Generation Co., Ltd.	the PRC	RMB421,954,000	100.00%	–	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
29	福建龍源風力發電有限責任公司 Fujian Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB526,165,200	100.00%	–	Wind power generation
30	龍源阿拉山口風力發電有限公司 Longyuan Alashankou Wind Power Generation Co., Ltd.	the PRC	RMB308,610,000	100.00%	–	Wind power generation
31	龍源(如東)風力發電有限公司 Longyuan (Rudong) Wind Power Generation Co., Ltd.	the PRC	RMB666,350,000	50.00%	50.00%	Wind power generation
32	甘肅新安風力發電有限公司 Gansu Xinan Wind Power Generation Co., Ltd.	the PRC	RMB169,810,000	54.54%	–	Wind power generation
33	龍源西藏那曲新能源有限公司Longyuan Xizang Naqu New Energy Co., Ltd.	the PRC	RMB25,000,000	100.00%	–	Wind power generation
34	龍源(酒泉)風力發電有限公司Longyuan (Jiuquan) Wind Power Generation Co., Ltd.	the PRC	RMB925,634,000	100.00%	–	Wind power generation
35	山西龍源新能源有限公司 Shanxi Longyuan New Energy Co. Ltd.	the PRC	RMB465,118,630	100.00%	–	Wind power generation
36	河北龍源風力發電有限公司 Hebei Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB917,836,750	100.00%	–	Wind power generation
37	江蘇海上龍源風力發電有限公司 Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB768,000,000	70.00%	30.00%	Wind power generation
38	安徽龍源風力發電有限公司 Anhui Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB434,318,400	100.00%	–	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
39	新疆龍源風力發電有限公司 Xinjiang Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB893,940,300	100.00%	–	Wind power generation
40	龍源大理風力發電有限公司 Longyuan Dali Wind Power Generation Co., Ltd.	the PRC	RMB393,245,000	80.00%	–	Wind power generation
41	龍源黃海如東海上風力發電有限公司 Longyuan Huanghai Rudong Offshore Wind Power Generation Co., Ltd.	the PRC	RMB500,000,000	70.00%	10.00%	Wind power generation
42	江陰蘇龍熱電有限公司 Jiangyin Sulong Heat and Power Generating Co., Ltd. *(notes (iv) and (v))*	the PRC	RMB1,185,750,729	2.00%	25.00%	Coal power generation
43	南通天生港發電有限公司 Nantong Tianshenggang Power Generation *(notes (iv) and (v))*	the PRC	RMB448,248,084	0.65%	31.29%	Coal power generation
44	中能電力科技開發有限公司 Zhongneng Power-Tech Development Co., Ltd.	the PRC	RMB70,000,000	100.00%	–	Manufacture and sale of power equipment
45	龍源(北京)風電工程技術有限公司 Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd.	the PRC	RMB30,000,000	100.00%	–	Manufacture and sale of power equipment
46	龍源(青海)新能源開發有限公司 Longyuan (Qinghai) New Energy Development Co., Ltd.	the PRC	RMB265,372,639	100.00%	–	PV power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
47	內蒙古龍源新能源發展有限公司 Inner Mongolia Longyuan New Energy Development Co., Ltd.	the PRC	RMB321,987,500	100.00%	–	Wind power generation
48	龍源巴裡坤風力發電有限公司 Longyuan Balikun Wind Power Generation Co., Ltd.	the PRC	RMB563,442,800	100.00%	–	Wind power generation
49	山東龍源新能源有限公司 Shandong Longyuan New Energy Co., Ltd.	the PRC	RMB624,370,000	51.00%	49.00%	Wind power generation
50	龍源靜樂風力發電有限公司 Longyuan Jingle Wind Power Generation Co., Ltd.	the PRC	RMB216,246,908	100.00%	–	Wind power generation
51	龍源盱眙風力發電有限公司 Longyuan Xuyi Wind Power Generation Co., Ltd.	the PRC	RMB684,488,300	51.00%	49.00%	Wind power generation
52	陝西龍源新能源有限公司 Shaanxi Longyuan New Energy Co., Ltd.	the PRC	RMB380,818,999	100.00%	–	Wind power generation–
53	龍源雄亞(福清)風力發電有限公司 Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.	the PRC	RMB198,150,000	50.01%	49.99%	Wind power generation
54	龍源電力集團(上海)投資有限公司 Longyuan Power Group (Shanghai) Investment Co., Ltd.	the PRC	RMB614,570,000	25.00%	75.00%	Investment
55	龍源吐魯番新能源有限公司 Longyuan Tulufan New Energy Co., Ltd.	the PRC	RMB45,740,000	90.00%	–	PV power generation
56	龍源達茂風力發電有限公司 Longyuan Damao Wind Power Generation Co., Ltd.	the PRC	RMB420,898,700	100.00%	–	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
57	國電新疆阿拉山口風電開發有限公司 Guodian Xinjiang Alashankou Wind Power Generation Co., Ltd.	the PRC	RMB176,000,000	70.00%	–	Wind power generation
58	龍源(農安)風力發電有限公司 Longyuan (Nongan) Wind Power Generation Co., Ltd.	the PRC	RMB212,344,600	100.00%	–	Wind power generation
59	龍源臨沂風力發電有限公司 Longyuan Linyi Wind Power Generation Co., Ltd.	the PRC	RMB397,580,000	100.00%	–	Wind power generation
60	靖邊龍源新能源有限公司 Jingbian Longyuan New Energy Co., Ltd.	the PRC	RMB165,202,637	100.00%	–	Wind power generation
61	龍源哈密新能源有限公司 Longyuan Hami New Energy Co., Ltd.	the PRC	RMB259,630,000	100.00%	–	Wind power generation
62	龍源全椒風力發電有限公司 Longyuan Quanjiao Wind Power Generation Co., Ltd.	the PRC	RMB148,534,300	100.00%	–	Wind power generation
63	龍源定遠風力發電有限公司 Longyuan Dingyuan Wind Power Generation Co., Ltd.	the PRC	RMB161,398,855	100.00%	–	Wind power generation
64	赤峰新勝風力發電有限公司 Chifeng Xinsheng Wind Power Generation Co., Ltd. *(note (iv))*	the PRC	RMB273,426,200	34.00%	–	Wind power generation
65	龍源興和風力發電有限公司 Longyuan Xinghe Wind Power Generation Co., Ltd.	the PRC	RMB148,164,800	100.00%	–	Wind power generation
66	龍源東海風力發電有限公司Longyuan Donghai Wind Power Generation Co., Ltd.	the PRC	RMB180,757,143	70.00%	–	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
67	廣西龍源風力發電有限公司 Guangxi Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB164,320,000	100.00%	–	Wind power generation
68	海南龍源新能源有限公司 Hainan Longyuan New Energy Co., Ltd.	the PRC	RMB3,105,969,776	75.00%	25.00%	Wind power generation
69	海安龍源海上風力發電有限公司 Haian Longyuan Offshore Wind Power Generation Co., Ltd.	the PRC	RMB840,000,000	70.00%	30.00%	Wind power generation
70	福建龍源海上風力發電有限公司 Fujian Longyuan Offshore Wind Power Generation Co., Ltd.	the PRC	RMB2,204,800,000	70.00%	30.00%	Wind power generation
71	龍源鹽城大豐海上風力發電有限公司 Longyuan Yancheng Dafeng Offshore Wind Power Generation Co., Ltd.	the PRC	RMB1,507,142,900	70.00%	30.00%	Wind power generation
72	龍源(天津濱海新區)風力發電有限公司 Longyuan (Tianjin Binhai) Wind Power Generation Co., Ltd.	the PRC	RMB426,815,020	100.00%	–	Wind power generation
73	黑龍江龍源新能源發展有限公司 Heilongjiang Longyuan New Energy Development Co., Ltd.	the PRC	RMB1,397,970,000	100.00%	–	Wind power generation
74	龍源南非可再生能源有限公司 Longyuan South Africa Renewables Proprietary Limited	South Africa	ZAR100	–	100.00%	Wind power generation
75	龍源烏克蘭尤日內風力發電有限公司 Ukraine Yuzhne Energy Co., Ltd.	Ukraine	UAH542,135,060	–	100.00%	Wind power generation
76	龍源(煙台)新能源有限公司 Longyuan (Yantai) New Energy Co., Ltd.	the PRC	RMB70,405,000	–	100.00%	PV power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
77	龍源烏克蘭南方風力發電有限公司 Longyuan Ukraine Southern Wind Power Generation Co., Ltd.	Ukraine	UAH362,256,856	–	100.00%	Wind power generation
78	江蘇龍源陽光新能源科技有限公司 Jiangsu Longyuan Sunshine New Energy Technology Co., Ltd.	the PRC	RMB500,000,000	–	100.00%	PV power generation
79	南通通州龍源新能源有限公司 Nantong Tongzhou Longyuan New Energy Co., Ltd.	the PRC	RMB3,000,000	100.00%	–	PV power generation
80	樺南龍源新能源有限公司 Huanan Longyuan New Energy Co., Ltd.	the PRC	RMB236,097,000	100.00%	–	PV power generation
81	山東龍源農信通新能源開發有限公司 Shandong Longyuan Nongxintong New Energy Development Co., Ltd.	the PRC	RMB20,000,000	–	90.00%	PV power generation
82	棗莊龍源新能源開發有限公司 Zaozhuang Longyuan New Energy Development Co., Ltd.	the PRC	RMB140,000,000	–	100.00%	PV power generation
83	舟山龍源新能源有限公司 Zhoushan Longyuan New Energy Co., Ltd.	the PRC	RMB266,000,000	51.00%	49.00%	PV power generation
84	舟山龍源雄亞新能源有限公司 Zhoushan Longyuan Xiongya New Energy Co., Ltd.	the PRC	RMB328,280,000	51.00%	49.00%	PV power generation
85	衡東龍源新能源有限公司 Hengdong Longyuan New Energy Co., Ltd.	the PRC	RMB50,000,000	100.00%	–	Wind power generation
86	龍源阿克陶縣新能源發電有限公司 Longyuan Akto County New Energy Power Generation Co., Ltd.	the PRC	RMB10,000,000	100.00%	–	PV power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
87	龍源(張掖)新能源發展有限公司 Longyuan (Zhangye) New Energy Development Co., Ltd.	the PRC	RMB50,000,000	100.00%	–	PV power generation
88	龍源(玉門)新能源發展有限公司 Longyuan (Yumen) New Energy Development Co., Ltd.	the PRC	RMB373,612,600	100.00%	–	Wind power generation
89	寧夏昀奧新能源有限公司 Ningxia Yunao New Energy Co., Ltd.	the PRC	RMB222,111,000	–	100.00%	PV power generation
90	廣西龍源新能源有限公司 Guangxi Longyuan New Energy Co., Ltd.	the PRC	RMB100,000,000	100.00%	–	Wind power generation
91	漣源龍源新能源有限公司 Lianyuan Longyuan New Energy Co., Ltd.	the PRC	RMB5,000,000	100.00%	–	PV power generation
92	雄亞投資有限公司 Hero Asia Investment Limited *(note (iii))*	the PRC	HKD10,000	100.00%	–	Investment
93	國能東北新能源發展有限公司 Guoneng Northeast New Energy Development Co., Ltd.	the PRC	RMB444,768,260	100.00%	–	Wind power generation
94	國能定邊新能源有限公司 Guoneng Dingbian New Energy Co., Ltd.	the PRC	RMB388,929,444	100.00%	–	Wind power generation
95	廣西國能能源發展有限公司 Guangxi Guoneng Energy Development Co., Ltd.	the PRC	RMB209,623,464	100.00%	–	Wind power generation
96	國能雲南新能源有限公司 Guoneng Yunnan New Energy Co., Ltd.	the PRC	RMB335,657,400	100.00%	–	Wind power generation
97	國電甘肅新能源有限公司 Guodian Gansu New Energy Co., Ltd.	the PRC	RMB252,985,301	100.00%	–	Wind power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
				Direct	Indirect	
98	國電華北內蒙古新能源有限公司 Guodian North China Inner Mongolia New Energy Co., Ltd.	the PRC	RMB185,000,000	100.00%	–	Wind power generation
99	國電山西潔能有限公司 Guodian Shanxi Jieneng Co., Ltd.	the PRC	RMB283,000,000	100.00%	–	Wind power generation
100	天津國電潔能電力有限公司 Tianjin Guodian Jieneng Electric Power Co., Ltd.	the PRC	RMB321,208,000	100.00%	–	Wind power generation

Notes:

(i) For subsidiaries incorporated in PRC, the English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) All subsidiaries established in the PRC are limited liability companies, except for Xinjiang Tianfeng Power Generation Joint Stock Company.

(iii) The bonds issued by the subsidiaries are set out in note 28(e).

(iv) The Company directly or indirectly owns no more than half of equity interests in these companies. The Company is the largest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. The Company or the Company's subsidiaries have signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in concert with the Company has existed since the establishment of these entities. The PRC lawyer of the Company confirmed that the concert party agreements are valid under the relevant PRC laws. In addition to the concert party agreements, the Company controlled the operation of these entities by appointing senior management, approving annual budgets, determining the remuneration of employees, etc. Considering the above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore, the financial statements of these companies are consolidated by the Company during the years presented.

19 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes (Continued):

(v) The following table lists out the information relating to subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below presents the amounts before any inter-company eliminations.

	Jiangyin Sulong Heat and Power Generating Co., Ltd.		Nantong Tianshenggang Power Generation Co., Ltd.	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**73.00%**	73.00%	**68.06%**	68.06%
Profit allocated to NCI	**319,318**	239,367	**761**	72,119
Dividend paid to NCI	**81,358**	250,514	**27,224**	27,224
Capital contributions by NCI	**–**	–	**14,700**	–
Other reserve to NCI	**–**	–	**2,762**	–
Carrying amount of NCI	**2,324,893**	2,086,933	**1,942,097**	1,948,583
Revenue	**8,781,006**	9,309,001	**2,935,129**	3,152,352
Total expenses	**(8,344,384)**	(8,983,598)	**(2,931,072)**	(3,048,355)
Profit for the year	**436,622**	325,403	**4,057**	103,997
Total comprehensive income	**436,622**	325,403	**7,752**	105,442
Profit attributable to the non-controlling shareholders of the Company	**2,163**	6,751	**1,613**	4,192
Current assets	**1,269,132**	1,244,787	**665,246**	674,626
Non-current assets	**4,627,701**	4,156,837	**3,359,137**	3,575,931
Current liabilities	**(2,473,468)**	(2,507,423)	**(920,092)**	(1,125,558)
Non-current liabilities	**(257,930)**	(56,166)	**(277,478)**	(281,001)
Attributable to the shareholders of the Company	**3,113,119**	2,781,861	**2,769,930**	2,803,428
Attributable to the non-controlling shareholders of the Company	**52,316**	56,174	**56,883**	40,570
Cash flows from operating activities	**42,453**	724,387	**360,435**	106,792
Cash flows (used in)/from investing activities	**(123,148)**	(579,283)	**158,235**	48,670
Cash flows from/(used in) financing activities	**93,032**	(153,058)	**(464,633)**	(155,400)
Net increase/(decrease) in cash and cash equivalents	**12,337**	(7,954)	**54,037**	62

20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2022	2021
	RMB'000	*RMB'000*
Share of net assets	**3,796,677**	4,166,936

The following list contains only the particulars of material associates and material joint ventures at 31 December 2022, all of which are limited liability companies established in the PRC, which principally affected the results or assets of the Group:

	Place of establishment	Particulars of registered capital *RMB'000*	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
Associates					
國電聯合動力技術有限公司 Guodian United Power Technology Co., Ltd.	the PRC	3,870,000	30.00%	–	Manufacturing and sale of power equipment
國能融資租賃有限公司 Guoneng Financial Leasing Co., Ltd.	the PRC	3,000,000	–	49.00%	Financial leasing
Joint venture					
江蘇南通發電有限公司 Jiangsu Nantong Power Generation Co., Ltd.	the PRC	1,596,000	–	50.00%	Coal power generation

20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

Summarised financial information of the material associates and a material joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	Guodian United Power Technology Co., Ltd.		China Guoneng Financial Leasing Co., Ltd.		Jiangsu Nantong Power Generation Co., Ltd.	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**463,000**	1,785,055	**210,202**	77,137	**191,671**	424,706
Other current assets	**9,719,197**	7,445,032	**8,696,817**	3,179,506	**763,194**	896,813
Current assets	**10,182,197**	9,230,087	**8,907,019**	3,256,643	**954,865**	1,321,519
Non-current assets	**3,145,482**	2,896,663	**17,632,364**	21,429,010	**4,133,307**	4,367,584
Financial liabilities	**(9,350,928)**	(7,384,215)	**(9,276,596)**	(9,688,336)	**(1,867,564)**	(2,417,791)
Other current liabilities	**(1,690,918)**	(1,513,198)	**(4,282,818)**	(3,882,358)	**(196,408)**	(348,013)
Current liabilities	**(11,041,846)**	(8,897,413)	**(13,559,414)**	(13,570,694)	**(2,063,972)**	(2,765,804)
Non-current financial liabilities	**(939,050)**	(263,742)	**(8,908,096)**	(7,176,808)	**(1,825,480)**	(1,370,996)
Other non-current liabilities	**(1,004,913)**	(1,052,515)	**(684,959)**	(567,504)	**(14,140)**	(16,168)
Net assets	**341,870**	1,913,080	**3,386,914**	3,370,647	**1,184,580**	1,536,135
Reconciled to the Group's interests in the associates and joint ventures:						
The Group's effective interest	**30.00%**	30.00%	**49.00%**	49.00%	**50.00%**	50.00%
The Group's interest in net assets of the investee at end of year	**102,561**	573,924	**1,659,588**	1,651,617	**592,290**	768,068
Elimination of unrealised profit on (upstream)/downstream sales	**(81,032)**	(93,563)	**–**	–	**51,686**	44,624
Carrying amount of interests in associates and joint ventures at end of year	**21,529**	480,361	**1,659,588**	1,651,617	**643,976**	812,692
Revenue	**3,112,031**	2,977,535	**974,823**	927,190	**4,360,813**	3,996,964
Depreciation and amortisation	**(130,839)**	(105,175)	**(1,080)**	(923)	**(389,831)**	(382,268)
Finance income	**6,247**	7,733	**3,455**	2,628	**2,339**	2,071
Finance expenses	**(114,363)**	(113,158)	**–**	–	**(110,559)**	(119,118)
Income tax	**(72,017)**	(121,153)	**(54,234)**	(60,024)	**116,747**	140,487
(Loss)/profit for the year	**(1,571,210)**	(1,684,618)	**158,173**	171,947	**(351,555)**	(357,718)
Total comprehensive (loss)/income	**(1,571,210)**	(1,684,618)	**158,173**	171,947	**(351,555)**	(357,718)
Dividends declared during the year	**–**	–	**141,906**	90,530	**–**	21,639

20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

Aggregate information of associates and joint ventures that are not individually material is as follows:

	2022	2021
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**1,471,584**	1,222,266
Aggregate amounts of the Group's share of those associates' and joint ventures' profit for the year	**130,671**	1,704
Aggregate amounts of the Group's share of those associates' and joint ventures' total comprehensive income	**130,671**	1,704

21 OTHER ASSETS

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Listed equity investments designated at FVOCI *(note (i))*	**45,317**	42,990
Unlisted equity investments designated at FVOCI *(note (ii))*	**216,315**	654,596
Loans and advances to:		
– Non-controlling equity owner *(note (iii))*	**48,597**	49,405
Others	**71,431**	158,260
Subtotal	**381,660**	905,251
Deductible VAT *(note (iv))*	**3,744,312**	3,832,275
	4,125,972	4,737,526
Less: Allowance for doubtful debts	**–**	(1,200)
	4,125,972	4,736,326

Listed equity investments designated at FVOCI:

	2022	2021
	RMB'000	*RMB'000*
Shenzhen Energy Group Co.,Ltd.	**19,025**	21,193
Kangxin New Materials Co.,Ltd.	**1,691**	2,123
Bank of Jiangsu Co.,Ltd.	**24,601**	19,674
	45,317	42,990

21 OTHER ASSETS (Continued)

Unlisted equity investments designated at FVOCI:

	2022	2021
	RMB'000	*RMB'000*
Guodian Finance Corporation Ltd.	**–**	463,266
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	**118,524**	129,200
Jilin Zhanyu Wind Power Asset Management Co., Ltd.	**45,086**	59,425
Tibet Electricity Trading Center	**1,372**	1,372
Zhangjiakou Great Wall Wind Power Co., Ltd.	**1,333**	1,333
Jiangyin New Guolian Equity Investment Fund (Limited Partnership)	**50,000**	–
	216,315	654,596

Notes:

(i) The listed equity investments designated at FVOCI are equity investments in companies established in the PRC and listed in Shanghai Stock Exchange Market and Shenzhen Stock Exchange Market.

(ii) The unlisted equity investments designated at FVOCI are equity investments in limited liability companies established in the PRC and the Group's management has assessed and classified these equity investments into equity investments through other comprehensive income and measured them at fair value (cannot be reclassified to profit or loss in subsequent periods).

(iii) The loans to non-controlling equity owners were unsecured and not past due as at the end of the reporting period, and bore interest at the rates of 9.82% per annum for the year ended 31 December 2022 (31 December 2021: 6.89%).

(iv) Deductible VAT mainly represents the input VAT relating to the acquisition of property, plant and equipment, inventories and intangible assets.

22 INVENTORIES

Inventories comprised:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Fuel for power generation	**202,239**	145,557
Material and supplies	**555,810**	619,539
	758,049	765,096
Less: provision for inventory obsolescence	**(8,094)**	–
Total	**749,955**	765,096

Movements of provision for inventory obsolescence during the years are as follows:

	2022	2021
	RMB'000	*RMB'000*
Beginning of the year	**–**	–
Provision	**(8,094)**	–
End of the year	**(8,094)**	–

23 TRADE AND BILLS RECEIVABLES

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Amounts due from third parties	**27,821,207**	30,446,186
Amounts due from fellow subsidiaries	**76,171**	47,614
Amounts due from associates	**50,970**	31,492
	27,948,348	30,525,292
Less: Allowance for doubtful debts	**(290,725)**	(274,949)
	27,657,623	30,250,343
Analysed into:		
Trade receivables	**27,293,803**	29,898,839
Bills receivable	**363,820**	351,504
	27,657,623	30,250,343

23 TRADE AND BILLS RECEIVABLES (Continued)

(a) Ageing analysis

The ageing analysis of trade and bills receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Within 1 year or no invoice date specified	**27,635,236**	30,239,313
Between 1 and 2 years	**12,192**	3,838
Between 2 and 3 years	**3,303**	7,192
Over 3 years	**6,892**	–
	27,657,623	30,250,343

The Group's trade and bills receivables are mainly wind power, coal power and other renewable energy electricity sales receivables from local grid companies. Generally, the receivables are due within 15 to 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables

The movements in the loss allowance for doubtful debts are as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
At 1 January	**274,949**	79,744
Impairment losses recognised	**41,170**	213,084
Reversal of impairment losses	**(23,093)**	(17,802)
Amount written off as uncollectible	**–**	(77)
Exchange reserve	**(2,301)**	–
At 31 December	**290,725**	274,949

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that the recovery of the amount is remote.

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

Pursuant to Caijian [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) jointly issued by the Ministry of Finance, the NDRC of the PRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have came into force since January 2020 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) issued by the Ministry of Finance in March 2012 was repealed at the same time.

As at 31 December 2022, most of the Group's projects have been approved for the tariff premium of renewable energy and certain projects were in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with the prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The trade receivables from the tariff premium are fully recoverable, considering that there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group has applied the simplified approach to measure the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

Among the accrual of impairment in 2022, RMB34,710,000 was recognised for the trade receivables in relation to the basic electricity sales of the renewable energy plants of the certain subsidiaries. The management assessed the expected credit loss considering the current conditions and forecasts of future economic conditions, as appropriate and recognised impairment in "Impairment losses on financial assets, net".

Among the accrual of impairment in 2021, RMB203,593,000 was recognised for the trade receivables in relation to the connection-to-grid projects of the renewable energy plants. The management assessed that the trade receivables were not expected to be recovered and recognised impairment in "Impairment losses on financial assets, net".

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

As at 31 December 2022

	Within 1 year or no invoice date specified	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	1.02%	1.65%	0.75%	60.95%	1.05%
Gross carrying amount *(RMB'000)*	27,551,156	12,396	3,328	17,648	27,584,528
Expected credit losses *(RMB'000)*	279,740	204	25	10,756	290,725

As at 31 December 2021

	Within 1 year or no invoice date specified (Restated)	Between 1 and 2 years (Restated)	Between 2 and 3 years (Restated)	Over 3 years (Restated)	Total (Restated)
Expected credit loss rate	0.86%	6.50%	18.05%	100.00%	0.91%
Gross carrying amount *(RMB'000)*	30,148,315	4,105	8,776	12,592	30,173,788
Expected credit losses *(RMB'000)*	260,506	267	1,584	12,592	274,949

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

As at 31 December 2022, bills receivable were all bank acceptance bills and commercial acceptance bills with a maturity of one to twelve months, and management considered the probability of default as minimal.

24 PREPAYMENTS AND OTHER CURRENT ASSETS

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Loans and advances to:		
– Associates and joint ventures	**44,803**	52,799
– Third parties	**37,477**	369,313
Government grant receivables	**186,773**	164,096
Dividends receivable from:		
– Associates	**57,544**	201,324
– Fellow subsidiaries	**–**	95,100
Deductible VAT *(note 21(iv))*	**1,925,856**	1,418,689
Receivable deposits for aborted planned acquisitions	**251,750**	891,750
Prepayments and others	**979,434**	810,559
	3,483,637	4,003,630
Less: Allowance for doubtful debts	**(55,568)**	(340,217)
	3,428,069	3,663,413

24 PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

The movements in the loss allowance for doubtful debts are as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
At 1 January	**340,217**	342,324
Impairment losses recognised	**6,976**	4,778
Reversal of impairment losses	**(32,823)**	(5,685)
Uncollectible amounts written off	**(258,802)**	–
Reclassification	**–**	(1,200)
At 31 December	**55,568**	340,217

Where applicable upon the financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

For the other loans and advances due from related parties, dividend receivables, government grant receivables and deductible VAT, there was a specific due date or settlement schedule. Management considered the probability of default as nil. The remaining allowance amounted to RMB6,976,000, which has been provided during 2022 for the remaining items of prepayments and other current assets with expected credit loss rates from 0.00% to 100.00%.

25 OTHER FINANCIAL ASSETS

	2022 RMB'000	2021 RMB'000
Financial assets at fair value through profit or loss		
– Listed equity securities on the Hong Kong Stock Exchange	**206,539**	293,794
– Financial products *(note (i))*	**242,000**	448,700
	448,539	742,494

Note:

(i) Financial assets at fair value through profit or loss represented financial products issued by financial institutions with a guaranteed principal and variable returns. The expected annual return rate is 1.30% to 2.75% (2021: 0.04% to 3.60%).

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent the deposits with original maturity of over three months in China Energy Finance Co.,Ltd., a fellow subsidiary of the Company and monetary funds to be used for repaying bank loans.

27 CASH AT BANKS AND ON HAND

	2022 RMB'000	2021 (Restated) RMB'000
Cash on hand	**3**	2
Cash at banks and other financial institutions	**18,338,299**	3,913,119
	18,338,302	3,913,121
Representing:		
– Cash and cash equivalents	**18,338,302**	3,913,121
	18,338,302	3,913,121

28 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Bank loans		
– Secured *(note (i))*	**7,593,831**	10,287,054
– Unsecured *(note (ii))*	**51,435,067**	40,966,853
Loans from fellow subsidiaries		
– Secured *(note (i))*	**–**	500,000
– Unsecured	**9,026,190**	1,574,500
Loans from an associated company		
– Secured *(note (i))*	**100,000**	100,000
Other borrowings *(note 28(e)(i))*		
– Secured *(note (i))*	**688,659**	726,370
– Unsecured	**17,389,522**	23,189,502
	86,233,269	77,344,279
Less: Current portion of long-term borrowings *(note 28(b))*		
– Bank loans	**(12,712,906)**	(6,652,303)
– Other borrowings	**(7,160,909)**	(9,526,098)
	66,359,454	61,165,878

Notes:

(i) Certain secured borrowings of the subsidiaries of the Group were secured by property, plant and equipment with net carrying amount of RMB3,846,970,373 (31 December 2021(restated): RMB4,635,467,229), inventories with net carrying amount of RMB3,494,807 (31 December 2021: RMB3,404,000) and trade debtors' beneficial rights arising from future electricity sales.

(ii) As at 31 December 2022, the Group's loans and borrowings guaranteed by CHN Energy amounted to RMB124,027,000 (31 December 2021: RMB158,845,000).

28 BORROWINGS (Continued)

(b) The short-term interest-bearing borrowings comprise:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Bank loans		
– Secured *(note (i))*	**27,698**	359,400
– Unsecured	**9,668,722**	13,134,411
Loans from fellow subsidiaries		
– Unsecured	**8,809,000**	5,697,460
Loans from an associated company		
– Secured	**–**	33,000
Other borrowings		
– Unsecured *(note 28(e)(ii))*	**14,900,000**	7,000,000
Current portion of long-term borrowings *(note 28(a))*		
– Bank loans	**12,712,906**	6,652,303
– Other borrowings	**7,160,909**	9,526,098
	53,279,235	42,402,672

Note:

(i) Certain secured borrowings of the subsidiaries of the Group were secured by trade debtors' beneficial rights arising from future electricity sales.

28 BORROWINGS (Continued)

(c) The effective interest rates per annum on borrowings are as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Long-term		
Bank loans	**1.80%~12.36%**	1.80%~12.31%
Other borrowings	**1.80%~4.89%**	1.80%~5.14%
Loans from fellow subsidiaries	**2.70%~4.90%**	3.70%~5.00%
Loans from an associated company	**4.18%**	4.18%
Short-term		
Bank loans	**1.23%~5.60%**	0.35%~4.35%
Loans from other financial institutions	**–**	5.70%
Other borrowings	**1.53%~2.51%**	1.50%~2.75%
Loans from fellow subsidiaries	**2.20%~4.25%**	2.65%~4.25%

28 BORROWINGS (Continued)

(d) The borrowings are repayable as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Within 1 year	**53,279,235**	42,402,672
After 1 year but within 2 years	**15,900,657**	13,863,288
After 2 years but within 5 years	**17,527,828**	22,076,781
After 5 years	**32,930,969**	25,225,809
	119,638,689	103,568,550
Including		
Bank loans:		
Within 1 year	**22,409,326**	20,146,114
After 1 year but within 2 years	**5,607,699**	8,169,098
After 2 years but within 5 years	**13,117,984**	13,163,137
After 5 years	**27,590,309**	23,269,369
	68,725,318	64,747,718
Loans other than bank loans :		
Within 1 year	**30,869,909**	22,256,558
After 1 year but within 2 years	**10,292,958**	5,694,190
After 2 years but within 5 years	**4,409,844**	8,913,644
After 5 years	**5,340,660**	1,956,440
	50,913,371	38,820,832

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings:

(i) On 22 October 2015, a subsidiary of the Company, Longyuan Canada Renewables Limited, issued an eighteen-year secured corporate bond of CAD200 million at par with a coupon rate of 4.32% per annum. The effective interest rate was 4.57%. As at 31 December 2022, CAD64,527,791 of the corporate bond was repaid.

On 16 May 2017, the Company issued a five-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 4.90% per annum. The effective interest rate is 4.98%. On 18 May 2020, the Company completed the coupon rate adjustment of 2.50% from 16 May 2020, and the exercise of a put option for the amount of RMB484,500,000. The Company repaid the unsecured corporate bond of RMB1,515,500,000 in 2022.

On 1 August 2017, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.78% per annum. The effective interest rate is 4.84%. The Company fully repaid the unsecured corporate bond of RMB3,000 million in 2022 ahead of schedule.

On 23 April 2018, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.83% per annum. The effective interest rate is 4.89%.

On 26 April 2019, the Company issued a three-year unsecured medium-term note of RMB2,000 million at par with a coupon rate of 4.09% per annum. The effective interest rate is 4.27%. The Company fully repaid the unsecured corporate bond of RMB2,000 million in 2022.

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings (Continued):

(i) (Continued)

On 17 June 2019, the Company issued a three-year unsecured medium-term note of RMB1,000 million at par with a coupon rate of 3.80% per annum. The effective interest rate is 3.99%. The Company fully repaid the unsecured corporate bond of RMB1,000 million in 2022.

On 26 September 2019, the Company issued a three-year unsecured medium-term note of RMB2,000 million at par with a coupon rate of 3.52% per annum. The effective interest rate is 3.64%.The Company fully repaid the unsecured corporate bond of RMB2,000 million in 2022.

On 27 April 2020, the Company issued a three-year unsecured medium-term note of RMB2,000 million at par with a coupon rate of 2.38% per annum. The effective interest rate is 2.50%.

On 18 November 2020, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD300 million at par with a coupon rate of 1.50% per annum. The effective interest rate is 1.80%.

On 16 July 2021, the Company issued a three-year unsecured medium-term note of RMB1,000 million at par with a coupon rate of 3.20%. The effective interest rate is 3.30%.

On 4 August 2021, the Company issued a three-year unsecured medium-term note of RMB791 million at par with a coupon rate of 3.05%. The effective interest rate is 3.15%.

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings (Continued):

(i) (Continued)

On 20 August 2021, the Company issued a three-year unsecured medium-term note of RMB2,000 million at par with a coupon rate of 3.05%. The effective interest rate is 3.10%.

On 2 December 2021, the Company issued a three-year unsecured corporate bond of RMB2,990 million at par with a coupon rate of 2.70% per annum. The effective interest rate is 2.80%.

On 13 January 2022, the Company issued an three-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 2.93% per annum. The effective interest rate is 2.99%.

On 12 May 2022, the Company issued an three-year unsecured corporate bond of RMB1,500 million at par with a coupon rate of 2.65% per annum. The effective interest rate is 2.70%.

(ii) Short-term financing bonds represented a series of unsecured corporate bonds with the coupon rates from 1.52% to 2.50% issued in 2022. The effective interest rates of these bonds are from 1.53% to 2.51%.

29 TRADE AND BILLS PAYABLES

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Bills payables	**1,668,779**	3,009,660
Trade payables	**1,129,242**	980,560
Amounts due to associates	**20,851**	24,111
Amounts due to fellow subsidiaries	**117,147**	115,707
	2,936,019	4,130,038

The ageing analysis of trade payables by invoice date is as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Within 1 year	**2,768,032**	3,826,278
Between 1 and 2 years	**107,349**	235,939
Between 2 and 3 years	**31,254**	34,039
Over 3 years	**29,384**	33,782
	2,936,019	4,130,038

As at 31 December 2022 and 2021, all trade and bills payables are payable and expected to be settled within one year.

30 OTHER CURRENT LIABILITIES

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment	**8,669,092**	9,240,748
Payables for staff-related costs	**197,620**	230,144
Payables for other taxes	**482,169**	401,157
Dividends payable	**732,939**	733,703
Amounts due to associates and joint ventures *(note (i))*	**1,322,454**	1,131,136
Amounts due to fellow subsidiaries *(note (i))*	**286,844**	247,219
Amounts due to CHN Energy *(note (i))*	**39,501**	30,549
Payables for acquisition of a subsidiary	**85,793**	130,713
Other accruals and payables	**5,112,137**	2,914,625
Derivative financial instruments		
– Interest rate swap contracts *(note (ii))*	**23,265**	125,438
Contract liabilities	**180,254**	162,150
	17,132,068	15,347,582

Notes:

(i) Amounts due to CHN Energy, fellow subsidiaries, associates and joint ventures are unsecured and interest-free, and have no fixed terms of repayment.

(ii) In 2015, Longyuan Mulilo De Aar Wind Power (RF) Proprietary Limited and Longyuan Mulilo De Aar 2 North (RF) Proprietary Limited, two subsidiaries of the Group, entered into interest rate swap contracts to mitigate the interest rate risks. The interest rate swap contracts are recognised in accordance with the accounting policies set out in note 2(q).

(iii) Except for derivative financial instruments, all other payables are measured at amortised cost and expected to be settled within one year or are repayable on demand.

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable/(recoverable) in the consolidated statement of financial position represents:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Net tax payable at 1 January	**194,658**	304,130
Provision for the year *(note 9(a))*	**1,661,809**	1,566,864
Underprovision in respect of prior years *(note 9(a))*	**21,244**	15,174
Income tax paid	**(1,569,659)**	(1,691,510)
Net tax payable at 31 December	**308,052**	194,658
Representing:		
Tax payable	**412,531**	321,786
Tax recoverable	**(104,479)**	(127,128)
	308,052	194,658

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

Deferred tax assets arising from:	Provision for impairment of assets *RMB'000*	Unrealised profits *RMB'000*	Depreciation and amortisation *RMB'000*	Gains and losses on changes in fair value of derivative financial instruments *RMB'000*	Losses available for offsetting against future taxable profits *RMB'000*	Equity investments *RMB'000*	Revaluation of other properties *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2021 (Restated)	67,649	42,234	59,148	55,467	603,804	–	45,052	35,430	908,784
Credited/(charged) to profit or loss (Restated)	19,577	23,940	8,777	(25,952)	(75,385)	–	(4,801)	2,493	(51,351)
Fair value reserve	–	–	–	–	–	15,544	–	–	15,544
Reclassification	(342)	–	(5,816)	–	–	–	–	–	(6,158)
Exchange reserve	–	–	–	(3,529)	(37,325)	–	–	(822)	(41,676)
At 31 December 2021 (Restated)	86,884	66,174	62,109	25,986	491,094	15,544	40,251	37,101	825,143
At 1 January 2022	**86,884**	**66,174**	**62,109**	**25,986**	**491,094**	**15,544**	**40,251**	**37,101**	**825,143**
Assets acquisition	**74,658**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**74,658**
Credited/(charged) to profit or loss	**179,221**	**27,965**	**(16,443)**	**(29,265)**	**(65,263)**	**–**	**(4,801)**	**5,319**	**96,733**
Fair value reserve	**–**	**–**	**–**	**–**	**–**	**(10,298)**	**–**	**–**	**(10,298)**
Reclassification	**–**	**–**	**–**	**2,873**	**–**	**–**	**–**	**–**	**2,873**
Exchange reserve	**(4,337)**	**–**	**–**	**406**	**13,067**	**–**	**–**	**386**	**9,522**
At 31 December 2022	**336,426**	**94,139**	**45,666**	**–**	**438,898**	**5,246**	**35,450**	**42,806**	**998,631**

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised (Continued)

Deferred tax liabilities arising from:	Equity investments *RMB'000*	Revaluation of other properties *RMB'000*	Depreciation and amortisation *RMB'000*	Gains and losses on changes in fair value of derivative financial instruments *RMB'000*	Total *RMB'000*
At 1 January 2021	(6,260)	(13,034)	(800,929)	–	(820,223)
Credited to profit or loss	–	7,075	27,475	–	34,550
Fair value reserve	6,260	–	–	–	6,260
Acquisition of subsidiaries	–	(1,865)	–	–	(1,865)
Reclassification	–	(8,199)	14,357	–	6,158
Exchange reserve	–	–	45,832	–	45,832
At 31 December 2021	–	(16,023)	(713,265)	–	(729,288)
At 1 January 2022	**–**	**(16,023)**	**(713,265)**	**–**	**(729,288)**
Credited to profit or loss	**–**	**1,007**	**30,839**	**–**	**31,846**
Acquisition of a subsidiary	**–**	**(345)**	**–**	**–**	**(345)**
Reclassification	**–**	**–**	**–**	**(2,873)**	**(2,873)**
Exchange reserve	**–**	**–**	**(17,234)**	**–**	**(17,234)**
At 31 December 2022	**–**	**(15,361)**	**(699,660)**	**(2,873)**	**(717,894)**

Reconciliation to the consolidated statement of financial position:

	2022 *RMB'000*	2021 (Restated) *RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**539,827**	295,991
Net deferred tax liability recognised in the consolidated statement of financial position	**(259,090)**	(200,136)

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB2,104,956,000 (2021 (restated): RMB1,787,560,000) and deductible temporary differences of RMB2,216,140,000 (2021 (restated): RMB426,562,000) as at 31 December 2022, as it is not probable that future taxable profits against which the losses and the provisions can be utilised will be available in the relevant entity. According to the tax law, the taxes that will expire in the years ending 31 December 2023, 2024, 2025, 2026 and 2027 are RMB297,126,000, RMB546,392,000, RMB341,908,000, RMB72,577,000, and RMB565,207,000 respectively. Tax losses of an amount of RMB281,746,000 are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

32 EMPLOYEE BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 16% of the salaries of the employees. The local government authorities are responsible for the entire pension obligations payable to retired employees. In addition, the Group and its staff participate in a retirement plan managed by CHN Energy to supplement the above-mentioned Schemes. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and the supplementary retirement plan other than the annual contributions described above. Save for the aforesaid contributions, the Group has no further payment obligations. The corresponding expenditure is included in the current profit or loss in the period when it incurred. There are no contributions forfeited under the Schemes or the supplementary retirement plan as all contributions are fully vested to the employees upon the payment is made.

33 DEFERRED INCOME

	2022	2021 (Restated)
	RMB'000	*RMB'000*
At 1 January	**1,103,361**	1,211,421
Additions	**13,782**	15,667
Credited to profit or loss	**(151,640)**	(123,727)
At 31 December	**965,503**	1,103,361

Deferred income mainly represents the VAT refund granted by the government relating to the purchase of domestic equipment, other subsidies relating to the construction of property, plant and equipment, which would be recognised as income on a straight-line basis over the expected useful life of the relevant assets, and service income received in advance by a subsidiary of the Group, which would be recognised as income on a straight-line basis over the contractual life of the service agreements.

34 OTHER NON-CURRENT LIABILITIES

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Long-term retention payables and engineering equipment payables		
– Associates and joint ventures	**123,421**	325,959
– Fellow subsidiaries	**28,928**	57,122
– Third parties	**738,106**	1,004,517
Others	**263,451**	287,939
	1,153,906	1,675,537

35 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000 (note 35(c))*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000 (note 44)*	Capital reserve *RMB'000 (note 35 (d)(i))*	Statutory surplus reserve *RMB'000 (note 35 (d)(ii))*	Fair value reserve *RMB'000 (note 35 (d)(iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2021	8,036,389	6,045,435	13,958,159	2,043,659	40,610	14,347,434	44,471,686
Change in equity for 2021:							
Profit for the year	–	254,417	–	–	–	3,034,788	3,289,205
Other comprehensive loss	–	–	–	–	(79,137)	–	(79,137)
Total comprehensive income/(loss)	–	254,417	–	–	(79,137)	3,034,788	3,210,068
Issuance of perpetual medium-term notes	–	1,999,300	–	–	–	–	1,999,300
Redemption of renewable corporate bonds	–	(1,998,600)	(1,400)	–	–	–	(2,000,000)
Appropriation	–	–	–	593,662	–	(593,662)	–
Dividends to shareholders of the Company	–	–	–	–	–	(945,079)	(945,079)
Distribution for perpetual medium-term notes and renewable corporate bonds *(note 44)*	–	(238,900)	–	–	–	–	(238,900)
At 31 December 2021	8,036,389	6,061,652	13,956,759	2,637,321	(38,527)	15,843,481	46,497,075

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

	Share capital *RMB'000 (note 35(c))*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000 (note 44)*	Capital reserve *RMB'000 (note 35 (d)(i))*	Statutory surplus reserve *RMB'000 (note 35 (d)(ii))*	Special reserve *RMB'000*	Fair value reserve *RMB'000 (note 35 (d)(iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2022	8,036,389	6,061,652	13,956,759	2,637,321	–	(38,527)	15,843,481	46,497,075
Change in equity for 2022:								
Profit for the year	–	228,348	–	–	–	–	2,053,718	2,282,066
Other comprehensive income	–	–	–	–	–	141,584	–	141,584
Total comprehensive income	–	228,348	–	–	–	141,584	2,053,718	2,423,650
Issue of shares *(note 35(c))*	345,574	–	3,057,211	–	–	–	–	3,402,785
Redemption of renewable corporate bonds	–	(998,200)	(1,800)	–	–	–	–	(1,000,000)
Appropriation	–	–	–	185,440	–	–	(185,440)	–
Dividends to shareholders of the Company	–	–	–	–	–	–	(1,232,149)	(1,232,149)
Distribution for perpetual medium-term notes and renewable corporate bonds *(note 44)*	–	(235,400)	–	–	–	–	–	(235,400)
Business combination under common control	–	–	(994,130)	–	–	–	–	(994,130)
Transfer of fair value reserve upon the disposal of equity investment of at fair value through other comprehensive income	–	–	–	–	–	(102,577)	102,577	–
Profit compensation	–	–	108,711	–	–	–	–	108,711
Safety Production Expenditures	–	–	–	–	30	–	(30)	–
At 31 December 2022	8,381,963	5,056,400	16,126,751	2,822,761	30	480	16,582,157	48,970,542

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

On 29 March 2023, the directors of the Company resolved that a dividend of RMB0.1171 per share, amounting to RMB981,528,000 is to be distributed to the shareholders for 2022 subject to approval of the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. If any circumstances, such as issuance of new shares or share repurchase before the record date for dividend distribution, results in the changes in our total number of shares on record date for dividend distribution, dividend per share shall be adjusted accordingly on the premise that the total dividend amount remains unchanged.

On 30 March 2022, the directors of the Company resolved that a dividend of RMB0.1470 per share, amounting to RMB1,232,149,000 distributed to the shareholders for 2021, and was approved by the shareholders at the Annual General Meeting on 22 June 2022. The dividend was fully paid in 2022.

On 30 March 2021, the directors of the Company resolved that a dividend of RMB0.1176 per share, amounting to RMB945,079,000 distributed to the shareholders for 2020, and was approved by the shareholders at the Annual General Meeting on 28 May 2021. The dividend was fully paid in 2021.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

	2022 RMB'000	2021 RMB'000
Issued and fully paid:		
Domestic state-owned ordinary shares of RMB1.00 each *(Note (i))*	**5,041,934**	4,696,360
H shares of RMB1.00 each	**3,340,029**	3,340,029
	8,381,963	8,036,389

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Note:

(i) On 21 January 2022, the Company merged with Inner Mongolia Pingzhuang Energy Co., Ltd. ("Pingzhuang Energy") successfully by a share swap and was listed on the Main Board of Shenzhen Stock Exchange ("SZSE") with the total issuance of 345,574,164 shares (SZSE: 001289) on 24 January 2022. Each share of Pingzhuang Energy A-shares held by the shareholders of Pingzhuang Energy can be converted into 0.3407 shares of A-shares issued by the Company (the "Merger"). Upon the completion of the Merger on 21 January 2022, the total number of shares of the Company was 8,381,963,164 including A shares of 5,041,934,164 and H shares of 3,340,029,000.

According to the arrangement of the Merger, the Company, as the surviving company, has inherited and took over all the assets and liabilities of Pingzhuang Energy (excluding the assets to be disposed of by Pingzhuang Energy before the Merger). The Merger was accounted for as assets acquisition.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve includes share premium and the other capital reserve.

Share premium represents the difference between the total amount of the par value of the shares issued and the amount of the net proceeds received from the Initial Public Offering ("IPO") in December 2009 and the placing of new H shares in December 2012.

The other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by CHN Energy and the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of merger with Pingzhuang Energy by a share swap, and the capital reserve as a result of the acquisition of business and business combinations under common control.

(ii) Statutory surplus reserve

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currencies other than the RMB and the foreign exchange differences on the net investment in foreign operations of the Group which are dealt with in accordance with the accounting policies as set out in note 2(ac).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income (income tax exclusive) held at the end of the reporting period and is dealt with in accordance with the accounting policies in notes 2(n) and 2(v).

(e) Distributability of reserves

According to the Company's Articles of Association, the distributable profits are the lower of the net profit of the year as determined under PRC accounting rules and regulations and the amount determined under IFRSs. At 31 December 2022, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB16,582,157,000 (2021: RMB15,843,481,000). After the end of the reporting period, the directors proposed a final dividend of RMB0.1171 per share, amounting to RMB981,528,000 (note 35(b)). The dividend has not been recognised as a liability at the end of the reporting period.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the net gearing ratio, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity. The net gearing ratio of the Group as at 31 December 2022 was 56.2% (2021: 56.4%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2022

	Financial assets at fair value through profit or loss *RMB'000*	Financial assets at fair value through other comprehensive income *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Current				
Trade and bills receivables	–	27,100,443	557,180	27,657,623
Financial assets included in other current assets	–	–	937,629	937,629
Other financial assets	448,539	–	–	448,539
Restricted deposits	–	–	2,137,452	2,137,452
Cash and cash equivalents	–	–	18,338,302	18,338,302
	448,539	27,100,443	21,970,563	49,519,545
Non-current				
Financial assets included in other assets	–	261,632	48,597	310,229
	–	261,632	48,597	310,229
	448,539	27,362,075	22,019,160	49,829,774

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial liabilities

At 31 December 2022

	Financial liabilities at fair value through profit or loss *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Current			
Interest-bearing loans and other borrowings	–	53,279,235	53,279,235
Trade and bills payables	–	2,936,019	2,936,019
Lease liabilities	–	266,882	266,882
Financial liabilities in other current liabilities	23,265	16,179,553	16,202,818
	23,265	72,661,689	72,684,954
Non-current			
Interest-bearing loans and other borrowings	–	66,359,454	66,359,454
Financial liabilities in other non-current liabilities	–	937,832	937,832
Lease liabilities	–	711,384	711,384
	–	68,008,670	68,008,670
	23,265	140,670,359	140,693,624

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial assets

At 31 December 2021

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income (Restated)	Financial assets at amortised cost (Restated)	Total (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Trade and bills receivables	–	29,865,132	385,211	30,250,343
Financial assets included in other current assets	–	–	1,775,523	1,775,523
Other financial assets	742,494	–	–	742,494
Restricted deposits	–	–	262,099	262,099
Cash and cash equivalents	–	–	3,913,121	3,913,121
	742,494	29,865,132	6,335,954	36,943,580
Non-current				
Financial assets included in other assets	–	697,586	49,405	746,991
	–	697,586	49,405	746,991
	742,494	30,562,718	6,385,359	37,690,571

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial liabilities

At 31 December 2021

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost (Restated)	Total (Restated)
	RMB'000	*RMB'000*	*RMB'000*
Current			
Interest-bearing loans and other borrowings	–	42,402,672	42,402,672
Trade and bills payables	–	4,130,038	4,130,038
Lease liabilities	–	37,325	37,325
Financial liabilities in other current liabilities	125,438	14,466,970	14,592,408
	125,438	61,037,005	61,162,443
Non-current			
Interest-bearing loans and other borrowings	–	61,165,878	61,165,878
Financial liabilities in other non-current liabilities	–	1,449,146	1,449,146
Lease liabilities	–	1,286,944	1,286,944
	–	63,901,968	63,901,968
	125,438	124,938,973	125,064,411

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

The exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities, and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted deposits, trade and bills receivables, other financial assets, financial assets included in prepayments and other current assets and financial assets included in other non-current assets.

The receivables from the sale of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 98% of the Group's total trade and bills receivables as at 31 December 2022 (2021: 99%).

For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	363,820	–	–	27,584,528	27,948,348
Financial assets included in prepayments and other current assets					
– Normal**	937,629	–	–	–	937,629
– Doubtful**	–	–	55,568	–	55,568
Other financial assets	242,000	–	–	–	242,000
Restricted deposits	2,137,452	–	–	–	2,137,452
Cash and cash equivalents	18,338,302	–	–	–	18,338,302
Financial assets included in other non-current assets	48,597	–	–	–	48,597
	22,067,800	–	55,568	27,584,528	49,707,896

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 (Restated) *RMB'000*	Stage 2 (Restated) *RMB'000*	Stage 3 (Restated) *RMB'000*	Simplified approach (Restated) *RMB'000*	(Restated) *RMB'000*
Trade and bills receivables*	351,504	–	–	30,173,788	30,525,292
Financial assets included in prepayments and other current assets					
– Normal**	1,773,230	–	–	–	1,773,230
– Doubtful**	–	–	342,510	–	342,510
Other financial assets	448,700	–	–	–	448,700
Restricted deposits	262,099	–	–	–	262,099
Cash and cash equivalents	3,913,121	–	–	–	3,913,121
Financial assets included in other non-current assets	49,405	–	–	–	49,405
	6,798,059	–	342,510	30,173,788	37,314,357

* For trade receivables included in trade and bills receivables to which the Group applies the 12-month ECLs and the simplified approach for impairment, information based on the provision matrix is disclosed in note 23 to the financial statements.

** The credit quality of the financial assets included in prepayments and other current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

The Group provided financial guarantees to related parties. Except for the financial guarantees extended by the Group as set out in note 38, the Group did not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 38.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables, and prepayments and other current assets are set out in notes 23 and 24, respectively.

(c) Liquidity risk

The Group's objective is to ensure the continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2022, the Group has unutilised banking facilities of RMB142,530,993,000. The Group also signed several strategic cooperative framework agreements with PRC banks with unutilised credit lines of RMB320,525,544,000 as at 31 December 2022. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date that the Group can be required to pay.

	Carrying amount	Contractual cash flows	On demand	1 year or less	1 to 2 years	2 to 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2022							
Borrowings	119,638,689	135,061,685	–	56,677,826	17,857,758	21,642,698	38,883,403
Lease liabilities	978,266	1,222,677	–	343,381	93,350	148,608	637,338
Trade and bills payables	2,936,019	2,936,019	–	2,936,019	–	–	–
Financial liabilities in other current liabilities	16,202,818	16,202,818	–	16,202,818	–	–	–
Guarantees	–	7,194	7,194	–	–	–	
Other long-term liabilities	937,832	937,832	–	–	733,290	144,798	59,744
	140,693,624	156,368,225	7,194	76,160,044	18,684,398	21,936,104	39,580,485
31 December 2021							
Borrowings	103,568,550	121,188,026	–	48,518,754	16,326,058	27,240,243	29,102,971
Lease liabilities	1,324,269	1,868,811	–	105,846	106,266	371,019	1,285,680
Trade and bills payables	4,130,038	4,130,038	–	4,130,038	–	–	–
Financial liabilities in other current liabilities	14,592,408	14,592,408	–	14,592,408	–	–	–
Guarantees	–	7,347	7,347	–	–	–	–
Other long-term liabilities	1,449,146	1,449,146	–	–	1,185,007	183,826	80,313
	125,064,411	143,235,776	7,347	67,347,046	17,617,331	27,795,088	30,468,964

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risk. During the years ended 31 December 2022 and 2021, however, except for the interest rate swap contracts entered into as stated in note 30(ii), the management of the Group did not consider it necessary to use interest rate swaps to hedge the exposure to interest rate risk.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The detailed interest rates and maturity information of the Group's borrowings are disclosed in note 28.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Lease liabilities	**978,266**	1,324,269
Borrowings	**42,554,960**	42,248,096
Less: Other assets *(note 21)*	**–**	1,200
	43,533,226	43,573,565
Net floating rate borrowings:		
Borrowings	**77,083,729**	61,320,454
Less: Bank deposits (including restricted deposits)	**(20,475,754)**	(4,175,220)
Other assets *(note 21)*	**(48,597)**	(49,405)
	56,559,378	57,095,829
Total net borrowings	**100,092,604**	100,669,394

At 31 December 2022, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB581,651,000 (2021: RMB462,496,000(Restated)).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

The estimated 100 basis points' increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the years presented.

(e) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily the Hong Kong Dollar, Euro and United States Dollar. The Group manages this risk as follows:

(i) Recognised assets and liabilities

Except for subsidiaries in Hong Kong, South Africa, Canada, and Ukraine, which were denominated in foreign currencies, all revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in South African Rand, Canadian Dollar, Euro and United States Dollar.

On the other hand, the RMB is not a freely convertible currency and the PRC government may, at its discretion, restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its equity holders.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(ii) Exposure to currency risk

The Group's cash at banks and on hand, prepayments and other current assets, borrowings, trade and bills payables and other current liabilities contain items denominated in foreign currencies. The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in the movement in value of the United States dollar against other currencies.

	2022		2021	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained earnings** *RMB'000*	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings *RMB'000*
HKD	**5%**	**(225)**	5%	(53)
	(5%)	**225**	(5%)	53
USD	**5%**	**(34,720)**	5%	(574)
	(5%)	**34,720**	(5%)	574
EUR	**5%**	**(66,350)**	5%	(43,716)
	(5%)	**66,350**	(5%)	43,716
RMB	**5%**	**25,864**	5%	(3,766)
	(5%)	**(25,864)**	(5%)	3,766

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender and the borrower.

(f) Equity price risk

The Group is exposed to equity price changes arising from equity investments at fair value through profit or loss (note 25) and equity investments at fair value through other comprehensive income (note 21). The Group's listed investments are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Listed investments have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Unlisted investments are held for long-term purposes. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's exposure to equity price risk is insignificant.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date).

– Level 2 valuations: Fair value measured using Level 2 inputs (i.e. observable inputs which fail to meet the criteria of Level 1, and not using significant unobservable inputs). Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

		Fair value measurements as at 31 December 2022 categorised into		
	Fair value at 31 December 2022	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	216,315	–	–	216,315
Listed equity investments designated at FVOCI	45,317	45,317	–	–
Other financial assets designed at fair value through profit or loss	448,539	206,539	242,000	–
Trade and bills receivables designated at FVOCI	27,100,443	–	1,903,264	25,197,179
Liabilities:				
Derivative financial instruments – Interest rate swap contracts	23,265	–	23,265	–

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2021 (Restated) *RMB'000*	Fair value measurements as at 31 December 2021 categorised into (Restated)		
		Quoted prices in active market for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) (Restated) *RMB'000*	Significant unobservable inputs (Level 3) (Restated) *RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	654,596	–	–	654,596
Listed equity investments designated at FVOCI	42,990	42,990	–	–
Other financial assets designed at fair value through profit or loss	742,494	293,794	448,700	–
Trade and bills receivables designated at FVOCI	29,865,132	–	1,792,925	28,072,207
Liabilities:				
Derivative financial instruments – Interest rate swap contracts	125,438	–	125,438	–

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

During the year ended 31 December 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2021: nil). The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of interest rate swap contracts in Level 2 is determined by discounting the contractual fixed interest rate and deducting the forward JIBAR. The discount rate used is derived from the JIBAR swap yield curve as at the end of the reporting period.

The Group entered into securitisation transactions whereby it transferred trade receivables on the tariff premium of renewable energy (the "Transferred Financial Assets") to unrelated third parties and derecognised the Transferred Financial Assets (note 45). The Group endorsed and factored a significant part of its bills receivable in its normal course of business. The Group managed its trade and bills receivables which generated cash flows resulting from both collecting contractual cash flows and selling the financial assets during the current year. Therefore, the Group measured trade and bills receivables at fair value through other comprehensive income. The fair values of trade and bills receivables were measured using the discounted cash flows model. The model incorporates various market observable inputs including the annualised yields of similar securitisation products and interest rate curves. The carrying amounts of trade and bills receivables are the same as their fair values.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

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

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

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

2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	**Valuation multiples**	**Average P/B**	**1.2**	**10% increase/decrease in multiple would result in increase/decrease in fair value by RMB16,361,000**
		Discount for lack of marketability	**26%-28%**	**10% increase/decrease in multiple would result in decrease/increase in fair value by RMB5,918,000**

2021

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B	1.1 to 1.4	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB62,766,000 (Restated)
		Discount for lack of marketability	30%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB26,900,000 (Restated)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

The fair value of trade and bills receivables designated at FVOCI classified as level 3 is determined by discounting the expected future cash flow with discount rate by reference to the market rate of return of other financial instruments with similar contract terms, credit risks and residual periods.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2022 and 2021 except the following:

	2022		2021	
	Carrying amount	**Fair value**	Carrying amount (Restated)	Fair value (Restated)
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Other borrowings *(note 28(a))*	**10,917,272**	**11,160,334**	14,389,774	14,419,456
Fixed rate long-term loans	**1,792,977**	**1,822,408**	1,913,608	1,899,245
Total	**12,710,249**	**12,982,742**	16,303,382	16,318,701

37 COMMITMENTS

Capital commitments outstanding at the year end not provided for in the financial statements were as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Contracted for	**6,571,710**	9,545,580

38 CONTINGENT LIABILITIES

At 31 December, the Group issued the following guarantees:

(i) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司), which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 31 December 2022, the balance counter-guaranteed by the Company amounted to RMB7,194,000 (31 December 2021: RMB7,347,000).

(ii) As disclosed in note 45, the Group has entered into certain agreements with certain financial institutions so as to establish asset-backed securities ("ABS"). Under the clauses of the agreements, the Group is subject to the obligations of credit commitment which is in the form of liquidity supplementary payments to investors when the cash for distribution of the principal and fixed return at the due date is not sufficient. As at 31 December 2022, such ABS has been issued to investors with an aggregate amount of RMB2,233,447,000 (31 December 2021: RMB2,729,200,000). The directors of the Company evaluated the expected credit loss of such credit commitment is minimal.

39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under CHN Energy and has significant transactions and relationships with the subsidiaries of CHN Energy.

The principal transactions are as follows:

	Notes	2022 RMB'000	2021 (Restated) RMB'000
Sales of goods and provision of services to	(i)		
CHN Energy		–	32
Fellow subsidiaries		166,902	92,956
Associates and joint ventures		717,329	698,927
Purchase of goods and receipt of services from	(ii)		
Fellow subsidiaries		2,797,935	2,886,902
Associates and joint ventures		1,239,678	1,934,597
Sales of property, plant and equipment and intangible assets	(iii)		
Fellow subsidiaries		1,514	192,113
Net changes in working capital repaid from	(iv)		
Fellow subsidiaries		–	29,402
Associate		37,595	–
Loan guarantees revoked from	(v)		
CHN Energy		(34,818)	(1,588,031)
Loans provided to			
Associate		–	(184,500)

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Notes	2022 RMB'000	2021 (Restated) RMB'000
Loans provided by/(repaid to)	(vi)		
Fellow subsidiaries		**10,063,230**	5,361,652
Associate		**(33,000)**	33,000
Interest expenses and other financial services expenses	(vii)		
CHN Energy		**–**	1,314
Fellow subsidiaries		**184,775**	129,397
Associates and joint ventures		**14,327**	10,784
Interest income	(viii)		
Fellow subsidiaries		**22,139**	6,344
Associates and joint ventures		**4,433**	9,988
Lease payments			
Fellow subsidiaries		**25,486**	4,293
Associates and joint ventures		**19,265**	11,526
Lease income			
Fellow subsidiaries		**3,305**	3,305
Associates and joint ventures		**3,031**	2,991
Lease liabilities			
Fellow subsidiaries		**5,054**	–
Associates		**575**	111,486
Deposits placed with	(ix)		
Fellow subsidiaries		**240,930**	741,105
Increase investment to			
Associates		**181,709**	729,601

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases from the related parties were made according to the published prices and conditions offered by the fellow subsidiaries and associates to their major customers.

(iii) The amount represented sale of property, plant and equipment and intangible assets to fellow subsidiaries.

(iv) The working capital provided to and received from the related parties is unsecured and interest-free.

(v) CHN Energy has guaranteed certain bank loans made to the Group as at the end of the reporting period, as further detailed in note 28(a) to the financial statements.

(vi) The Group received loans from the related parties, as further detailed in note 28 to the financial statements.

(vii) The amount represented the interest expenses and other financial services expenses incurred for the loans received from the fellow subsidiaries.

(viii) The amount represented the interest income received for the loans provided to the fellow subsidiaries, associates and joint ventures.

(ix) The amount represented the deposit placed with a fellow subsidiary, as further detailed in note 39(b) to the financial statements.

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB2,950,683,000 as at 31 December 2022 (2021: RMB2,709,753,000). Details of the other outstanding balances with related parties are set out in notes 16, 21, 23, 24, 28, 29, 30 and 34.

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as "state-controlled entities").

Apart from the transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities include, but are not limited to the following:

- Sale of electricity;
- Depositing and borrowing money;
- Purchase of materials and receipt of construction work services; and
- Service concession arrangements.

The tariff of electricity is regulated by the relevant government authorities. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for the sale of electricity, purchase of products and services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other state-controlled entities in the PRC (Continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval process and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions require disclosure as transactions with other state-controlled entities:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Sales of electricity	**31,189,923**	29,966,802
Sales of other products	**2,292,098**	1,410,450
Interest income	**85,574**	41,101
Interest expenses	**2,842,017**	3,098,313
Loans received	**4,776,657**	5,623,268
Deposits placed with/(withdrawn from) state-owned banks	**15,195,700**	(1,158,543)
Purchase of materials and receipt of construction services	**2,895,993**	3,395,382
Service concession construction revenue	**56,704**	170,875

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other state-controlled entities in the PRC (Continued)

The balances of transactions with other state-controlled entities are as follows:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Receivables from sales of electricity	**27,265,685**	30,082,269
Receivables from sales of other products	**60,047**	348,065
Bank deposits (including restricted deposits)	**16,665,301**	1,469,601
Borrowings	**66,307,694**	61,531,037
Payable for purchase of materials and receiving construction work services	**1,938,404**	1,539,567

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 10, and the highest paid non-director employees as disclosed in note 11, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Salaries and other emoluments	**2,154**	3,281
Discretionary bonuses	**4,986**	5,576
Retirement scheme contributions	**703**	710
	7,843	9,567

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(e) Commitment with related parties

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Capital commitment with		
Associates	**256,189**	449,126

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the sales and purchases of goods, the provision of and receipt of services to and from CHN Energy and its subsidiaries, and loans from and deposits placed with CHN Energy and its subsidiaries as detailed in note 39(a) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "Connected transactions" in the Director's Report of the Group for the year ended 31 December 2022.

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2022 *RMB'000*	2021 *RMB'000*
Non-current assets		
Property, plant and equipment	**151,165**	226,402
Investment properties	**92,745**	85,346
Intangible assets	**9,766**	2,992
Investments in subsidiaries	**54,544,793**	42,878,842
Investments in associates and joint ventures	**1,872,578**	1,764,029
Deferred tax assets	**–**	8,805
Other assets	**3,102,672**	3,863,459
Total non-current assets	**59,773,719**	48,829,875
Current assets		
Inventories	**835**	538
Trade and bills receivables	**14,159**	4,789
Prepayments and other current assets	**71,161,282**	70,764,715
Restricted deposits	**1,823,300**	14,187
Cash at banks and on hand	**13,133,815**	1,215,440
Total current assets	**86,133,391**	71,999,669

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	2022	2021
	RMB'000	*RMB'000*
Current liabilities		
Borrowings	**23,258,300**	30,116,310
Trade and bills payables	**47,382**	49,471
Other payables	**46,117,621**	12,029,038
Total current liabilities	**69,423,303**	42,194,819
Net current assets	**16,710,088**	29,804,850
Total assets less current liabilities	**76,483,807**	78,634,725
Non-current liabilities		
Borrowings	**26,785,823**	32,077,976
Deferred income	**723,244**	59,674
Deferred tax liabilities	**4,198**	–
Total non-current liabilities	**27,513,265**	32,137,650
NET ASSETS	**48,970,542**	46,497,075
CAPITAL AND RESERVES		
Share capital	**8,381,963**	8,036,389
Perpetual medium-term notes and renewable corporate bonds	**5,056,400**	6,061,652
Reserves	**35,532,179**	32,399,034
TOTAL EQUITY	**48,970,542**	46,497,075

Tang Jian
Chairman

41 BUSINESS COMBINATIONS UNDER COMMON CONTROL

On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment ("Purchase Agreement") with Northeast Electric Power, CHN Energy Shaanxi Electric Power Co., Ltd. ("Shaanxi Electric Power"), CHN Energy Guangxi Electric Power Co., Ltd. ("Guangxi Electric Power"), CHN Energy Yunnan Electric Power Co., Ltd. ("Yunnan Electric Power"), CHN Energy Gansu Electric Power Co., Ltd. ("Gansu Electric Power") and CHN Energy North China Electric Power Co., Ltd. ("North China Electric Power") (the "Acquisition I"). According to the Purchase Agreement, the details of the assets to be purchased are as follows:

No.	Counterparty	Target Assets	Shareholding Percentage	Transaction Price *(RMB'000)*
1	Northeast Electric Power	Northeast New Energy	100%	794,000
2	Shaanxi Electric Power	Guoneng Dingbian New Energy Co., Ltd ("Dingbian New Energy")	100%	816,000
3	Guangxi Electric Power	Guangxi Guoneng Energy Development Co., Ltd. (formerly known as Guodian Guangxi New Energy Development Co., Ltd.) ("Guangxi Energy")	100%	986,000
4	Yunnan Electric Power	Guoneng Yunnan New Energy Co., Ltd. ("Yunnan New Energy")	100%	752,000
5	Gansu Electric Power	Guodian Gansu New Energy Co., Ltd. ("Gansu New Energy")	100%	442,000
6	North China Electric Power	Tianjin Guodian Jieneng Electric Power Co., Ltd. ("Tianjin Jieneng")	100%	600,000
7	North China Electric Power	Guodian North China Inner Mongolia New Energy Co., Ltd. ("Inner Mongolia New Energy")	100%	791,000
8	North China Electric Power	Guodian Shanxi Jieneng Co., Ltd. ("Shanxi Jieneng")	100%	593,000

41 BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

The above mentioned Acquisition I was completed on 4 January 2022, 5 January and 6 January 2022, respectively. Besides, Longyuan Tibet New Energy Co., Ltd ("Tibet New Energy"), the subsidiary of the Company, entered into the equity transfer agreement with CHN Energy Group Tibet Electric Power Co., Ltd (the "Agreement"). According to the agreement, Tibet New Energy purchased 95% equity interest of National Energy Group Longyuan Ali New Energy (ALI) Co., Ltd ("Ali Energy") with cash consideration of RMB114,000 (the "Acquisition II"). The Acquisition II was completed on 24 June 2022.

As the Group, Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy were under common control of CHN Energy before and after the Acquisition I and the Acquisition II (the "2022 Acquisitions"), it is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the consolidated financial statements of the Group have been prepared as if Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy were the subsidiaries of the Company ever since they became under common control of CHN Energy.

Accordingly, the consolidated statement of financial position as at 31 December 2021 has been restated to include the assets and liabilities of Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy at carrying amounts in the books of the Group. The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2021 have been restated to include the results and cash flows of Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy as if these above mentioned companies were the subsidiaries of the Company throughout the year ended 31 December 2021. Respective notes to the consolidated financial statements have also been restated. All significant intra-group transactions, balances, income and expenses are eliminated on combination.

41 BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

As a result of the 2022 Acquisitions, the relevant line items in the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 have been restated. Details are as follows:

	As at 31 December 2021				
	The Group (as previously reported)	**Effect of 2022 Acquisition**	**Elimination**	**Effect of Application of Amendments to IAS16** (Note 3(a)(iii))	**The Group** (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	153,989,412	11,584,464	–	397,868	165,971,744
Total current assets	35,865,380	3,883,376	(25,062)	–	39,723,694
Total assets	189,854,792	15,467,840	(25,062)	397,868	205,695,438
Total non-current liability	58,988,297	6,443,559	–	–	65,431,856
Total current liability	58,545,825	3,718,640	(25,062)	–	62,239,403
Total liabilities	117,534,122	10,162,199	(25,062)	–	127,671,259
Equity attributable to the equity holders of the Company	62,932,884	4,793,060	–	362,111	68,088,055
Non-controlling interests	9,387,786	512,581	–	35,757	9,936,124
Total equity	72,320,670	5,305,641	–	397,868	78,024,179
Total equity and liabilities	189,854,792	15,467,840	(25,062)	397,868	205,695,438

41 BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

	For the year ended 31 December 2021			
	The Group (as previously reported)	**Effect of 2022 Acquisition**	**Effect of Application of Amendments to IAS16** (Note 3(a)(iii))	**The Group** (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	37,195,458	2,206,993	477,394	39,879,845
Operating expenses	(25,773,715)	(1,055,109)	(77,552)	(26,906,376)
Operating profit	12,557,816	1,216,737	399,842	14,174,395
Profit before taxation	8,755,606	864,343	399,842	10,019,791
Profit for the period	7,267,236	755,848	397,868	8,420,952
Other comprehensive income	31,634	–	–	31,634
Total comprehensive income for the period	7,298,870	755,848	397,868	8,452,586
Profit for the period attributable to:				
Equity holders of the Company	6,413,049	657,503	362,111	7,432,663
Non-controlling interests	854,187	98,345	35,757	988,289
Total comprehensive income for the period attributable to:				
Equity holders of the Company	6,439,987	657,503	362,111	7,459,601
Non-controlling interests	858,883	98,345	35,757	992,985

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY

(a) Asset acquisition

On 9 August 2021, the Group completed an acquisition of the 100% equity interest of South-Ukraine Wind Power Plant ("South-Ukraine"), a company registered in Ukraine, at a consideration of EUR35,500,000. Southern-Ukraine was principally engaged in wind power generation which was still in the planning phase with no revenue generation at the acquisition date. Therefore, the Group did not consider the above acquisition as a business combination for accounting purpose and recognised power sales right of RMB270,678,000. As at 31 December 2022, the consideration of EUR11,768,000 was unpaid.

(b) Acquisition of Ningxia Yunao Renewable Co., Ltd.

On 22 October 2021, Ningxia Longyuan New Energy Co., Ltd. and Nantong Tianshenggang Power Co., Ltd., subsidiaries of the Group, entered into an equity transfer agreement with Ningxia Zhongkejiaye Renewable Research Institute Co., Ltd. to acquire a 100% equity interest in Ningxia Yunao Renewable Co., Ltd. ("Ningxia Yunao"). Ningxia Yunao was mainly engaged in photovoltaic generation for sale. The acquisition was completed on 29 October 2021. The total cash consideration for the acquisition was nil.

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(b) Acquisition of Ningxia Yunao Renewable Co., Ltd. (Continued)

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

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	187,031
Right-of-use assets	476,063
Trade and bills receivables	4,812
Cash at banks and on hand	8,541
	676,447
Liabilities	
Trade payables and other current liabilities	(242,719)
Deferred tax liabilities	(15)
Lease liabilities	(433,628)
	(676,362)
Total identifiable net assets at fair value	85
Gain on bargain acquisition recognised in other income and gains in the consolidated statement of profit or loss and comprehensive income	(85)
Satisfied by cash	–

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(b) Acquisition of Ningxia Yunao Renewable Co., Ltd. (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	–
Cash at banks and on hand acquired	8,541
Net inflow of cash and cash equivalents	8,541
Transaction costs of the acquisition	–
	8,541

(c) Acquisition of Jiangsu Longyuan Sunshine Renewable Technology Co., Ltd.

In 2021, Longyuan Power Group ("Shanghai") Investment Co., Ltd. ("Longyuan Shanghai Investment"), a subsidiary of the Group, entered into an equity transfer agreement with Sungrow Renewables Development Co., Ltd. ("Sungrow Renewables") to acquire a 95% entity interest in Jiangsu Longyuan Sunshine Renewable Technology Co., Ltd. ("Jiangsu Sunshine"). Jiangsu Sunshine was mainly engaged in photovoltaic generation for sale. The acquisition was completed on 28 December 2021. The total cash consideration for the acquisition was RMB144,520,500 and was fully paid as at 31 December 2021.

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(c) Acquisition of Jiangsu Longyuan Sunshine Renewable Technology Co., Ltd. (Continued)

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

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	179,448
Right-of-use assets	365,243
Trade and other receivables	28,665
Cash at banks and on hand	2,134
Others	409
	575,899
Liabilities	
Trade payables and other current liabilities	(46,181)
Deferred tax liabilities	(1,850)
Lease liabilities	(366,566)
	(414,597)
Total identifiable net assets at fair value	161,302
Non-controlling interests	(8,065)
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(8,716)
Satisfied by cash	144,521

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(c) Acquisition of Jiangsu Longyuan Sunshine Renewable Technology Co., Ltd. (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(144,521)
Cash at banks and on hand acquired	2,134
Net inflow of cash and cash equivalents	(142,387)
Transaction costs of the acquisition	–
	(142,387)

(d) Acquisition of Huaifu Technology Co., Ltd.

On 22 April 2022, Jiangyin Sulong Hengtai New Energy Development Co., Ltd., subsidiaries of the Group, entered into an equity transfer agreement with Jiangsu Jingya New Energy Development Co., Ltd., to acquire a 100% equity interest in Huaifu Technology Co., Ltd. ("Huaifu Technology"). Huaifu Technology was mainly engaged in photovoltaic generation for sale. The acquisition was completed on 30 April 2022. The total cash consideration for the acquisition was RMB34,126,718.

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(d) Acquisition of Huaifu Technology Co., Ltd. (Continued)

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

	Fair value recognised on acquisition *RMB'000*
Assets	
Property, plant and equipment	44,947
Prepayments and other current assets	1,088
Trade and bills receivables	26,549
Cash at banks and on hand	13
Deferred tax assets	403
	73,000
Liabilities	
Trade payables and other current liabilities	(35,821)
Tax payable	(497)
Deferred tax liabilities	(345)
	(36,663)
Total identifiable net assets at fair value	36,337
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss	(2,210)
Satisfied by cash	34,127

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(d) Acquisition of Huaifu Technology Co., Ltd. (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(34,127)
Cash at banks and on hand acquired	13
Net inflow of cash and cash equivalents	(34,114)
Transaction costs of the acquisition	–
	(34,114)

(e) Disposal of Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd.

Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd. ("Guodian Shandong Linqu"), a subsidiary of the Group, was founded in 1993 by the Group and Guoneng Shandong Power Co,. Ltd. ("Guoneng Shandong"), each owned 50% of the equity interest in Guodian Shandong Linqu. Upon establishment, the Group signed a concert party agreement with Guoneng Shandong, whereby Guoneng Shandong agreed to act in concert with the Group on material business decisions. On 26 September 2021, the Group and Guoneng Shandong agreed to terminate the agreement and the Group lost control over Guodian Shandong Linqu since then. Guodian Shandong Linqu became a joint venture of the Group.

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(e) Disposal of Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd. (Continued)

The details of the net assets disposed of are as follows:

	Date of disposal *RMB'000*
Net assets disposed of:	
Property, plant and equipment	232,154
Right-of-use assets	19,562
Intangible assets	294
Cash at banks and on hand	11,400
Inventories	526
Trade receivables and other current assets	43,149
Accounts payable and other liabilities	(18,981)
Borrowings	(190,000)
Net assets	98,104
Non-controlling interests	49,052
The fair value of the retained interest	49,052
Cash consideration	–
Gain on disposal of a subsidiary	–

42 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(e) Disposal of Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd. (Continued)

An analysis of the cash flow in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	–
Cash at banks and on hand disposed of	(11,400)
Net outflows of cash and cash equivalents in respect of disposal of a subsidiary	(11,400)

43 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Other current liabilities *RMB'000*
At 1 January 2022	**103,568,550**	**1,324,269**	**1,288,037**
Changes from financing cash flows	**15,734,856**	**(471,945)**	**(5,198,201)**
Foreign exchange movement	**323,599**	**(1,587)**	**–**
Distribution for dividends	**–**	**–**	**1,664,173**
Interest expense	**11,684**	**52,747**	**3,654,328**
New leases	**–**	**74,782**	**–**
Interest expenses classified into investment activities	**–**	**–**	**(214,179)**
At 31 December 2022	**119,638,689**	**978,266**	**1,194,158**

43 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Changes in liabilities arising from financing activities (Continued)

	Borrowings (Restated) *RMB'000*	Lease liabilities (Restated) *RMB'000*	Other current liabilities (Restated) *RMB'000*
At 1 January 2021	90,473,214	600,881	1,229,668
Business combination under common control	(8,960,231)	(222,358)	(280,677)
At 1 January 2021(Restated)	99,433,445	823,239	1,510,345
Changes from financing cash flows	4,542,068	(551,814)	(5,144,702)
Foreign exchange movement(Restated)	(225,850)	(2,056)	(18,218)
Distribution for dividends	–	–	1,538,767
Interest expense	8,887	54,592	3,803,741
New leases	–	195,422	–
Disposal	–	(1,048)	–
Acquisition of subsidiaries	–	805,934	–
Disposal of a subsidiary	(190,000)	–	–
Interest expenses classified into investment activities	–	–	(401,896)
At 31 December 2021(Restated)	103,568,550	1,324,269	1,288,037

43 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:

	2022	2021 (Restated)
	RMB'000	*RMB'000*
Within operating activities	**84,550**	76,196
Within financing activities	**471,945**	551,814
	556,495	628,010

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB74,782,000 and RMB74,782,000 (2021: RMB195,422,000 and RMB195,422,000) respectively, in respect of lease arrangements.

44 PERRETUAL MEDIUM-TERM NOTES AND RENEWABLE CORPORATE BONDS

On 28 August 2020, the Company issued the green renewable corporate bonds of the first tranche for the year of 2020 which was recorded as equity. The bonds are fixed interest rate bonds with a term of three plus N years, the issuance size is RMB2 billion and the coupon rate is 4.10%. The interest of the green renewable corporate bonds is recorded as distributions, which are paid annually in arrears in August in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The green renewable corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in August 2023, and the payment of the principal may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset, on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

On 16 September 2020, the Company issued a perpetual medium-term note which was recorded as equity. The bonds were fixed interest rate notes with a term of three plus N years, the issuance size is RMB1 billion and the coupon rate is 4.50%. The interest of the medium-term note is recorded as distributions, which are paid annually in arrears in September in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The medium-term note has no fixed maturity date and is callable at the Company's discretion in whole in September 2023 or any distribution payment date falling after the first call date at its principal amount together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

44 PERRETUAL MEDIUM-TERM NOTES AND RENEWABLE CORPORATE BONDS (Continued)

On 27 October 2020, the Company issued the green renewable corporate bonds of the second tranche for the year of 2020 which was recorded as equity. The bonds are divided into two types, of which type one is fixed interest rate bonds with a term of one plus N years and an issuance size of RMB1 billion and the coupon rate is 3.59% and type two is fixed interest rate bonds with a term of two plus N years and an issuance size of RMB1 billion and the coupon rate is 3.90%. The interest of the green renewable corporate bonds is recorded as distributions, which are paid annually in arrears in October in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The green renewable corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in October 2021 and October 2022, respectively, and the payment of the principal may be deferred for each renewal period to 1 year and 2 years, respectively. The applicable distribution rate will be reset, on the first call date and each renewal period after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum. On the first call date of the green renewable corporate bonds, the Company decided to exercise the callable option, the bonds were redeemed in whole in October 2022.

On 30 August 2021, the Company issued a perpetual medium-term note for the year of 2021 which was recorded as equity. The bonds are fixed interest rate notes with a term of three plus N years. The issuance size is RMB2 billion and the coupon rate is 3.47%. The interest of the medium-term note is recorded as distributions, which are paid annually in arrears in August in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The medium-term note has no fixed maturity date and is callable at the Company's discretion in whole in August 2024 or any distribution payment date falling after the first call date at their principal amount together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

44 PERRETUAL MEDIUM-TERM NOTES AND RENEWABLE CORPORATE BONDS (Continued)

In 2022, the profit attributable to holders of perpetual medium-term notes and green renewable corporate bonds, based on the applicable interest rate, was RMB228,348,000 (2021: RMB254,417,000). RMB235,400,000 has been paid in 2022 (2021: RMB238,900,000).

45 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2022, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB16,055,000 (31 December 2021 (restated): RMB105,568,000) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount of RMB419,000,000 (31 December 2021(restated): RMB444,110,000) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one to twelve 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 may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

45 TRANSFERS OF FINANCIAL ASSETS (Continued)

During the year ended 31 December 2022, the Group has recognised losses of RMB7,979,000 on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). The Endorsement has been made evenly throughout the period.

Transferred financial assets that are not derecognised in their entirety

On 15 January 2020, the Group completed the establishment of the "Longyuan Power Renewable Energy Electricity Price Surcharge Phase I Green Asset-Backed Special Plan" ("first phase of ABS"),with an initial scale of RMB792 million. On 18 March 2021, "Longyuan Power Renewable Energy Electricity Price Surcharge Phase 2 Green Asset Backed Special Plan" (specifically for carbon neutrality) ("second phase of ABS") was issued, with an initial scale of RMB1,139 million. The original carrying value of the trade receivables transferred under the arrangement of the above ABS that had not been settled as at 31 December 2021 was RMB1,075,315,000. The above two special plans have been liquidated on 7 August 2022 and 19 December 2022 respectively. In the year of 2022, the Group did not issue any new ABS.

Besides, since the Group neither transferred nor retained substantially all the risks and rewards of ownership of the trade receivables and retained control of the underlying assets as at 31 December 2021, the Group only recognised the transferred assets to the extent of the continuing involvement of the first phase of ABS amounting to RMB55,725,000 as prepayment and other current assets, and the associated liabilities amounting to RMB55,725,000 as other current liabilities, and the second phase of the ABS's continuing involvement amounting to RMB55,764,000 as other assets, and the associated liabilities amounting to RMB55,764,000 as other non-current liabilities, which approximate the maximum exposure to losses from its involvement in such arrangements and the unconsolidated structured entities. As at 31 December 2022, the above assets of continuing involvement and the associated liabilities have been derecognized.

46 SERVICE CONCESSION ARRANGEMENTS

In recent years, the Group has entered into several service concession agreements with local governments (the "Grantor") to construct and operate wind power plants during the concession period, which is normally for 22 to 25 years of operation. During the concession period, the Group is responsible for the construction and the maintenance of the wind power plants. At the end of the concession period, the Group either needs to dispose of the wind power plants or transfer the wind power plants to the Grantor at nil consideration. Service concession construction revenue (note 5) recorded during the years represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted.

The Group has recognised intangible assets (note 17) related to the service concession arrangement representing the right that the Group receives to charge a fee for the sale of electricity. The Group has not recognised service concession receivables as the Grantor will not provide any guaranteed minimum payment to the Group for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction services and amortises the intangible assets over the operating period of the service concession projects.

47 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

(a) Issuance of shares and bonds

On 13 January 2023, the Company issued the Ultra Short-term Debentures Phase I amounting to RMB2 billion, the proceeds raised from the Ultra Short-term Debentures will be mainly used to repay the interest-bearing debt and replenish working capital of the issuer and its subsidiaries; On 18 January 2023, the Company issued the Ultra Short-term Debentures Phase II amounting to RMB2 billion, the proceeds raised from the Ultra Short-term Debentures will be mainly used to repay the interest-bearing debt and replenish working capital of the issuer and its subsidiaries; On 13 February 2023, the Company issued the Ultra Short–term Debentures Phase III amounting to RMB2 billion, the proceeds raised from the Ultra Short-term Debentures will be mainly used to repay the interest-bearing debt and replenish working capital of the issuer and its subsidiaries; On 13 March 2023, the Company issued the Ultra short-term Debentures Phase IV amounting to RMB2 billion, the proceeds raised from the Ultra Short-term Debentures will be mainly used to replenish daily working capital and repay the interest-bearing debt of the issuer and its subsidiaries.

47 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Capital increase by related parties

On 15 February 2023, the Company convened the first meeting of the fifth session of the Board in 2023 and unanimously passed the "Proposal on Increase of Registered Capital for Guoneng Financial Leasing Co., Ltd by Hero Asia (BVI) Company Limited". The Hero Asia (BVI) Company Limited (the "Hero Asia Company"), as a wholly-owned subsidiary of the Company, participates in Guoneng Financial Leasing Co., Ltd (the "Guoneng Financial"), and holds 49% of the equity interest in the Guoneng Financial. The Hero Asia Company intends to increase the registered capital of the Guoneng Financial by RMB1,960 million in proportion to its shareholding, and China Energy Capital Holdings Co., Ltd., the controlling shareholder of the Guoneng Financial, will increase the registered capital by RMB2,040 million in the same proportion. Upon completion of the capital increase, the proportion of equity interest in the Guoneng Financial held by the Hero Asia Company will remain unchanged.

48 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2023.

FINANCIAL STATEMENTS RECONCILIATION BETWEEN PRC GAAP AND IFRS

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

The financial statements, which have been prepared by the Company in conformity with Accounting Standards for Business Enterprises ("PRC GAAP"), differ in certain respects from those of IFRSs. Major impact of adjustments for IFRSs, on the net consolidated profit and equity attributable to equity holders of the Company, is summarised as follows:

	Consolidated profit attributable to equity holders of the Company For the year ended		Total equity attributable to equity holders of the Company As at 31 December	
	2022	2021 (Restated)	**2022**	2021 (Restated)
Consolidated net profit/equity attributable to equity holders of the Company under PRC GAAP	**5,112,189**	7,423,792	**68,806,746**	68,499,464
Impact of IFRS adjustments:				
Difference on revaluation of certain assets upon the reorganisation in 2009 *(Note (i))*	**15,585**	15,585	**(332,311)**	(357,873)
Special reserve *(Note (ii))*	**21,777**	–	**–**	–
Others	**(3,708)**	(11,443)	**(3,342)**	(40,156)
Profit/equity attributable to non-controlling interests on the adjustments above	**(14,041)**	4,729	**(23,465)**	(13,380)
Consolidated net profit/equity attributable to equity holders of the Company under IFRSs	**5,131,802**	7,432,663	**68,447,628**	68,088,055

Notes:

(i) On 9 July 2009, the Company was restructured and incorporated as a joint stock limited company. During the restructuring in 2009, a valuation was carried out for certain assets owned by the Company. In accordance with Accounting Standards for Business Enterprises – interpretation 1, valuation results were recognised by the Company in the financial statements prepared under PRC GAAP. Under IFRSs, restructuring was treated as business combination under common control. As a result, valuation results were not recognised and those assets were accounted under historical cost convention in the financial statements prepared under IFRS. In addition, the difference on certain assets recognition had impact on depreciation and amortisation expenses in subsequent periods, resulting differences in reserve and net profit in the circumstances of asset disposal or impairment provided. The above-mentioned differences were eliminated gradually through depreciation and amortisation expenses provided and assets disposal.

Notes (Continued):

(ii) According to the "Management Measures for the Extraction and Use of Enterprise Safety Production Expenses" issued by the Ministry of Finance on December 13, 2022 (Caizi[2022] No.136), the group has been calculating and withdrawing safety production expenditures since December 2022. According to the "Interpretation of Enterprise Accounting Standards No.3" issued by the Ministry of Finance on June 11, 2009, the safety production expenditures calculated and withdrawn in accordance with regulations are included in the main business cost, while recognizing "special reserves". Under International Financial Reporting Standards, safety production expenditures are recognized as costs when they are actually incurred. The safety production expenditures that have been withdrawn but have not been used form a special reserve that has been withdrawn according to legal requirements and has specific purposes. They are extracted from Retained earnings and listed in the "special reserve".

GLOSSARY OF TERMS

"Articles of Association"	the articles of association of the Company
"attributable installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies or individual projects under one project company in which we have an interest in proportion to the level of our ownership in each of those companies. It is calculated by multiplying our percentage ownership in each project company in which we have an interest, whether or not such interest is a controlling interest, by its total installed capacity or total capacity under construction (as the case may be). Both attributable installed capacity and attributable installed capacity under construction include the capacity of both our subsidiaries and associated companies but only to the extent of our equity ownership
"Audit Committee"	the audit committee of the Board
"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

"carbon neutrality"	the achievement of "zero carbon dioxide emissions" by enterprises, groups or individuals through offsetting the carbon dioxide emissions produced by themselves that was calculated base on the amount of greenhouse gas emissions produced by them directly or indirectly within a certain period of time by the way of plant afforestation, energy saving and emission reduction, etc.
"carbon peak"	China promises that its carbon dioxide emissions will no longer increase by 2030 and will gradually decrease after peaking
"China" or "PRC"	the People's Republic of China
"CHN Energy"	China Energy Investment Corporation Limited, as at the Latest Practicable Date , CHN Energy in aggregate directly and indirectly holds 4,908,598,140 domestic shares (representing approximately 58.56% of the total issued share capital of the Company) of the Company, a controlling Shareholder of the Company
"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
"Code provisions"	as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

GLOSSARY OF TERMS

"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies
"consolidated power generation"	the aggregate 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
"Director(s)"	the directors of the Company
"Dual-core Development"	development of both centralised and distributed projects
"electricity sales"	the actual amount of electricity sold by a power plant in a particular period of time, which is equivalent to gross power generation less comprehensive auxiliary electricity
"Four Growth Engines"	technology leadership, innovation and demonstration, resource guarantee and incentive
"Group"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司) and its subsidiaries
"GW"	unit of energy, gigawatt. 1 GW = 1,000 MW

* *For identification purpose only.*

"GWh"	unit of energy, gigawatt-hour. The standard unit of energy used in the electric power industry. One gigawatt-hour is the amount of energy that would be produced by a generator producing one gigawatt for one hour
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"kW"	unit of energy, kilowatt. 1 kW = 1,000 watts
"kWh"	unit of energy, kilowatt-hour. The standard unit of energy used in the electric power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
"Latest Practicable Date"	29 March 2023, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"load factor"	the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of the number of hours in the given period multiplied by the plant's installed capacity
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
"MW"	unit of energy, megawatt. 1 MW = 1,000 kW. The installed capacity of power plants is generally expressed in MW

GLOSSARY OF TERMS

"MWh"	unit of energy, megawatt-hour. The standard unit of energy used in the electric power industry. One megawatt-hour is the amount of energy that would be produced by a generator producing one megawatt for one hour
"NDRC"	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會)
"One Goal, Three Orientations, Five Variations and Seven World-Class Competitiveness"	to develop into a world-class energy group that is highly competitive around the globe; to create an enterprise of innovative type, leading type and value-oriented type; to promote clean, integrated, refined, intelligent and international development; to become an enterprise with leading safety, leading quality, leading benefit, leading technology, leading talents, leading brand and leading Party construction
"our Company", "the Company", "we", "us", "our" or "Longyuan Power"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司), a company incorporated in the PRC with limited liability, the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 00916) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 001289)

* *For identification purpose only*

"Pingzhuang Energy"	Inner Mongolia Pingzhuang Energy Co., Ltd. (內蒙古平莊能源股份有限公司), a joint stock limited company incorporated and validly existing under the laws of the PRC, whose shares are listed and traded on the Shenzhen Stock Exchange with stock code 000780.SZ. Pingzhuang Energy is mainly engaged in the business of production, preparation, processing and sales (limited to operation by branches) of coal, sales of mine equipment, materials, accessories and disposal materials, catering services, accommodation and other businesses. As at the Latest Practicable Date, the total number of issued shares of Pingzhuang Energy was 1,014,306,324, among which, CHN Energy holds 61.42% of shares of Pingzhuang Energy through Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司), and is an indirect controlling shareholder of Pingzhuang Energy
"renewable energy"	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
"replacing small-capacity units with large-capacity units"	to replace the original small-capacity wind turbine units with mainstream models in the industry with large installed capacity of a single unit and advanced technology to maximize the use of land and wind power resources in old wind farms
"Reporting Period"	from 1 January 2022 to 31 December 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)

GLOSSARY OF TERMS

"Shareholder(s)"	holder(s) of shares of the Company
"Six Commitments"	to have the courage to take on commitments, have the willingness to take on commitments, be good at taking on commitments, agree to take on commitments, promote taking on commitments, and be capable to take on commitments
"Southbound Trading"	Investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange
"Stakeholder"	any constituencies in the organization's environment that are affected by an organization's decisions and actions. It may be the internal of the Group (shareholder or staff etc.) or external of the Group (supplier or customer etc.)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisory Board"	the supervisory board of the Company
"The Belt and Road"	the Silk Road Economic Belt and 21st Century Maritime Silk Road Economic Belt
"top priorities of China"	the important events related to the future and destiny of the Party and the country, the great rejuvenation of the Chinese nation, People's happiness and well-being, and the law and order of the society
"Troikas"	independent development, cooperative development and replacing small-capacity units with large-capacity units

CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

China Longyuan Power Group Corporation Limited*

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road, Kowloon
Hong Kong

BOARD OF DIRECTORS

Executive Director

Mr. Tang Jian *(Chairman of the Board)*

Non-executive Directors

Mr. Tian Shaolin
Mr. Tang Chaoxiong
Mr. Wang Yiguo
Mr. Ma Bingyan

Independent Non-executive Directors

Mr. Michael Ngai Ming Tak
Mr. Gao Debu
Ms. Zhao Feng

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Tang Jian

AUTHORIZED REPRESENTATIVES

Mr. Tang Jian
Ms. Chan Sau Ling

COMPANY SECRETARY

Ms. Chan Sau Ling

* *For identification purpose only*

CORPORATE INFORMATION

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Da Hua Certified Public Accountants
(Special General Partnership)
12/F, Tower 7
No. 16 XiSihuanZhongLu
Haidian District Beijing
PRC

LEGAL ADVISORS

as to Hong Kong law

Clifford Chance
27th Floor, Jardine House
One Connaught Place
Central
Hong Kong

as to PRC law

Beijing Zhonglun W&D Law Firm
19th Floor, Golden Tower
No.1, Xibahe South Road
Chaoyang District, Beijing
PRC

PRINCIPAL BANKERS

China Development Bank
No.29 Fuchengmenwai Avenue
Xicheng District
Beijing
PRC

China Construction Bank Corporation
Beijing Branch
Building No. 28
Xuanwumenxi Street
Xicheng District
Beijing PRC

Bank of Communications Co., Ltd.
Beijing Branch
No. 33 Financial Street
Xicheng District
Beijing
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17/F,
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

H Share: 00916 Hong Kong Stock Exchange
A Share: 001289 Shenzhen Stock Exchange

FOR INVESTOR ENQUIRIES

Investor hotline: 86 10 6388 8199
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Website: www.clypg.com.cn
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