龍 源 電 力 集 團 股 份 有 限 公 司

China Longyuan Power Group Corporation Limited*

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

Stock Code: 00916

2021
ANNUAL REPORT

* For Identification Purpose Only


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CHAIRMAN'S STATEMENT

Dear Shareholders,

The year of 2021 was a special and significant one, as it was the 100th anniversary of the founding of the Communist Party of China and the opening year of the 14th Five-Year Plan. Under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, Longyuan Power thoroughly implemented the spirit of the 19th National Congress of the Communist Party of China and all previous plenary sessions of the 19th Session of the Communist Party of China, and under the strong leadership of the Party Group of CHN Energy, consistently implemented the new energy security strategy of "Four Revolutions and One Cooperation" (四個革命、一個合作), and seriously implemented 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)", Main indicators reached new highs, and successfully completed all the annual targets and tasks, which opened up a new situation for the continuous progress of the 14th Five-Year Plan.

In 2021, Longyuan Power bravely undertook the mission of green development, and created a new atmosphere for new energy development. It established a highly efficient development model featuring support from the Group while the Company being responsible for the overall picture, joint efforts from top and bottom, comprehensive interaction, regional synergy and extensive cooperation, signed development agreements of over 56 GW and obtained development rights of over 18 GW, and the preliminary index had reached a record high. It fully implemented the new energy strategic targets of CHN Energy, the consolidated installed capacity for the whole year increased by 2,104 MW, and the development advantages were continuously consolidated. By the end of 2021, the consolidated installed capacity of Longyuan Power was 26,699 MW, of which the consolidated installed capacity of wind power was 23,668 MW, continuing to remain the first in the world.

CHAIRMAN'S STATEMENT

In 2021, Longyuan Power made solid progress in improving quality and efficiency, made new contributions to energy supply and stable economic growth. It vigorously promoted the digital transformation of production and accelerated construction of new model of operation and inspection, made it the first in the industry to build a fault-free wind farm for the whole year, ensured the healthy and stable operation of equipments, and the wind power generated in the year was 63,285,328 MWh, representing an increase of 19.26% kWh year-on-year, thus relatively completed the task of maintaining supply in key regions and periods for the whole year. The Company also made every effort to reduce costs and expenses, carried out full-levels tax planning, and continued to carry out capital intensive management. A total profit of RMB8,756 million was recorded for the year, representing a year-on-year increase of 26.50%, and played a positive role in the steady growth of the state-owned economy.

At the beginning of 2022, Longyuan Power is successfully listed on the main board of Shenzhen Stock Exchange, realizing the dual listing of "A+H". The return to A-share market is a major measure taken to implement the national strategy of "carbon peak and carbon neutrality" and promote its own green and low-carbon transformation and development. It is also a new milestone for Longyuan Power to set sail again! As a new journey begins and a new era is unfolding, Longyuan Power will seize the historical opportunity of new energy development, focus on expanding, strengthening and optimizing the main business of new energy, and reward investors, society and the country with even better operating performance. It will strive to live up to the times, to live up to the splendour, to excel and to do what we do, to take the "developing clean energy and building a Beautiful China" as our mission all the time, and to compose another magnificent movement of new energy development!

Chairman of the Board
Li Zhongjun

PRESIDENT’S STATEMENT

Dear Shareholders,

In 2021, in the face of the complicated situation and tough tasks, under the strong leadership of the Board of the Company, The Group’s management led all staff to earnestly implement the guidelines adopted at the working meetings held at the beginning and in the middle of the year, set firm targets and overcome difficulties, made solid progress in all work, and coordinated energy safety supply and green development. Main indicators reached new highs, with a generally stable safety situation, and a good start for high-quality development in the 14th Five-Year Plan was achieved.

In 2021, the Group adhered to the plan and development of one policy for one province, and continuously increased the development of new energy. It signed new development agreement of 56.46 GW and obtained development index of 18.36 GW, which had reached new highs. Among the first batch of large-scale wind power and photovoltaic projects in China, two projects of the Group totalling 3,100 MW were approved and commenced construction in Guangxi and Gansu. It deeply developed the markets along the “The Belt and Road”, and the wind power project in Ukrainian Yuzhne was put into operation at full capacity. The development of distributed projects was intensified and the development rights of 70 county-wide distributed photovoltaic power projects were obtained. In the whole year, 2,104 MW of consolidated installed capacity was added. By the end of 2021, the Group’s consolidated installed capacity had reached 26,699 MW, continuing to maintain its leading position in the industry.

In 2021, the Group implemented active business strategies around the “two profits and four ratios” indicators (total profit, net profit, operating margin ratio, asset-liability ratio, research and development investment ratio and overall labor productivity), implemented active management strategy, strictly controlled costs and expenses, and continued to optimise marketing management, resulting in the best operating results in its history. On a consolidated basis, the Group’s operating revenue for the year amounted to RMB37,195 million, representing a year-on-year increase of 29.75%; net profit attributable to equity holders of the Group amounted to RMB6,413 million, representing a year-on-year increase of 27.63%; and the earnings per share amounted to RMB76.63 cents. As at the end of 2021, the Group’s total assets and net assets amounted to RMB189,855 million and RMB72,321 million, respectively, with a net gearing ratio of 56.13%.

In 2021, the Group spared no efforts in digital transformation, with nearly 14,000 wind turbines connected to the digital platform with 45 million data access points, and continued to develop forecasting and warning algorithms, with over 3,500 faults predicted in advance, and won the award of “Excellent Solution for Integration of Industrialization and Informatization in Power Industry” awarded by China Electricity Council. It established a new operation and inspection model of “regional maintenance centre + centralised monitoring centre”, 68 stations were “unmanned” and 14 stations were “unattended”. Its wind farms were the industry’s first year-round trouble-free one, with over 95% of units running trouble-free for 100 consecutive days. The total wind power generated in the year amounted to 51,299,762 MWh, representing a year-on-year increase of 17.44%, and the utilisation hours of wind power reached 2,366 hours, 134 hours higher than the industry average.

PRESIDENT'S STATEMENT

In 2021, the Group fully implemented the deployment of state-owned enterprise reform and advanced the depth of the three-year action of reform. The overall completion rate exceeded 80% and successfully completed the annual performance target. The Group deepened the reform of the three systems (labour, personnel and distribution), achieved full coverage of the tenure system and contractual management for the managers of subsidiaries, implemented all-staff performance appraisal, optimised the remuneration and incentive mechanism, and effectively mobilised the enthusiasm of staff in starting businesses. The work of building itself into a world-class enterprise continued to deepen and it was elected as the management benchmark for key state-owned enterprises of SASAC in the year.

In 2021, the Group vigorously promoted restructuring project of absorption and merger of Pingzhuang Energy through share swap by Longyuan Power. The transaction adopted the innovative scheme of simultaneous share swap for absorption and merger, asset sale and asset purchase, which became the benchmark for capital operation in the new energy sector. On 24 January 2022, the Company successfully returned to the A-share market, which was the first among the new energy power generation enterprises which are subsidiaries of the five major power generation groups to be listed on the A-share market.

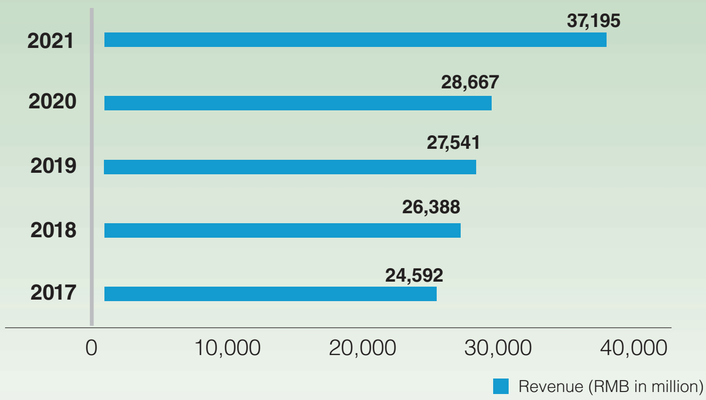
In 2022, we will seize the opportunity of returning to the A-share market to firmly grasp the right development direction, seize the significant strategic opportunities in the new energy industry, standardize our operation, operate steadily, and constantly strengthen endogenous power, development vitality and overall strength. We will further enhance our competitiveness and maintain our leading position in the industry, strive to achieve organic unity between social and economic benefits, reward investors with even better performance, and contribute more to the achievement of the goals of carbon peak and carbon neutrality.

President

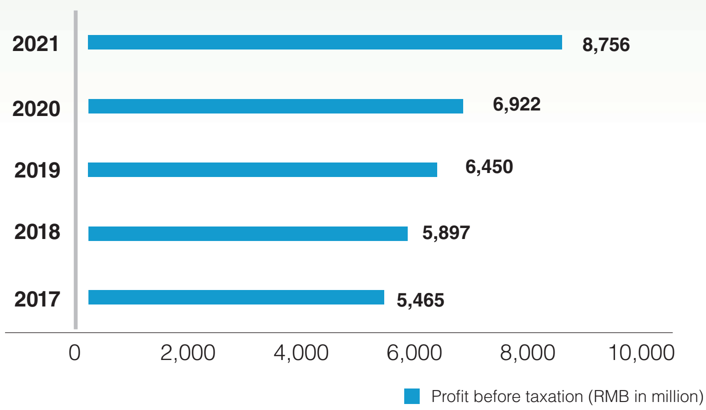
Tang Jian

KEY OPERATING AND FINANCIAL DATA

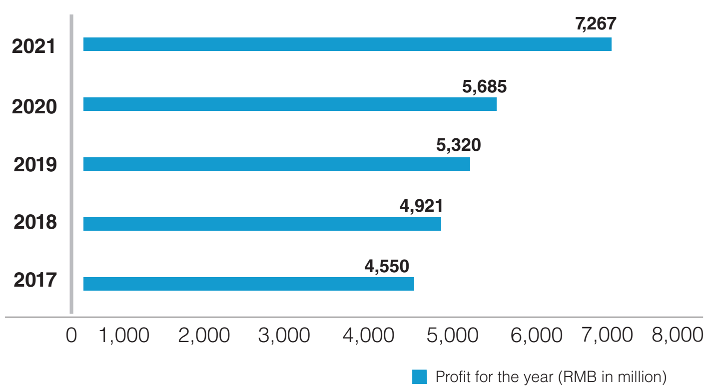
1. Revenue



2. Profit before taxation

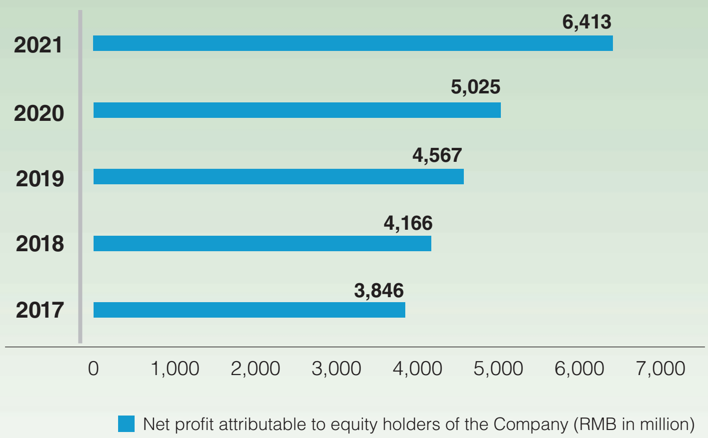


3. Profit for the year

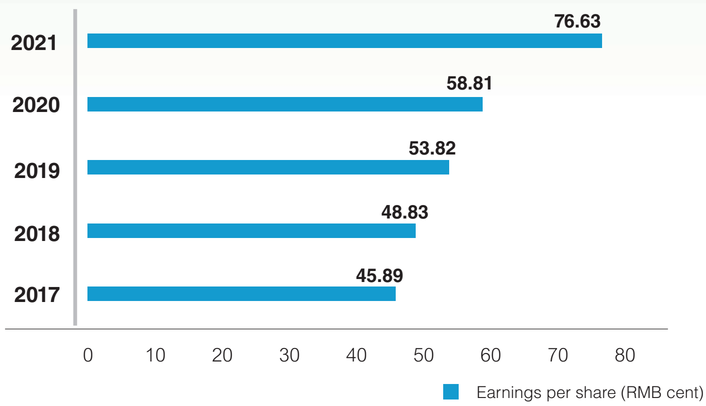


KEY OPERATING AND FINANCIAL DATA

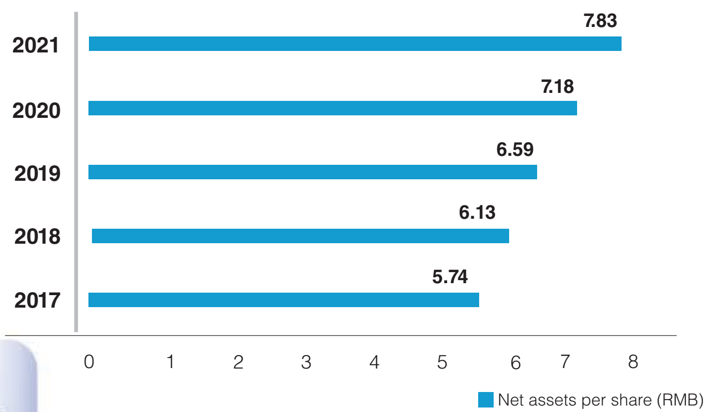
4. Net profit attributable to equity holders of the Company

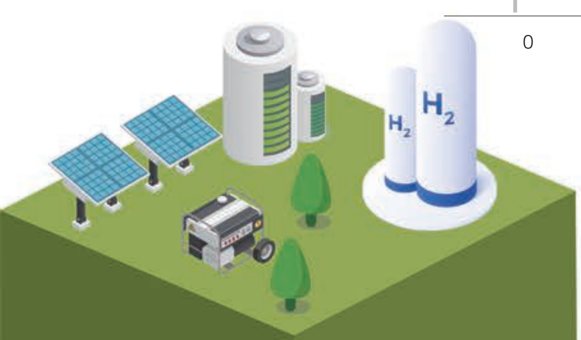


5. Earnings per share



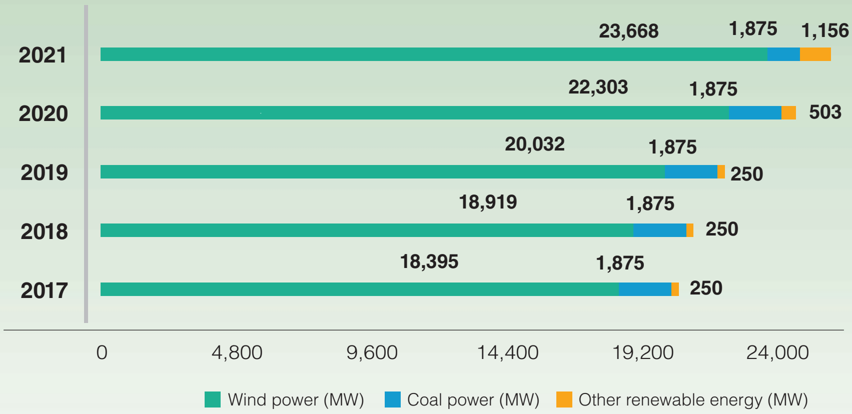
6. Net assets per share



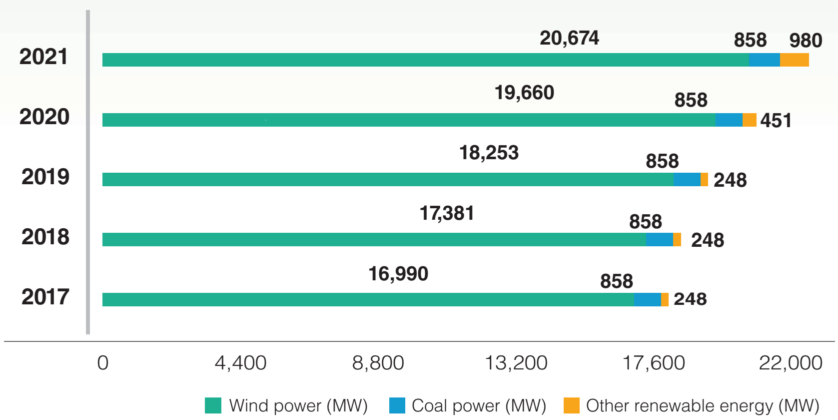


KEY OPERATING AND FINANCIAL DATA

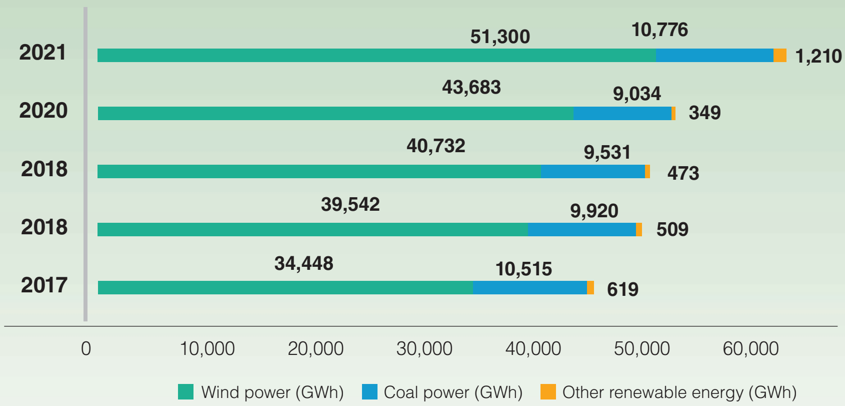
7. Consolidated installed capacity



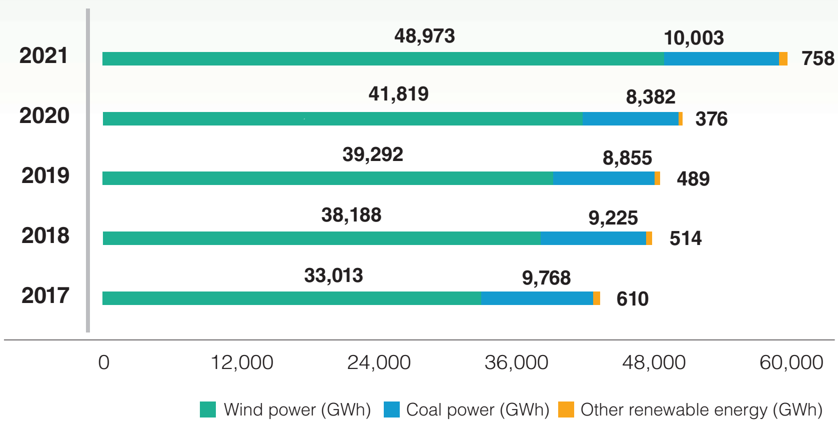
8. Attributable installed capacity



9. Electricity output

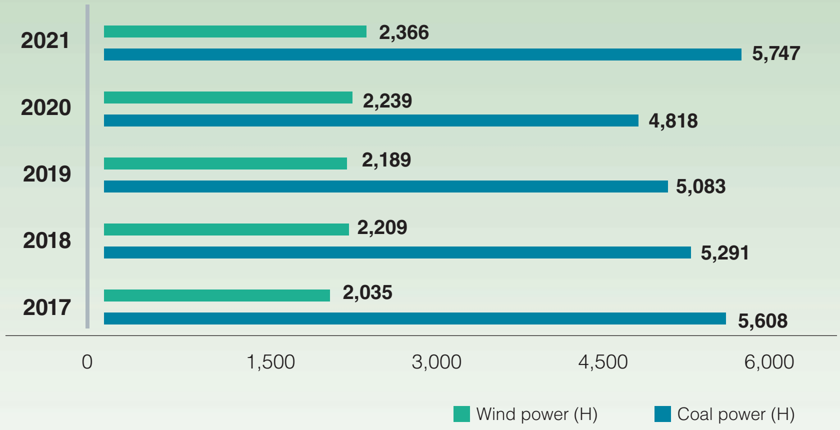


10. Electricity sales

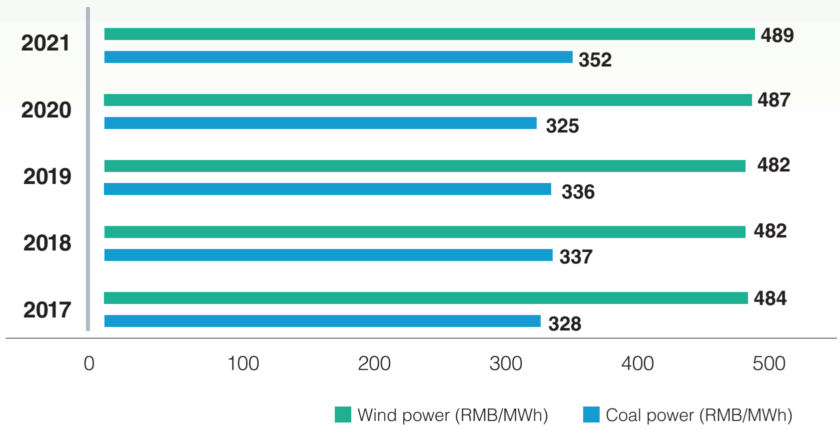


KEY OPERATING AND FINANCIAL DATA

11. Utilisation hours

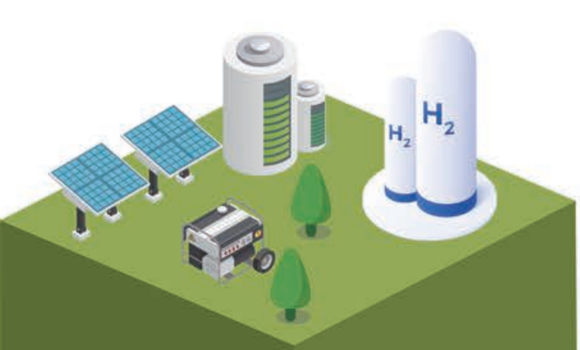


12. Tariffs (excluding VAT)



KEY OPERATING AND FINANCIAL DATA

	2017 *RMB'000*	2018 *RMB'000*	2019 *RMB'000*	2020 *RMB'000*	**2021** ***RMB'000***
Revenue	24,591,616	26,387,923	27,540,630	28,667,181	**37,195,458**
Profit before taxation	5,465,390	5,896,836	6,450,456	6,921,577	**8,755,605**
Income tax	(915,692)	(975,616)	(1,130,758)	(1,236,082)	**(1,488,368)**
Profit for the year	4,549,698	4,921,220	5,319,698	5,685,495	**7,267,237**
Attributable to:					
Equity holders of the Company	3,845,990	4,165,809	4,566,790	5,024,979	**6,413,050**
Non-controlling interests	703,708	755,411	752,908	660,516	**854,187**
Total comprehensive income for the year	4,783,980	4,622,561	5,455,679	5,532,714	**7,298,871**
Attributable to:					
Equity holders of the Company	4,069,314	3,886,575	4,713,367	4,882,823	**6,439,988**
Non-controlling interests	714,666	735,986	742,312	649,891	**858,883**
Basic and diluted earnings per share *(RMB cent)*	45.89	48.83	53.82	58.81	**76.63**



KEY OPERATING AND FINANCIAL DATA

	2017 *RMB'000*	2018 *RMB'000*	2019 *RMB'000*	2020 *RMB'000*	**2021** ***RMB'000***
Total non-current assets	128,512,863	128,718,285	133,773,499	144,101,991	**153,989,412**
Total current assets	17,122,177	17,786,051	23,029,184	31,183,881	**35,865,380**
TOTAL ASSETS	145,635,040	146,504,336	156,802,683	175,285,872	**189,854,792**
Total current liabilities	47,159,418	39,780,268	43,537,841	52,907,326	**58,545,825**
Total non-current liabilities	45,176,340	50,158,275	52,609,770	55,929,572	**58,988,297**
TOTAL LIABILITIES	92,335,758	89,938,543	96,147,611	108,836,898	**117,534,122**
NET ASSETS	53,299,282	56,565,793	60,655,072	66,448,974	**72,320,670**
Total equity attributable to the equity holders of the Company	46,125,851	49,236,430	52,922,642	57,687,575	**62,932,884**
Non-controlling interests	7,173,431	7,329,363	7,732,430	8,761,399	**9,387,786**
TOTAL EQUITY	53,299,282	56,565,793	60,655,072	66,448,974	**72,320,670**
NET ASSETS PER SHARE *(RMB)*	5.74	6.13	6.59	7.18	**7.83**

CORPORATE PROFILE

CORPORATE PROFILE

Founded in 1993, Longyuan Power was originally affiliated to the National Energy Administration of the PRC and became an affiliated corporation of former Ministry of Power Industry, former State Power Corporation and China Guodian Corporation successively. It is currently affiliated to CHN Energy and a pioneer specialised in wind power development in the PRC. In 2009, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange, which made it known as the "First Listed New Energy Company in the PRC". Currently, Longyuan Power has developed into a large-scale power generation conglomerate focusing on new energy. It possesses over 400 wind farms as well as photovoltaic, biomass, tidal, geothermal and coal power generation projects, distributed in 32 provinces and municipalities of the PRC and other countries such as Canada, South Africa and Ukraine.

As at the end of 2021, the total installed capacity of the Company was 26,699 MW, of which the consolidated installed capacity of wind power was 23,668 MW, maintaining the position of the Company as the leading wind power operator in the world. Due to its sound operation performance, the Company was successively awarded as the "National Civilized Unit (全國文明單位)", the "Listed Company with Most Brand Value (最具品牌價值上市公司獎)", the "Most Influential Listed Company (最具影響力上市公司)", the "Best Corporate Governance Listed Company (最佳公司治理上市公司)" and the "Thirteenth Five-Year Plan Listed Company with Most Investment Value ("十三五"最具投資價值上市公司)". It has been rated as one of the "Global New Energy Top 500" (全球新能源500強) enterprises for nine consecutive years and won the "National Labor Day Certificate (全國五一勞動獎狀)", the highest honor awarded by the All-China Federation of Trade Unions (中華全國總工會) to enterprises and institutions.

CORPORATE PROFILE

CORPORATE STRUCTURE

Hero Asia (BVI) Company Limited

100%

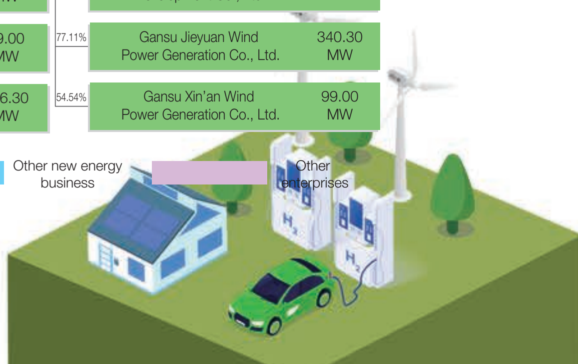
100%	Longyuan (Bayannur) Wind Power Generation Co., Ltd.	246.90 MW
100%	Longyuan (Baotou) Wind Power Generation Co., Ltd.	201.00 MW
100%	Longyuan (Siziwang) Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Damao Wind Power Generation Co., Ltd.	300.70 MW
100%	Longyuan (Wulatehou Banner) Wind Power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

40%	Huanan Longyuan Wind Power Generation Co., Ltd.	139.60 MW
100%	Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.	99.00 MW
51%	Hailin Longyuan Wind Power Generation Co., Ltd.	20.40 MW
100%	Fuyuan Longyuan Wind Power Generation Co., Ltd.	31.50 MW
92%	Yilan Longyuan Huineng Wind Power Generation Co., Ltd.	98.60 MW
95%	Hegang Longyuan Wind Power Generation Co., Ltd.	49.30 MW
100%	Shuangyashan Longyuan Wind Power Generation Co., Ltd.	49.50 MW
100%	Harbin Longyuan Wind Power Generation Co., Ltd	
70%	Hailin Longyuan New Energy Co., Ltd.	
80%	Tonghe Longyuan Wind Power Generation Co., Ltd.	48.30 MW
100%	Heilongjiang Longyuan New Energy Development Co., Ltd.	536.90 MW
100%	Wudalianchi Longyuan New Energy Co., Ltd.	7.00 MW
100%	Tieli Longyuan New Energy Co., Ltd.	
	Huanan Longyuan New Energy Co., Ltd.	100.00 MW
66.23%	Jilin Longyuan Wind Power Generation Co., Ltd.	200.60 MW
100%	Longyuan (Changling) Wind Power Generation Co., Ltd.	99.00 MW
100%	Tongyu Xingfa Wind Power Generation Co., Ltd.	346.30 MW

100%	Yanbian Longyuan Wind Power Generation Co., Ltd.	50.00 MW
100%	Longyuan (Nong'an) Wind Power Generation Co., Ltd.	99.00 MW
88%	Jilin Dongfeng Longxin Power Generation Co., Ltd.	
98.62%	Shenyang Longyuan Wind Power Generation Co., Ltd.	141.30 MW
100%	Tieling Longyuan Wind Power Generation Co., Ltd.	98.60 MW
100%	Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd.	148.50 MW
100%	Longyuan Fuxin Wind Power Generation Co., Ltd.	93.50 MW
100%	Liaoning Longyuan New Energy Development Co., Ltd.	614.80 MW
50%	Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd.	99.00 MW
55%	Longyuan Jiantou (Chengde) Wind Power Generation Co., Ltd.	148.50 MW
100%	Hebei Longyuan Wind Power Generation Co., Ltd.	398.10 MW
70%	Hebei Longyuan Zhongbao Wind Power Generation Co., Ltd.	300.00 MW
100%	Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	725.50 MW
100%	Longyuan (Zhangbei) Wind Power Generation Co., Ltd.	99.00 MW
100%	Xingtai Longyuan New Energy Development Co., Ltd.	
77.11%	Gansu Jieyuan Wind Power Generation Co., Ltd.	340.30 MW
54.54%	Gansu Xin'an Wind Power Generation Co., Ltd.	99.00 MW

Major Subsidiaries:

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



CORPORATE PROFILE

Shareholders of the Company

CHN Energy Liaoning Electric Power Co., Ltd.	1.17%
CHN Energy	57.27%
H Shareholders	41.56%

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

The Company

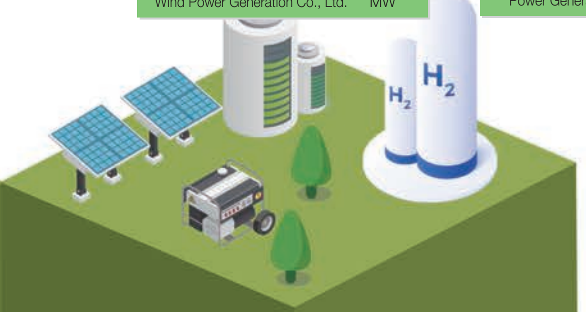
Hero Asia Investment Limited — 100%

Longyuan Power Overseas Investment Co., Ltd.	100%	
Longyuan Ukraine Yuzhne Wind Power Generation Co. Ltd (held through Longyuan Power Overseas Investment Co., Ltd.)	100%	76.50 MW
Longyuan Canada Renewables Ltd.	100%	99.10 MW
Longyuan South Africa Renewables (Pty) Ltd.	100%	244.50 MW

Longyuan (Jiuquan) Wind Power Generation Co., Ltd.	550.50 MW	100%
Gansu Longyuan Wind Power Generation Co., Ltd.	300.00 MW	100%
Longyuan (Yumen) New Energy Development Co, Ltd	200.00 MW	100%
Xinjiang Tianfeng Power Generation Joint Stock Company	249.30 MW	59.53%
Xinjiang Longyuan Wind Power Generation Co., Ltd.	346.50 MW	100%
Longyuan Balikun Wind Power Generation Co., Ltd.	398.00 MW	100%
Longyuan Hami New Energy Co., Ltd.	201.00 MW	100%
Longyuan Alashankou Wind Power Generation Co., Ltd.	198.00 MW	100%
Bu'erjin Tianrun Wind Power Generation Co., Ltd.	49.50 MW	60%
Guodian Xinjiang Alashankou Wind Power Development Co., Ltd.	99.00 MW	70%
Longyuan Tuoli Wind Power Generation Co., Ltd.	49.50 MW	100%
Longyuan Burqin Wind Power Generation Co., Ltd.	49.50 MW	100%
Guoneng Longyuan (Fujian) New Energy Co, Ltd		90%
Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.	56.00 MW	97.50%
Longyuan Pingtan Wind Power Generation Co., Ltd.	100.00 MW	89.50%
Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd.	6.00 MW	60%

Fujian Putian Nanri Wind Power Generation Co., Ltd.	16.15 MW	41.56%
Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd.	85.50 MW	91.15%
Longyuan (Putian) Wind Power Generation Co., Ltd.	201.95 MW	100%
Fujian Longyuan Wind Power Generation Co., Ltd.	195.50 MW	100%
Fujian Longyuan Offshore Wind Power Generation Co., Ltd.	388.00 MW	78.10%
Zhejiang Longyuan Wind Power Generation Co., Ltd.	35.00 MW	100%
Zhejiang Cangnan Wind Power Generation Co., Ltd.	21.80 MW	90%
Zhejiang Linhai Wind Power Generation Co., Ltd.	21.30 MW	90%
Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd.	40.00 MW	76.29%
Zhejiang Zhoushan Cengang Wind Power Generation Co., Ltd.	45.00 MW	89.69%
Zhoushan Longyuan New Energy Co., Ltd.		100%
Longyuan Pan'an Wind Power Generation Co., Ltd.	36.00 MW	100%
Longyuan Xianju Wind Power Generation Co., Ltd.	28.80 MW	100%
Jiangsu Longyuan Wind Power Generation Co., Ltd.	150.00 MW	57.985%
Longyuan Qidong Wind Power Generation Co., Ltd.	100.50 MW	69.373%
Longyuan (Rudong) Wind Power Generation Co., Ltd.	250.50 MW	82.985%

Longyuan Dafeng Wind Power Generation Co., Ltd.	350.50 MW	100%
Longyuan Xuyi Wind Power Generation Co., Ltd.	388.30 MW	100%
Longyuan East Sea Wind Power Generation Co., Ltd.	98.70 MW	70%
Nantong TongZhou Longyuan New Energy Co., Ltd.		100%
Jiangsu Off-shore Longyuan Wind Power Generation Co., Ltd.	280.30 MW	78.10%
Longyuan Yancheng Dafeng Off-shore Wind Power Generation Co., Ltd.	400.00 MW	79.58%
Longyuan Yellow Sea Rudong Off-shore Wind Power Generation Co., Ltd.	200.00 MW	72.70%
Hai'an Longyuan Off-shore Wind Power Generation Co., Ltd.	300.00 MW	78.10%
Sheyang Longyuan Wind Power Generation Co., Ltd.	405.00 MW	62.7%
Longyuan Yancheng New Energy Development Co., Ltd.	303.15 MW	51%
Longyuan Guoneng Off-shore Wind Power (Yancheng) Co., Ltd.	303.15 MW	56.13%
Hainan Longyuan Wind Power Generation Co., Ltd.	99.00 MW	100%
Yunnan Longyuan Wind Power Generation Co., Ltd.	439.50 MW	100%
Longyuan Dali Wind Power Generation Co., Ltd.	231.00 MW	80%
Longyuan Shilin Wind Power Generation Co., Ltd.	99.00 MW	100%



CORPORATE PROFILE

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS

Hero Asia (BVI) Company Limited

100%

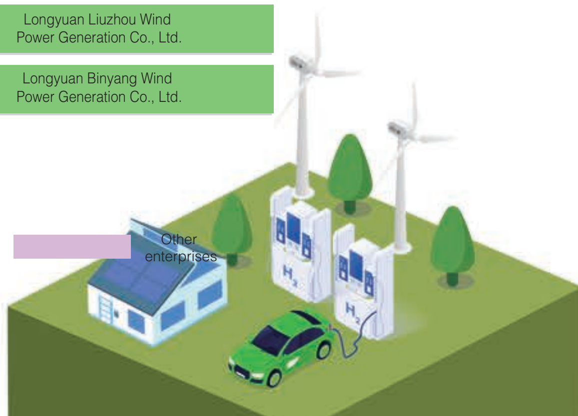
100%	Longyuan Weishan Wind Power Generation Co., Ltd.	
100%	Longyuan Lijiang New Energy Co., Ltd.	50.00 MW
51%	Guodian Yunnan Longyuan Luoping Wind Power Generation Company Limited	50.00 MW
100%	Qujing Longyuan New Energy Co., Ltd.	50.00 MW
100%	Anhui Longyuan Wind Power Generation Co., Ltd.	198.00 MW
100%	Longyuan Fengyang Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Dingyuan Wind Power Generation Co., Ltd.	97.80 MW
100%	Longyuan Quanjiao Wind Power Generation Co., Ltd.	95.50 MW
70%	Longyuan Suzhou Wind Power Generation Co., Ltd.	76.00 MW
70%	Hanshan Longyuan Meishan Wind Power Generation Co., Ltd.	48.30 MW
100%	China Longyuan Power Group Anhui New Energy Development Co., Ltd.	244.00 MW
100%	Shandong Longyuan New Energy Co., Ltd.	194.00 MW
70%	Shangdong Longyuan Hengxin Wind Power Generation Co., Ltd.	
51%	Longyuan Huitai (Binzhou) Wind Power Generaion Co., Ltd.	98.70 MW
100%	Longyuan Linyi Wind Power Generation Co., Ltd.	98.20 MW
100%	Hero Asia (Liaocheng) New Energy Co., Ltd.	
100%	Hero Asia (Ningyang) Wind Power Generation Co., Ltd.	
50%	Guodian Shandong Jinan Longyuan Wind Power Generation Co., Ltd.	69.50 MW
50%	Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd.	

100%	Longyuan (Dezhou) Wind Power Generation Co., Ltd.	110.00 MW
100%	Longyuan Guan County Wind Power Generation Co., Ltd.	
80%	Longyuan Qixia Wind Power Generation Co., Ltd.	
100%	Longyuan (Yantai) New Energy Co., Ltd	
90%	Shandong Longyuan Nongxintong New Energy Development Co., Ltd.	
100%	Tianjin Longyuan Wind Power Generation Co., Ltd.	183.50 MW
100%	Longyuan (Tianjin Binhai New Area) Wind Power Generation Co., Ltd.	164.00 MW
100%	Guizhou Longyuan New Energy Co., Ltd.	690.00 MW
50%	Guoneng Longyuan (Songtao) New Energy Co., Ltd.	49.50 MW
50%	CHN Energy Longyuan Duyun Wind Power Generation Co., Ltd.	49.50 MW
100%	Shanxi Longyuan New Energy Co., Ltd.	298.50 MW
100%	Guodian Shanxi Clean Youyu Wind Power Co., Ltd.	99.00 MW
100%	Longyuan Ningwu Wind Power Generation Co., Ltd.	84.00 MW
100%	Longyuan Pianguan Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Kelan Wind Power Generation Co., Ltd.	49.50 MW
100%	Longyuan Jingle Wind Power Generation Co., Ltd.	201.75 MW
100%	Longyuan Heshun Wind Power Generation Co., Ltd.	111.00 MW
100%	Longyuan Lanxian Wind Power Generation Co., Ltd.	49.50 MW
51%	Guodian Longyuan Shenchi Wind Power Generation Co., Ltd.	49.50 MW

26.52%	Jingle Longyuan New Energy Co., Ltd.	49.50 MW
100%	Ningxia Longyuan New Energy Co., Ltd.	396.50 MW
100%	Ningxia Tianjing Wind POWER Generation Electricity JOINT STOCK Co., Ltd.	79.50 MW
100%	Litong Longyuan New Energy Co., Ltd.	98.70 MW
100%	Wuzhong Longyuan New Energy Co., Ltd.	200.00 MW
100%	Shaanxi Longyuan New Energy Co., Ltd.	144.10 MW
100%	Jingbian Longyuan New Energy Co., Ltd.	99.00 MW
100%	Dingbian Longyuan New Energy Co., Ltd.	95.05 MW
100%	Longyuan Hengshan New Energy Co., Ltd.	46.00 MW
51%	Guodian Longyuan Wuqi New Energy Co., Ltd.	200.10 MW
100%	Jiangxi Longyuan New Energy Co., Ltd.	96.40 MW
100%	Longyuan Yichun Wind Power Generation Co., Ltd.	40.00 MW
100%	Longyuan Le'an Wind Power Generation Co., Ltd.	60.00 MW
100%	Longyuan Tibet Naqu New Energy Co., Ltd.	7.50 MW
100%	Guangxi Longyuan Wind Power Generation Co., Ltd.	143.50 MW
100%	Longyuan Yulin Wind Power Generation Co., Ltd.	96.80 MW
100%	Longyuan Liuzhou Wind Power Generation Co., Ltd.	
100%	Longyuan Binyang Wind Power Generation Co., Ltd.	

Major Subsidiaries:

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



CORPORATE PROFILE

Shareholders of the Company

- CHN Energy Liaoning Electric Power Co., Ltd. — 1.17%
- CHN Energy — 57.27%
- H Shareholders — 41.56%

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

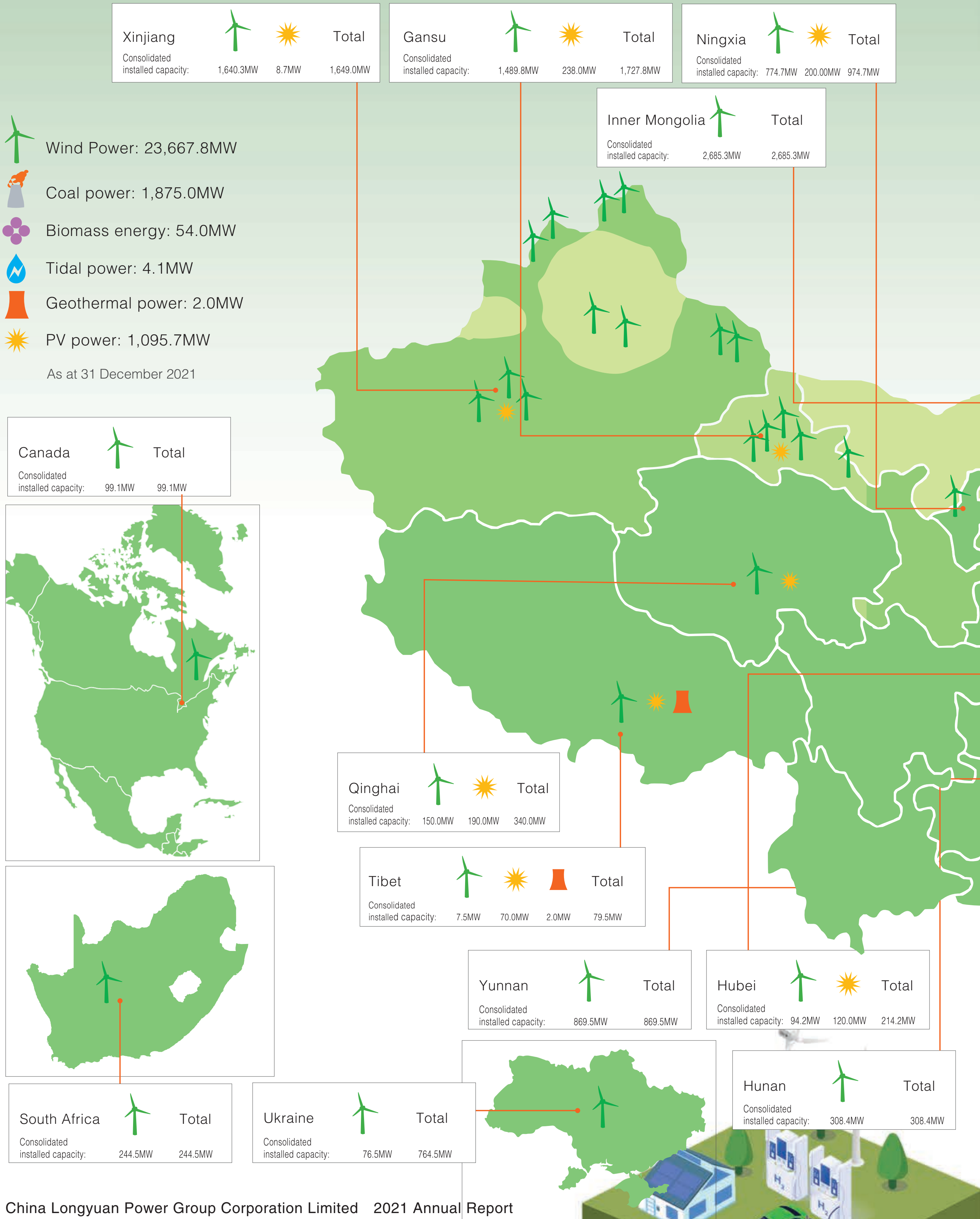
- Hero Asia Investment Limited — 100%
  - 100% Longyuan Power Overseas Investment Co., Ltd.
    - 100% Longyuan Ukraine Yuzhne Wind Power Generation Co., Ltd. — 76.50 MW
  - 100% Longyuan Canada Renewables Ltd. — 99.10 MW
  - 100% Longyuan South Africa Renewables (Pty) Ltd. — 244.50 MW

- Longyuan Qinzhou Wind Power Generation Co., Ltd. — 103.50 MW — 100%
- Guangxi Longyuan New Energy Co., Ltd. — 100%
- Longyuan Power Group (Shanghai) Wind Power Co., Ltd. — 47.50 MW — 100%
- Guangdong Guodian Longyuan Wind Power Generation Co., Ltd. — 51%
- Guodian Longyuan Longchuan Wind Power Co., Ltd. — 50.00 MW — 51%
- Chaozhou Haishan Island Wind Power Development Co., Ltd. — 50.00 MW — 30.60%
- Guodian Yangjiang Hailing Island Wind Power Generation Co., Ltd. — 25.74 MW — 51%
- Guodian Longyuan Shaoguan Wind Power Generation Co., Ltd. — 51%
- Guodian Longyuan Shanwei Wind Power Co., Ltd. — 51%
- Hubei Longyuan New Energy Co., Ltd. — 46.20 MW — 100%
- Longyuan Baokang Wind Power Generation Co., Ltd. — 48.00 MW — 100%
- Hunan Longyuan Wind Power Generation Co., Ltd. — 50.00 MW — 100%
- CHN Energy Longyuan Jiangyong Wind Power Generation Co., Ltd. — 48.00 MW — 50%
- CHN Energy Longyuan Anhua Wind Power Generation Co., Ltd. — 100.00 MW — 50%
- Longyuan (Cili) New Energy Development Co., Ltd. — 89.35 MW — 100%
- Hengdong Longyuan New Energy Co., Ltd. — 21.00 MW — 100%
- Guoneng Chongqing Wind Power Development Co., Ltd. — 289.50 MW — 51%
- Guoneng Chongqing City Fengdu County Wind Power Development Co., Ltd — 51%
- Longyuan Da Chai Dan New Energy Development Co., Ltd. — 150.00 MW — 100%
- Henan Longyuan New Energy Development Co., Ltd. — 173.65 MW — 100%
- China Longyuan Power Group Sichuan New Energy Co., Ltd. — 100%

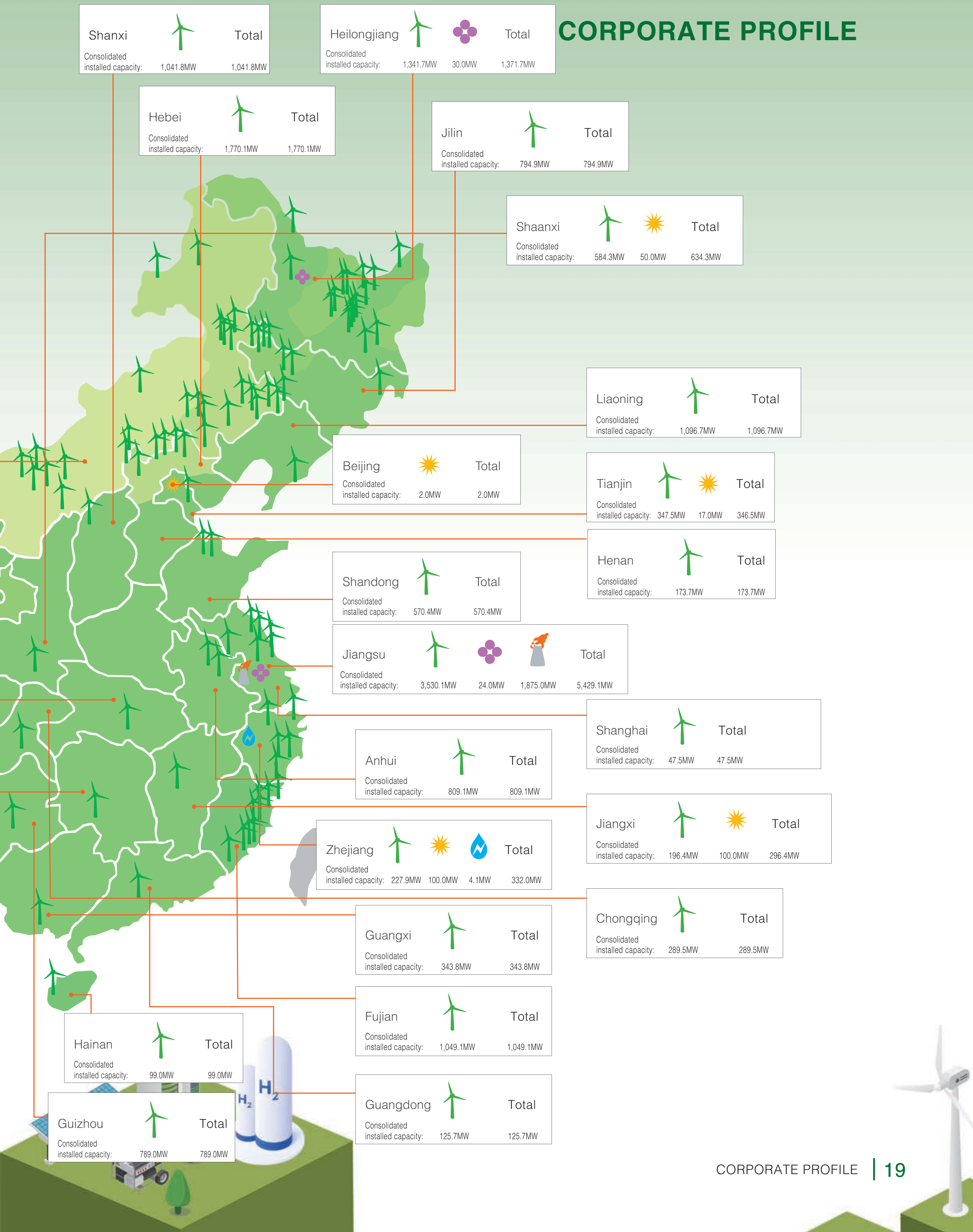
- Nantong Tianshenggang Power Generating Co., Ltd. — 660.00 MW — 31.94%
- Jiangyin Sulong Heat and Power Generating Co., Ltd. — 1,215.00 MW — 27%
- Longyuan Tibet New Energy Co., Ltd. — 42.00 MW — 100%
- Longyuan Tibet Shigatse New Energy Co., Ltd. — 30.00 MW — 100%
- Longyuan (Qinghai) New Energy Development Co., Ltd. — 90.00 MW — 100%
- CHN Energy Gelmud Longyuan Photovoltaic Power Generation Co., Ltd. — 100.00 MW — 50%
- Longyuan (Jiuquan) Wind Power Generation Co., Ltd. Zhangye Branch — 19.00 MW — 100%
- Longyuan (Jiuquan) New Energy Co., Ltd. Subei Branch — 50.00 MW — 100%
- Longyuan Zhangye New Energy Co., Ltd. — 40.00 MW — 100%
- Longyuan (Dunhuang) New Energy Development Co., Ltd. — 129.00 MW — 100%
- Wenling Jiangxia Pilot Tidal Power Station of China Longyuan Power Group Corporation Limited — 4.10 MW — 100%
- Hero Asia (Wenling) New Energy Co., Ltd. — 100.00 MW — 100%
- Longyuan Turpan New Energy Co., Ltd. — 8.72 MW — 90%
- Longyuan Aktao New Energy Power Generation Co., Ltd. — 100%
- Longyuan (Beijing) New Energy Co., Ltd. — 2.00 MW — 100%
- Tianjin Longyuan High Speed New Energy Co., Ltd. 17.00 MW — 17.00 MW — 55%
- Longyuan (Tuquan) New Energy Co., Ltd. — 100%
- Longyuan Binzhou New Energy Co., Ltd. — 50.00 MW — 100%
- CHN Energy Fengcheng Photovoltaic Power Co., Ltd. — 100.00 MW — 50%
- Xingtai Longyuan New Energy Development Co., — 100%
- Jiangsu Longyuan Sunshine New Energy Technology Co., Ltd. — 95%

- Ningxia Yunao New Energy Co., Ltd. — 200.00 MW — 69.37%
- Ningxia Shentuo New Energy Co., Ltd. — 69.37%
- Qichun Beiyang New Energy Power Generation Co., Ltd. — 120.00 MW — 95%
- Donghai County Longyuansheng Substance Power Generation Co., Ltd. — 24.00 MW — 95%
- Guodian Youyi Biomass Power Co., Ltd. — 30.00 MW — 100%
- Hegang Longyuan Xiongya New Energy Co., Ltd. — 100%
- Qian'an Guoneng Longyuan New Energy Co., Ltd. — 51%
- Zhongneng Power-Tech Development Co., Ltd. — 100%
- China Fulin Wind Power Engineering Co., Ltd. — 100%
- Longyuan (Beijing) Wind Power Projects Design & Consultation Co., Ltd. — 100%
- Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. — 100%
- Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. — 100%
- Longyuan (Beijing) Solar Energy Technology Co., Ltd. — 100%
- China Longyuan Power Group Energy Sales Co., Ltd. — 100%
- Jiangsu Longyuan Wind Power Technique Training Co., Ltd. — 100%
- Nantong Tianshenggang Service Co., Ltd. — 100%
- Longyuan (Yichun) Wind Power Engineering Services Co., Ltd. — 100%
- Longyuan Power Group (Shanghai) Investment Limited — 100%
- Guodian United Power Technology (Changchun) Co., Ltd. — 100%

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS

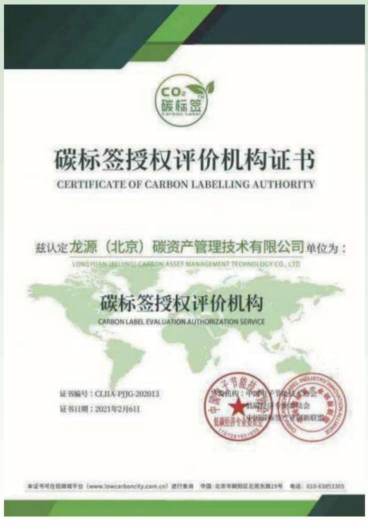


CORPORATE PROFILE



HONOURS AND AWARDS

On 5 March, the carbon asset company affiliated under Longyuan Power was successfully being named as the "Carbon Labeling Authority" (碳標籤授權評價機構), becoming the first carbon asset management company of CHN Energy that was selected into the carbon labeling authority.



On 27 April, All-China Federation of Trade Unions released the lists of National Labor Day Certificate and National Worker Pioneer in 2021, in which, the provincial monitoring center of Jiangsu branch under Longyuan Power was being named as "National Worker Pioneer" (全國工人先鋒號).

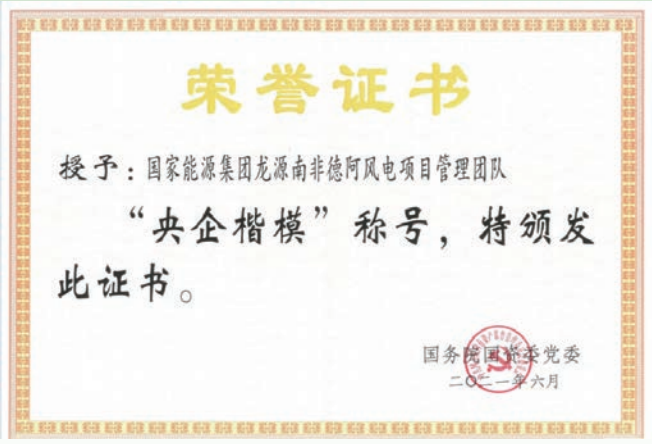
HONOURS AND AWARDS

On 30 April, the CCYL committee of Longyuan Power was granted the honorary title of “Five Four Red Banner CCYL committee of Central Enterprises” on the Working Conference of Party Construction Together with CCYL Construction of Central Enterprises and Five Four Commendation Conference.

On 25 May, Poverty Alleviation Summary and Commendation Conference in Shanxi Province was held in Taiyuan, the provincial capital, and Longyuan Power was granted the honorary title of Poverty Alleviation Advanced Group in Shanxi Province and it received the awards on the podium as excellent awarded representative.

HONOURS AND AWARDS

On 24 June, Party Committee of SASAC released first list of "Models of Central State-owned Enterprise" (央企楷模) in the year of 2021. The Longyuan Power's project management team in De Aar of South Africa was granted the honorary title of "Models of Central State-owned Enterprise" (央企楷模).



On 19 July, the Ministry of Emergency Management of PRC released the selected list of the "Best Practice Case of the First Session of Enterprise Safety Culture Construction" (首届企業安全文化建設最佳實踐案例), in which the Heng Daishan Station of Huanan regional maintenance center of Heilongjiang branch under Longyuan Power was successfully selected.

HONOURS AND AWARDS

On 26 July, according to the SASAC, Longyuan Power was successfully selected into the "List of Creating Action Benchmarking Enterprises, Benchmarking Project and Benchmarking Model of Management Benchmarking of State-owned Key Enterprises" (國有重點企業管理標杆創建行動標杆企業、標杆專案和標杆模式名單), which is the only new energy power generation enterprises of CHN Energy that has been selected into the list of benchmarking enterprise.

On 4 September, the "Hydrogen Industry Development Forum and 11th Global Top 500 New Energy Enterprises Summit" (氫能產業發展論壇暨第十一屆全球新能源企業500強峰會) organized by International Renewable Energy Agency, Energy Administration in Shanxi Province, China Energy News, was held in Taiyuan, Shanxi. The Summit also released the selection result of "Global Top 500 New Energy Enterprises in 2021" (二零二一年全球新能源企業500強), in which Longyuan Power has been included in the list for the nine consecutive year.

On 18 September, the "Creating Value with Responsibility, Guiding Future with Responsibility-Concentrated Publication of Social Responsibility Reports by Central Enterprises" (責任創造價值，責任引領未來—中央企業社會責任報告集中發佈活動) was held in Beijing by SASAC. Longyuan Power was being named into the "State-owned Enterprise ESG·Pioneer 50 Index" (央企ESG·先鋒50指數). The case of the "Target Poverty Alleviation Project in Youyu County, Shuozhou City, Shanxi Province" (《山西省朔州市右玉縣定點扶貧項目》), was selected by the SASAC into the ESG excellent case of the "Listing Company ESG Bluebook (2021) of the Central Enterprises" (《中央企業上市公司ESG藍皮書(二零二一年)》).


★★★★☆
央企ESG·先锋50
龙源电力集团股份有限公司:
在2021年度440家中央企业控股上市公司ESG评级中成绩突出，达到四星半级领先者水平，入选"央企ESG·先锋50指数"。
"山西省朔州市右玉县定点扶贫项目"入选ESG优秀案例。
特发此证。
国务院国资委《中央企业上市公司ESG蓝皮书（2021）》课题组
2021年9月

HONOURS AND AWARDS

On 21 October, according to the organizers of the 13th National Occupational Skills Competition of Electric Power Industry (operation and maintenance attendant in wind power generation), Longyuan Power won the first place in competition team, and swept the top three individual results which has achieved historical breakthroughs.

On 27 October, the 2021 Integration Promotion Conference of Power Industry Polarization (Digitalization and Informatization) and Power Enterprise Informatization Conference was held in Guiyang. The "Construction of Production Digital Platform, Promotion of Digital Transformation of New Energy" (《打造生產數字化平台，促進新能源數字化轉型》) reported by Longyuan Power was rated as the 2021 excellent solution of the year for the creation in integration and application of digitalization and informatization in the power industry.


2021年电力行业两化融合应用创新

年度优秀解决方案

申报单位：龙源电力集团股份有限公司
申报方案名称：打造生产数字化平台，促进新能源数字化转型
第一完成人：唐坚
其他完成人：贾克斌、张国珍、夏晖、朱志成、冯江哲、张博
第一合作单位：远景能源（南京）软件技术有限公司
其他合作单位：朗坤智慧科技股份有限公司

中国电力企业联合会科技开发服务中心

HONOURS AND AWARDS

From 9 to 15 November, the 2021 China Energy Development Summit Forum was convened in the form of video, and it released the selection result of "2021 China Energy Carbon Neutral Pioneer" (二零二一年中國能源碳中和先鋒), in which Longyuan Power was granted the honorary title of "Carbon Neutral Pioneer Enterprise" (年度碳中和先鋒企業).

At the 13th release conference of "Blue Paper on Social Responsibility of Enterprises" (《企業社會責任藍皮書》) and ESG China Forum 2021 Winter Summit held in Beijing on 3 December, Longyuan Power was granted the honorary title of Green Environmental Protection Award, namely "Golden Bull Award" (責任金牛獎), by virtue of its long-term social recognitions and praises in green and low-corban areas.

HONOURS AND AWARDS

On 13 December, the Ministry of Industry and Information Technology of PRC officially announced the fifth batch of list of national industrial heritage, Wenling Jiangxia Pilot Tidal Power Station of Longyuan Power successfully applied for recognition as world heritage, which is also the first batch of projects of CHN Energy that successfully applied as world heritage and the national industrial heritage that was first successfully reported by Longyuan Power.

On 13 December, China Energy Chemical Geological Union announced the “Notice Regarding the Implementation of Learning Activities of ‘Great National Craftsman–Charter for Energy, Chemistry and Geology’ (Season 7)”. Chen Peng, a deputy section director of Dongling section of Nantong regional maintenance Center of Jiangsu branch under Longyuan Power, won the title of “Great National Craftsman”.

On 17 December, the Company was awarded the “Best Company of Investor Relations in Listed Companies” of the 11th China Securities Golden Bauhinia Awards.

CORPORATE MILESTONES IN 2021

On 28 January, the first session of the fourth staff representatives assembly and the working conference for 2021 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 fully implementing the sprits of the 19th National Party Congress of CPC and the second, third, fourth, and fifth plenary sessions of the 19th Central Committee of CPC, the Company resolutely implemented the decisions and plans of CHN Energy, earnestly concluded the work of the Company for 2020 and the “13th Five-Year Plan”, planned the “14th Five-Year Plan” development in a scientific manner, and studied on and deployed the key tasks for 2021 by further unifying ideology and clarifying directions, thus striving to embark on a new journey to build a world-class new energy company with global competing strengths.

On 1 February, Longyuan Power signed Cooperation Agreement on the Construction of No-Fault Demonstration Wind Farm for the Year in Beijing (《全年無故障示範風電場建設合作協議書》) jointly with Guodian United Power and Goldwind and other eight wind turbine manufacturers, which becomes the first enterprise in wind power development that proposed to build no-fault demonstration wind farm for the year in the industry.

On 2 March, Longyuan Power, Fujian Branch signed a Framework Agreement for Deepwater Cage Aquaculture integrating with Floating Offshore Wind Turbines Demonstration Project with the Government in Xiuyu District, Putian, which marks the breakthroughs in the first wind power and fishery integration demonstration project by CHN Energy.

On 26 May, Longyuan Power, South Africa Branch completed the first carbon trading in overseas project of CHN Energy with trading volume of 210,000 tons and trading amount of US$350,000, which is the first international voluntary emission reduction transaction in the large-scale renewable energy project in South Africa.

On 7 June, Longyuan Power successfully completed the setup basic construction of B31, the phase I project of offshore wind farm in Nanri Island, Putian, which marks the successful completion of the world’s first deepwater rock-socketed single pile foundation with bare rock and large diameter for offshore wind power.

CORPORATE MILESTONES IN 2021

On 21 June, the world's first prototype of floating wind power integrating with cage aquaculture demonstration researched and developed by Longyuan Power was officially launched in the State Key Laboratory of Ocean Engineering of Shanghai Jiaotong University, which marks that the project was officially entered into a prototype experimental stage.

On 16 July, the national trading market of carbon emission rights was officially listed on the Shanghai Environment and Energy Exchange. Longyuan Power Carbon Asset Company completed the first order of carbon quota trading of 250,000 tons in the national carbon market transaction on behalf of 4 coal-fired power enterprises of CHN Energy.

On 11 September, the project of Longyuan Power in Yuzhne, Ukraine was put into operation for power generation, which is the first wind power project invested by a Chinese enterprise in Ukraine and also the first wind power project invested overseas by CHN Energy since its establishment, with a total installed capacity of 76.5 MW.

On 15 October, the project of heat supply of Xiao Nan Ying Village, Xing He County of Inner Mongolia Company was officially put into use, which is the first project of Longyuan Power featuring air source heat supply and also the first and largest air heat source project in Inner Mongolia. The local was provided hear supplies by utilizing 93 air source heat pump units.

From 22 to 24 October, smart video recognition system algorithm competition was successfully held by Longyuan Power Engineering Technology Co., Ltd. (龍源電力工程技術公司) in Beijing, leading enterprises such as HikVision, Dahua, Baidu, Alibaba competed for each other and provided "smart recognition algorithm" for various scenarios of new energy. The algorithm competition was held for the first time in new energy industry, covering wind power, photovoltaic, tidal and geothermal power and other various new energy production scenarios.

CORPORATE MILESTONES IN 2021

On 25 October, the opening ceremony of large-scale demonstration base project of Longyuan regarding the integration of wind, solar and water storage of 2.6 million kW in Hengzhou, Guangxi was held in Mashan Town, Hengzhou City, Guangxi Province. The project was the single largest integrated project in Guangxi for 2021, and it is estimated that the project with full capacity will put into operation at the end of 2023.

On 31 October, the building of new operation and inspection model featuring the "regional maintenance center + centralized monitoring center" of Longyuan Power has made efficient progress. It had built 29 provincial-level monitoring centers, 69 regional maintenance centers, and had realized the "unmanned" in 68 wind farms and "unattended" in 14 wind farms.

On 16 November, Longyuan Power obtained the development right of photovoltaic poverty alleviation project of 100 MW in Butuo County, Liangshan Autonomous Prefecture. Longyuan Power has become the only emerging enterprise in Sichuan Province to obtain project development indicators in the past four years. Therefore, the full coverage of "Green Electricity" of Longyuan Power is reached for 32 provinces, municipalities and regions.

On 6 December, Longyuan Power, Ningxia Branch successfully completed the filling procedure of 79.5 MW equal-capacity wind power technical reform project through "replacing small with big" of Helanshan No. 4 Wind Farm, becoming the first national project to obtain the filling procedure of technical reform project through "replacing small with big".

On 8 December, the transaction of absorption and merger of Inner Inner Mongolia PingZhuang Energy Resources Co., Ltd. through share swap by Longyuan Power was approved by the China Securities Regulatory Commission.

MANAGEMENT DISCUSSION AND ANALYSIS

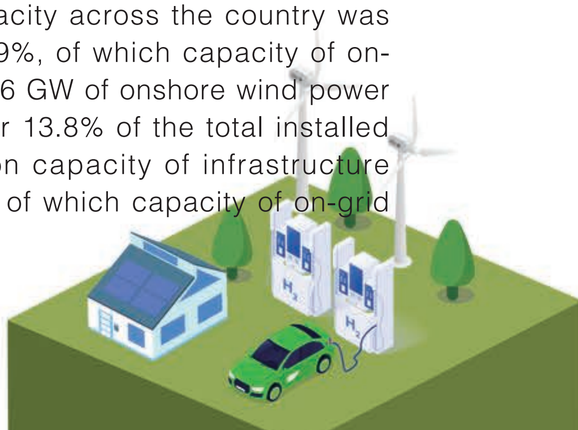
(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with the International Financial Reporting Standards)

I. INDUSTRY REVIEW

Operational Environment

In 2021, China has maintained its leading position in the world in terms of economic development and epidemic prevention and control as evidenced by its accelerated promotion in strategic science and technologies, the enhanced resilience of the industrial chain, effective guarantee of people's livelihoods featuring the ongonging improvement of ecological civilization construction and the advanced in-depth reform and opening up. Thanks to the country's strong economic resilience, the long-term positive fundamentals would not change. In 2021, the gross domestic product (GDP) for the year recorded a year-on-year increase of 8.1%, and the above-the-scale industrial added value across the country recorded a year-on-year increase of 9.6%. The fixed asset investment (excluding farmer household) recorded a year-on-year increase of 4.9%, and the total amount of the retail of social consumer goods recorded a year-on-year increase of 12.5%. Meanwhile, our national economic development is also facing the triple pressures from the shrink demand, supply shock and weakening expectations. In the face of a complex and challenging external environment, the changes unseen in a century are is evolving at an accelerated pace.

In 2021, the scale of installed wind power capacity expanded at a steady pace. According to the statistics from China Electricity Council, power consumption across the country was 8,312.8 billion kWh, representing a year-on-year increase of 10.3%, 7.1 percentage points higher than that of the same period in last year; and the total power generation across the country was 8,376.8 billion kWh, representing a year-on-year increase of 9.8%, 5.8 percentage points higher than that of last year. In particular, on-grid wind power generation amounted to 655.6 billion kWh, representing a year-on-year increase of 40.5%, with the proportion of the nationwide power generation up by 1.7 percentage points over last year. The average utilization hours of power generation facilities of 6,000 kilowatts and above across the country were 3,817 hours, representing a year-on-year increase of 60 hours, on-grid wind power utilization hours were 2,232 hours, up by 154 hours year on year. As at the end of 2021, the total power generation installed capacity across the country was 2,377 GW, representing a year-on-year increase of 7.9%, of which capacity of on-grid wind power was 328 GW (including 302 GW and 26 GW of onshore wind power and offshore wind power, respectively), accounting for 13.8% of the total installed capacity. In 2021, the newly added power generation capacity of infrastructure construction across the country amounted to 176 GW, of which capacity of on-grid wind power amounted to 48 GW.



MANAGEMENT DISCUSSION AND ANALYSIS

Policy Environment

I. Implementing the goal of carbon peak and carbon neutrality by establishing a whole chain of green development system and highlighting clean energy in wind and photovoltaic power

In February 2021, the State Council promulgated the Guidance on Accelerating the Establishment and Improvement of a Green and Low-Carbon Circular Economic Development System (《國務院關於加快建立健全綠色低碳循環發展經濟體系的指導意見》), to guide the construction of the national green and low-carbon circular development system and the whole chain of green and low-carbon. It formulated the main objectives of the country's carbon neutrality and green economy by 2025 and 2035 by phrases, with emphasis on increasing the utilization proportion of renewable energy, vigorously promoting the development of wind power and photovoltaic power generation and developing energies that characterized water, geotherm, marine, hydrogen, biomass as well as solar thermal based on local features. Through carrying out the omni bearing greenness on planning, design, investment, construction, production, distribution, living and consumption, the guidance also clarified that the green development of the whole economic chain is based on the efficient utilization of resources and the strict protection of the ecological environment, and effective control of greenhouse gas emissions, with aim to prompt the green development of China moving into a new level.

In March 2021, the Outline of the 14th Five-Year Plan for National Economic and Social Development and Vision 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標綱要》) were promulgated. It made strategic arrangement for achieving the carbon peak and carbon neutrality commitments. With "cleanness" as its core and the combination with the existing energy industry, we will develop integrated energy bases with a focus on clean power sources such as wind power, solar power generation and hydropower, among others, accelerate the intelligent renovation of power grid infrastructure and the construction of smart microgrid outline, improve the consumption and storage capacity of clean energy, and accelerate the construction of pumped storage power stations and the large-scale application of new energy storage technologies.

MANAGEMENT DISCUSSION AND ANALYSIS

In April 2021, the National Energy Administration issued the Guiding Opinions for Energy Work for 2021 (《二零二一年能源工作指導意見》). It is suggested in this document that, the main expected targets for 2021 include: coal consumption ratio will be lower than 56%; newly-added alternative output from power generation will reach around 20 GWh; the power generation as a percentage of the terminal energy consumption will strive for reaching around 28%. The utilization rate of wind power, photovoltaic power generation and renewable energy maintained at relatively high level, and the average utilization hours of inter-regional transmission channels shall be increased to about 4,100 hours.

In October 2021, the CPC Central Committee and the State Council issued the Opinions on Fully, Accurately and Comprehensively Implementing the New Development Concept to Achieve Carbon Peak and Carbon Neutrality (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which further emphasized the important role of developing renewable energy in achieving the goal of "dual carbon", and clearly put forward the development goals that non-fossil energy sources account for 20% of energy consumption by 2025 and account for 25% of energy consumption by 2030. The development of green renewable energy such as wind power and photovoltaic power, the reduction of the use of fossil energy, the realization of clean substitution of energy production and the reduction of carbon emissions from the source is one of the important paths to achieve the goal of carbon peak and carbon neutrality.

MANAGEMENT DISCUSSION AND ANALYSIS

In October 2021, the State Council issued the Notice on the Action Plan for Achieving Carbon Peaks by 2030 (《二零三零年前碳達峰行動方案的通知》). The document proposed to vigorously develop new energy sources, comprehensively promote large-scale development and high-quality development of wind power and solar power generation, insisted on the combination of centralized and decentralized modes, and accelerated the construction of wind and photovoltaic power generation bases. By accelerating the innovation and upgrade of the smart photovoltaic industry and its featured application, it innovated the "photovoltaic+" model, and promote the diversified layout of photovoltaic power generation. By adhering to the emphasis on both land and sea, promoting the coordinated and rapid development of wind power, improving the offshore wind power industry chain and encouraging the construction of offshore wind power bases, it actively aimed to develop solar thermal power generation, and promote the establishment of a wind-solar-thermal comprehensive renewable energy power generation bases with complementary regulation of solar thermal power generation, photovoltaic power generation and wind power generation so as to further improve the renewable energy power consumption guarantee mechanism. By 2030, the total installed capacity of wind and solar power generation would reach over 1,200 GW.

II. Ensure the integrated development of power generation, grid, load and energy storage by securing the consumption of renewable energy and promoting the sustainable and healthy development of new energy construction

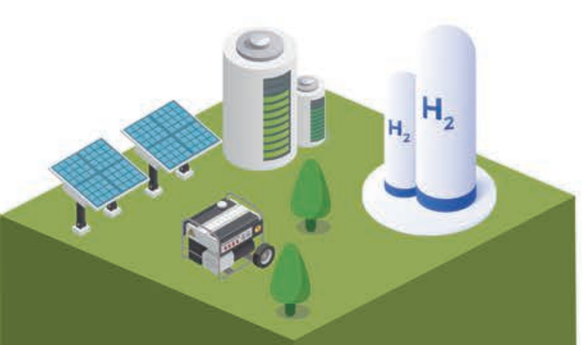
In February 2021, the NDRC and the National Energy Administration issued the Guiding Opinions on Promotion of Integration of Power Generation, Grid, Load and Storage and Multi-energy Complementary Development (《關於推進電力源網荷儲一體化和多能互補發展的指導意見》). The implementation path of the integration of power generation, grid, load and storage, through the optimization and integration of the power generation-side, grid-side and load-side resources, reasonable allocation of energy storage, would gave priority to the development of new energy, positively implement the stock improvement of "Integration of Wind, Solar, Water and Coal Storage" combining with steady incremental promotion of "Integration of Wind, Solar, Water (Storage)" and the incremental exploration of the "Integration of Wind, Solar and Storage" as well as the strict incremental control of the "Integration of Wind, Solar and Coal (Storage)". The proportion of renewable energy power in external transmission channels should not, in principle, be less than 50%. The local consumption shall be carried out for incrementation, and priority shall be given to the use of new energy power.

In May 2021, the National Energy Administration formally issued the Notice Regarding the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (《關於二零二一年風電、光伏發電開發建設有關事項的通知》). Various provinces (autonomous regions, municipalities) were required for completing the newly-added grid-connection projects for the annual minimum consumption responsibility weight of non-hydropower generation consumption by implementing guaranteed grid connection by power grid enterprises, for which the scale of guaranteed grid connection shall be not less than 90 GW for 2021. The approved wind power projects before the end of 2020 which maintained the validly during the period of approval, parity wind power and photovoltaic power generation projects in 2019 and 2020 and bidding photovoltaic projects shall be directly incorporated into the scope of guaranteed grid connection in various provinces (autonomous regions, municipalities).

MANAGEMENT DISCUSSION AND ANALYSIS

In May 2021, the General Office of the NDRC, the Comprehensive Department of the National Energy Administration jointly issued the Notice on Regarding the Investment in and Construction of the Supporting Transmission Projects for New Energy (《關於做好新能源配套送出工程投資建設有關事項的通知》). Under the circumstance of asynchrony between the construction of new energy power generation units and that of supporting transmission projects which would affect the grid connection and consumption of new energy, it aimed to solve problems affecting the consumption of new energy grid connection, allow to invest in the construction of supporting transmission projects for new energy by the power generation enterprises, and repurchase according to laws and regulations by power grid enterprises at appropriate time.

In June 2021, the National Energy Administration issued the Notice on Submitting of Pilot Program for the Development of Rooftop Distributed Photovoltaic throughout Counties (Municipalities, Districts) (《關於報送整縣(市、區)屋頂分佈式光伏開發試點方案的通知》), pursuant to which, it intended to pilot the nationwide work on promotion of the development of rooftop distributed photovoltaic throughout counties (municipalities, districts). The pilot counties (municipalities, districts) , and the photovoltaic installation areas as a percentage of the total rooftop areas of buildings of Party and governments authorities, schools and hospitals, distributed photovoltaic places in industry and commerce as well as the house roofs of rural residents shall not be lower than 50%, 40%, 30% and 20%, respectively.



In July 2021, the NDRC and the National Energy Administration issued the Notice on Encouraging Renewable Energy Power Generation Enterprises to Build or Purchase Peak Shaving Capacity to Increase the Scale of Grid Connection (《關於鼓勵可再生能源發電企業自建或購買調峰能力增加併網規模的通知》), encouraging power generation enterprises to build their own energy storage or peak shaving capacity to increase the scale of grid connection, allow power generation enterprises to purchase energy storage or peak shaving capacity to increase the scale of grid connection. Self-built peak shaving resources means the construction of pumped storage, chemical energy storage power stations, gas power, solar thermal power stations or flexible renovation of coal power by power generation enterprises on a wholly-owned basis. Peaking capacity will be allocated and constructed at a pegging ratio of 15% of power (over 4 hours in length) at the beginning of the scale beyond the guaranteed grid connection of grid enterprises, and the priority grid connection is given to those with a pegged ratio of 20% or above.

In November 2021, the National Energy Administration issued the Notice on Promoting the Integration of Power Sources, Grids, Loads and Storage and Multi-energy Complementary Development in 2021 (《關於推進二零二一年度電力源網荷儲一體化和多能互補發展工作的通知》). It clarified that each provincial-level energy authority should carry out the assessment of "integrated" projects, fully link with the renewable energy development plan in the national "14th Five-Year Plan", clarify, by demonstration on separate basis, the "integrated" projects in project conditions, consumption conditions, construction scale, access system plans, supporting power grid projects, and such projects shall be included into the provincial (autonomous regions, municipalities) power planning on a priority basis by the end of December.

In December 2021, the NDRC and the National Energy Administration issued the Notice on the First List of Large-Scale Wind Power and Photovoltaic Base Construction Projects Focusing on Sands, Gobi and Desert Areas (《第一批以沙漠、戈壁、荒漠地區為重點的大型風電、光伏基地建設項目清單的通知》), the list involved 19 provinces with a total scale of 97.05 GW. The generally-committed utilization rate of projects was 84% and 95%, of which certain individual projects was up to 98%. Based on the list, all local governments shall reasonably arrange the timing of work resumption based on project maturity by work resumption on separate basis when project conditions were met as evidenced by perseverance. The project was licensed as the "National Large-scale Wind Power and Photovoltaic Base Project" upon the establishment of the project.

III. Establishing responsibility weight assessment to promote the immediate consumption of new energy via various levers such as data and spot market

In February 2021, the National Energy Administration issued the Key Points on Energy Supervision and Regulation Working for 2021 (《二零二一年能源監管工作要點》). In this document, it suggested that the construction of power market shall be vigorously promoted, overall planning shall be made to promote the construction of medium and long term power trading market, spot market and auxiliary service market, and various transaction categories shall be linked up well.

In March 2021, the National Energy Administration issued the Plan for the Comprehensive Supervision and Regulation of Clean Energy Consumption (《清潔能源消納情況綜合監管工作方案》). A nation-wide comprehensive supervision and regulation of clean energy consumption shall be organized and carried out by virtue of optimizing grid connect and operational dispatch of clean energy as well as regulating the market-oriented transactions involving clean energy, thus to ensure the efficient use of clean energy.

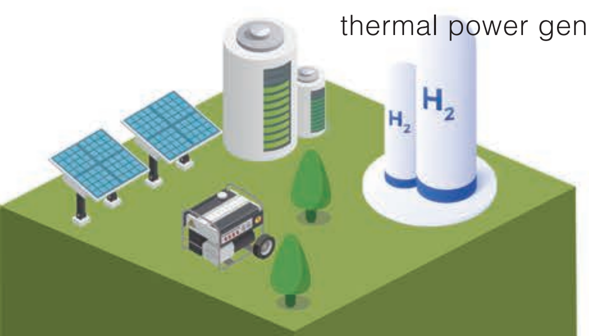
In May 2021, the NDRC, Office of the Central Cyberspace Affairs Commission, Ministry of Industry and Information Technology and the National Energy Administration jointly issued the Implementation Plan for the Hashrate Hub of Collaborative Innovation System of National Integrated Big Data Centre (《全國一體化大數據中心協同創新體系算力樞紐實施方案》). In this plan, it suggested that data centre shall be pushed to make full use of renewable energy, including wind power, solar power, tidal power and biomass energy, and data centre cluster shall be equipped with renewable energy power station. The data centre enterprises shall be encouraged to participate in market-oriented trading of renewable energy. The data centre shall be supported to increase the consumption of renewable energy power generation by adopting the ways of direct supply to big consumer, creating special line and distributed photovoltaic construction.

In May 2021, the NDRC and the National Energy Administration issued the Notice on Further Better Pilot Work for the Construction of Power Spot Market (《關於進一步做好電力現貨市場建設試點工作的通知》), which indicated that six provinces or municipalities including Shanghai, Jiangsu, Anhui, Liaoning, Henan and Hubei were to be added as the second batch of power spot pilot. New energy projects shall be encouraged to participate in power market with power grid enterprises, users, electricity selling companies through entering into long-term (e.g., 20 years and more) contracts for differences, new energy projects shall be guided to connect to the grid through the way of bidding for 10% of their estimated current power generation, and market-oriented trading portion may not be included into full life cycle-guaranteed acquisition hours.

In October 2021, the National Energy Administration issued the Notice of Grid Connection and Power Generation 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能併盡併、多發滿發有關工作的通知》), which emphasized the accelerated building of grid connection in wind power and photovoltaic power generation projects for increasing the clean energy supplies. Power grid enterprises, based on the principal of "Grid Connection in Best Effort", shall strive to adopt effective measures to guarantee the prompt grid connection for the qualified wind power and photovoltaic power generation projects; and based on the principal of "Power Generation in Best Effort", power grid enterprises shall strictly implement preferential power generation system, whereby to achieve the full thrust of power generation projects of new energy in best effort. Meanwhile, the engineering construction of supporting grid connection shall be laid in wind power and photovoltaic power generation projects via enhanced overall planning and coordination.

IV. Steadily reforming the tariffs, improving policies, perfecting the market-oriented mechanism, and supporting the healthy development of new energy industry

In June 2021, the NDRC issued the Notice on Issues Related to the 2021 Policies for On-Grid Tariff of New Energy (《關於二零二一年新能源上網電價政策有關事項的通知》). The notice clarified that since 2021, the specific on-grid tariff of newly filed centralized photovoltaic power stations, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects (the new projects) shall be collected directly according to the local benchmark price of conventional coal-fired power, not being arrived at by competitive methods any longer. In the meanwhile, the on-grid tariff of new projects can be arrived at through participating market-oriented trading voluntarily. The on-grid tariff of newly approved (filed) offshore wind power projects and solar-thermal power generation projects shall be fixed by the local provincial price authority and be arrived at by competitive distribution when the conditions permit. In addition, all regions were encouraged to introduce targeted supporting policies to support the healthy and sustainable development of new energy industries such as offshore wind power and solar-thermal power generation.

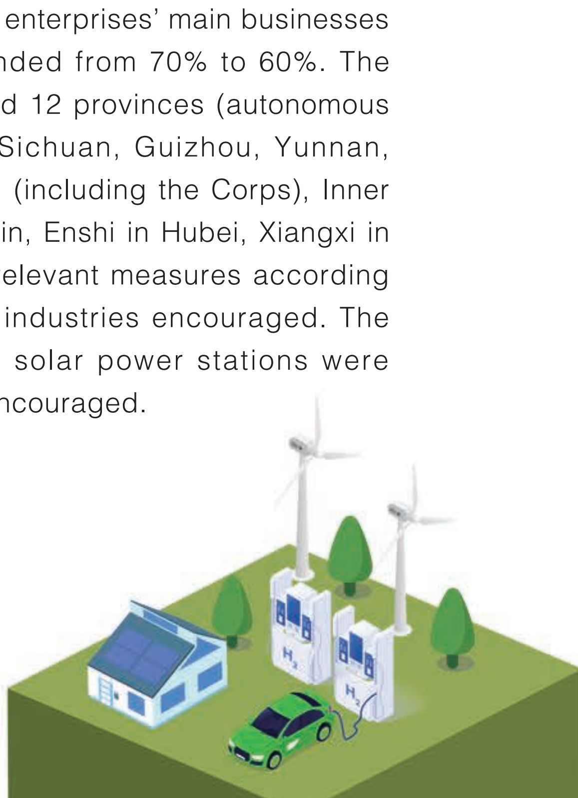


In July 2021, the NDRC issued the Notice on Further Optimizing the Time-of-use (TOU) Electricity Price Mechanism (《關於進一步完善分時電價機制的通知》). Through the overall consideration of factors such as the peak-trough difference of local power system, the proportion of new energy installed capacity and system adjustment ability, the price difference of peak-trough tariff was reasonably fixed to guide the load adjustment by users, thus to promote the green and low-carbon development of energy.

In October 2021, the NDRC issued the Notice on Further Deepening the Market-Oriented Reform on On-Grid Tariff of Coal-fired Power Generation (《關於進一步深化燃煤發電上網電價市場化改革的通知》). By expanding the floating range of market transaction tariffs, the coal-fired power market transaction price shall not be floated more than 10% higher and shall not be floated more than 15% lower in principle, and the spread shall not be floated more than 20% higher and lower in principle, and the market transaction tariff of high energy-consuming enterprises shall not be subject to the 20% higher.

V. Strengthening the financial supports, developing carbon finance in an orderly manner and exploring the solution of renewable energy subsidies

In January 2021, the NDRC issued Catalogue of Industries Encouraged to Develop in the Western Region (2020 Edition) (《西部地區鼓勵類產業目錄(二零二零年本)》). Corporate income tax may be levied at a reduced rate of 15% on enterprises in encouraged industries that were established in the western region, and the accreditation criteria of revenue of enterprises' main businesses as a percentage in the total revenue was extended from 70% to 60%. The application scope of the Western Region included 12 provinces (autonomous regions, municipalities), namely, Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang (including the Corps), Inner Mongolia and Guangxi. In addition, Yanbian in Jilin, Enshi in Hubei, Xiangxi in Hunan and Ganzhou in Jiangxi shall implement relevant measures according to the policies of the Western Region for those industries encouraged. The construction and operation of wind farms and solar power stations were included in the regional catalogues of industries encouraged.



In January 2021, the Ministry of Ecology and Environment issued the Administrative Measures for Carbon Emissions Allowance Trading (in Trial) (《碳排放權交易管理辦法(試行)》). National carbon emissions allowance registration organization and national carbon emissions allowance trading mechanism were established, the plan for determination and allocation of total quota of carbon emissions was formulated, and a mechanism of allocation with compensation was introduced at appropriate time. As of 31 December 2021, 2,225 key greenhouse gas emissions units nationwide were assigned quota of carbon emissions. This was the first time for our country to effectively allocate the responsibilities for control of emissions of greenhouse gas to enterprises at a national level.

In March 2021, the NDRC, joined with the Ministry of Finance, the People's Bank of China, China Banking and Insurance Regulatory Commission and the National Energy Administration, jointly issued the Notice on Encouraging the Intensified Financial Support to Promote the Sound and Orderly Development of Wind Power and Photovoltaic Power Industries (《關於引導加大金融支持力度促進風電和光伏發電等行業健康有序發展的通知》), which proposed that the enterprises where renewable energy projects had been included in the subsidy list may apply for subsidy and approve loans for the financial subsidy funds that which had been confirmed receivable but had not been received, and at the same time appropriately covered the interest costs shared by the enterprises by issuing green power certificates.

In May 2021, the Ministry of Finance issued the Notice Regarding the Renewable Energy Electricity Tariff Surcharge Subsidy Budget in 2021 (《二零二一年可再生能源電價附加補助資金預算的通知》), stipulating that the projects included in the batch 1 to batch 3 of Catalogue of Photovoltaic Poverty Alleviation, the PV projects determined by bidding in 2019 and new PV and biomass projects determined with the principle of "determining expenditure by the revenue" shall be paid in priority and in full; as to other power generation projects, equal proportion shall be allocated according to the subsidy funds payable from the day on which the project was connected to the grid till the end of 2020; as to the projects that the power generation hours have reached reasonable utilization hours, the payment of the subsidy funds shall be ceased after reasonable utilization hours were reached. When the funds paid for the relevant projects had exceeded the amount for the reasonable utilization hours, the exceeding amount shall be deducted in the subsequent tariff settlement.

MANAGEMENT DISCUSSION AND ANALYSIS

In November 2021, the People's Bank of China introduced two new structural monetary policy instruments: carbon emission reduction facility (CERF) and special re-loans for clean and efficient utilisation of coal. By the end of 2021, the two tools have been successfully implemented. The first batch of CERF amounted to RMB85.5 billion, and the qualified carbon reduction loans issued by financial institutions amounted to 142.5 billion, supporting 2,817 enterprises in total and reducing carbon emission by approximately 28.76 million tons. The method of providing funding support by the two instruments adopted direct arrival mechanism featuring "lending before borrowing". The central bank provided low-cost funding support for loans that meet the requirements based on a certain percentage of the loan principal. The proportion of support for CERF was 60%, while that of support for special re-loans for clean and efficient use of coal was 100%, and the interest rates were both 1.75%.

II. BUSINESS REVIEW

In 2021, the Group firmly adhered to the general principle of making progress in a steady way, focused on both quality and efficiency, achieved remarkable results in existing operations, and reached a new level in incremental development. During the Reporting Period, the consolidated installed capacity of the Group increased by 2,104 MW, of which wind power amounted to 1,451 MW. The accumulated power generation amounted to 63,285,328 MWh, representing a year-on-year increase of 19.26%, of which wind power generation amounted to 51,299,762 MWh, representing a year-on-year increase of 17.44%. As at 31 December 2021, the consolidated installed capacity of the Group was 26,699 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments were 23,668 MW, 1,875 MW and 1,156 MW, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Building a solid foundation through efforts in safety and environmental protection and sparing no efforts to explore the potential of management, so as to enhance corporate efficiency

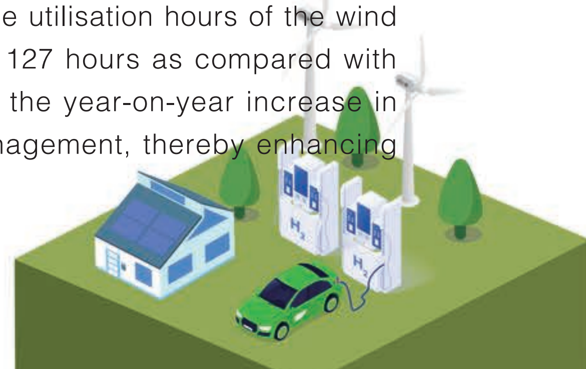
In 2021, the Group took the "Document No. 1 (一號文件)" on safety and environmental protection as the guiding principles, seriously fulfilled its responsibility for safety production, and effectively enhanced the safety risks management and control level. The situation on safety production of the Group was stable, and the prevention and control of the COVID-19 pandemic was effective. It built a digital platform for safety and environmental protection monitoring and control, and developed multiple modules for hidden danger identification, eco-environmental protection and emergency response management, fully covering the need of on-site safety management. It strictly controlled the entry of outsourced projects, and carried out remote inspections of high-risk operations to ensure that the entire process of outsourcing was under control. In accordance with the requirements under the Three-Year Action Plan for Special Improvement for National Safety Production (《全國安全生產專項整治三年行動計劃》), the Group prepared "two lists", namely list of problems and hidden dangers and list of systems and measures. It supplemented the risk database, improved the system for addressing risks and hidden danger, and advanced the modernization of its governing ability. It promoted and implemented the Safety Production Law and the Amendments to the Criminal Law. To enhance employees' awareness of the law and consciousness in compliance with the law, it compiled question banks and organized examinations. Training on safety was conducted at different levels. Emergency response plan system was improved, and emergency drills were conducted, so as to strengthen the foundation for safety production. In the annual safety and environmental protection appraisal and rating conducted by CHN Energy, the Group was rated as a "Leading Unit for Safety and Environmental Protection (安全環保先進單位)", eight of its subsidiaries were rated as "First Grade Enterprise for Safety and Environmental Protection (安全環保一級企業)" and four of its subsidiaries were rated as units with "Safety Production for Long Period (安全生產長週期)", maintaining its leading position among the new energy enterprises under CHN Energy.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2021, the Group continued to improve its digital platform in accordance with the three-year digitalization transformation construction plan. The data collection rate was nearly 100%, and the Group achieved video and wireless equipment's coverage over wind turbine units, realizing online management of production personnel, production vehicles and operating vessels. At the same time, the Group had deployed over 100 equipment warning models and continued to develop predictive warning algorithms on the basis of digitalization to enhance equipment maintenance and reduce power loss; it had also established a new operation and inspection model of "regional maintenance centre + centralised monitoring centre" to achieve unmanned and unattended operation at some of its stations and to improve the utilisation hours through the reliability of equipment. In addition, the Group had also developed its own power prediction system for new energy farms and stations to promote coordinated development of the source and the grid and reduce assessment costs.

In 2021, the Group continued to implement equipment management work. The Group made key breakthroughs in common systemic problems and promoted the construction of trouble-free wind farms. The Group commenced the upgrading of grid-related equipment, completed the separation of ABB inverter IGBTs from wind turbines and the technical reform of gearbox temperature control valves, with a focus on solving obstinate equipment problems and eliminating concentrated defects. At the same time, the Group started to implement the work of replacing small units of wind turbine with larger ones. The Group completed the resource classification, and economic assessment of the Company's 1.5MW and below wind turbines. It completed the preparation of feasibility study reports for replacing small units of wind turbine with larger ones for a number of old wind farms in a number of subsidiaries, some of which have obtained certificates for filing.

In 2021, the Group generated a cumulative gross electricity output of 63,285,328 MWh, of which electricity generated from our wind power segment amounted to 51,299,762 MWh, representing a year-on-year increase of 17.44%, mainly attributable to the increase in the generating capacity and the year-on-year increase in wind speed. In 2021, the average utilisation hours of the wind power business was 2,366 hours, increasing by 127 hours as compared with that of 2020, which was primarily attributable to the year-on-year increase in wind speed and the outstanding equipment management, thereby enhancing the stability of the running of equipment.

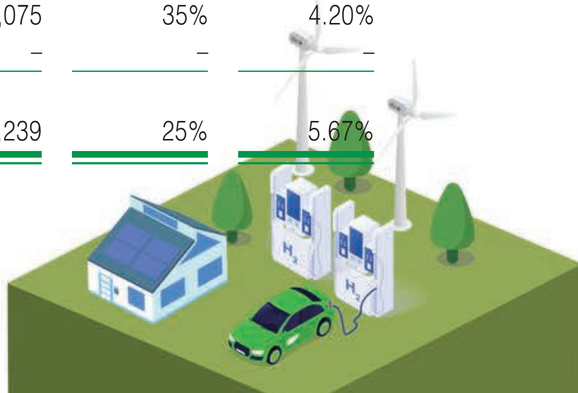


Geographical breakdown of the consolidated power generation of the Group's wind farms for 2020 and 2021:

Region	2021 (MWh)	2020 (MWh)	Percentage of change
Heilongjiang	**2,823,428**	3,180,242	-11.22%
Jilin	**1,543,771**	1,216,115	26.94%
Liaoning	**2,343,985**	2,215,637	5.79%
Inner Mongolia	**6,567,889**	6,207,568	5.80%
Jiangsu (onshore)	**2,763,657**	2,208,251	25.15%
Jiangsu (offshore)	**4,032,165**	2,847,897	41.58%
Zhejiang	**384,503**	393,738	-2.35%
Fujian	**2,763,390**	2,804,345	-1.46%
Hainan	**139,125**	152,028	-8.49%
Gansu	**2,818,883**	2,652,465	6.27%
Xinjiang	**3,936,234**	3,546,601	10.99%
Hebei	**3,657,925**	2,543,728	43.80%
Yunnan	**2,278,336**	2,392,881	-4.79%
Anhui	**1,955,551**	1,515,660	29.02%
Shandong	**1,281,806**	797,124	60.80%
Tianjin	**663,998**	374,038	77.52%
Shanxi	**2,433,099**	1,646,814	47.75%
Ningxia	**1,726,813**	1,407,719	22.67%
Guizhou	**1,442,389**	1,501,655	-3.95%
Shaanxi	**1,101,840**	857,682	28.47%
Tibet	**15,078**	14,752	2.21%
Chongqing	**692,761**	510,710	35.65%
Shanghai	**120,359**	112,018	7.45%
Guangdong	**286,879**	268,550	6.83%
Hunan	**600,665**	321,636	86.75%
Guangxi	**549,014**	455,118	20.63%
Jiangxi	**426,205**	320,322	33.06%
Hubei	**220,800**	107,503	105.39%
Qinghai	**228,132**	73,794	209.15%
Henan	**362,479**	2,844	12,645.39%
Canada	**264,574**	281,939	-6.16%
South Africa	**783,286**	751,871	4.18%
Ukraine	**90,742**	–	–
Total	**51,299,762**	43,683,245	17.44%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Group's wind farms for 2020 and 2021:

Region	Average utilisation hours of wind power for 2021 *(hour)*	Average load factor of wind power for 2021	Average utilisation hours of wind power for 2020 *(hour)*	Average load factor of wind power for 2020	Percentage of change of the average utilisation hours of wind power
Heilongjiang	2,293	26%	2,576	29%	-10.99%
Jilin	2,324	27%	2,151	24%	8.04%
Liaoning	2,240	26%	2,153	25%	4.04%
Inner Mongolia	2,482	28%	2,355	27%	5.39%
Jiangsu (onshore)	2,050	23%	1,754	20%	16.88%
Jiangsu (offshore)	2,550	29%	2,344	27%	8.79%
Zhejiang	1,675	19%	1,716	20%	-2.39%
Fujian	3,192	36%	3,027	34%	5.45%
Hainan	1,405	16%	1,536	17%	-8.53%
Gansu	2,186	25%	2,056	23%	6.32%
Xinjiang	2,473	28%	2,256	26%	9.62%
Hebei	2,146	25%	2,080	24%	3.17%
Yunnan	2,620	30%	2,972	34%	-11.84%
Anhui	2,417	28%	2,036	23%	18.71%
Shandong	2,641	30%	1,943	22%	35.92%
Tianjin	2,226	25%	1,814	21%	22.71%
Shanxi	2,404	27%	1,845	21%	30.30%
Ningxia	2,225	25%	1,818	21%	22.39%
Guizhou	1,877	21%	2,071	24%	-9.37%
Shaanxi	2,158	25%	1,916	22%	12.63%
Tibet	2,010	23%	1,967	22%	2.19%
Chongqing	2,389	27%	2,287	26%	4.46%
Shanghai	2,534	29%	2,358	27%	7.46%
Guangdong	2,253	26%	2,589	29%	-12.98%
Hunan	2,262	26%	2,660	30%	-14.96%
Guangxi	2,623	30%	3,255	37%	-19.42%
Jiangxi	2,340	27%	2,708	31%	-13.59%
Hubei	2,631	30%	2,073	24%	26.92%
Qinghai	1,766	20%	1,386	16%	27.42%
Henan	2,750	31%	197	2%	1,295.94%
Canada	2,670	31%	2,845	32%	-6.15%
South Africa	3,204	37%	3,075	35%	4.20%
Ukraine	1,127	31%	–	–	–
Total	2,366	27%	2,239	25%	5.67%



During the Reporting Period, the consolidated power generation from coal power segment of the Group was 10,776,027 MWh, representing an increase of 19.28% as compared with 9,034,239 MWh in the corresponding period of 2020. The average utilisation hours of the Group's coal power segment in 2021 was 5,747 hours, representing an increase of 929 hours as compared with 4,818 hours in 2020. The increase in the Group's coal power generation and utilization hours in 2021 was mainly due to the increase in electricity load in Jiangsu Province.

2. Climbing new highs in resource acquisition by consolidating leading edge and diversifying development

In 2021, the Group had new resource reserves of 56.46 GW, representing an increase of 9.44% as compared to the same period of 2020, of which, wind power, photovoltaics power and multi-energy complementarity projects amounted to 11.76 GW, 36.70 GW and 8.00 GW, respectively, and all of which were located in areas with abundant sources. The newly-added agreed capacities of Guangxi, Jiangsu, Inner Mongolia, Heilongjiang, Xinjiang, Yunnan, Hunan, Shandong, Jiangxi, Ningxia, Shaanxi, Tianjin, Hebei, Shanxi, Zhejiang, Jilin, Liaoning, Anhui, Fujian and other provinces were all above one million kW. Among the nationwide competitive allocation, the Group won bids of 9,465 MW, including wind power of 2,172 MW, photovoltaic power of 6,113 MW and power grid side energy storage of 1,180 MW/1,920 MWh, distributed projects of 4,900 MW, and clean heating projects of 4,000 MW, making a breakthrough of cumulative development quota of exceeding 18,365 MW for the year.

The 2021 marks the opening year of the "14th Five-Year Plan". The Group has entered the great developmental threshold of wind and photovoltaic power simultaneously, multi-energy complementarity, diversified development, which, in turn, faced with unprecedented challenges and opportunities. The Group adherently implemented "Four revolutions & One cooperation" regarding energy security new strategies through giving full play of professional new energy platform and supporting the transformation and development of the CHN Energy. Following the Group's core development concept and path, thus to promote the efficient and rapid development of photovoltaic power, consolidate the leading edges of wind power, build pilot base featuring cleanness, efficiency and multi-energy complementarity, actively explore offshore grid parity of wind power as well as expand and lead energy storage, hydrogen energy and other new technologies. The Group also rapidly acquired excellent resources by promoting project implementation with high quality in the form of self-development, co-development and project M&A and other various forms. Within CHN Energy, the Group took its advantages in the whole industrial chain of coal, power generation, transportation and chemical industry all over the country to expand resource reserve, and jointly ventured with leading enterprises in the industry outside CHN Energy to develop strategic cooperation, thus to serve a ballast for large-scale development.

3. **Stabilize engineering construction landscape by implementing environmental protection and achieve new enhancements in development quality**

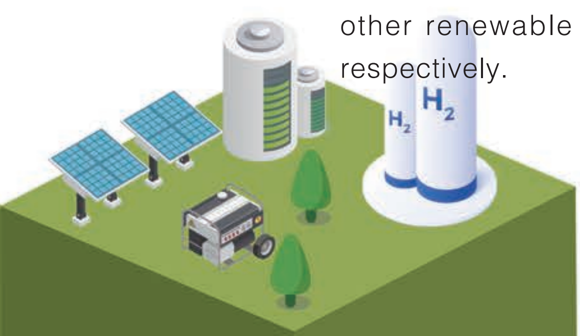
In 2021, the Group embraced safe and steady project construction status, the project quality and environmental protection level were steadily improved without any material or above safety, quality, environmental protection accident or mass incident affecting social stability throughout the year, with no case of COVID-19 infection. The project progress was effectively advanced, and the project cost was controllable and under practical control. The production task throughout the year has been successfully completed. Among them, the offshore wind power H4 and H6 projects in Dafeng, Jiangsu, as project to maintain electricity price, overcame the influence of short time, heavy tasks, and difficult coordination and other various unfavorable factors, by creating a record-breaking speed for hoisting construction in a single month in the industry, and achieving high-quality production at the end of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2021, the Group continued to pay attention to safety and environmental protection. Through the preparation of safety inspection cards for high-risk operations, the guidance of high-risk operations such as high-slope and lifting, and the enhancement of safety management and control in advance of and during the event, the Group has effectively eliminated and reduced the hidden dangers of engineering safety and improved the safety management efficiency of high-risk operations, strictly implemented the “Three Concurrence” requirements for conservation of water and soil, included the environmental protection and water conservation plan in the review management process of preliminary design review and bidding document by planning from the source, overall planning in the construction process, reducing secondary treatment costs, thus reducing the total construction cost and creating a “Lucid waters and lush mountains” project.

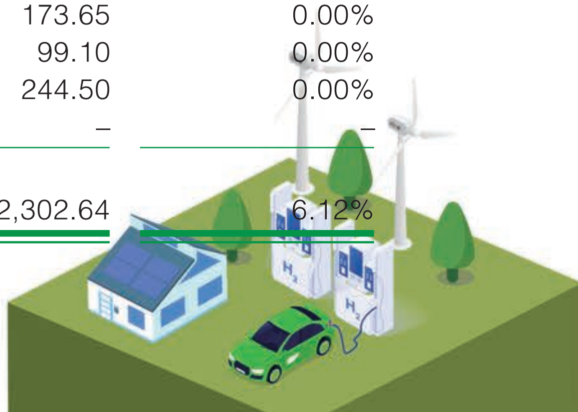
In 2021, the Group strengthened the standardization construction of projects and the innovation of high-quality projects and implemented the three-way system construction requirements of “Manual for Universal Design, Universal Equipment and Universal Cost”. The Group has also compiled the preparation of typical design plan of the booster station, the “Safe and Civilized Construction Standardization Manual” (《安全文明施工標準化手冊》), the “Quality Standard Process Atlas” (2021 version) (《質量標準工藝圖集》(二零二一版)) of the construction tender section, and the “Standardization Manual of the Owner’s Project Department” (《業主方項目部標準化手冊》), which have become the standardized promotion sample of engineering construction within the CHN Energy, which realized the standardization, normalization and professional management of new energy project projects.

In 2021, the Group had 24 projects newly put into operation, and the consolidated installed capacity amounted to 2,104 MW, among which, wind power projects were 16 with installed capacity of 1,451 MW, and photovoltaic projects were 8 with installed capacity of 653 MW. In addition, the Group reduced consolidated installed capacity of wind power of 86 MW in total by stripping off defective assets. As of 31 December 2021, the Group’s consolidated installed capacity amounted 26,699 MW, among which, the consolidated installed capacities of wind power, thermal power and other renewable energy amounted 23,668 MW, 1,875 MW and 1,156 MW, respectively.



Geographical breakdown of the consolidated installed capacity of the Group's wind farms as at 31 December 2020 and 31 December 2021 is set out as below:

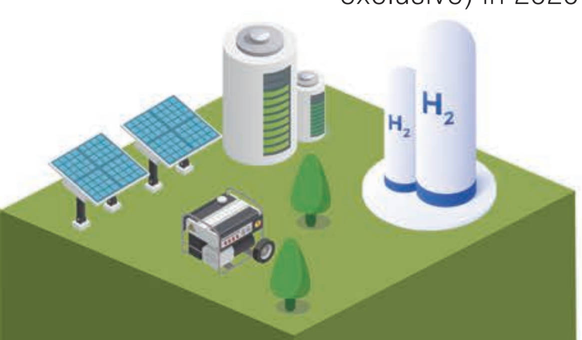
Region	**2021 31 December *(MW)***	2020 31 December *(MW)*	**Percentage of change**
Heilongjiang	**1,341.70**	1,234.70	8.67%
Jilin	**794.90**	762.05	4.31%
Liaoning	**1,096.70**	1,047.20	4.73%
Inner Mongolia	**2,685.30**	2,635.80	1.88%
Jiangsu (onshore)	**1,338.50**	1,338.50	0.00%
Jiangsu (offshore)	**2,191.60**	1,585.30	38.25%
Zhejiang	**227.90**	227.90	0.00%
Fujian	**1,049.10**	1,074.60	-2.37%
Hainan	**99.00**	99.00	0.00%
Gansu	**1,489.80**	1,289.80	15.51%
Xinjiang	**1,640.30**	1,590.80	3.11%
Hebei	**1,770.10**	1,770.10	0.00%
Yunnan	**869.50**	869.50	0.00%
Anhui	**809.10**	809.10	0.00%
Shandong	**570.40**	618.40	-7.76%
Tianjin	**347.50**	347.50	0.00%
Shanxi	**1,041.75**	1,041.75	0.00%
Ningxia	**774.70**	774.70	0.00%
Guizhou	**789.00**	789.00	0.00%
Shaanxi	**584.25**	539.20	8.35%
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**	237.35	29.91%
Guangxi	**343.80**	192.30	78.78%
Jiangxi	**196.40**	196.40	0.00%
Hubei	**94.20**	94.20	0.00%
Qinghai	**150.00**	150.00	0.00%
Henan	**173.65**	173.65	0.00%
Canada	**99.10**	99.10	0.00%
South Africa	**244.50**	244.50	0.00%
Ukraine	**76.50**	–	–
Total	**23,667.84**	22,302.64	6.12%



4. Continuously optimise the marketing and increase market transactions in both volume and price

In 2021, the Group actively carried out spot trading, and achieved growth in both volume and price of market-oriented trading throughout the year. Scientific formulation of the optimal proportion of spot and medium and long-term electricity trading to maximize revenue. The Company expanded the scale of wind and thermal power generation substitution, actively participated in the trading of green electricity, and orderly promoted revenue generation in various aspects. During the year, the Group carried out marketing training to strengthen "practical operation" and "internal skills", including national carbon market progress, renewable energy consumption quota, international green certificate, domestic green certificate, carbon trading operation mechanism, etc. In the first "National Energy Cup" Intelligent Construction Skills Competition – Power Trading Skills Competition held by CHN Energy, the Company won the group third prize and individual first and third prize. At the same time, the Company accelerated the construction of marketing informatization, independently developed supporting tools for supporting transactions, and effectively improved the quality of spot transactions. The Company organized its subsidiaries to participate in the green power trading pilot, all of which were transacted at a price higher than the benchmark coal power price. We arranged green certificate trading for grid parity projects and sold 316,000 international green certificates.

In 2021, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB468 per MWh (value-added tax ("VAT") exclusive), representing an increase of RMB5 per MWh as compared with RMB463 per MWh (VAT exclusive) in 2020. The average on-grid tariffs for wind power amounted to RMB489 per MWh (VAT exclusive), representing an increase of RMB2 per MWh as compared with RMB487 per MWh (VAT exclusive) in 2020, mainly attributable to the expansion of market transaction volume and the increase of market transaction tariff in wind power. The average on-grid tariffs for coal power amounted to RMB352 per MWh (VAT exclusive), representing an increase of RMB27 per MWh as compared with RMB325 per MWh (VAT exclusive) in 2020, which is mainly due to the rise of market transaction tariff.



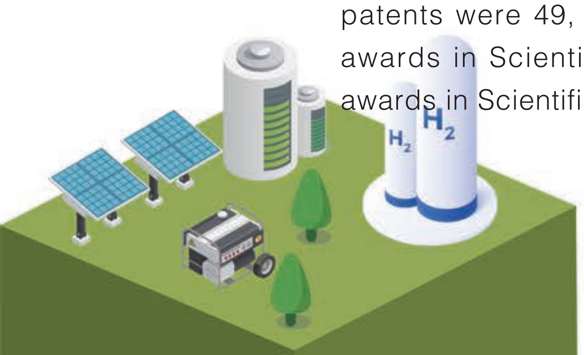
5. Closely follow policies to expand financing, reduce capital costs through multiple channels

In 2021, the Group paid close attention to the policy orientation, seized the RRR reduction window and extracted the low-cost funds through multiple channels, accelerated the frequency of short-term fund operations, and saved financial expenses. The Group also actively and prudently adjusted the debt structure to avoid debt risks by actively initiating replacement of high-interest-rate stock loans to reduce capital costs. Under the coordination mechanism of the vertical management of the headquarters, the capital plan shall be rigidly managed and the efficiency of capital use shall be continuously improved, thus to maximize the time value of capital. Meanwhile, the Group kept an eye on the two major capital markets both at home and abroad, aiming to further expand financing channels. In 2021, it successfully issued 26 tranches of ultra-short-term financing bonds, three tranches of medium-term notes, and two tranches of green medium-term notes, maintaining an industry advantage in capital cost throughout the year. In particular, the successful issuance of two tranches of green medium-term notes by the Group not only effectively reduced capital costs, but also demonstrated the Group's responsibility and commitment to "Carbon Peak and Carbon Neutrality". In addition, the Group actively revitalized stock assets with the financial instruments traded in open markets, and successfully issued renewable energy electricity subsidy asset securitization products worthy of RMB1 billion.

6. **Strengthen science and technology construction by focusing on enhancing the leading capacity and innovation capacity in the industry**

In 2021, the Group promoted high-quality scientific and technological innovation, establishing 39 scientific and technological projects and reserving 27 scientific and technological innovation projects throughout the year, covering ocean ranch, hydrogen production from new energy, multi-form energy storage and integrated energy. The integrated development projects between floating offshore wind power and cage aquaculture has completed the basic design. It also conducted the first global physical model pool test featuring the "Integration of Wind Power and Fishery" and was selected into "Top Ten Technical Issues for 2021" assessed and selected by China Association for Science and Technology. The national key special wind resource assessment software localization project completed the structural design of the two assessment software for wind resources and typhoon risks, and passed the mid-term inspection of the Ministry of Science and Technology. Meanwhile, the Group has also obtained the right of editor-in-chief of 1 national standard and 3 energy industry standards. Nine industry standards edited including "Operation Safety Protocol for Offshore Wind Farms" (《海上風電場運行安全規程》) were approved and issued by the National Energy Administration; 4 group standards and other standards including "Regulation on Design, Construction and Installation of Steel Structures for Offshore Booster Stations" (《海上升壓站鋼結構設計、建造與安裝規範》) were approved and issued by the Chinese Society of Electrical Engineering. The Group took the lead in compiling "History of China's Electric Power Industry – Volume for Renewable Energy Power Generation" and applied for the 2022 national publishing fund project by collecting 10 million words of historical materials, and completed the revised draft of 720,000 words for the tenth edition.

In 2021, the Group had 19 new invention patent applications and authorized 29 new patents (8 and 21 for invention patents and utility model patents, respectively). As of the end of 2021, the Group has a total of 493 valid patents authorized, among which, invention patents, utility models and appearance patents were 49, 427 and 17 respectively. This year, the Group also won 8 awards in Scientific and Technological Advancement in the industry and 5 awards in Scientific and Technological Advancement in CHN Energy.



7. Overcome the impact of overseas pandemic and actively expand to achieve progressive development

In 2021, the COVID-19 pandemic remained spreading globally. Various countries maintained border control unopened with uncertainty on turnover restriction, which has made material impact on overseas business progress, project construction and dispatch of foreign-related groups. Against the backdrop of the global COVID-19 pandemic, the Group moved forward against the trend, and it fully used the personnel, institutions and markets and other advantages in the existing business areas, in which we developed rolling, thus efficiently promoting the development and construction of new energy projects. The 76.5 MW wind power project in Yuzhne, Ukraine was put into production at full capacity within the year. The Group also closely followed the market trends, deeply explored the market potential of Central and Eastern Europe, Southeast Asia, Africa, Latin America, among others, developed key projects in order to strive to achieve breakthroughs in key markets.

In 2021, the Group continued to strengthen overseas asset management, effectively prevented and controlled the pandemic and production risks, operated all in-service projects well. Canada Dufferin Wind Farm of the Group recorded total power generation of 265 GWh throughout the year; its utilization hours reached 2,670 hours, and it has maintained safe production for 2,587 consecutive days. The affiliated wind power projects in De Aar of South Africa recorded the power generation of 783 GWh in total, the project utilization hours reached 3,204 hours, and maintained its accumulated safe production for 1,522 days. The affiliated wind power projects in Uzhny, Ukraine recorded the power generation of 91 GWh in total, the project utilization hours reached 1,127 hours, and maintained its accumulated safe production for 141 days.

8. Implement carbon emission reduction policy by leading in the carbon market trading to help new growth of interests

In 2021, the Group proactively promoted carbon trading, as shown by that the subordinated carbon asset company completed the first order in terms of national carbon emission rights trading quota in carbon market. Meanwhile, the Group seized the window period of performance by completing CCER (Chinese Certified Emission Reduction) trades of nearly 500,000 tons. In 2021, against the backdrop of dual carbon goal, the national carbon emission rights trading quota in carbon market completed the first term of performance period. There were more than two thousand units which have been included into the key emission units under the quota management in the power generation industry, and it became the world's largest-scale market covering greenhouse gas emissions. According to the "Administrative Measures for Carbon Emissions Rights Trading (Trial)" (《碳排放權交易管理辦法(試行)》) issued by the Ministry of Ecology and Environment. The key emission units were able to use CCER to offset the settlement of carbon emission quota for each year with offsetting percentage not above 5%. The new energy enterprises will become the important suppliers and beneficiary of CCER. In addition, the affiliated South African company of the Group completed the first carbon trading of more than 200,000 tons for an overseas project of CHN Energy, which attributed as the first international voluntary emission reduction trading for a large-scale renewable energy project in South Africa. The Group will continue to tap into the carbon markets both at home and abroad to reap fruitful harvest both on environmental and economic benefits.

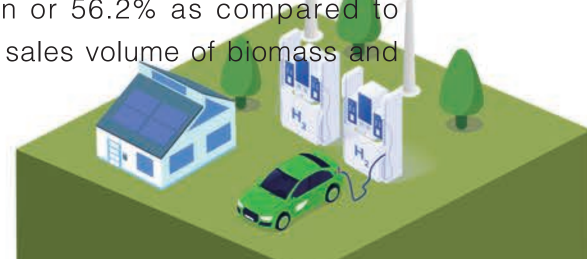
III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

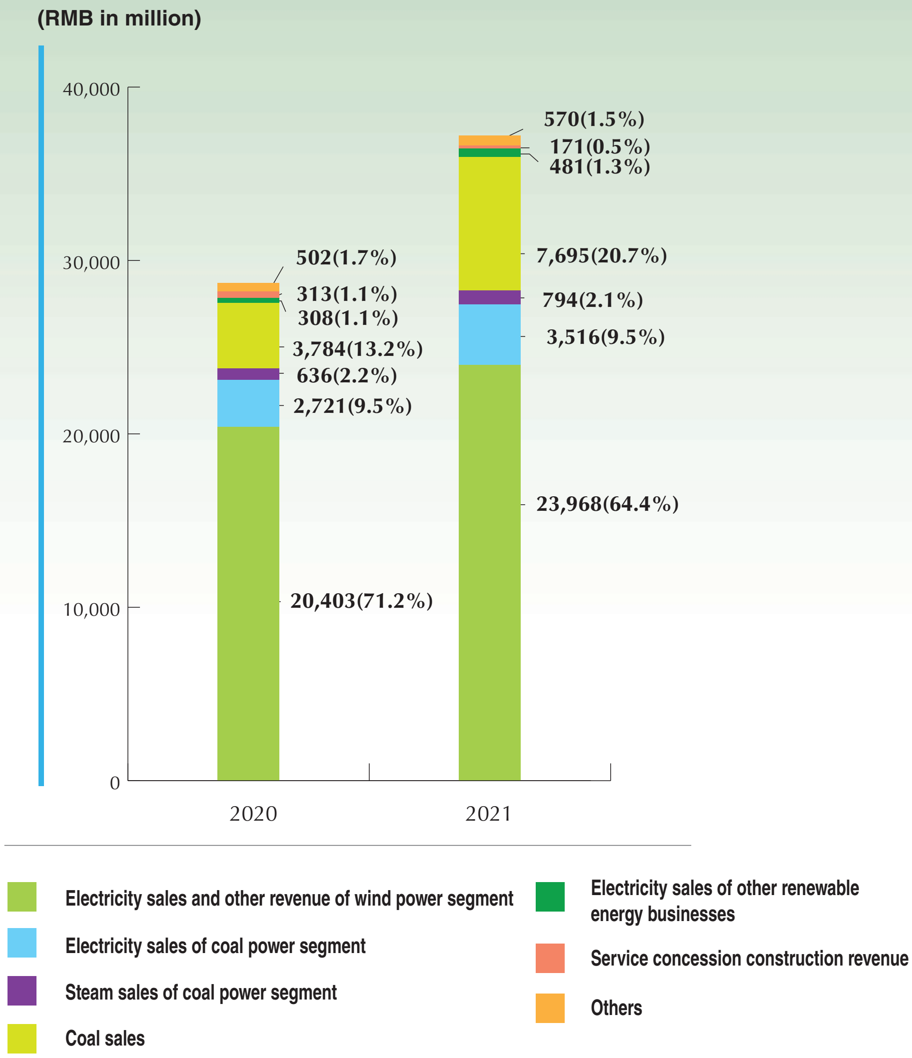
In 2021, the net profit of the Group amounted to RMB7,267 million, representing an increase of 27.8% as compared to RMB5,685 million in 2020. Net profit attributable to equity holders of the Company amounted to RMB6,413 million, representing an increase of 27.6% as compared to RMB5,025 million in 2020. Earnings per share amounted to RMB76.63 cents, representing an increase of RMB17.82 cents as compared to RMB58.81 cents in 2020.

Operating revenue

In 2021, the operating revenue of the Group amounted to RMB37,195 million, representing an increase of RMB8,528 million or 29.7% as compared to RMB28,667 million in 2020. The increase of operating revenue was mainly due to: (1) revenue from electricity sales and other revenue of wind power segment in 2021 was RMB23,968 million, representing an increase of RMB3,565 million or 17.5% as compared to RMB20,403 million in 2020, which was primarily due to increases in electricity sales volume and the average unit price of electricity sales of wind power segment as compared to 2020; (2) service concession construction revenue of wind power segment in 2021 was RMB171 million, representing a decrease of RMB142 million or 45.4% as compared to RMB313 million in 2020, which was primarily due to a decrease in construction volume of service concession projects under construction in 2021 as compared to 2020; (3) coal sales revenue of the coal power segment in 2021 was RMB7,695 million, representing an increase of RMB3,911 million or 103.4% as compared to RMB3,784 million in 2020, mainly due to the increase in the sales volume and unit selling price of coal as compared to 2020; (4) revenue from sales of electricity of the coal power segment for 2021 was RMB3,516 million, representing an increase of RMB795 million or 29.2% as compared to RMB2,721 million in 2020, mainly due to the increase in sales volume of electricity and average unit price of electricity of coal power as compared to 2020; revenue from sales of steam amounted to RMB794 million, representing an increase of RMB158 million or 24.8% as compared to RMB636 million in 2020, mainly due to the increase in sales volume of steam and average unit price of sales of steam as compared to 2020; and (5) revenue from renewable electricity sales of other segments in 2021 was RMB481 million, representing an increase of RMB173 million or 56.2% as compared to RMB308 million in 2020, mainly due to the increase in sales volume of biomass and photovoltaic power.

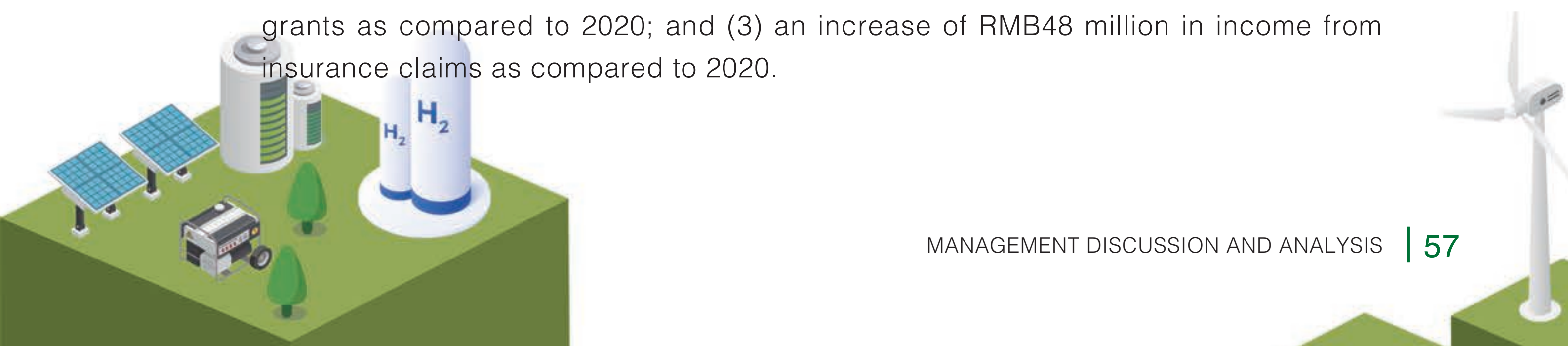


Operating revenue of each segment and their respective proportions are set out in the diagram below:

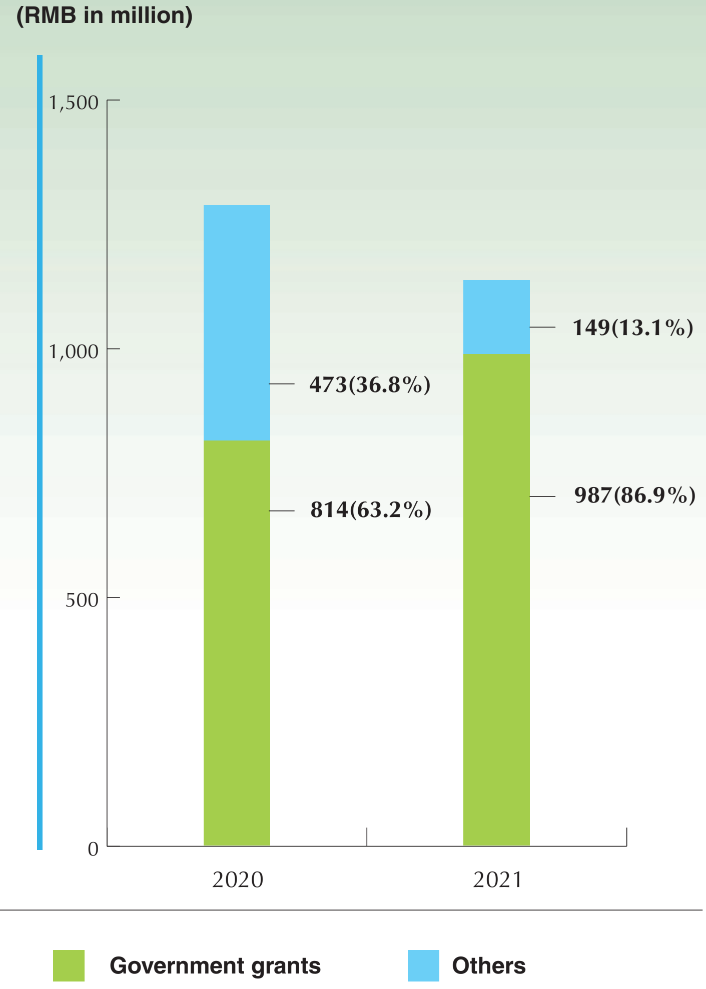


Other net income

In 2021, other net income of the Group amounted to RMB1,136 million, representing a decrease of 11.7% as compared to RMB1,287 million in 2020, mainly due to: (1) a decrease of RMB382 million in net gains from disposal of non-current assets and a subsidiary as compared to 2020; (2) an increase of RMB173 million in government grants as compared to 2020; and (3) an increase of RMB48 million in income from insurance claims as compared to 2020.



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

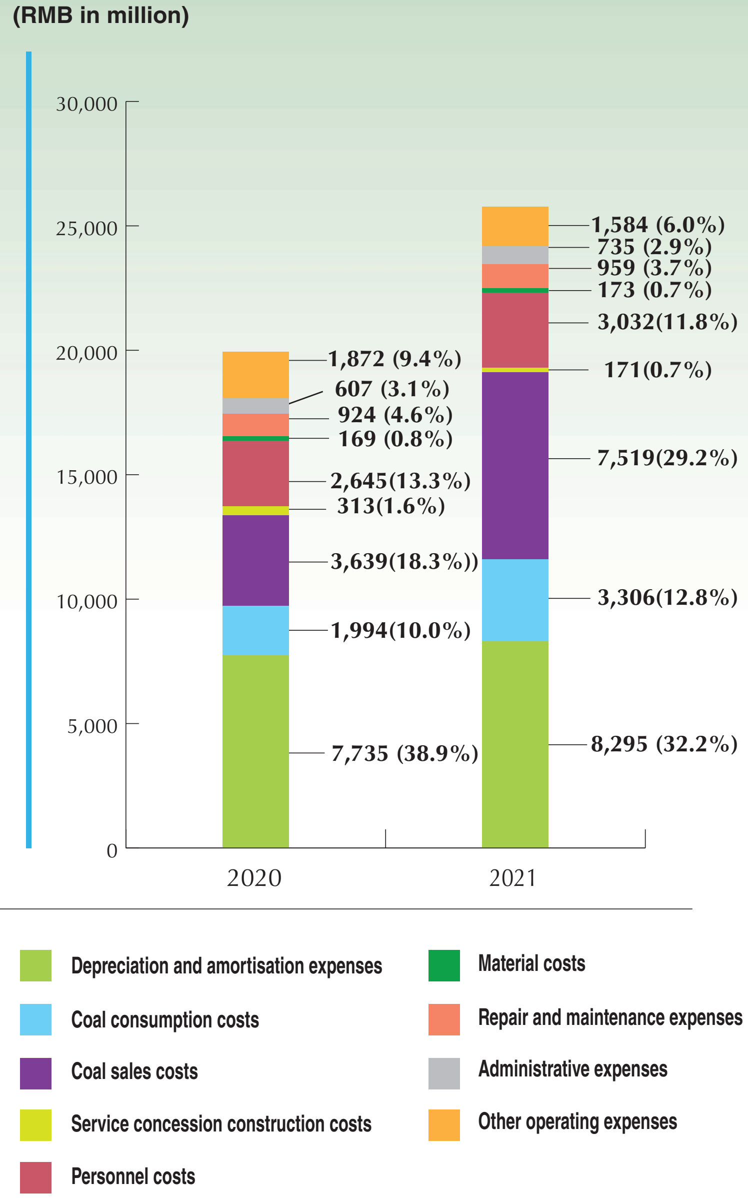


Operating expenses

Operating expenses of the Group amounted to RMB25,774 million in 2021, representing an increase of 29.5% as compared to RMB19,898 million in 2020, primarily due to: (1) an increase of RMB659 million in depreciation and amortisation expenses, a decrease of RMB142 million in the service concession construction costs and an increase of RMB438 million in personnel costs in the wind power segment; (2) an increase of RMB3,880 million in the cost of coal sales and an increase of RMB1,312 million in the cost of coal consumption in the coal power segment; and (3) the provision of RMB455 million made for the impairment in 2021, representing a decrease of RMB570 million as compared to RMB1,025 million in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

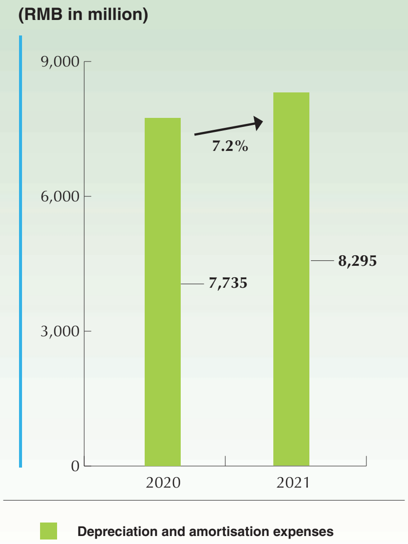
The breakdown of operating expenses items and their respective proportions are set out in the diagram below:



Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB8,295 million in 2021, representing an increase of 7.2% as compared to RMB7,735 million in 2020, primarily due to: (1) an increase of RMB659 million or 9.1% in depreciation and amortisation expenses in the wind power segment as compared to 2020 as a result of the effect of expansion in the installed capacity of wind power projects; (2) a decrease of RMB105 million or 27.1% in depreciation and amortisation expenses of the coal power segment and biomass business in other segments as compared to 2020; and (3) an increase of RMB23 million, or 20.1% in depreciation and amortisation expenses of the photovoltaic power business in other segments as compared to 2020.

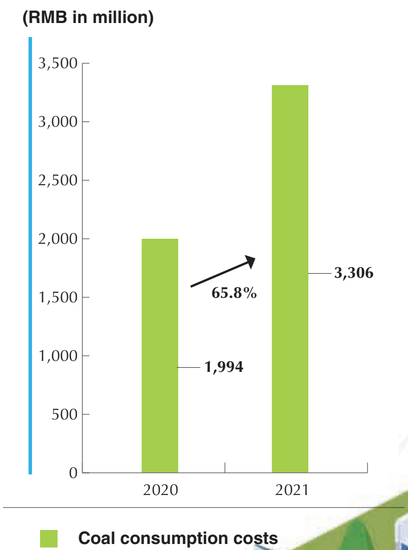
The depreciation and amortization expenses are set out in the diagram below:



Coal consumption costs

Coal consumption costs of the Group amounted to RMB3,306 million in 2021, representing an increase of 65.8% as compared to RMB1,994 million in 2020, which was primarily due to: (1) an increase in the consumption of standard coal by approximately 16.2% as a result of the combined effect of the increase in power generation and the increase in heat sales; and (2) an increase of approximately 42.6% in the average unit price of standard coal for power generation and heat supply as affected by the increase in coal price in 2021.

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

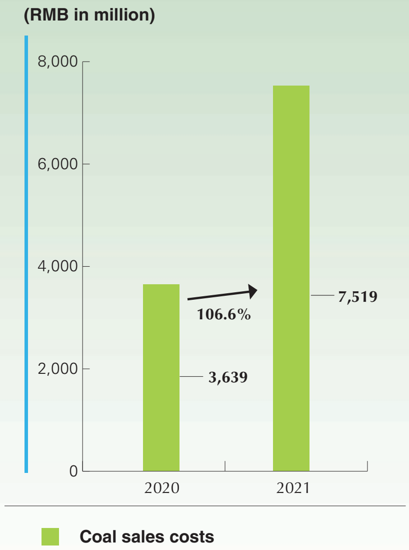


MANAGEMENT DISCUSSION AND ANALYSIS

Coal sales costs

Coal sales costs of the Group in 2021 amounted to RMB7,519 million, representing an increase of 106.6% as compared to RMB3,639 million in 2020, which was primarily due to: (1) an increase of approximately 73.1% in the average unit purchase price of coal as compared to 2020; and (2) an increase of approximately 19.4% in the sales volume of coal in 2021 as compared to 2020.

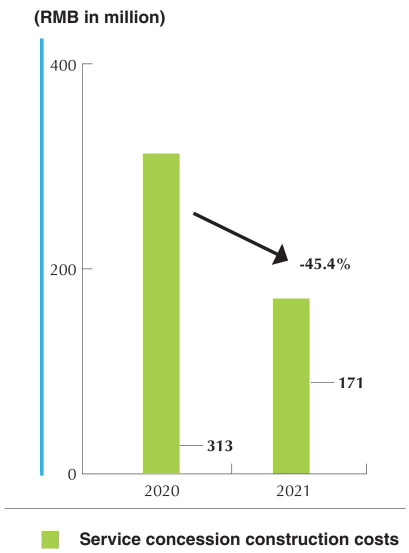
The coal sales costs are set out in the diagram below:

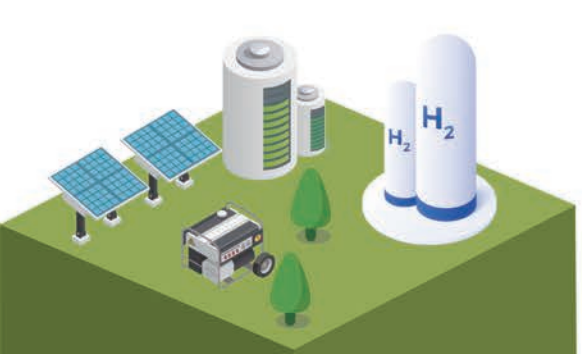


Service concession construction costs

The Group's service concession construction costs in 2021 amounted to RMB171 million, representing a decrease of 45.4% as compared to RMB313 million in 2020, primarily due to a decrease in construction volume of service concession projects under construction in 2021 as compared to 2020.

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

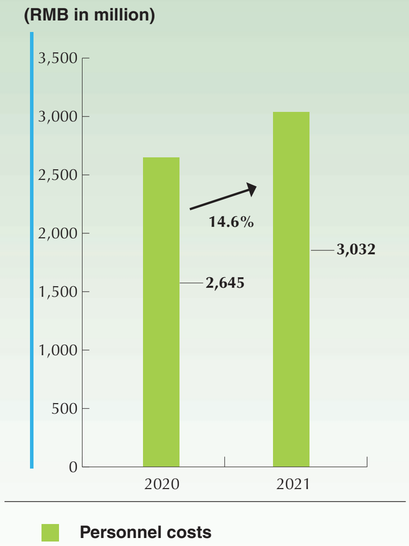




Personnel costs

Personnel costs of the Group amounted to RMB3,032 million in 2021, representing an increase of 14.6% as compared to RMB2,645 million in 2020, which was primarily due to: (1) an increase in headcounts as a result of expansion in the installed wind power capacity, resulting in an increase in the salary level of staff; (2) the fact that the pandemic relief policy enjoyed in 2020 was not continued this year; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

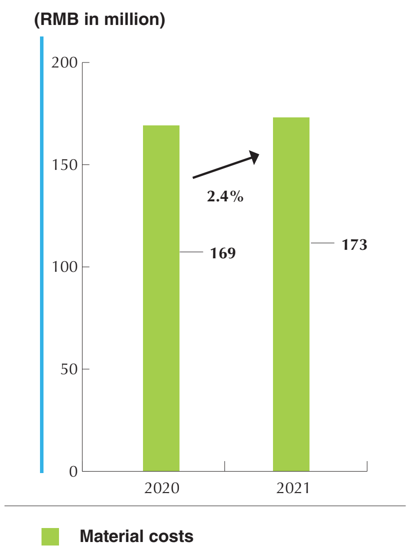
The personnel costs are set out in the diagram below:



Material costs

Material costs of the Group amounted to RMB173 million in 2021, representing an increase of 2.4% as compared to RMB169 million in 2020, which was primarily due to (1) an increase in power generation volume of the coal power segment and the corresponding increase in the production volume of power generation by-products, resulting in the decrease of external procurement of power generation by-products; and (2) an increase in material consumption as a result of the increase in biomass power generation.

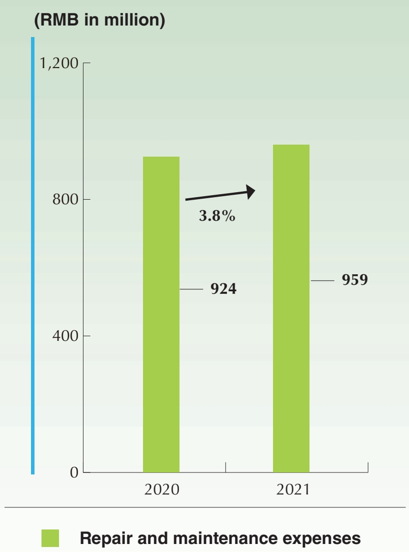
The material costs are set out in the diagram below:



Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB959 million in 2021, representing an increase of 3.8% as compared to RMB924 million in 2020, primarily due to an increase in the installed capacity of the wind power segment during the year and an increase in the generating units after the warranty period.

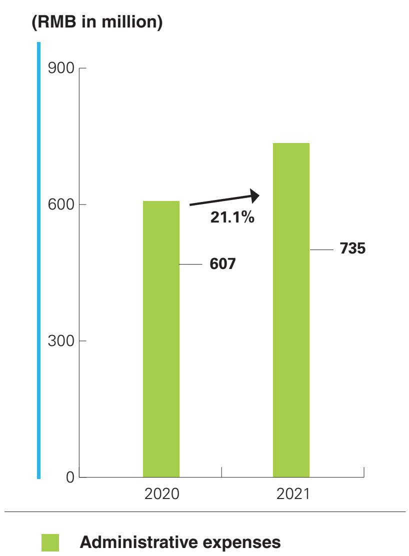
The repair and maintenance expenses are set out in the diagram below:



Administrative expenses

Administrative expenses of the Group amounted to RMB735 million in 2021, representing an increase of 21.1% as compared to RMB607 million in 2020, which was primarily due to an increase in the expenses including consulting fees, repair costs, office allowance and travel expenses with the growth of the Group's business.

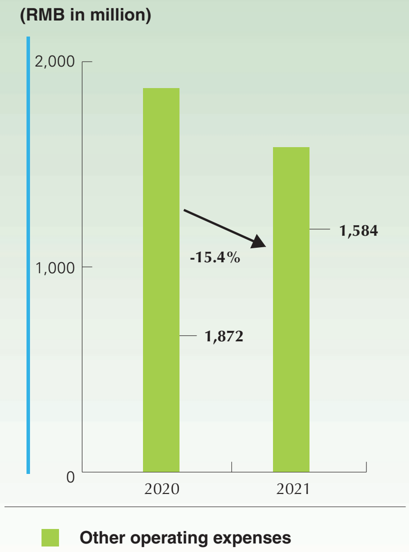
The administrative expenses are set out in the diagram below:



Other operating expenses

Other operating expenses of the Group amounted to RMB1,584 million in 2021, representing a decrease of 15.4% as compared to RMB1,872 million in 2020, which was primarily due to: (1) the provision for impairment of RMB455 million in 2021, representing a decrease of RMB570 million as compared with the provision for impairment of RMB1,025 million in 2020; and (2) with the increase in the Group's business in 2021, the technical service expenses and some other expenses amounted to RMB495 million, representing an increase of RMB268 million as compared with RMB227 million in 2020.

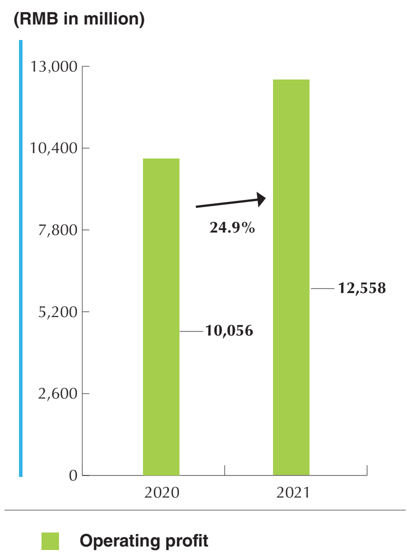
The other operating expenses are set out in the diagram below:



Operating profit

In 2021, the operating profit of the Group amounted to RMB12,558 million, representing an increase of RMB2,502 million or 24.9% as compared to RMB10,056 million in 2020, which was primarily due to: (1) an increase of RMB2,267 million in operating profit of wind power segment as a result of the increase in installed capacity of wind power segment, the increase in electricity sales volume and average unit price; (2) a decrease of RMB175 million in operating profit of coal power segment as a result of the combined effect of the increase in electricity sales volume and average unit price of electricity sales in coal power segment and the increase in average purchase price of coal; (3) an increase of RMB404 million in operating profit of other segments as a result of the increase in electricity sales volume of biomass and photovoltaic power in other segments and the decrease in provision for impairment losses as compared with 2020.

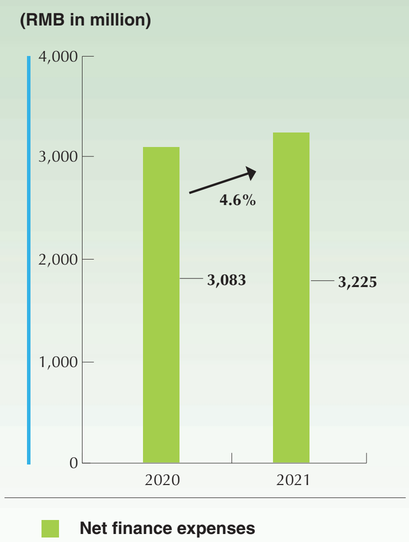
Operating profit is set out in the diagram below:



Net finance expenses

Net finance expenses of the Group amounted to RMB3,225 million in 2021, representing an increase of RMB142 million or 4.6% as compared to RMB3,083 million in 2020. The change was primarily due to: (1) an increase of RMB107 million in the interest expense of the Group in 2021 as compared to 2020 due to the increase in the average balance of borrowings; (2) an increase of RMB85 million in the net foreign exchange losses incurred by the Group in 2021 as compared with 2020; (3) an increase of RMB208 million in gains from changes in fair value of interest rate swap agreements as compared with 2020; (4) an increase of RMB159 million in the unrealised gains for trading securities held in 2021 as compared with 2020; (5) the fact that the Group conducted various securitization business of trade receivable, resulting in an increase of RMB241 million of related charges in 2021 as compared with 2020; (6) a decrease of RMB37 million in interest and dividend income from financial assets in 2021 as compared with 2020; (7) an increase of RMB10 million in other bank charges in 2021 as compared with 2020; and (8) a decrease of RMB29 million in cash discount received in 2021 as compared with 2020.

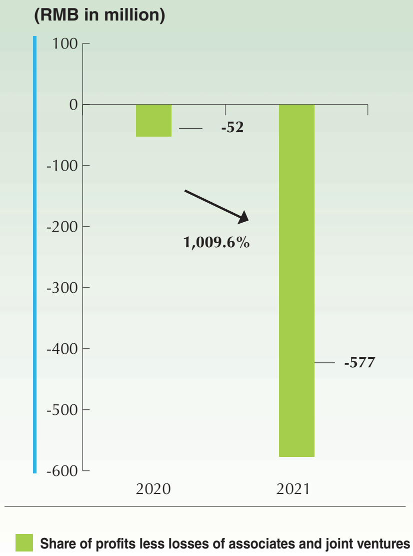
The net finance expenses are set out in the diagram below:



Share of profits less losses of associates and joint ventures

The Group's share of losses of associates and joint ventures amounted to RMB577 million in 2021, representing an increase of RMB525 million or 1,009.6% as compared to share of losses of RMB52 million in 2020, which was primarily due to the decline in operation results of Jiangsu Nantong Power Generation Co., Ltd. in 2021 resulting from the increase in coal cost as well as the increase in loss of Guodian United Power Technology Co., Ltd.

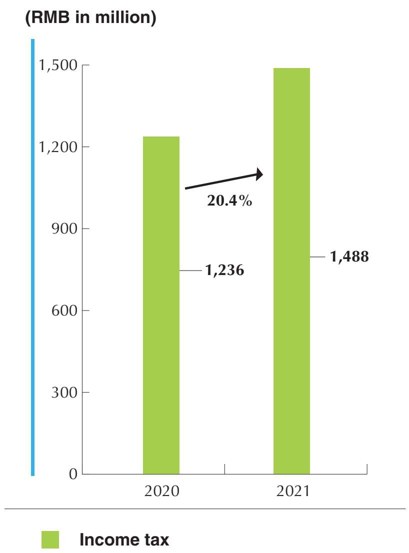
The share of profits less losses of associates and joint ventures is set out in the diagram below:



Income tax

In 2021, the income tax of the Group amounted to RMB1,488 million, representing an increase of 20.4% as compared to RMB1,236 million in 2020, which was mainly due to an increase of 26.5% in profit before tax in 2021.

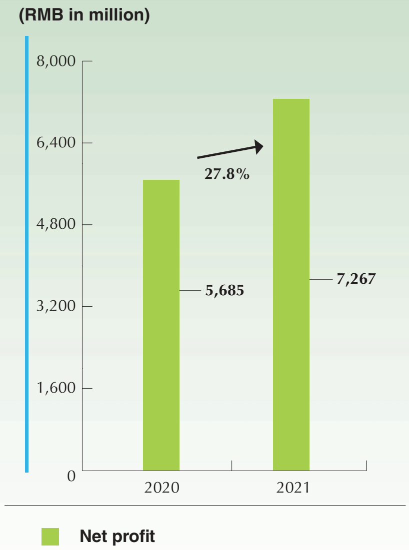
The income tax is set out in the diagram below:



Net profit

In 2021, the net profit of the Group amounted to RMB7,267 million, representing an increase of 27.8% as compared to RMB5,685 million in 2020, which was mainly due to the combined effect from the increase in net profit of wind power segment and the decrease in net profit of coal power segment.

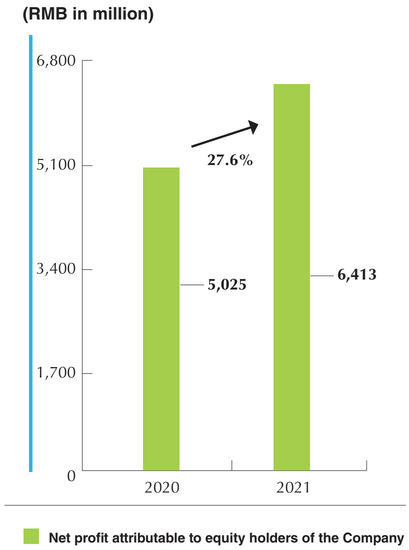
The net profit is set out in the diagram below:

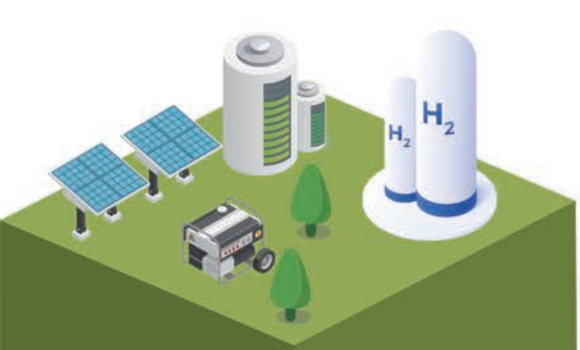


Net profit attributable to equity holders of the Company

In 2021, the net profit attributable to equity holders of the Company amounted to RMB6,413 million, representing an increase of 27.6% as compared to RMB5,025 million in 2020, mainly attributable to the combined effect from the increase in net profit of wind power segment and the decrease in net profit of coal power segment.

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





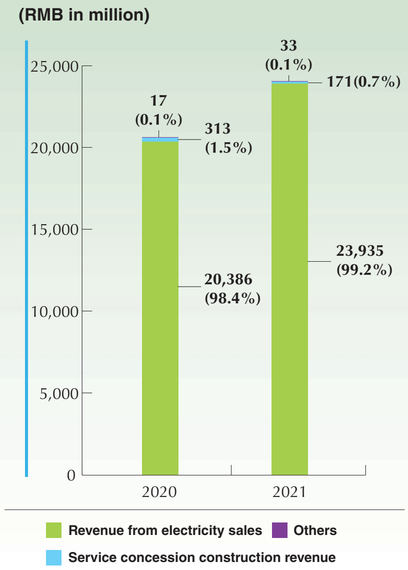
Segment results of operations

Wind power segment

Operating revenue

In 2021, the operating revenue of the wind power segment of the Group amounted to RMB24,139 million, representing an increase of 16.5% as compared to RMB20,716 million in 2020, 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, average utilisation hours and average unit price of electricity sales and the decrease in revenue from service concession construction.

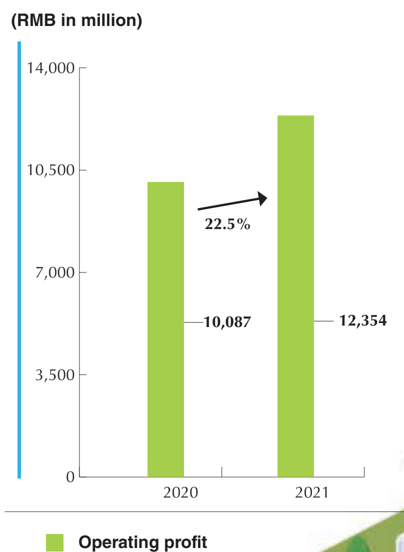
Operating revenue in the wind power segment and proportions are set out in the diagram below:



Operating profit

In 2021, the operating profit in the wind power segment of the Group amounted to RMB12,354 million, representing an increase of 22.5% as compared to RMB10,087 million in 2020, which was mainly attributable to the increase in operating profit in the wind power segment resulting from the increase in installed capacity, electricity sales volume of wind power segment and the average unit price of electricity sales.

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

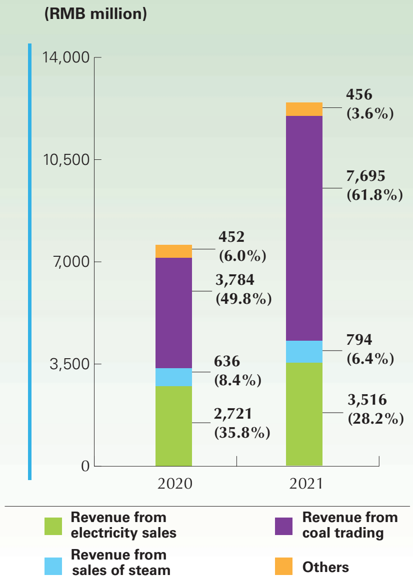


Coal power segment

Operating revenue

In 2021, operating revenue of the coal power segment of the Group amounted to RMB12,461 million, representing an increase of 64.1% as compared to RMB7,593 million in 2020, primarily due to: (1) an increase of RMB795 million in electricity sales revenue of coal power segment as compared to 2020 as affected by the increase in electricity sales volume and the average unit price of electricity sales of coal power segment in 2021; and (2) an increase of RMB3,911 million in revenue of coal sales as compared to 2020 resulting from the impact of an increase in sales volume of coal and an increase in average unit selling price of coal in 2021.

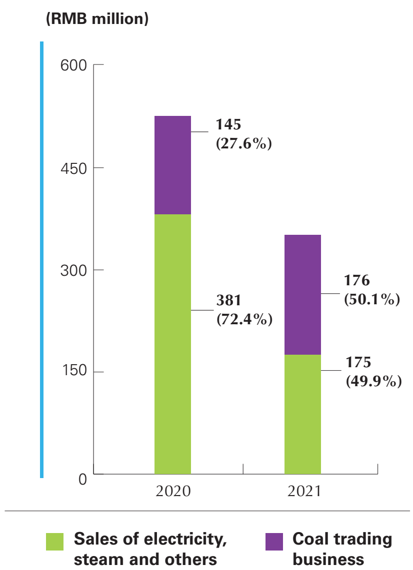
Operating revenue of the coal power segment and proportions are set out in the diagram below:



Operating profit

In 2021, the operating profit of coal power segment of the Group amounted to RMB351 million, representing a decrease of 33.3% as compared to RMB526 million in 2020, which was mainly attributable to the combined effect of the increase in electricity sales revenue resulting from the increase in the average utilisation hours and the average unit price of electricity sales of coal power segment as well as the corresponding increase in coal consumption costs.

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

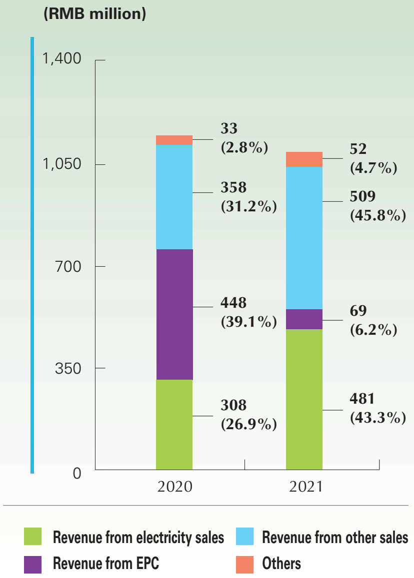


Other segments

Operating revenue

In 2021, the operating revenue of other segments of the Group amounted to RMB1,111 million, representing a decrease of 3.1% as compared to RMB1,147 million in 2020, which was mainly attributable to (1) an increase in revenue from electricity sales of RMB175 million resulting from the increase in electricity volume generated from biomass and photovoltaic power; and (2) an increase of RMB151 million in consulting and design services in other segments and a decrease of RMB379 million in revenue from the Engineering Procurement Construction ("EPC") as a result of the decrease in EPC services provided.

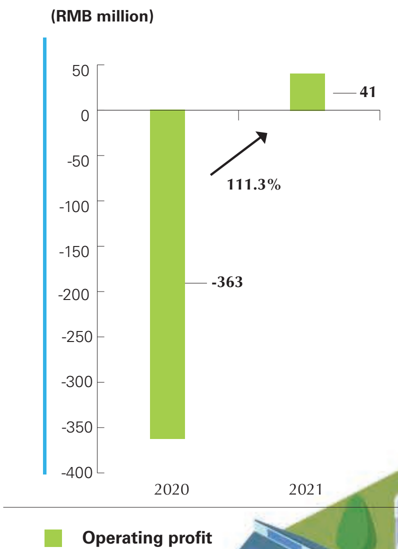
Operating revenue of other segments and proportions are set out in the diagram below:



Operating profit

In 2021, the operating profit of other segments of the Group amounted to RMB41 million, representing an increase of 111.3% as compared to RMB363 million of operating loss in 2020, which was mainly attributable to the combined effect of (1) the increase in electricity sales from biomass and photovoltaic power as compared to 2020; and (2) the decrease of RMB386 million in the provision for impairment of other segments in 2021 as compared to 2020.

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



Assets and liabilities

As at 31 December 2021, total assets of the Group amounted to RMB189,855 million, representing an increase of RMB14,569 million as compared with total assets of RMB175,286 million as at 31 December 2020. This was primarily due to:

(1) an increase of RMB4,681 million in current assets including trade and bills receivables; and

(2) an increase of RMB9,888 million in non-current assets including property, plant and equipment.

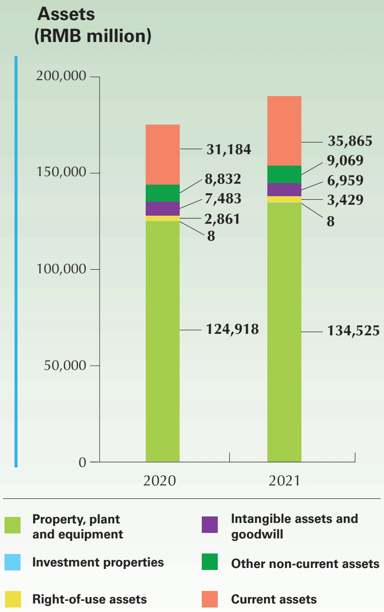
As at 31 December 2021, total liabilities of the Group amounted to RMB117,534 million, representing an increase of RMB8,697 million as compared to total liabilities of RMB108,837 million as at 31 December 2020. This was primarily due to:

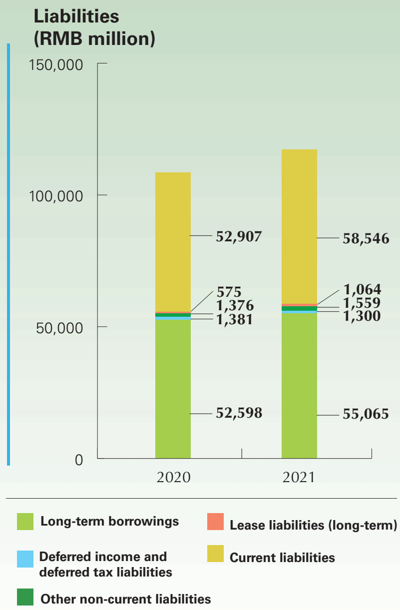
(1) an increase of RMB3,058 million in non-current liabilities including long-term borrowings; and

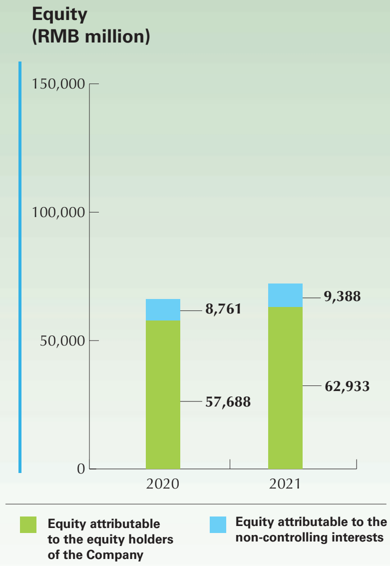
(2) an increase of RMB5,639 million in current liabilities including short-term borrowings.

As at 31 December 2021, equity attributable to equity holders of the Company amounted to RMB62,933 million, representing an increase of RMB5,245 million as compared with RMB57,688 million as at 31 December 2020, which was mainly earnings from business in the period.

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



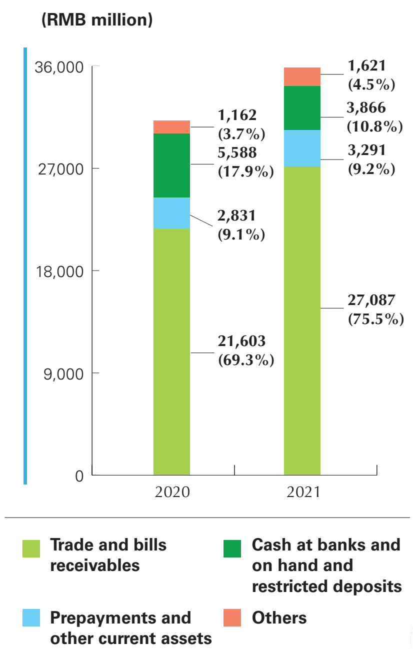




Capital liquidity

As at 31 December 2021, current assets of the Group amounted to RMB35,865 million, representing an increase of RMB4,681 million as compared with the current assets of RMB31,184 million as at 31 December 2020. It was mainly attributable to the increase in trade and bills receivables.

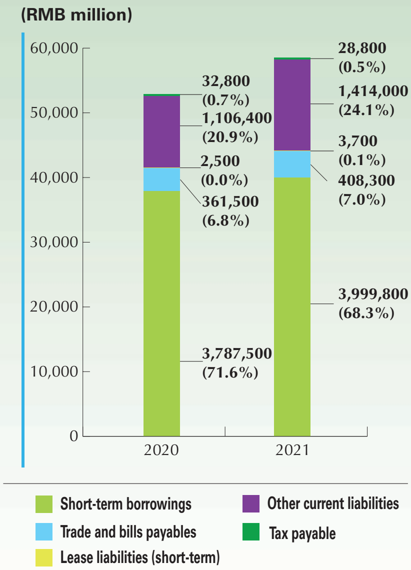
Current assets by item and proportions are set out in the diagram below:



MANAGEMENT DISCUSSION AND ANALYSIS

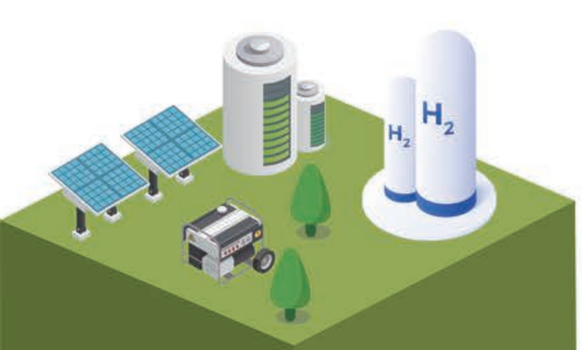
As at 31 December 2021, current liabilities of the Group amounted to RMB58,546 million, representing an increase of RMB5,639 million as compared with the current liabilities of RMB52,907 million as at 31 December 2020, which was mainly attributable to the increase in short-term borrowings, trade and bills payables and other current liabilities.

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



As at 31 December 2021, net current liabilities of the Group amounted to RMB22,680 million, representing an increase of RMB957 million as compared with the net current liabilities of RMB21,723 million as at 31 December 2020. The liquidity ratio was 0.61 as at 31 December 2021, representing an increase of 0.02 as compared with the liquidity ratio of 0.59 as at 31 December 2020. The increase was mainly attributable to the greater increase of current assets such as trade receivables than the increase of current liabilities such as short-term borrowings during the year.

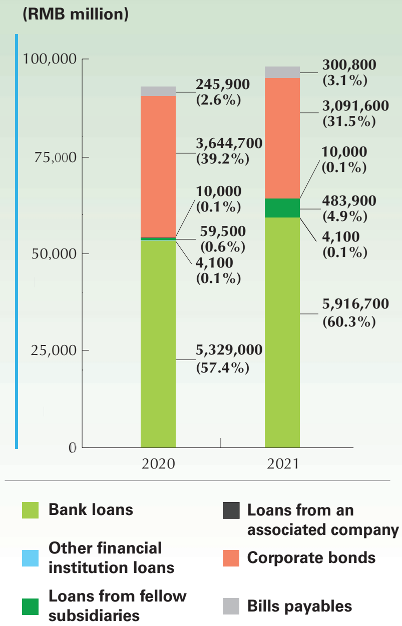
Restricted deposits amounted to RMB250 million, which mainly represent monetary funds used for repaying bank loans.



Borrowings and bills payables

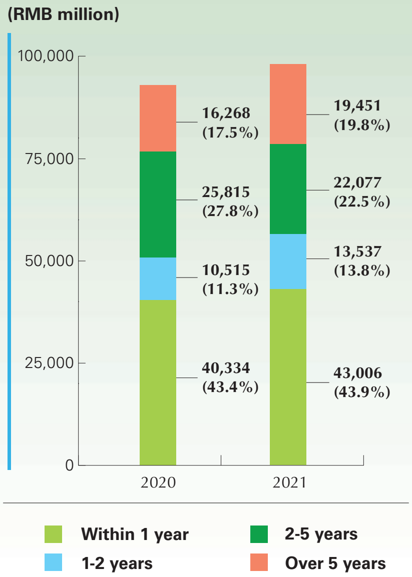
As at 31 December 2021, the Group's balance of the borrowings and bills payables amounted to RMB98,071 million, representing an increase of RMB5,139 million as compared with the balance of RMB92,932 million as at 31 December 2020. As at 31 December 2021, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB43,006 million (including long-term borrowings due within one year of RMB15,852 million and bills payables of RMB3,008 million) and long-term borrowings amounting to RMB55,065 million (including debentures payables of RMB14,390 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB90,062 million, borrowings denominated in U.S. dollars of RMB2,454 million and borrowings denominated in other foreign currencies of RMB2,547 million. As at 31 December 2021, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB1,914 million and corporate bonds with fixed interest rates of RMB14,390 million. As at 31 December 2021, the balance of bills payables issued by the Group amounted to RMB3,008 million.

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

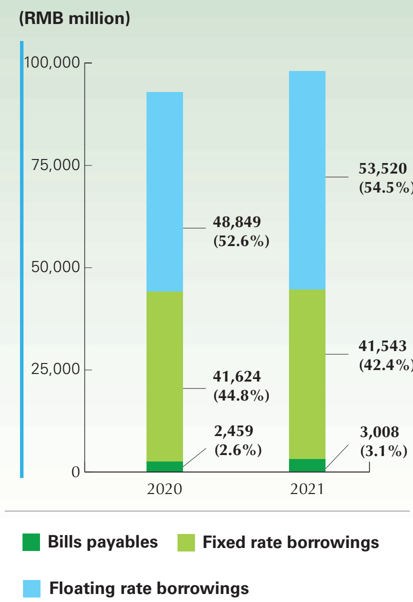


MANAGEMENT DISCUSSION AND ANALYSIS

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



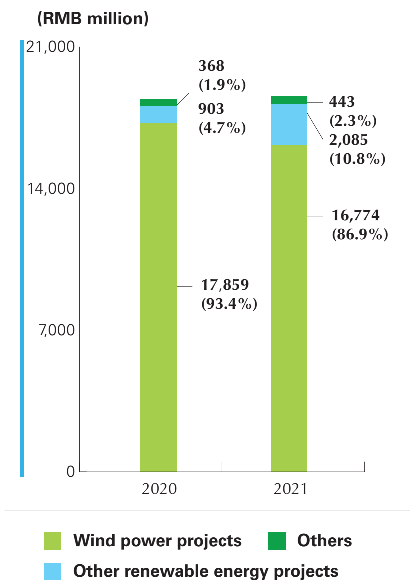
The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the diagram below:



Capital expenditures

The capital expenditures of the Group amounted to RMB19,302 million in 2021, representing an increase of 0.9% as compared to RMB19,130 million in 2020, among which, the expenditures for the construction of wind power projects amounted to RMB16,774 million, and the expenditures for the construction of other renewable energy projects amounted to RMB2,085 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance of bonds.

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



Net gearing ratio

As at 31 December 2021, 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 56.13%, representing a decrease of 0.24 percentage point from 56.37% as at 31 December 2020. This was primarily due to the increase in debts being lower than the increase in total equity during 2021.

Major investments

The Group made no major investment in 2021.

Material acquisitions and disposals

References are made to the announcements of the Company dated 15 January 2021, 4 June 2021, 18 June 2021, 23 July 2021 and the circular (the "**Circular**") of the Company dated 8 July 2021 in relation to, amongst others, the proposed absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. ("**Pingzhuang Energy**") by the Company through share swap, and the disposal by Pingzhuang Energy of all its assets and liabilities (excluding the deferred tax assets, deferred revenue and taxes payable) to Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司), the controlling shareholder of Pingzhuang Energy, and the purchase of certain new energy business assets held by other subsidiaries of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司) by the Company through cash payment (the "**Transaction**"). The third extraordinary general meeting in 2021, the first domestic Shareholders class meeting in 2021 and the first H Shareholders class meeting in 2021 were held on 23 July 2021, at which, among other things, the resolution on absorption and merger of Pingzhuang Energy through share swap and disposal of material assets and purchase of assets through cash payment was considered and passed. The Transaction involved the issue of a total of 345,574,164 A shares to all shareholders of Pingzhuang Energy on the registration date of implementation of the merger, in exchange for the A shares of Pingzhuang Energy held by such shareholders, with a par value of RMB1 each. 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, adjusted to RMB11.30 per share. All of the A shares to be issued were for the absorption and merger of Pingzhuang Energy through share swap and no funds were raised. Upon completion of the merger, Pingzhuang Energy will be delisted and ultimately disqualified as a legal person. The Company, as the surviving company, shall inherit and take over, directly or through its designated wholly-owned subsidiaries, the assets and liabilities of Pingzhuang Energy other than the Assets to be Disposed of.

MANAGEMENT DISCUSSION AND ANALYSIS

The Transaction aligned with the national new energy development strategy, could help consolidate and enhance the industry leading position and international competitiveness of the Company, was conducive to broadening financing channels and enhancing competitive advantages of the Company, and to reducing horizontal competition and realizing resource integration. For details of the Transaction, please refer to the Circular.

On 8 December 2021, the Company received the Reply on the Approval of the Application for Absorption and Merger of Inner Mongolia Pingzhuang Energy Co., Ltd. through Share Swap by China Longyuan Power Group Corporation Limited (Zheng Jian Xu Ke [2021] No. 3813) issued by the China Securities Regulatory Commission. On 24 January 2022, the Company successfully completed the listing of its A shares on the Shenzhen Stock Exchange.

Upon completion of the listing of the A shares, the total number of issued shares of the Company is 8,381,963,164 (comprising 5,041,934,164 A shares and 3,340,029,000 H shares). Please refer to the chapter headed connected transactions in this annual report for further details.

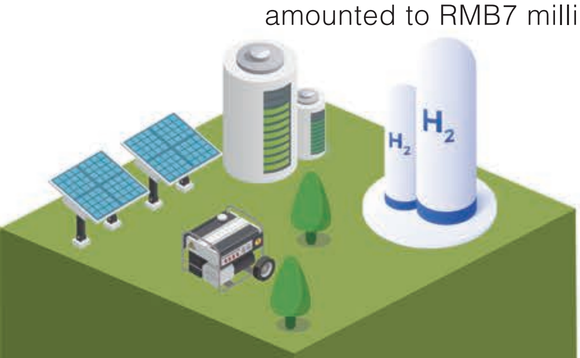
Save for that, during the Reporting Period, the Company made no other major acquisitions and disposals.

Pledged assets

As at 31 December 2021, general banking facilities, bonds and other borrowings amounting to RMB11,454 million are secured by tariff collection rights and equipment with net carrying amount of RMB2,218 million and inventories with net carrying amount of RMB3 million.

Contingent liabilities/Guarantees

As at 31 December 2021, the Group issued a counter-guarantee of no more than RMB15 million to the controlling shareholder of an associate. As at 31 December 2021, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB7 million.



Cash flow analysis

As at 31 December 2021, bank deposits and cash held by the Group amounted to RMB3,616 million, representing a decrease of RMB1,610 million as compared to RMB5,226 million as at 31 December 2020, which was mainly attributable to the investment in wind power projects and repayment of borrowings. 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.

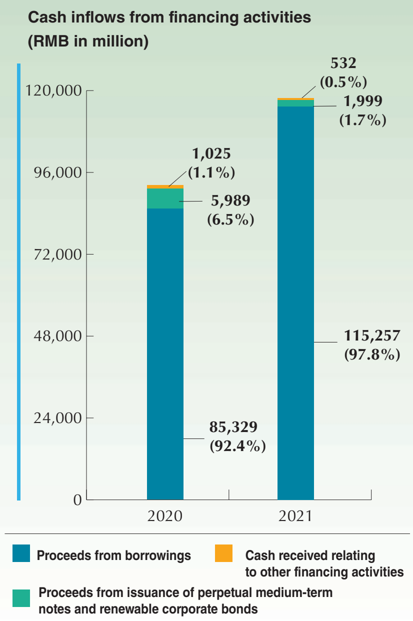
The net cash inflow from the Group's operating activities amounted to RMB16,755 million in 2021, representing an increase of RMB4,482 million as compared to RMB12,273 million in 2020, which was mainly attributable to the increase in revenue generated from sale of electricity.

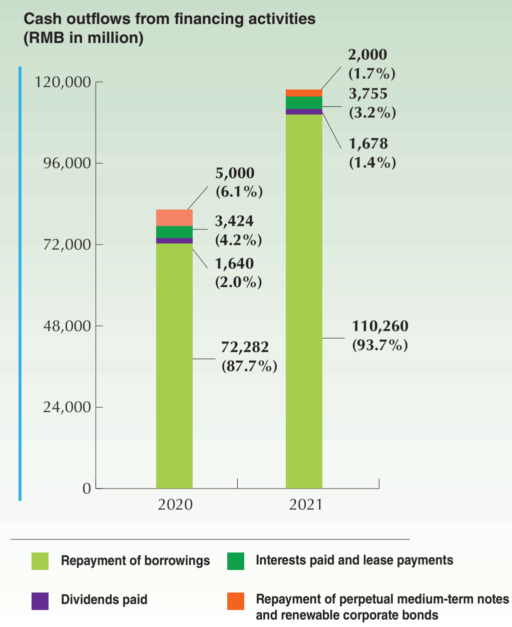
The net cash outflow from investing activities of the Group was RMB18,467 million in 2021. The cash outflow from investing activities was mainly used for the construction for wind power projects.

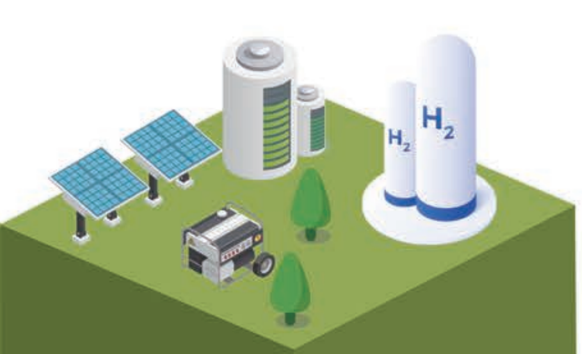
The net cash inflow from financing activities of the Group was RMB95 million in 2021. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of corporate bonds and bank loans. The cash outflow from financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

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







IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk

In 2021, as the power market-oriented reform continued to advance, the trading scale and scope of new energy market continued to expand. The gradual development of the new energy spot market and the policy require all general industrial and commercial users to enter the electricity market, which will lead to an increase in the market-based trading of electricity throughout the society, and new energy enterprises may face the risk of a further decline in electricity prices and revenue. After the National Energy Administration issued the Measures for the Administration of Power Auxiliary Services (電力輔助服務管理辦法), it is expected that various provinces will intensively introduce new auxiliary service policies. The new measures add new types of ancillary services such as momentum of inertia, grading, stable switch service and stable load shedding service may lead to an increase in ancillary service costs. Meanwhile, there is also uncertainty as to whether the gradual establishment of the sharing mechanism for power users to participate in ancillary services stipulated in the new measures can be implemented in a timely manner. The Group will continue to track relevant national policies by studying and judging the impact of polices, thus to take effective measures, and actively offer advice and suggestions to earnestly protect the interests of new energy enterprises.

2. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. On the vast territory of 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 speeds in the same period. In 2021, the average wind speed of most provinces (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 at the end of 2021, 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 monsoons.

3. Risks relating to power grids

In 2021, the situation of grid structure curtailment and insufficient transmission capacity will still exist in some areas in the future and the situation of new energy grid curtailment will still under great pressure as affected by the continued increase in new energy installations and the asynchronous power grid construction. The Group will continue to study the operation characteristics of wind power, make good use of national policies, expand consumption channels, and reduce the risk of grid curtailment. At the same time, we will communicate actively with the competent government authorities and power grid dispatching to strive for favorable policies and power generation spaces.

4. Risk in interest rate

In 2021, 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.

5. Risk in currency exchange rate

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.

6. Risk in fuel prices

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 risk is mainly the fluctuation risk of coal price. In 2021, 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 2022

Outlook for Business Environment at Home and Abroad

With the introduction of the "Dual Carbon" target, China's policy environment for the development of wind power and photovoltaic power generation has undergone profound changes: the logic of new energy development has changed, and there have been significant adjustments to the thinking, mechanism and mode of new energy development. The national authorities have made it clear on several public occasions that during the 14th Five-Year Plan period, they will anchor on the target of peak carbon dioxide emissions and carbon neutrality, take the high-quality development as the theme, the improvement of quality and efficiency as the main line, the reform and innovation as the driving force; will adhere to the Five Parallel Development Ideas (i.e., simultaneous development of centralized and distributed power stations, onshore and offshore ones, power supply for both local use and other provinces, development of single type with cooperation of multi types, both single scenario and comprehensive scenarios) and promote the transformation of new energy development from consumption determining development scale to the consumption supporting development demand, so as to achieve large-scale, high-proportion, market-oriented and high-quality leap in respect of the new energy development.

With the global carbon neutrality and emission reduction targets, the overall development of the industry has been positive. However, with the spread of variants of COVID-19, the global spread of the pandemic has not been effectively controlled and border controls remain in place, hindering the effective advancement of offshore pre-development work. The impact of the COVID-19 pandemic on global logistics, industry and supply chains will continue to hang over the supply and transportation of projects under construction. With the rise in electricity prices since 2021, international energy giants have stepped up their new energy transformation efforts, and emerging buyers have flooded into the market to capture the world's premium wind and solar resources, making it more difficult to secure projects and lowering project yields. At the same time, the international political situation is complex and volatile. Although the relationship between China and the United States has eased, the game will continue; the confrontation between Russia and the European Union and NATO has intensified; and the situation in certain local areas is still volatile, which has raised higher requirements for risk prevention and mitigation of investment in overseas new energy projects. The Group will overcome the adverse impact, strengthen the deployment of key markets, adhere to the development main line of "developing wind and solar power simultaneously, multi-energy complementing each other", adopt a diversified investment model and steadily promote the internationalization of its strategic deployment.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Targets of the Group in 2022

In 2022, the Company will be guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, seriously implement the spirit of the 19th National Congress of the Communist Party of China, all plenary sessions of the 19th session of the Communist Party of China and the Central Economic Work Conference, resolutely implement the spirit of the series of important speeches and instructions given by General Secretary Xi Jinping during his inspection of Yulin Chemical, implement the great call of "socialism is the result of work", adhere to the general keynote of securing steady progress, fully, accurately and comprehensively implement the new development concept, serve to construct a new development pattern and promote high-quality development. We will highlight the work direction of "stability, synergy, empowerment and quality improvement", firmly establishing the strategic goal of being a leading global new energy enterprise, focusing on six aspects of work: party building and leadership, strategic development, safety foundation, reform and innovation, team building and construcing the Group according to law, and striving to write a new chapter in the construction of a world class new energy company.

In 2022, the Group will focus on the following five areas of work:

1. Strengthen safety and environmental management and control and continuously improve the intrinsic safety standard;

2. Fully grasp development opportunities and firmly promote high quality development;

3. Coordinate the production and operation to ensure the increase in quantity and quality of performance;

4. Adhere to deepening reform and innovation to cultivate and stimulate strong development momentum;

5. Strengthen the leading role of Party building and deeply push forward high level of integration and promotion.

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 2021 (the "Financial Statements").

BOARD OF DIRECTORS MEETING

During the Reporting Period, fourteen Board meetings were held and a total of 83 resolutions of the Board were approved:

The 2021 first meeting of the fourth session of the Board was held on 15 January 2021, at which seven resolutions were considered and approved.

The 2021 second meeting of the fourth session of the Board was held on 30 March 2021, at which twenty-four resolutions were considered and approved.

The 2021 third meeting of the fourth session of the Board was held on 14 April 2021, at which one resolution was considered and approved.

The 2021 fourth meeting of the fourth session of the Board was held on 28 April 2021, at which one resolution was considered and approved.

The 2021 fifth meeting of the fourth session of the Board was held on 8 June 2021, at which four resolutions were considered and approved.

The 2021 sixth meeting of the fourth session of the Board was held on 16 June 2021, at which one resolution was considered and approved.

DIRECTORS' REPORT

The 2021 seventh meeting of the fourth session of the Board was held on 18 June 2021, at which twenty-five resolutions were considered and approved.

The 2021 eighth meeting of the fourth session of the Board was held on 29 June 2021, at which two resolutions were considered and approved.

The 2021 ninth meeting of the fourth session of the Board was held on 27 August 2021, at which four resolutions were considered and approved.

The 2021 tenth meeting of the fourth session of the Board was held on 26 September 2021, at which one resolution was considered and approved.

The 2021 eleventh meeting of the fourth session of the Board was held on 19 October 2021, at which two resolutions were considered and approved.

The 2021 twelfth meeting of the fourth session of the Board was held on 27 October 2021, at which three resolutions were considered and approved.

The 2021 first meeting of the fifth session of the Board was held on 12 November 2021, at which four resolutions were considered and approved.

The 2021 second meeting of the fifth session of the Board was held on 27 December 2021, at which four resolutions were considered and approved.

DIRECTORS' REPORT

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
Li Zhongjun	Chairman of the Board, Executive Director	5/7	71%
Tang Jian	Executive Director, President	10/10	100%
Liu Jinhuan	Non-executive Director	12/12	100%
Tian Shaolin	Non-executive Director	10/10	100%
Tang Chaoxiong	Non-executive Director	6/6	100%
Michael Ngai Ming Tak	Independent Non-executive Director	2/2	100%
Gao Debu	Independent Non-executive Director	2/2	100%
Zhao Feng	Independent Non-executive Director	2/2	100%
Jia Yanbing	Chairman of the Board, Executive Director	2/7	29%
Sun Jinbiao	Executive Director, President	3/4	75%
Zhang Xiaoliang	Non-executive Director	2/2	100%
Yang Xiangbin	Non-executive Director	6/6	100%
Zhang Songyi	Independent Non-executive Director	12/12	100%
Meng Yan	Independent Non-executive Director	12/12	100%
Han Dechang	Independent Non-executive Director	12/12	100%

Notes:

1. Mr. Sun Jinbiao resigned as the President of the Company on 14 April 2021, and resigned as an Executive Director of the Company on 28 May 2021.

2. Mr. Tang Jian was appointed as the President of the Company on 14 April 2021, and was appointed as an Executive Director of the Company on 28 May 2021.

3. Mr. Zhang Xiaoliang resigned as a Non-executive Director of the Company on 28 April 2021.

4. Mr. Tian Shaolin was appointed as a Non-executive Director of the Company on 28 April 2021.

5. Mr. Jia Yanbing resigned as the Chairman of the Board and Executive Director of the Company on 29 June 2021.

6. Mr. Li Zhongjun was appointed as the Chairman of the Board and Executive Director of the Company on 29 June 2021.

7. Mr. Yang Xiangbin resigned as a Non-executive Director of the Company on 29 June 2021.

8. Mr. Tang Chaoxiong was appointed as a Non-executive Director of the Company on 29 June 2021.

9. Mr. Zhang Songyi resigned as an Independent Non-executive Director of the Company on 12 November 2021.

10. Mr. Meng Yan resigned as an Independent Non-executive Director of the Company on 12 November 2021.

11. Mr. Han Dechang resigned as an Independent Non-executive Director of the Company on 12 November 2021.

12. Mr. Michael Ngai Ming Tak was appointed as an Independent Non-executive Director of the Company on 12 November 2021.

13. Mr. Gao Debu was appointed as an Independent Non-executive Director of the Company on 12 November 2021.

14. Ms. Zhao Feng was appointed as an Independent Non-executive Director of the Company on 12 November 2021.

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

16. Mr. Liu Jinhuan resigned as a Non-executive Director of the Company on 30 March 2022.

Save as disclosed above, during the year of 2021, 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 2021, the total share capital of the Company was RMB8,036,389,000, divided into 8,036,389,000 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in Note 35 to the Financial Statements.

As the completion of the absorption and merger of Inner Mongolia Pingzhuang Energy Co., Ltd. by the Company through share swap and the listing of A shares of the Company, as at the Latest Practicable Date, 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. For details, please refer to the announcement of the Company dated 20 January 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED

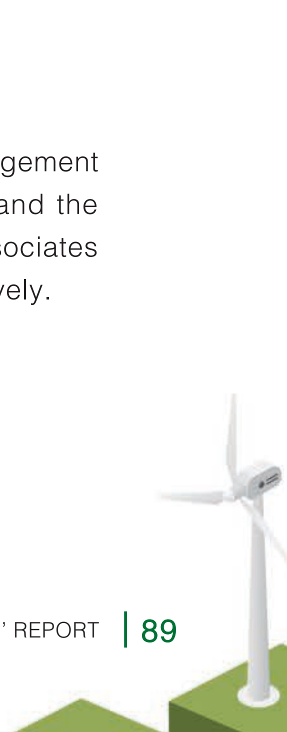
Save as disclosed in this report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

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 2021, 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 in 2021.

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

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group had no material or major disputes with its suppliers and customers in 2021.

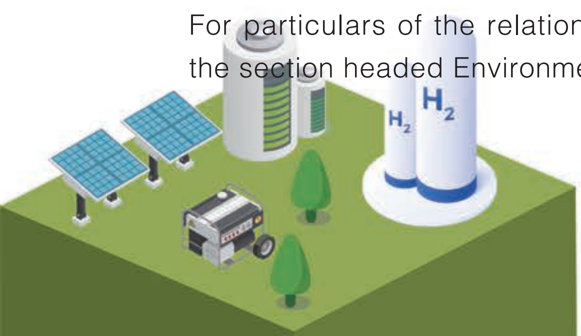
The Group has maintained friendly relationship with the employees. It improved the working environment and living conditions for the front-line production staff, expanded the front-line employees in distressed regions into the advanced study and recreation systems for model workers and thoroughly implemented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

In 2021, The Group continued to attach great emphasis on good relationships with major suppliers in the industry, and actively 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 selects its suppliers in a completely competitive manner without a fixed list of suppliers. As such, there is no statistical data of suppliers by region. However, the Group 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. In 2021, the Group attracted strong suppliers to participate in the competition by adopting promoting centralized bundling, entering into of long-term agreements and other procurement methods, so as to ensure good brand quality at the source of procurement while reasonably saving cost by standardizing procurement standards and other means.

To strengthen the requirements on environmental protection and social responsibility of suppliers in relevant procurement, suppliers are required to have relevant certifications of 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. The Group's major suppliers have joined the "China RE100", and in the production parks of some suppliers, production and office energy are provided through distributed clean energy and smart micro-grids, which achieve zero-carbon parks, smart parks and other targets on carbon neutrality, and effectively increase the proportion of clean energy and improve the energy utilization efficiency.

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

For particulars of the relations with employees, suppliers and customers, please refer to the section headed Environmental, Social and Governance Report.



ENVIRONMENT-RELATED PERFORMANCE AND POLICIES

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

The Group strictly comply with the national uniform environmental protection laws, regulations and policies and proactively undertake the environmental protection responsibilities of energy-saving and emission-reduction. In 2021, there was no violation of national environmental laws, regulations and policies. While developing new projects according to the development and changes in market conditions, the Group also paid attention to energy-saving and emission-reduction, striving to maximize green benefits. The Company has complied with the environmental laws and regulations such as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and has always fulfilled its environmental responsibility in accordance with the standards of local environmental regulations and industry rules and practices so as to achieve higher environmental performance. For details, please refer to the section of Environmental, Social and Governance Report.

MATERIAL LITIGATION

As at 31 December 2021, 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 2021 are set out in the Consolidated Statement of Profit or Loss on pages 230 to 231. The financial position of the Company and its subsidiaries as at 31 December 2021 is set out in the Consolidated Statement of Financial Position on pages 232 to 233. The cash flows of the Company and its subsidiaries for the year ended 31 December 2021 are set out in the Consolidated Statement of Cash Flows on pages 236 to 238.

A discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are set out in the section headed Management Discussion and Analysis 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 accumulation fund. If the accumulated amount of the Company's statutory accumulation fund amounts more than 50% of the Company's registered capital, it may no longer be withdrawn.

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

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

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

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

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

IV. The Company pays dividends and other payments to holders of 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 RMB0.1470 per share (tax inclusive) in cash for the year ended 31 December 2021 to Shareholders whose names appear on the Company's register of members as at Tuesday, 5 July 2022. The abovementioned dividend will be subject to Shareholders' approval at the Annual General Meeting of the Company to be held on Wednesday, 22 June 2022, and is expected to be paid on Thursday, 18 August 2022. 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 2021 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.

DIRECTORS' REPORT

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 2021 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		
Li Zhongjun	Chairman of the Board	Re-elected on 12 November 2021
	Executive Director	Re-elected on 12 November 2021
Tang Jian	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
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 Director		
Jia Yanbing	Chairman of the Board, Executive Director	Resigned on 29 June 2021
Sun Jinbiao	Executive Director	Resigned on 28 May 2021
Zhang Xiaoliang	Non-executive Director	Resigned on 28 April 2021
Yang Xiangbin	Non-executive Director	Resigned on 29 June 2021
Zhang Songyi	Independent Non-executive Director	Resigned on 12 November 2021
Meng Yan	Independent Non-executive Director	Resigned on 12 November 2021
Han Dechang	Independent Non-executive Director	Resigned on 12 November 2021
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
Resigned Supervisors		
Yu Yongping	Chairman of the Supervisory Board	Resigned on 28 April 2021
	Supervisor	Resigned on 28 April 2021
Ding Yinglong	Employee Supervisor	Resigned on 19 March 2021
Senior Management		
Tang Jian	President	Re-elected on 12 November 2021
Yang Wenjing	Chief Accountant	Re-elected on 12 November 2021
Gong Yufei	Vice President	Re-elected on 12 November 2021
Chen Qiang	Vice President	Re-elected on 12 November 2021
Resigned Senior Management		
Sun Jinbiao	President	Resigned on 14 April 2021
Chang Shihong	Chief Accountant	Resigned on 8 June 2021
Zhang Binquan	Vice President	Resigned on 26 October 2021
Jin Ji	Vice President	Resigned on 14 April 2021

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out in the section of Biographies of Directors, Supervisors and Senior Management of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS' REPORT

The remuneration of the senior management (other than directors) by remuneration band for the year ended 31 December 2021 is set out below:

Remuneration band *(RMB)*	**Number of persons for 2021**	Number of persons for 2020
<600,000	**2**	2
600,000–1,000,000	**2**	–
>1,000,000	**2**	4
Total	**6**	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 Group's business and still valid during the year or at the end of the year, in which the Company or its subsidiaries were a party, directly or indirectly involved in its formulation process, and in which a Director, supervisor or an entity connected with a Director or supervisor had a material interest subsisted.

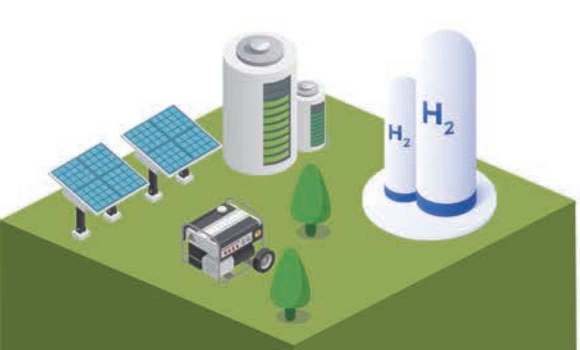
INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors and 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 Group:

Name	Position in the Company	Other interests
Tian Shaolin	Non-executive Director	Business Director (1st Grade) of the Party Committee Inspection Office of CHN Energy
Tang Chaoxiong	Non-executive Director	Director of Capital Operation Department of CHN Energy
Wang Yiguo	Non-executive Director	Full-time Director of CHN Energy
Hao Jingru	Supervisor	Deputy Director of Finance Department 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

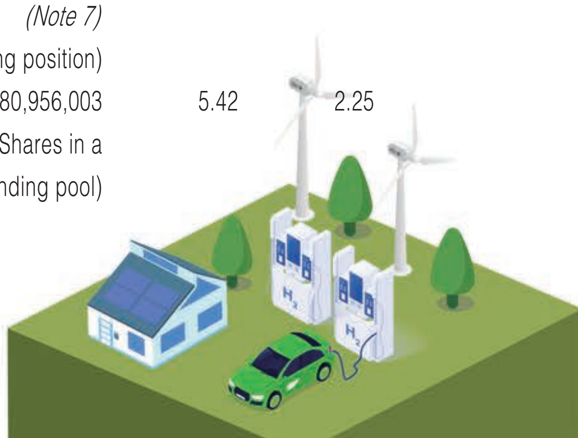
As at 31 December 2021, none of the Directors, supervisors and chief executives of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 2021, so far as known to the Directors, the following persons (other than the Directors, chief executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	**Class of Share**	**Capacity**	**Number of Shares/ Underlying Shares Held** *(Share)*	**Percentage in the Relevant Class of Share Capital** *(Note 1)* *(%)*	**Percentage in the Total Share Capital** *(Note 1)* *(%)*
CHN Energy	Domestic shares	Beneficial owner and interest of corporation controlled by substantial Shareholders	4,696,360,000 *(Note 2)* (Long position)	100	58.44
Wellington Management Group LLP	H shares	Investment manager	300,132,465 *(Note 3)* (Long position)	8.99	3.73
Wellington Management Group LLP	H shares	Investment manager	11,872 *(Note 4)* (Short position)	0.00	0.00
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	235,946,493 *(Note 5)* (Long position)	7.06	2.94
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	1,004,000 *(Note 6)* (Short position)	0.03	0.01
The Bank of New York Mellon Corporation	H shares	Interest of corporation controlled by substantial Shareholders	201,612,648 *(Note 7)* (Long position)	6.04	2.51
The Bank of New York Mellon Corporation	H shares	Approved lending agent	180,956,003 (Shares in a lending pool)	5.42	2.25



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)* *(%)*
Citigroup Inc.	H shares	Interest of corporation controlled by substantial Shareholders and approved lending agent	295,878,378 *(Note 8)* (Long position)	8.85	3.68
Citigroup Inc.	H shares	Interest of corporation controlled by substantial Shareholders	3,950,923 *(Note 9)* (Short position)	0.11	0.05
Citigroup Inc.	H shares	Approved lending agent	287,702,823 (Shares in a lending pool)	8.61	3.58
Brown Brothers Harriman & Co.	H shares	Agent	239,298,521 (Long position)	7.16	2.98
Brown Brothers Harriman & Co.	H shares	Agent	239,298,521 (Shares in a lending pool)	7.16	2.98
Lazard Asset Management LLC	H shares	Investment manager	167,217,247 (Long position)	5.01	2.08

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 2021.

2. Among these 4,696,360,000 domestic shares, 4,602,432,800 domestic shares were directly held by CHN Energy while the remaining 93,927,200 shares were held by CHN Energy Liaoning Electric Power Co., Ltd. (國家能源集團遼寧電力有限公司), a subsidiary of CHN Energy. Accordingly, CHN Energy was deemed as the owner of the equity interests held by CHN Energy Liaoning Electric Power Co., Ltd. (國家能源集團遼寧電力有限公司).

3. Among these 300,132,465 H shares, 289,260,179 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 10,822,469 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 49,817 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. Among these 11,872 H shares, 10,230 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 1,625 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 17 H shares were held by Wellington Management Singapore Pte. Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

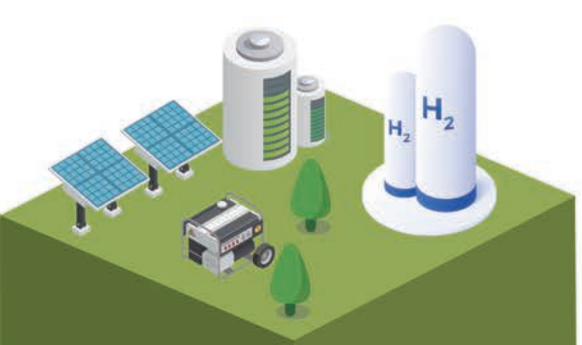
5. Among these 235,946,493 H shares, 1,027,100 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 5,451,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 38,989,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 76,803,000 H shares were held by BlackRock Fund Advisors, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 3,161,000 H shares were held by BlackRock Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 8,770,113 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 363,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,769,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 2,611,461 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,426,139 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 639,000 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 150,000 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 21,774,875 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 44,155,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 8,360,028 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 12,787,342 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,100,742 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 321,000 H shares were held by BlackRock (Singapore) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 14,000 H shares were held by BlackRock Asset Management Schweiz AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 273,000 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. These 201,612,648 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.

8. Among these 295,878,378 H shares, 287,702,823 H shares were held by Citibank, N.A., an indirect wholly-owned subsidiary of Citigroup Inc., 162,000 H shares were held by Citigroup Global Markets Hong Kong Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 1,049,441 H shares were held by Citigroup Global Markets Funding Luxembourg S.C.A., an indirect non-wholly-owned subsidiary of Citigroup Inc., 6,961,324 H shares were held by Citigroup Global Markets Limited, an indirect non-wholly-owned subsidiary of Citigroup Inc., 2,790 H shares were held by Citicorp Trust Delaware, National Association, an indirect 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.

9. Among these 3,950,923 H shares, 1,352,041 H shares were held by Citigroup Global Markets Hong Kong Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 1,049,441 H shares were held by Citigroup Global Markets Funding Luxembourg S.C.A., an indirect non-wholly-owned subsidiary of Citigroup Inc., 1,549,441 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 2021 are set out as below:

Issue date	Type of debentures	Financing amount *(RMB million)*	Reasons for the issue
18 January 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
19 January 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
22 January 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
25 February 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
25 February 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
24 March 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
25 March 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
26 March 2021	Ultra short-term debentures	1,500	For repayment of the interest-bearing liabilities
23 April 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
23 April 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
26 April 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
25 May 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
27 May 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
28 May 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
10 June 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
18 June 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
16 July 2021	Mid-term notes	1,000	For repayment of the interest-bearing liabilities

Issue date	Type of debentures	Financing amount *(RMB million)*	Reasons for the issue
23 July 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
26 July 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
27 July 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
4 August 2021	Green mid-term notes	791	For repayment of borrowing for projects with environmental benefits such as carbon emission reduction and construction of wind power generation projects with environmental benefits such as carbon emission reduction
10 August 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
17 August 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
20 August 2021	Mid-term notes	2,000	For repayment of the interest-bearing liabilities
30 August 2021	Mid-term notes	2,000	For repayment of the borrowings from financial institutions
13 September 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
15 October 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
22 October 2021	Ultra short-term debentures	1,000	For repayment of the interest-bearing liabilities
22 October 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
11 November 2021	Ultra short-term debentures	2,000	For repayment of the interest-bearing liabilities
2 December 2021	Green mid-term notes	2,990	For repayment of the publicly issued 2018 green corporate bonds (first tranche) of China Longyuan Power Group Corporation Limited for investing in clean energy green projects

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time during 2021.

SUBSEQUENT EVENTS

Save as disclosed in "Material Acquisitions and Disposals" in this annual report, the Company has no other material subsequent events.

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 annual report.

DONATIONS

In 2021, the Group donated RMB21,120,000 in total, of which, donation of RMB18,000,000 to the poverty alleviation work in Shiyu County was made by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, the purchase from the Group's five largest suppliers in aggregate contributed 28% of the Group's total purchase for the year, among which, the total purchase from the largest supplier contributed 9% of the Group's total purchase for the year.

For the year ended 31 December 2021, the sales to the Group's five largest customers in aggregate contributed 39% of the Group's total sales for the year, among which, the sales to the largest customer contributed 21% of the Group's total sales for the year.

During the year, so far as the Directors are aware, none of the Directors or their associates or the Shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the Company's 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 2021 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 2021 are set out in Note 11 to the Financial Statements.

MATERIAL CONTRACTS

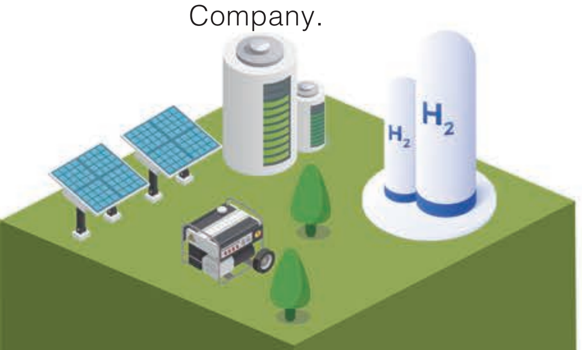
Save as disclosed in the section headed Material acquisitions and disposals in this annual report, none of the Company or any of its subsidiaries entered into any material contracts with the controlling Shareholder or any of its subsidiaries other than the Group, nor was there any material contracts between the Group and the controlling Shareholder or any of its subsidiaries other than the Group in relation to provision of services in 2021.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at the end of 2021, none of the Directors or supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporate, or had exercised any such right.

ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND SHARE OPTION

In 2021, no arrangement for share pre-emptive right and share option was made by the Company.



EQUITY-LINKED AGREEMENTS

In 2021, 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 2021, 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 2021, the principal accounting policies adopted in the preparation of the Company's 2021 audited consolidated financial statements are consistent with the principal accounting policies for the preparation of the 2020 audited consolidated financial statements, details of which are set out in Notes 2 and 3 to the Financial Statements.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

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

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 2021 annual results of the Group and the Financial Statements for the year ended 31 December 2021 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 (Special General Partnership) 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 2021, 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 (Special General Partnership) as its auditor since 14 January 2022.

By order of the Board
China Longyuan Power Group Corporation Limited*
Chairman of the Board
Li Zhongjun

Beijing, 30 March 2022

* *For identification purpose only*

CONNECTED TRANSACTIONS

Particulars of the major related party transactions of the Group for the year ended 31 December 2021 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 Directors' 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.

NON-EXEMPT ONE-OFF CONNECTED TRANSACTIONS

1. Absorption and merger of Pingzhuang Energy through share swap and the material assets disposal and purchase of assets through cash payment

Reference is made to the announcements of the Company dated 15 January 2021, 18 June 2021 (the "Announcements") and the circular of the Company dated 8 July 2021 (the "Circular") in relation to, among other things, the absorption and merger of Pingzhuang Energy through share swap, disposal of material assets and purchase of assets through cash payment. Unless otherwise defined, capitalised terms used herein have the same meanings ascribed to them in the Circular.

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 possible Absorption and Merger of Pingzhuang Energy through Share Swap and the material assets disposal and purchase of assets through cash payment.

CONNECTED TRANSACTIONS

The Transaction consists of three parts: absorption and merger through a share swap, assets disposal and purchase through cash. The Absorption and Merger, the assets disposal and the purchase through cash are inter-conditional on each other, if failing in any of which, the other two matters shall not be implemented. The details of which are as follows:

- The Absorption and Merger, when fully implemented, will involve, among other things, the issuance of a total of 345,574,164 A Shares by the Company to all Conversion Shareholders of Pingzhuang Energy on the Registration Date of Implementation of the Absorption and Merger, in exchange for the A Shares of Pingzhuang Energy held by such Shareholders. The Issue Price of the A Shares of the Company is RMB11.42 per share, and will be RMB11.30 per share after adjustment. Upon completion of the merger, Pingzhuang Energy will be delisted and ultimately disqualified as a legal person. The Company, as the surviving company, shall inherit and take over, directly or through its designated wholly-owned subsidiaries, the assets and liabilities of Pingzhuang Energy (excluding the assets to be disposed of). The Company will apply for listing and trading of its original Domestic Shares and the A Shares to be issued for the Absorption and Merger on the Main Board of the SZSE.

- The assets to be disposed of will be transferred by Pingzhuang Energy to Pingzhuang Coal Group, and the consideration of the assets to be disposed of shall be paid by Pingzhuang Coal Group in cash to the Company, the surviving company after the merger. The trading price of the assets to be disposed of is RMB3,436,725,600 in total.

- The Company will purchase the assets to be purchased from the other subsidiaries of CHN Energy, and the consideration of which shall be paid by the Company, the surviving company in cash. The trading price of the assets to be purchased in this transaction is RMB5,774,000,000 in total.

CONNECTED TRANSACTIONS

On 18 June 2021, the Company entered into a Profit Compensation Agreements with each of Northeast Electric Power, Shaanxi Electric Power, Guangxi Electric Power, Yunnan Electric Power, Gansu Electric Power and North China Electric Power (individually or collectively, the "Performance Undertaker(s)") with effective conditions. 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 the assets (i.e. the transfer of the assets of the Valuation Adjustment Targets) and the two financial years thereafter, namely 2021, 2022 and 2023 (collectively, the "Performance Commitment Period"). If the purchase of asset is not completed by December 31, 2021, the Performance Commitment Period will be adjusted to 2022, 2023 and 2024.

The net profit of the Valuation Adjustment Targets in 2021, 2022, 2023 and 2024 (if any) (being the net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss, the same hereinafter) under the undertakings by the Performance Undertakers to the Company shall be no less than the following indicators, respectively (the "Committed Net Profit"):

RMB0'000

No.	Counterparty of the Assets to be Purchased	Committed Net Profit for the Year 2021	Committed Net Profit for the Year 2022	Committed Net Profit for the Year 2023	Committed Net Profit for the Year 2024
1	Northeast Electric Power	9,127.77	8,882.29	9,205.16	8,894.29
2	Shaanxi Electric Power	8,353.77	10,914.34	10,642.48	11,429.55
3	Guangxi Electric Power	20,357.29	22,900.01	23,820.20	23,401.92
4	Yunnan Electric Power	15,854.79	15,702.47	13,017.78	10,658.67
5	Gansu Electric Power	2,424.96	2,910.08	3,958.41	4,743.56
6	North China Electric Power	13,873.60	13,564.53	14,115.01	13,971.47

Notes:

1. A subsidiary that is 52% owned by Shanxi Jieneng, a subsidiary of North China Electric Power, took the valuation result under the cost approach as the final valuation result, and therefore no valuation adjustment was involved.

2. As at the Latest Practicable Date, Northeast Electric Power has changed its name to CHN Energy Liaoning Electric Power Co., Ltd. (國家能源集團遼寧電力有限公司).

Upon completion of the purchase of assets, the Company will engage an accounting firm with qualifications in securities and futures business to conduct a special audit and issue a special audit report on the actual net profit of the Valuation Adjustment Targets for the year ("Actual Net Profit") by 30 April of the next year following the end of each year of the Performance Commitment Period. The difference between the Actual Net Profit and the Committed Net Profit for each year of the Performance Commitment Period will be determined and calculated as the Committed Net Profit minus the Actual Net Profit (the "Net Profit Difference").

The parties agreed that upon completion of the purchase of assets, 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 in any accounting year during the Performance Commitment Period is lower than the amount of the Committed Net Profit. The detailed calculation and implementation are: Compensation amount payable for a year = (the cumulative Committed Net Profit of the Valuation Adjustment Targets as at the end of the year – the cumulative Actual Net Profit of the Valuation Adjustment Targets as at the end of the Year) ÷ the cumulative Committed Net Profit of the Valuation Adjustment Targets during the Performance Commitment Period × the transaction consideration of the Valuation Adjustment Targets – the cumulative amount compensated. 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 accounting year during the Performance Commitment Period and notify the Performance Undertakers in writing. The Performance Undertakers shall remit the compensation amount payable for the current period in cash to the designated account for compensation cash within 30 days from the date of receipt of the notice of the Company.

CONNECTED TRANSACTIONS

The Company shall conduct an impairment test on the Valuation Adjustment Targets within four months after the expiry of the Performance Commitment Period and engage an accounting firm and/or an appraisal agency with qualifications in securities and futures business to issue an impairment test report on the impairment test. The valuation method adopted in the impairment test report shall be consistent with the valuation report on the assets to be purchased, unless there are mandatory provisions under laws. If the closing impairment amount of a Valuation Adjustment Target is greater than the total cumulative cash compensated, the Performance Undertakers shall make additional compensation to Longyuan Power in cash. The amount of the additional compensation is: the closing impairment amount of the Valuation Adjustment Target – the total cumulative cash compensated. The Company shall determine the compensation amount payable within 30 days after the issuance of the impairment test report and notify the Performance Undertakers in writing. The Performance Undertakers shall remit the compensation amount payable in cash to the designated account for compensation cash within 30 days from the date of receipt of the notice of the Company. In the case of compensation year by year, the amount of cash compensation calculated for each year is taken as zero if it is less than zero, i.e., the cash already compensated will not be reversed. The maximum amount of cash compensation under the Profit Compensation Agreements shall be subject to the entire transaction consideration received by the Performance Undertakers for the purchase of assets.

The transaction is in line with the national new energy development strategy, which is conducive to consolidate and enhance the Company's leading position in the industry and international competitiveness, and is conducive to broaden financing channels, enhance competitive advantages, reduce peering competition and realize resource integration. Please refer to the circular of the Company dated 8 July 2021 for details of this transaction.

The acquirer and the acquiree of this absorption and merger through share swap are Longyuan Power and Pingzhuang Energy, respectively. At the date of the transaction, CHN Energy, being the controlling Shareholder of the Company, directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. CHN Energy, through its wholly-owned subsidiary, Inner Mongolia Power, holds 51% shares of Pingzhuang Coal Group, which holds 61.42% shares of Pingzhuang Energy, therefore Pingzhuang Energy is an indirect subsidiary of CHN Energy, and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. The other subsidiaries of CHN Energy also constitute connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions contemplated under 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 the Profit Compensation Agreements constitute the connected transactions of the Company.

Please refer to the Announcements and the Circular for the details of the transaction.

2. Capital injection in Guodian United Power

On 16 June 2021 (after trading hours), the Company, CHN Energy, Guodian Technology & Environment Group Corporation Limited ("Guodian Technology & Environment") and Guodian United Power Technology Co., Ltd. ("Guodian United Power") entered into the Equity Transfer and Capital Injection Agreement. At the date of the transaction, CHN Energy, being the controlling Shareholder of the Company, directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Guodian Technology & Environment and Guodian United Power, being subsidiaries of CHN Energy, also constitute connected persons of the Company under Chapter 14A of the Listing Rules, and therefore the injection of capital to Guodian United Power constitutes a connected transaction of the Company.

Pursuant to the Equity Transfer and Capital Injection Agreement, the transaction comprises the equity transfer and the capital injection which are part and parcel of each other and shall be completed simultaneously. CHN Energy conditionally agreed to contribute RMB407,681,944 to acquire approximately 15.68% equity interest in Guodian United Power held by Guodian Technology & Environment. Immediately upon completion of the acquisition, CHN Energy will make capital injection to Guodian United Power of RMB1,474,662,400 and the Company will make capital injection to Guodian United Power of RMB631,998,172. Please refer to the announcement dated 16 June 2021 of the Company for the details of the Equity Transfer and Capital Injection Agreement. The transaction will be conducive to improving the financial position of Guodian United Power, increasing its production capacity, and significantly reducing its financial risk; conducive to carrying out continued cooperation in technology research and development between the Company and Guodian United Power, effectively using the big data on wind power operation and Internet of Things and intelligent technology, and carrying out in-depth cooperation in development of customized models, operation and maintenance of smart wind farms, etc.; and conducive to taking advantage by the Company of the local implementation and expansion of the wind turbine manufacturing business of Guodian United Power to obtain wind power resource reserves and expand wind power business. The Company can also benefit from the future development of Guodian United Power and obtain higher investment income.

3. Participation in the establishment of Guoneng Low-Carbon Fund

On 27 August 2021, the Company and China Shenhua Energy Company Limited ("China Shenhua"), GD Power Development Co., Ltd. ("GD Power"), China Energy Capital Holdings Co., Ltd. ("China Energy Capital") (as limited partners) and National Energy (Beijing) Private Equity Fund Management Co., Ltd. ("Guoneng Fund Management Company") (as the general partner and fund manager) entered into the Partnership Agreement in relation to the joint establishment of partnership. At the date of the transaction, CHN Energy, being the controlling Shareholder of the Company, directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. China Shenhua, GD Power, China Energy Capital and Guoneng Fund Management Company, being direct or indirect subsidiaries of CHN Energy, also constitute connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the participation in the establishment of the partnership constitutes a connected transaction of the Company.

CONNECTED TRANSACTIONS

According to the Partnership Agreement, the Company agreed to contribute RMB1 billion to participate in the establishment of the partnership as a limited partner and hold 16.66% of equity interests in the partnership. The contributions made by China Shenhua, GD Power, China Energy Capital and Guoneng Fund Management Company were RMB2 billion, RMB1 billion, RMB2 billion and RMB1 million, respectively, for which each of them will hold 33.33%, 16.66%, 33.33% and 0.02% of equity interests in the partnership. Each partner shall make capital contribution in accordance with the capital contribution amount and capital contribution date as stipulated in the capital contribution payment notice issued by the manager, which is subject to the amount of outstanding capital contribution of such partner. For the first instalment, the paid-in capital of the partnership shall be RMB5 million, of which the paid-in capital of each limited partner shall be RMB1 million, and the paid in capital of all limited partners shall be RMB4 million in total, and the contribution date shall be subject to the capital contribution payment notice. The total paid-in capital of the general partner for the first instalment shall be RMB1 million, i.e., the general partner will complete its paid-in capital contribution at the first instalment. The investment scope of the partnership includes: equity investment in and merger and acquisition of green low-carbon projects (where the proportion of such investment shall not be less than 80% of the investment scale of the fund), strategic investment in the principal business and the upstream and downstream relevant enterprises along the industry chain of CHN Energy, transformation and industrialization applications of key scientific research projects of CHN Energy, participation in the mixed ownership reform and strategic placing equity investment in the internal and external enterprises of CHN Energy. Please refer to the announcement dated on 27 August 2021 of the Company for the details of the Partnership Agreement regarding the partnership. The participation in the establishment of Guoneng Low-carbon Fund is conductive to effectively utilizing the existing funds of the Company to improve the fund utilization efficiency.

4. Disposal of target assets by Fujian Longyuan and Putian Longyuan, both being subsidiaries of the Company, to Fujian Guodian

On 26 September 2021, Fujian Longyuan Wind Power Generation Company Limited ("Fujian Longyuan") and Longyuan (Putian) Wind Power Generation Company Limited ("Putian Longyuan"), both being subsidiaries of the Company, entered into the Asset Transfer Agreement with Fujian Guodian Wind Power Generation Company Limited ("Fujian Guodian"), a subsidiary of CHN Energy, respectively. On the same date, the Company entered into the Concert Party Agreement with CHN Energy Shandong Electric Power Company Limited ("Shangdong Electric Power"). At the date of the transaction, CHN Energy, being the controlling Shareholder of the Company, directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Fujian Guodian and Shandong Electric Power, being direct or indirect subsidiaries of CHN Energy, also constitute connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the disposal of target assets constitutes a connected transaction of the Company.

Pursuant to the Asset Transfer Agreement, the subsidiaries of the Company agreed to sell the target assets to Fujian Guodian at a total consideration of RMB214 million. The target assets include: a total of 4 items of assets including parcels of land which are occupied by 15 draught fans owned by Putian Longyuan, a subsidiary of the Company, and the above-ground appurtenances and a total of 2 items of assets including the parcels of land which are occupied by the 1 booster station owned by Fujian Longyuan, a subsidiary of the Company, and the above-ground appurtenances. Within 10 business days from the date of signing the Asset Transfer Agreement, the target assets shall be confirmed and transferred in coordination with the transferors and an Asset Transfer Confirmation Letter shall be signed. From the date of signing the Asset Transfer Confirmation Letter, all rights, benefits and risks of the target assets shall be transferred to the transferee who shall assume all the responsibilities and obligations arising from the target assets. The transferee shall pay the transaction consideration in one lump sum to the account designated by the transferors within 5 business days from the date of signing the Asset Transfer Confirmation Letter or 10 business days from the date when the valuation report of the target assets is filed by CHN Energy (whichever is later).

CONNECTED TRANSACTIONS

At the same date, the Company entered into the Concert Party Agreement with Shandong Electric Power, pursuant to which both parties agreed that during the period when the Company is the shareholder of Guodian Shandong Longyuan Linqu Wind Power Generation Co., Ltd. (“Longyuan Linqu”), the Company should act in concert with Shandong Electric Power in exercising the proposal rights in terms of operating and financial policies such as project expenses, operating plans, financial budgets and final accounts, financial policy systems, investment and financing management, cash and asset management of Longyuan Linqu, or procure the directors appointed by it to be consistent with the directors appointed by Shandong Electric Power when exercising the voting rights at the board meeting. Based on the above, Shandong Electric Power will conduct consolidated statement management on Longyuan Linqu.

Please refer to the announcement dated 26 September 2021 of the Company for the details of the Asset Transfer Agreement regarding the disposal of target assets and the Concert Party Agreement. In accordance with the relevant regulatory requirements, the Company intends to rectify the issues on the ownership defectiveness involved in by certain subsidiaries, and dispose of relevant defective assets by transfer through non-disclosure agreement and consolidated statement management by other shareholders. Whereas, the disposal of target assets is conductive to advancing the smooth transaction of absorption and merger of Pingzhuang Energy through the share swap by the issuance of A shares of the Company.

CONNECTED TRANSACTIONS

5. Participation in the establishment of Xinyuan No.1 Fund

On 27 October 2021, the entering into of the Partnership Agreement among the Company and China Life Investment Insurance Asset Management Co., Ltd. ("China Life Investment"), Guoneng Low-carbon Fund (as a limited partner), Guangzhou Jinhong Asset Management Co., Ltd. ("Guangzhou Jinhong") (as executive partner A) and Guoneng Fund Management Company (as executive partner B) was approved by the Board. At the date of the announcement, the Company has not signed the Partnership Agreement. CHN Energy, being the controlling Shareholder of the Company, directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Guoneng Low-carbon Fund and Guoneng Fund Management Company, being associates of CHN Energy, also constitute connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the participation in the establishment of Xinyuan No.1 Fund constitutes a connected transaction of the Company.

According to the Partnership Agreement, the Company agreed to contribute RMB0.5 billion to participate in the establishment of the partnership and hold 16.66% of equity interests in the partnership. The contributions made by China Life Investment, Guoneng Low-carbon Fund, Guangzhou Jinhong and Guoneng Fund Management Company were RMB1.5 billion, RMB1 billion, RMB1 million and RMB1 million, respectively, for which each of them will hold 49.97%, 33.31%, 0.03% and 0.03% of equity interests in the partnership. Each partner shall make capital contribution through RMB cash transfer. The executive partner A has the right to issue the written notice to all limited partners, at which the completion date is the first completion date of the Partnership, the executive partner A shall issue a capital contribution payment notice before the first completion date, requiring all partners to pay the first installment of capital contribution by the first completion date. The investment direction of the partnership is to make equity investments and mergers and acquisitions of clean energy projects. Please refer to the announcement dated 27 October 2021 of the Company for the details of the Partnership Agreement regarding the establishment of Xinyuan No.1 Fund. The participation in the establishment of the partnership by the Company is conductive to effectively utilizing existing funds to improve the fund utilization efficiency.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

In respect of the type 1 to type 2 non-exempt continuing connected transactions as set out below, at the time of the listing of the Company's H shares, the Hong Kong Stock Exchange approved the annual caps of those continuing connected transactions and granted a waiver to the Company from complying with the announcement and independent Shareholders' approval requirements. For type 1 and type 2 non-exempt continuing connected transactions as set out below, the annual caps for each year from 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 with China Energy Finance Co., Ltd ("China Energy Finance") from 2020 to 2021 were considered and approved by the Board on 27 October 2020, and this agreement expired on 27 October 2021. the Company will continue the transactions under the above financial services agreement after 27 October 2021. Therefore, the Company entered into the New Financial Services Agreement with China Energy Finance on 27 October 2021, pursuant to which, the annual caps of the agreement from 28 October 2021 to 27 October 2022 were considered and approved by the Board of the Company on 27 October 2021.

CONNECTED TRANSACTIONS

The diagram below sets out the annual caps and actual transaction amounts of such connected transactions for 2021:

Connected Transactions	Connected Person	Annual Cap for 2021 *(RMB'000)*	Actual Transaction Amount for 2021 *(RMB'000)*
1. Provision of products and services by the Group	CHN Energy	1,250,000	105,816
2. Provision of products and services to the Group	CHN Energy	5,298,829	2,938,915
3. Provision of financial services to the Group	China Energy Finance	Deposit Services: no more than RMB1,871,000,000 of the daily deposit balance (including any interest accrued thereon)	Deposit Services: no more than RMB1,848,000,000 of the maximum daily deposit balance (including any interest accrued thereon)
	China Energy Finance	Deposit Services: no more than RMB5,500,000,000 of the daily deposit balance (including any interest accrued thereon)	Deposit Services: no more than RMB2,836,000,000 of the maximum daily deposit balance (including any interest accrued thereon)

CONNECTED TRANSACTIONS

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 2021 was RMB1,250,000,000 and the actual transaction amount was RMB105,816,000.

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 2021 was RMB5,298,829,000 and the actual transaction amount was RMB2,938,915,000.

CONNECTED TRANSACTIONS

3. Provision of financial services to the Group

The Company entered into a new financial services agreement (the "New Financial Services Agreement") with China Energy Finance on 27 October 2020, 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 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, 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 New 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 RMB5 billion.

- In respect of the provision of the deposit services under the New Financial Services Agreement, the daily deposit balance (including any interest accrued thereon) for the Group's deposits with China Energy Finance shall not exceed RMB1. 871 billion for the period from 28 October 2020 to 27 October 2021.

- The term of the New Financial Services Agreement shall be one year, commencing from 28 October 2020 and expiring on 27 October 2021.

The operating performance and financial position of China Energy Finance have being satisfactory, 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 New 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 New 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 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 daily deposit balance (including any interest accrued thereon) for deposit services under this continuing connected transaction for 2021 was RMB1,871,000,000 and the actual maximum daily deposit balance (including any interest accrued thereon) was RMB1,848,262,000.

As the above Financial Services Agreement and the corresponding annual caps will expire on 27 October 2021 and the Company will continue to carry out the transactions under the above Financial Services Agreement after 27 October 2021. Therefore, the Company entered into the New Financial Services Agreement with China Energy Finance on 27 October 2021 (the "New Financial Services Agreement"), 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 New Financial Services Agreement has a term of 1 year commencing from 28 October 2021 and expiring on 27 October 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, 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 New 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 New 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 New Financial Services Agreement shall be one year, commencing from 28 October 2021 and expiring on 27 October 2022.

Please refer to the relevant disclosure of the New 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 58.44% 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 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 daily deposit balance (including any interest accrued thereon) for deposit services under this continuing connected transaction for 2021 was RMB5,500,000,000 and the actual maximum daily deposit balance (including any interest accrued thereon) was RMB2,835,880,000.

CONNECTED TRANSACTIONS

CONFIRMATION OF INDEPENDENT NON–EXECUTIVE DIRECTORS

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

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

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

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

CONFIRMATION OF AUDITORS

The Company has engaged its external auditor to report on the Group's continuing connected transactions in accordance with "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.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Li Zhongjun, aged 49, is the secretary of the Party Committee, an executive Director and the Chairman of the Board. He graduated from Renmin University of China with a master's degree in economics. He is a senior economist. He has served as an executive Director and the Chairman of the Board of the Company since June 2021. Mr. Li successively served as the deputy manager of securities investment department, the deputy manager of securities financing department, the deputy director of securities financing department, the deputy director of securities financing department (presiding over the work) and the securities affairs representative, the director of securities financing department and the securities affairs representative, the deputy general manager, a member of the Party Committee and secretary to the board of directors of GD Power Development Co., Ltd. (SHSE: 600795); an executive director, the general manager and a deputy secretary of the Party Committee of Guodian Anhui Power Co., Ltd.; the secretary of the Party Committee and the chairman of the board of directors of Shenwan Energy Company Limited.

Mr. Tang Jian, aged 51, is the deputy secretary of the Party Committee, an executive Director and the president 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 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 the Company; and the deputy secretary of the Party Committee and general manager of the Company.

NON-EXECUTIVE DIRECTORS

Mr. Tian Shaolin, aged 58, 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 and the deputy director of the Power Generation Division 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); and an inspector of the Party Group Inspection Work Office of China Guodian Corporation. He is currently 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 54, is a non-executive Director of the Company. He graduated from Hunan University of Finance and Economics with a master's degree in 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), and the chairman of Yantai Longyuan Power Technology Co., Ltd. (SZSE: 300105). He currently serves as the head of capital operation department of China Energy Investment Corporation Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Yiguo, aged 55, is a non-executive Director of the Company. He graduated from Hunan Education College with a bachelor's degree in literature, post-graduated from Peking University 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 at deputy-director level 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, and member of Party committee and deputy general manager of China Energy-saving Emission Reduction Co., Ltd. He currently serves as a full-time director of subsidiaries of China Energy Investment Corporation Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

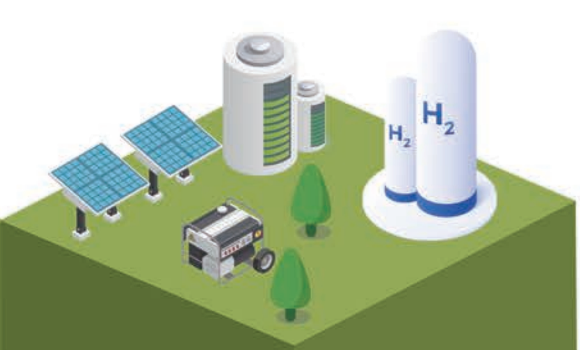
Mr. Michael Ngai Ming Tak, aged 54, is a non-executive Director of the Company. He graduated from University of Cambridge. He has served as an independent non-executive Director of the Company since November 2021. He is the chairman of the Red Group, the chairman of Asia GreenTech Fund, the president of Green Economy Development Limited (HKSE: 01315), an 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 CRRC Corporation Limited (HKSE: 01766, SHSE: 601766) and was previously the managing director of UBS AG. He has a wealth of experience in the international financial sector. Mr. Ngai is also a member of the National Committee of the Chinese People's Political Consultative Conference, a Standing Committee member and the convener of the Heilongjiang Provincial Committee of the People's Political Consultative Conference, and Fellow Commoner and Development Advisory Council Member of Clare Hall, University of Cambridge.

Mr. Gao Debu, aged 66, 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, and 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), 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 53, 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).

SUPERVISORS

Mr. Shao Junjie, aged 59, 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. He is currently the chief business officer of China Energy Investment Corporation Limited.



BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Hao Jingru, aged 55, 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); and associate director of the Finance and Property Department of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司). Ms. Hao currently serves as the associate director of the Finance Department of China Energy Investment Corporation Limited.

Ms. Wu Jinmei, aged 53, is an employee supervisor of the Company. Ms. Wu graduated from the Correspondence College of 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 representative 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 the Company. Ms. Wu is currently the head of the Organization and Personnel Department (Human Resources Department) of the Company.

SENIOR MANAGEMENT

Mr. Tang Jian, aged 51, is the deputy secretary of the Party Committee, an executive Director and the president of the Company. He graduated from China University of Mining and Technology with a bachelor degree in engineering. He is a senior engineer. 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 the Company; the deputy secretary of the Party Committee and general manager of the Company.

Ms. Yang Wenjing, aged 52, 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 of China Shenhua Energy 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.).

Mr. Gong Yufei, aged 50, 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 50, 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 the Company; 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 the Company.

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.)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

I. REPORT INTRODUCTION

This Environmental, Social and Corporate Governance (ESG) report emphasizes on the disclosure of information in relation to environment and social responsibility of the Company, and ensures compliance with the requirements under the ESG Reporting Guidelines (環境社會及管治報告指引) of The Stock Exchange of Hong Kong Limited, Shenzhen Stock Exchange and each stakeholder of Longyuan Power. The report will be published in Chinese and English that covers the period from 1 January to 31 December 2021.

This report is a document incorporated into the annual report of Longyuan Power which is available for inspection at the website of Hong Kong Stock Exchange (www.hkexnews.hk), the website of Shenzhen Stock Exchange (http://www.szse.cn/), and the website of the Group (www.clypg.com.cn). Particulars concerning corporate governance are set forth in the section of Corporate Governance Report of the annual report for 2021 financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.1 Scope of the Report

Unless otherwise specified, all cases and data in the report are originated from China Longyuan Power Group Corporation Limited and its subsidiaries (collectively referred to as the "Group") as well as their associates. All the management and executive staff of the Company participated in the preparation of this report.

1.2 Assurance on Reliability of the Report

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

1.3 Stakeholders' Engagement and Important Issues

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

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

Main Stakeholders	Goals and Concerns	Main Communication Channels
Government and regulatory authorities	• Operational compliance and tax compliance • Safe production and stable supply • Implementation of energy-saving and emission-reduction tasks • Targeted poverty alleviation • Providing employment	• Information disclosure • Official correspondence • Conference and forum • Visiting reception

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main Stakeholders	Goals and Concerns	Main Communication Channels
Shareholders and investors	• State-owned assets preservation and appreciation • Sustainable business development • Financial performance	• Financial reports • Announcements and drafts • Meetings such as general meeting and Board meeting
Staff	• Rights and interests protection • Career development • Self-actualization • Salary and welfare • Corporate culture	• Employee representatives of Supervisory Board • Labour unions at various levels • Staff representatives assembly • Training
Suppliers and contractors	• Open, equitable and fair procurement • Good faith • Goodwill and ethics • Win-win cooperation	• Public tender • Price enquiry and comparison for procurement • Technical seminar • Visiting reception
Customers and partners	• Keeping promises for mutual benefit and win-win • Responsibility for products • Service quality	• Regular communication • Negotiations and agreements • Official correspondence
Public and communities	• Social public welfare • Protection of ecological environment in communities • Community construction • Common development	• Targeted poverty • Soil and water conservation • Cooperation and joint construction • Public service activities

Important issues are set out below:

- Soil and water conservation
- Climate change
- Corporate governance
- Talent policy
- Emission index
- Waste reduction and recycling
- Labour standards
- Diversity and equal opportunities
- Health and safety
- Biological diversity
- Environmental performance of Suppliers
- Energy consumption Control
- Water conservation
- Low-carbon system and mechanism

II. WORLD-CLASS NEW ENERGY COMPANY WITH GLOBAL COMPETITIVENESS

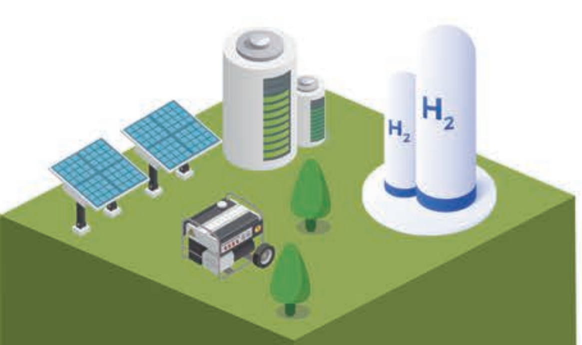
By upholding the principle of "development for the top priority", the Group makes overall plans for and coordinates resources and environmental protection in the course of development, and regulates and controls the relationship between development speed and project quality as well as scale expansion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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

2.1 Green and Clean Energy

The Group is a new energy-oriented integrated power generating group with a large scale, owning more than 400 wind farms, 25 photovoltaic power plants and 2 coal-fired power plants, as well as biomass, tidal and geothermal power and other generation projects throughout the country. The new energy power generation of the Group is an environment-friendly business that protects the environment without consumption of resources including fossil fuels and water or discharge of waste or greenhouse gases, pollutants or hazardous wastes. It has no material adverse impact on the environment and natural resources.



2.2 Energy-saving and Emission-reduction

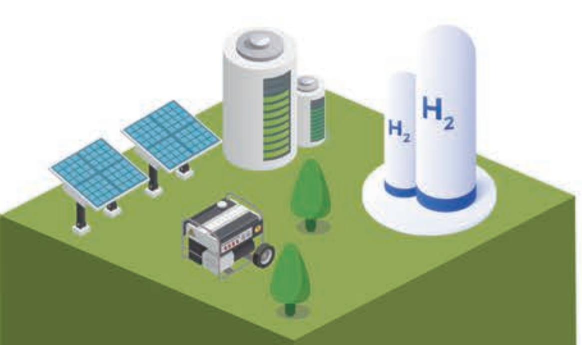
We strictly comply with the national uniform environmental protection laws, regulations and policies and proactively undertake the environmental protection responsibilities of energy-saving and emission-reduction. In 2021, there was no violation of national environmental laws, regulations and policies. While developing new projects according to the development and changes in market conditions, the Group also paid attention to energy-saving and emissionreduction, striving to maximize green benefits.

Coal-fired power plants

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

Details of Emission Items		Data in 2021		Increase or Decrease Compared to 2020	
		Total quantity *(Tonne)*	Density *(g/kWh)*	Total quantity *(Tonne)*	Density *(g/kWh)*
Pollutant	CO_2	10,354,808	961	1,368,270	-34
	SO_2	678	0.063	63	-0.05
	Oxynitrides	1,511	0.140	95	-0.017
	Dust	53	0.005	5	0
Energy Consumption	Water Consumption *(Tonne)*	11,178,545	1,037	-776,040	-286
	Oil Consumption *(Tonne)*	182	0.017	-432	-0.051
	Standard coal Consumption *(Tonne)*	3,700,637	343	516,374	-9

In 2021, both coal-fired power plants operated with ultra-low emissions. We have been saving energy and reducing consumption through effective operation of environmental facilities, intensified management and optimised operation with certain results being achieved. According to the requirements energy supply and protection of Jiangsu Province, the overall power generation of the two thermal power plants increased by 19.28%, and the emission intensity per unit of power supply decreased from 0.850 tonne/MWh to 0.832 tonne/MWh in 2021 as compared with those of 2020.



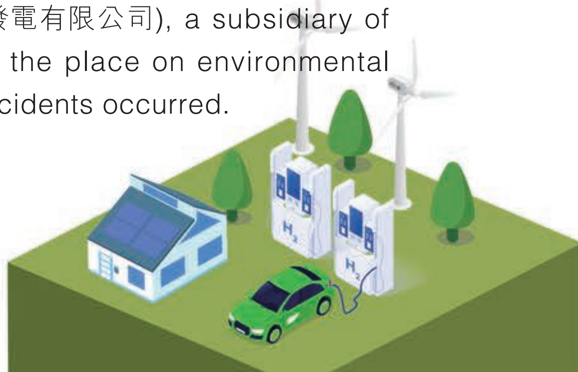
In 2021, the comprehensive utilisation ratio of ash in the coal-fired power plants of the Group reached 100% and the ash was used for road construction and cement concrete manufacturing, etc. As a power generation conglomerate, energy consumption of the Group mainly includes the service power utilisation in the process of power generation apart from the coal consumption of the coal-fired power plants and a modicum of fuel consumption of the renewable energy enterprises. In 2021, we have strictly observed the state laws and regulations and continued to promote energy saving and consumption reduction through intensified management, optimised operation combining with stringent control over the consumption of service power.

New Energy Business

The Group's main business is wind power and other renewable energy sources, without emitting pollutants or greenhouse gases, which is natural green energy. In 2021, the power generation of wind power and renewable energy power of Group was 52,509,302 MWh (equivalent to a reduction of 50,456,816 tonnes from CO_2 emissions, which was roughly equivalent to reduction of the annual emissions from 17 million gasoline vehicles or the annual absorption of planting nearly 10 billion trees).

In accordance with the relevant provisions of the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Group has determined that the main hazardous waste is waste gearbox lubricating oil, and entrusted a third-party professional organization holding hazardous waste operation permit (the approved operation scope shall include waste disposal as required) to dispose of the waste after registering with and obtaining approval from the environmental protection bureau in the place where the wind farm is located in accordance with the state regulations. In 2021, the Group generated a total of approximately 656,100 litres of waste lubricating oil and 45,500 pieces of used batteries, all of which have been disposed of.

In 2021, the pollutant emission indicators and gas emission ratio of Guodian Youyi Biomass Power Co., Ltd. (國電友誼生物質發電有限公司), a subsidiary of the Group, for the year met the requirements of the place on environmental protection and no ecological and environmental incidents occurred.



Headquarter building of the Group

In 2021, the headquarter building of the Group consumed a total of 3,648,600 kWh of electricity, representing an increase of 65,700 kWh or 1.83% as compared to the same period last year, which was mainly due to the extension of the time of air conditioning operation resulted from the increase of business volume, as well as the increased power consumption via the newly added monitoring hall and carbon trading room. The fuel consumption of the Group's vehicles was 13,800 litres, representing an increase of 1,600 litres or 13.11% as compared to the same period last year, which was due to the increase of frequency of business travel vehicle. In addition, the water consumption of the Group's buildings for the year was 21,700 cubic meters, basically the same as last year.

2.3 Water Resources

The consumption of water resources of the Group mainly consists of the water needed in the cooling process and the water steam used to drive the turbine during the process coal-fired power generation. In 2021, both coal-fired power plants set the annual water controlling targets at the beginning of the year, such as the reduction of waste water discharge, unit water replenishment rate of less than 0.97%, and water consumption of power generation (deducting heating factors) of ≤0.35kg/kWh, etc. Achievement has been made by taking a series of effective measures such as the adoption and implementation of the projects on comprehensive utilization and prevention and control of water resources, improving the utilization rate of industrial cooling water, recollection and renovation of the first-class reverse osmosis concentrated water, closed circulation of slag water, and renovation of industrial water system. In 2021, all of industrial cooling water was reused, with the leakage problem of buried pipes being eliminated, and the quality grading and grading utilization of industrial waste water in all plants was achieved, thus realizing zero discharge from industrial waste water.

Water utilization of the Group's two coal-fired power plants in 2021 is as follows:

Name	Total water consumption *('0,000 tonnes)*	Domestic water consumption *('0,000 tonnes)*	Production water consumption *('0,000 tonnes)*
Tianshenggang	289.02	31.40	257.62
Jiangyin Sulong	828.83	71.61	757.22

The water resources of the two coal-fired power plants are both from the Yangtze River. In 2021, the total annual water consumption of Tianshenggang Power Plant was 2,890,200 tonnes, among which the production water consumption was 2,576,200 tonnes. The total annual water consumption of Jiangyin Sulong Power Plant was 8,288,300 tonnes, among which the production water consumption was 7,572,200 tonnes. In 2021, the power generation of Tianshenggang Power Plant increased by 26.11% and the water consumption decreased by 32.48% as compared with 2020. It was mainly due to that Tianshenggang Power Plant fully implemented "the projects on comprehensive utilization and prevention and control of water resources" and realized zero industrial waste water discharge through grading, quality grading and comprehensive utilization of water resources and water conservation in whole plant. In 2021, the power generation of Jiangyin Sulong Power Plant increased by 15.95% and water consumption increased by 8.00% as compared with 2020. Jiangyin Sulong Power Plant completed the recollection and transformation of the first-class reverse osmosis concentrated water within the year, and concentrated 160t/h the first-class reverse osmosis concentrated water by 50%. It is estimated that the annual water withdrawal can be saved by about 400,000 tonnes in 2022 under the same power generation capacity.

2.4 Climate Change

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

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

In 2022, all employees of the Group strive to work together to continuously increase green area, protect forest and terrestrial ecosystems by advocating a green, energy-saving, low-carbon and environmental lifestyle, as well as actively practicing low-carbon life and enhancing self-awareness of climate change.

2.5 Harmonious Environment

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

The Group dedicated to establish clean energy enterprises, with its ecological and environmental protection worked around “No. 1 Document” as the main line. The main person in charge of the subordinate enterprises 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, formulates the “Administrative Measures on the Ecological Environmental Protection” and “Rules for Conduct of Ecological Protection”, and compiles the list of environmental protection inspection of production enterprises, thus establishing a normalized mechanism of performing duties and responsibilities according to orders. All new projects adhered to the ecological and environmental protection policy of “priority in protection and natural-recovery”, withdrew full amount of water protection and environmental protection expenses in strict accordance with the approved plan. We implement the “Three-Simultaneous” of water protection and environmental protection for supervision and inspection and completion acceptance management. Shanxi Shenchi and other 5 projects have been highly recognized by the local government, and their governance experience in water conservation and environmental protection has been selected as provincial ecological and environmental management demonstration and promotion cases.

Fujian Company of Longyuan carried out breeding and releasing activities in Fujian sea area of Nanri Island, Putian, and released 45.172 million fish fry of various types in total.

Jilin Company of Longyuan practiced the theory of "two mountains" and actively participated in ecological restoration projects to clean up domestic waste and white waste.

Jiangxia tidal experimental power station of Zhejiang Company of Longyuan carried out the theme activity of planting trees and protecting greenery.

Biodiversity protection. Before the construction of the wind power plant, the Group shall conduct research on the local biodiversity of the project, issue an environmental impact report and attach importance to the research on the condition and impact of the plants and animals' biodiversity in the areas where the wind turbine is located. For example, the Group researched the influence of wind turbine on the migration of birds and ensured sufficient space between wind turbines to allow safe passage of birds. In addition, warning colors were used to minimize the probability of hit of birds against blades. In the construction and operation of offshore wind farms, we attached great importance to the protection of marine and fishery resources and promoted the breeding and growth of fish resources by way of freeing fries regularly. And we studied the influence of wind turbine noise on marine and land animals and monitored for a long time. Meanwhile, we kept a close eye on the changes in biological resources in the reservoir areas in which tidal power plants are located to ensure normal growth of relevant creatures.

2.6 Low-Carbon Action

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

In September 2021, the NDRC and the Ministry of Ecology and Environment jointly promulgated the Action Plan on Plastic Pollution Control of "14th Five-Year Plan" (《"十四五"塑料污染治理行動方案》). On the basis of the Opinions on Further Strengthening the Control of Plastic Pollution, we further improved the whole chain management system of plastic pollution, to actively promote the reduction of plastic production and use at the source, scientifically and prudently spread alternative plastic products, and accelerate the standardized recycling and utilization of plastic waste to drive for the control of white pollution. The Group actively practiced the call and strictly implemented the regulation that the Company's canteen shall not provide disposable bags and disposable tableware initiatively. While reducing the use of plastics, according to the regulations of Beijing Municipal Government, the Group set up a garbage sorting area in the freight elevator space of each floor, so as to actively cultivate the awareness of saving and low carbon of all staff.

III. TALENT THRIVING ENTERPRISE

3.1 Introduction

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

3.2 Employment Norms

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

3.3 Staff of the Group

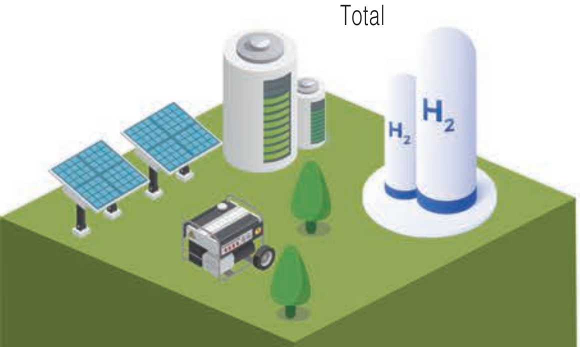
As at 31 December 2021, the Group had a total of 8,053 staffs, of which 6,851, or 85.1%, were male, while 1,202, or 14.9%, were female. The staff structure is as follows:

Analysis of the Group's staff by business segments

		2021		2020	
No.	**Business segments**	**Number of staff in 2021**	**Percentage**	Number of staff in 2020	Percentage
1	Overall management	**134**	**1.66%**	143	1.80%
2	Wind power business	**5,367**	**66.65%**	5,328	66.90%
3	Coal power business	**1,852**	**23.00%**	1,829	22.96%
4	Technical and related services business	**440**	**5.46%**	379	4.76%
5	Other renewable energy	**260**	**3.23%**	285	3.58%
Total		**8,053**		7,964	

Analysis of the Group's staff by academic qualifications

		2021		2020	
No.	**Academic qualifications**	**Number of staff in 2021**	**Percentage**	Number of staff in 2020	Percentage
1	Postgraduate and above	**617**	**7.66%**	521	6.54%
2	Undergraduate	**5,002**	**62.11%**	4,727	59.36%
3	College diploma	**1,504**	**18.68%**	1,734	21.77%
4	Technical secondary school and below	**930**	**11.55%**	982	12.33%
Total		**8,053**		7,964	



Analysis of the Group's staff by age

		2021		2020	
No.	Age	Number of staff in 2021	Percentage	Number of staff in 2020	Percentage
1	56 years old and above	308	3.82%	249	3.13%
2	46–55 years old	1,438	17.86%	1,351	16.96%
3	36–45 years old	1,383	17.17%	1,287	16.16%
4	35 years old and below	4,924	61.15%	5,077	63.75%
Total		8,053		7,964	

Analysis of the Company's staff by academic qualifications

		2021		2020	
No.	Academic qualifications	Number of staff in 2021	Percentage	Number of staff in 2020	Percentage
1	Postgraduate and above	76	56.72%	66	46.15%
2	Undergraduate	55	41.04%	69	48.25%
3	College diploma	1	0.75%	5	3.50%
4	Technical secondary school and below	2	1.49%	3	2.10%
Total		134		143	

Analysis of the Company's staff by age

No.	Age	2021 Number of staff in 2021	2021 Percentage	2020 Number of staff in 2020	2020 Percentage
1	56 years old and above	**10**	**7.46%**	8	5.59%
2	46–55 years old	**35**	**26.12%**	42	29.37%
3	36–45 years old	**52**	**38.81%**	49	34.27%
4	35 years old and below	**37**	**27.61%**	44	30.77%
Total		**134**		143	

3.4 Staff Motivation

The Group thoroughly implemented the decision and deployment of the State Council on the three-year action for the reform of state-owned enterprises, strengthened the performance assessment of all employees, standardized the assessment grading, enhanced the distribution of grades and established performance files. Besides, we linked the reward distribution to assessment results of department and individual to strengthen incentives and restraints and widen the gap reasonably. Special incentives for new energy development will be set up by focusing on distribution to relevant collectives and individuals who have made outstanding contributions, to encourage the development, construction and commissioning of new energy projects. We will continue to check and approve the number of personnel in accordance with standards and promote the standardization of enterprise organization establishment and post staffing.

The critical illness insurance set up by the Group for its staff is an important measure for the Group to implement the practical activities of "Contributing to the General Public with Practical Actions" and thoroughly execute the "people-benefit project". To reduce the cost of medical services of staff suffering from outbreak of critical illness and eliminate their worries, we also have set up the "Sunshine Huimin Welfare Plan", the types of insurance covering critical diseases, term life insurance, accident insurance, traffic accidental injuries and so forth. Meanwhile, the Group also organized its enterprises to take out insurance policies to further improve the level of critical illness insurance. In 2021, 18 cases of insurance claims were settled for the Company and quenched the thirst of our employees and their family members, thus safeguarding the health of employees of the Company.

3.5 Staff turnover

As at the end of 2021, the Group recorded 145 cases of staff turnover and the turnover rate (staff turnover rate = number of outgoing staff/(headcount as at the beginning of the Reporting Period + the number of new recruits in the year)) was 1.75%. Particulars of the staff turnover proportion are set out below:

Information of the Group's staff turnover

			Age			
No.	Company name	Staff turnover	35 years old and below	36-45 years old	46-55 years old	56 years old and above
	China Longyuan Power Group Corporation Limited (collectively)	145	124	14	3	4
1	Jiangyin Sulong Heat and Power Generating Co., Ltd. (江陰蘇龍熱電有限公司)	2	2			
2	Nantong Tianshenggang Power Generation Co., Ltd. (南通天生港發電有限公司)	11	5	2	2	2
3	Xinjiang Longyuan Wind Power Generation Co., Ltd. (新疆龍源風力發電有限公司)	7	7			
4	Inner Mongolia Longyuan Mengdong New Energy Co., Ltd. (內蒙古龍源蒙東新能源有限公司)	1	1			
5	Hebei Longyuan Wind Power Generation Co., Ltd. (河北龍源風力發電有限公司)	17	17			
6	Heilongjiang Longyuan New Energy Development Co., Ltd. (黑龍江龍源新能源發展有限公司)	8	8			
7	Guodian Youyi Biomass Power Co., Ltd. (國電友誼生物質發電有限公司)	1				1

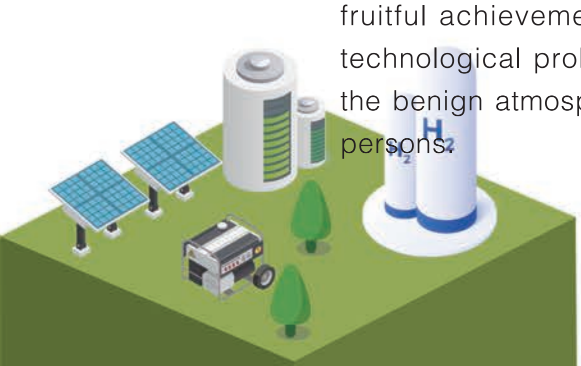
No.	Company name	Staff turnover	Age: 35 years old and below	36-45 years old	46-55 years old	56 years old and above
8	Gansu Longyuan Wind Power Generation Co., Ltd. (甘肅龍源風力發電有限公司)	4	4			
9	Jiangsu Longyuan Wind Power Generation Co., Ltd. (江蘇龍源風力發電有限公司)	4	4			
10	Donghai Longyuan Biomass Power Plant (東海龍源生物質發電有限公司)	8	5	3		
11	Inner Mongolia Longyuan New Energy Development Co., Ltd. (內蒙古龍源新能源發展有限公司)	1	1			
12	Liaoning Longyuan New Energy Development Co., Ltd. (遼寧龍源新能源發展有限公司)	5	4	1		
13	Jiangsu Offshore Longyuan Wind Power Generation Co., Ltd. (江蘇海上龍源風力發電有限公司)	2	2			
14	Shanxi Longyuan New Energy Co., Ltd. (山西龍源新能源有限公司)	5	5			
15	Yunnan Longyuan Wind Power Generation Co., Ltd. (雲南龍源風力發電有限公司)	1	1			
16	Fujian Longyuan Wind Power Generation Co., Ltd. (福建龍源風力發電有限責任公司)	1		1		
17	Anhui Longyuan Wind Power Generation Co., Ltd. (安徽龍源風力發電有限公司)	5	4	1		
18	Longyuan Ningxia Wind Power Generation Co., Ltd. (龍源寧夏風力發電有限公司)	11	11			
19	Guizhou Longyuan New Energy Development Co., Ltd. (貴州龍源新能源有限公司)	3	3			
20	Jilin Longyuan Wind Power Generation Co., Ltd. (吉林龍源風力發電有限公司)	1	1			
21	Shaanxi Longyuan New Energy Development Co., Ltd. (陝西龍源新能源有限公司)	2	1		1	
22	Shandong Longyuan Wind Power Generation Co., Ltd. (山東龍源風力發電有限公司)	7	7			
23	Zhejiang Longyuan Wind Power Generation Co., Ltd. (浙江龍源風力發電有限公司)	2	2			
24	Wenling Jiangxia Tidal Experimental Power Station (溫嶺江廈潮汐試驗電站)	1	1			

No.	Company name	Staff turnover	Age: 35 years old and below	Age: 36-45 years old	Age: 46-55 years old	Age: 56 years old and above
25	Tianjin Longyuan Wind Power Generation Co., Ltd. (天津龍源風力發電有限公司)	3	3			
26	Guangdong Guoneng Longyuan New Energy Development Co., Ltd. (廣東國能龍源新能源有限公司)	1				1
27	Hainan Longyuan Wind Power Generation Co., Ltd. (海南龍源風力發電有限公司)	1	1			
28	Guangxi Longyuan Wind Power Generation Co., Ltd. (廣西龍源風力發電有限公司)	1	1			
29	Hubei Longyuan New Energy Development Co., Ltd. (湖北龍源新能源有限公司)	1	1			
30	Longyuan Power Group (Shanghai) New Energy Co., Ltd. (龍源電力集團(上海)新能源有限公司)	2	1	1		
31	Jiangxi Longyuan New Energy Development Co., Ltd. (江西龍源新能源有限公司)	4	4			
32	Hunan Longyuan Wind Power Generation Co., Ltd. (湖南龍源風力發電有限公司)	2	2			
33	Longyuan Tibet New Energy Co., Ltd. (龍源西藏新能源有限公司)	9	8	1		
34	Longyuan (Qinghai) New Energy Development Co., Ltd. (龍源(青海)新能源開發有限公司)	1	1			
35	Longyuan South Africa Renewables Proprietary Limited (龍源南非可再生能源有限公司)	2	1	1		
36	Zhongneng Power-Tech Development Co., Ltd. (中能電力科技開發有限公司)	4	4			
37	Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. (龍源(北京)風電工程技術有限公司)	1		1		
38	Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd. (龍源(北京)碳資產管理技術有限公司)	2		2		
39	Longyuan (Yichun) Wind Power Engineering Services Co., Lt. (龍源(伊春)風電技術服務有限公司)	1	1			

3.6 Staff Development

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

Since 2019, the Group has gradually consummated the vocational development systems covering the capable personnel teams in the aspects of "administration, technology and skill" and promoted the construction of "Chief System (首席制)". In 2021, the Group renewed and additionally appointed 100 chief talents at all levels, including 12 group-level chief talents and 12 grassroots enterprise level chief talents. As at the end of 2021, the Group had a total of 450 chief talents at all levels, including 12 group-level chief talents (10 persons from technology sequence and 2 from skill sequence) and 12 grassroots enterprise-level chief operation inspectors (11 persons from technology sequence and 1 from skill sequence). The establishment of the chief talents team effectively boosted the progress and success of outstanding in-service employees and gave full play to the guiding and driving effects of excellent capable persons. Besides, fruitful achievements were obtained in educational trainings, tackling major technological problems, research studies and other aspects, having creating the benign atmosphere of gathering, attracting, fostering and utilising capable persons.



3.7 Staff Training

In 2021, the Group advanced the construction of “Big training” system with all its strength according to the “14th Five-year” Plan for Education and Training (《教育培訓“十四五”規劃》) and Measures for Management of Safety Production Training (《安全生產培訓管理辦法》). It continuously consolidated the foundation, explored and innovated, and further improved the overall standard of training. According to impact of the pandemic, the Group adjusted the training implementation plan in a timely manner, expanded the training methods and initiated the “online learning” mode. The theoretical training of key training projects such as “Craftsmanship Training Camp”, “Grassroots Comprehensive Management Ability Promotion Class” and “Employees with Certificates” have all been transferred to online training, ensuring the successful completion of the training tasks throughout the year. The Group continued to promote the system construction of the training base, and completed the construction work of the training base of Yunnan Longyuan this year. The base site is equipped with theory study room, teaching facilities, teaching aids, student dormitory, etc., which can meet the requirements of wind turbine simulation training teaching, and can provide training convenience for companies in Guizhou, Guangxi, Guangdong and other surrounding regions. On the basis of fully summing up the experience of the previous key training courses, the Group deeply implemented the forth phase training of “Leadership (Craftsmanship) Training Camp”, selecting 67 outstanding operation and maintenance practitioners to successfully complete the eightmonth training for the “Craftsmanship Training Camp” through the combination of online, offline and on-site training model, 43 outstanding production on-site managerial staff to participate in the training of “Leadership Training Camp”. The Group continued to organize the expert team led by chief talents of the Group to conduct “Famous Teachers’ Lecture” technical skills training in wind farms of six units in eastern Inner Mongolia, Hebei, western Inner Mongolia, Shanxi, Gansu and Fujian, and the training results have been recognized by all parties.

In 2021, the Group trained a total of 95,497 person-times for 6,127 participants.

Item	Number of staff as at the end of the period	Number of staff trained	Training percentage (%)	Accumulative number of days for attending training	Training expenses (RMB0'000)	Number of training Person -times	Training method: Organisation of training	Online training	Overseas training	Other training
Managerial and skilled staff	2,408	2,284	94.85%	55,285	907.42	13,715	7,239	3,256	0	3,220
Production staff	5,589	3,834	68.60%	180,311	3,402.81	81,773	27,409	9,829	0	44,535
Other staff	56	9	16.07%	14	11.74	9	2	2	0	5
Total	8,053	6,127	76.08%	235,610	4,321.97	95,497	34,650	13,087	0	47,760

3.8 Staff Remuneration

The staff remuneration of the Group comprises of post-performance salary, special bonus and various subsidies. The Group adopts the selection mechanism composed of competition for a post and dynamic adjustment, promotes and demotes, rewards and punishes the cadres depending on their performance, so as to stimulate the vitality of staff team; adopts efficiency improvement and value creation as key indicators to measure the staff's working ability, increases rewards without capping to cadres and staff members who work diligently and make outstanding contribution, so as to increase their enthusiasm towards work. We will adhere to give priority to personnel who are in front-line production positions, key positions, and high-level, high-tech and high-skilled talents in urgent need, so as to improve and maintain the remuneration competitiveness of key core positions.

IV. SAFETY FIRST

4.1 Systematic and Standardized Management

In 2021, the Group deepened the construction of the "Three-standards and One-system", introduced three international standards of quality, environment, occupational health and safety, for clarifying the process and responsibilities, perfecting the system of management manual and institutional document to complete the implementation and operation of the system. The headquarters of Group and three pilots of provincial companies have obtained certifications, comprehensively improving management performance and helping the Group to build a world-class new energy enterprise. The Group added Production Safety Rules (Trial) and other six systems, revised the Regulations on Emergency Management and other 25 regulations, as well as issued 19 Key Anti-Accident Measures for New Energy Enterprises, to increase compliance factors, strengthen institutional construction, and tighten the institutional cage. According to the actual site characteristics under new mode of transportation and inspection, the Work Guide Manual for Safety and Environmental Protection Supervisors was compiled and revised to further standardize the operation standard and operation process.

4.2 Health and Safety Management

In 2021, the Group continued to strengthen the infrastructure construction of occupational health, established and improved the organizational structure and system of occupational health, formulated the work plan and implementation plan of occupational disease prevention and control, and promoted occupational health work in a compliance and orderly manner. The Group organized occupational health examination for employees in site, vigorously carried out the establishment of healthy enterprises, standardized the management of drinking water in the workplace. In addition, the detection, prevention and controlling of inductive factors of occupational disease in all units were supervised and implemented to eliminate occupational disease to protect the health of employees, and enhance their sense of gain. The Group organized the selection of occupational health experts, carried out the publicity week of Law on the Prevention and Control of Occupational Diseases, advocating the dissemination of occupational health concepts, promoting the development of healthy culture, and harmonizing the labor and employment relations.

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

In 2021, there was no accidental death caused by accidents in the Group.

V. RESPONSIBILITIES

5.1 Supply Chain Management

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

The Group selects its suppliers in a completely competitive manner without a fixed list of suppliers. All bidding and non-bidding procurement projects are publicly procured on the platform uniformly established by CHN Energy and all registered suppliers can participate in. As at the end of 2021, there were 237,958 registered suppliers in the platform, among which 487 material suppliers, 255 engineering suppliers and 1,225 service suppliers have transactions with the Company in 2021.

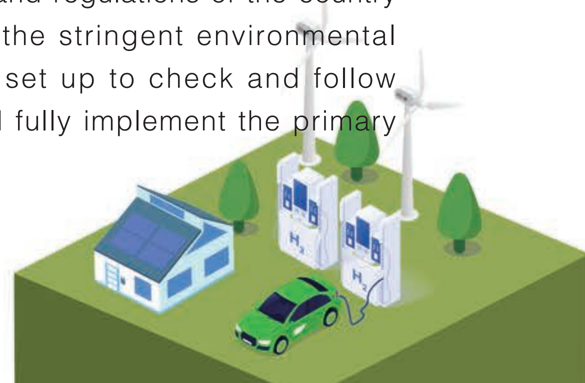
The Group gives a comprehensive evaluation for all suppliers participating production and infrastructure in 2021, and set up a warning and no-access mechanism for dishonest suppliers.

The procurement platform uniformly established by CHN Energy may automatically record the important information and process traces of each link of procurement activities, achieving open and transparent management of the whole process. It accepts internal and external audit and inspection for each item. Besides, the Group implements a manufacturing supervision and management system for main units, turbine towers and key electrical equipment to guarantee product quality.

5.2 Compliance Management

In 2021, 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 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 Labour Law of the PRC (中華人民共和國勞動法), the Criminal Law of the PRC (中華人民共和國刑法), the Anti-Unfair Competition Law of the PRC (中華民人共和國反不正當競爭法), the Code of Corporate Governance for Listed Companies issued by the China Securities Regulatory Commission (中國證券監督管理委員會上市公司治理準則), the Environmental Protection Law of the PRC (中華人民共和國環境保護法), the Law on the Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法), the Atmospheric Pollution Prevention Law of the PRC (中華人民共和國大氣污染防治法), the Electric Power Law of the PRC (中華人民共和國電力法), the Forest Law of the People's Republic of China (中華人民共和國森林法), the Measures for the Administration of Legal Disclosure on Environmental Information of Enterprise(企業環境信息依法披露管理辦法) and other requirements of relevant laws and regulations and normative documents. The Group was not involved in any serious violation of laws or regulations in 2021.

In 2021, the overseas subsidiaries of the Company have been carrying out relevant work in strict accordance with the laws and regulations of the country where they are located. Especially in view of the stringent environmental protection requirements, a special team was set up to check and follow up, earnestly implement various measures, and fully implement the primary responsibility.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ANTI-CORRUPTION PRACTICE

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

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

In 2021, the Group prepared and distributed the Key Points for 2021 Discipline Inspection (二零二一年紀檢工作要點) and Task Breakdown Sheet (工作任務分解表), and revised and improved two discipline inspection systems. The Group organized the members to participate in the warning education conference by watching warning education film, to enhance their integrity awareness and fortify their ideological defense lines. The Group sorted out the possible integrity risk points in key business areas, formulated prevention and control measures and developed an integrity reminder manual, to further improve the supervision and guidance of business work. The Group carried out special inspections, strengthened style supervision, and ensured the practical and efficient operation of enterprises. We proceeded the inspection for 12 subordinate units, in order to further promote the inspection and rectification, and do a good job in the "second half of the article" of inspection.

For the year ended 31 December 2021, the Group had no corruption lawsuits.

VII. HARMONIOUS COMMUNITY

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

7.1 Building warm care

In 2021, the Group allocated RMB1.045 million to support 55 employees through the employee mutual fund initiated by the labor union. As at the end of 2021, a total of 555 employees in difficulties were supported, by using a total of RMB5.2 million in mutual funds. During the New Year's Day and the Spring Festival, the Group expressed sympathies and concerns to over 5,000 employees, including those in financial difficulties or with serious illness, model workers, dispatched temporary cadres, frontline staffs fighting at the frontline during holidays, offspring of revolutionary martyrs and family members of overseas employees. In the practical activity of "Contributing to the General Public with Practical Actions", the labor union actively promoted the improvement of labor protection equipment, established the prevention and control projects of occupational disease, improved production and living conditions of the workers, benefiting nearly 37,000 employees which reflected the roles and functions of the labor union in organizing "Heart Linking Bridge", "Warm in Snow", and "Intimate Person". Besides, the labor union solidly fulfilled the requirements of "having the activity carrier for serving employees and having satisfactory work performance" under "Six Having".

Mengxi Company of Longyuan organized a visit to the frontline staff on the eve of the Mid-Autumn Festival

7.2 Serving the Local Economy

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

Longyuan South Africa carried out the activity of
"Beauty of China – Mid-Autumn Festival Blessing"

Longyuan South Africa invested about ZAR 9 million to repair the basketball court. The picture shows the official handover site

Longyuan Power dispatched poverty alleviation cadres in Youyu County to conduct on-site exchanges with party members and cadres of counterpart assistance villages at the Party and Mass Service Center of Kangping Village

Longyuan Power held an education and training class with the theme of "Promoting Youyu Spirit and Promoting Rural Revitalization" for party members and cadres in Cadre College of Youyu, Shanxi

Guangxi Longyuan entered two investment agreements with Hengzhou City in respect of integrated demonstration projects to further promote the comprehensive upgrading of industry, culture and city in Hengzhou City, Guangxi

The first heating project with air heat source of Longyuan Power and Xiaonanying heating project being officially started to work

The first photovoltaic power station of Longyuan Power in Beijing was successfully connected to the grid for power generation, which is also the first photovoltaic project both for the CHN Energy put into operation in Beijing

7.3 Participating in Public Welfare and Charitable Undertakings

Proactively participating in public welfare and charitable undertakings, the Group continuously advances the “Longyuan’s Green Care Action” plan with continued efforts. It earned trust and respect with its integrity, dedication, kindheartedness and harmony and strived to foster harmonious relationship between corporate and social development, creating a positive image of a responsible corporation. In 2021, the Group repaid the society in various channels such as respecting the old, caring for the young, subsidies for education and to the handicapped, and assistance to the poor. The labor union of the Group mobilized and called on all employees to take part in “Rural Vitalization and Consumption Assistance”, and invested a total of RMB2.69 million to purchase agricultural products from 9 counties supported by the CHN Energy.

The Yilan Youth League Branch of Heilongjiang Company of Longyuan carried out the activity of bringing wind power knowledge into campus

The campus publicity group of Jilin Company of Longyuan entered the No. 1 third grade of Tongfa Primary School in Tongyu County, and taught a popular science class on wind power to primary students

Yunnan Company of Longyuan went to Xiaozhai Primary School and Huamushan Primary School in Longhai village, Luliang County to carry out the activity of "donation to support students and caring by bringing wind power knowledge into campus"

Zhejiang Company of Longyuan entered Hangzhou Baimahu Primary School to carry out volunteer service of bringing wind power knowledge into campus

Hebei Company of Longyuan organized youth volunteers from party members to carry out service activities for visiting the empty-nest elderly in nearby villages

Hebei Company of Longyuan organized youth volunteers to carry out activities of condolences to the left-behind children

Shandong Company of Longyuan carried out activities of helping students with cares

7.4 Launching of Cultural and Sports Activities

The Group gives full play to the role of the labor union as the main front and encourages the development of cultural and sports activities tailored to local conditions. The Group organizes health lectures of Women's Day, activities such as flower arrangement of employees, cloisonn technique and other activities. The staff reading culture brand of "Longyuan culture infiltrated by book" was created and the walking activity of "Healthy Longyuan" was carried out on a regular basis. On the occasion of celebrating the centenary of the founding of the Communist Party, the collection of literary and artistic works of employees was widely carried out, and a number of outstanding employees' calligraphy, painting, photography and video works won the awards issued by Micro Film Festival of "Energy China", Energy Chemical Geological Union, China Energy News, Photography Association of Electric Power Industry and National Energy Group Labor union, showing the spiritual outlook and cultural accomplishment of employees in the new era. The ongoing brand activities such as table tennis, badminton and basketball organized by the Company burst with vigor and vitality in various areas, which fostered a united employee team that developed love for sports , thus underpinning a great spiritual impetus for the Company's operation and development.

Longyuan Power held a speech competition on "Eulogy of centenary of Chinese Culture by Caring Party into My Heart"

Jiangsu Offshore Company of Longyuan cooperated with the New Energy Training Center to launch the basketball game of "Celebration of the Centenary of the Founding of the Party by Advancing Bravely and Pursuing Heartily"

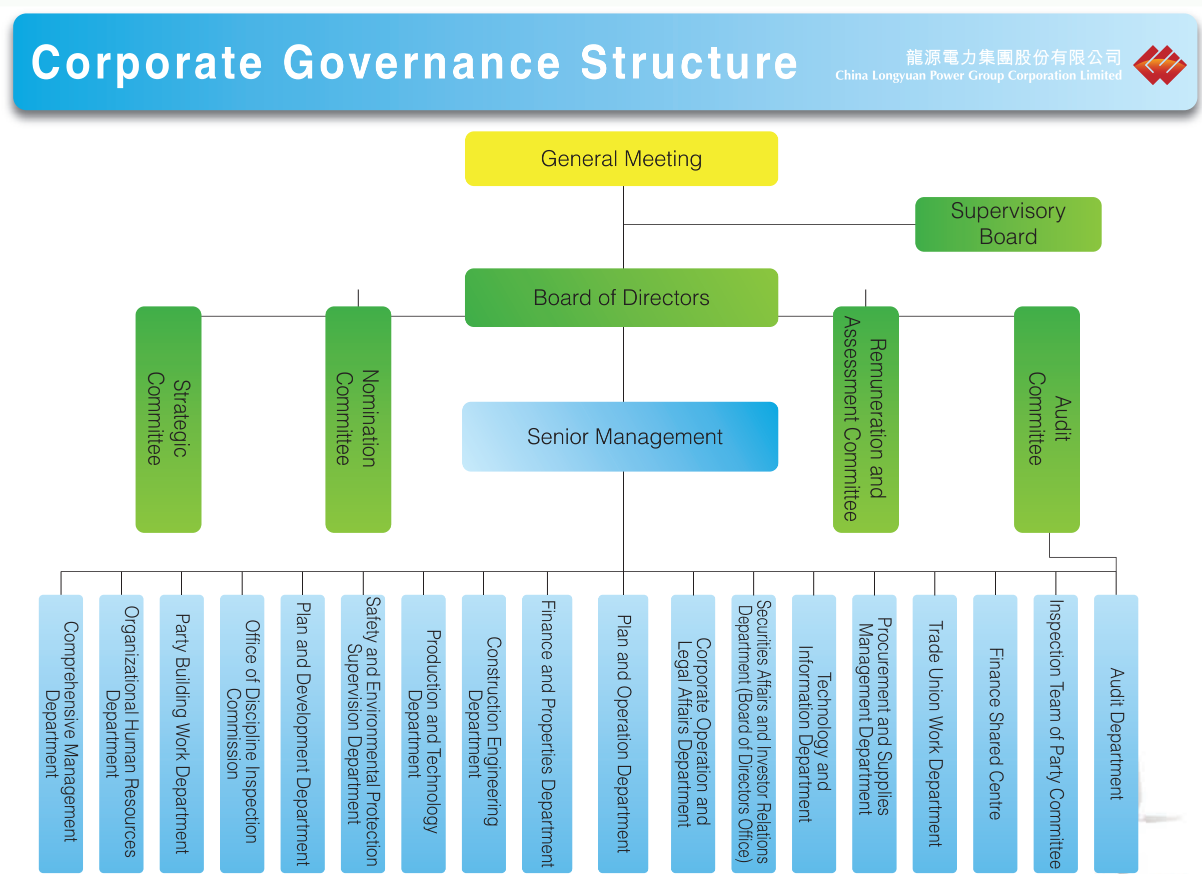
Tianjin Company of Longyuan organized employee development activities

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2021.

The Company has complied with the Code provisions as set out in the Corporate Governance Code and the Corporate Governance Report 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 D.3.1 of the Corporate Governance Code.

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



CORPORATE GOVERNANCE REPORT

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 2021, save for the deviation from the code provision E.1.2 disclosed in paragraph 5 below. the Company has complied with all the Code provisions and, where appropriate, adopted certain recommended best practices as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules.

Corporate governance practices adopted by the Company are summarised below:

1. The Board

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

1.1 Composition of the Board

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

The biographical details of the Directors as at the 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
Li Zhongjun	Chairman of the Board	12 November 2021
	Executive Director	12 November 2021
Tang Jian	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
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

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 Company's policies and practices on compliance with legal and regulatory requirements;

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

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

1.3 Powers Exercised by the Board and the Management

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

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

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

1.4 Chairman and President

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

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

1.5 Appointment and Re-election of Directors

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

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

1.6 Directors' Remuneration

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

2. Board Committees

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

2.1 Audit Committee

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 2021, 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 2021, the 2021 first meeting of the Audit Committee of the fourth session of the Board was held, at which four proposals were considered and approved.

- On 28 April 2021, the 2021 second meeting of the Audit Committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 27 August 2021, the 2021 third meeting of the Audit Committee of the fourth session of the Board was held, at which three proposals were considered and approved.

- On 27 October 2021, the 2021 fourth meeting of the Audit Committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 27 December 2021, the 2021 first meeting of the Audit Committee of the fifth session of the Board was held, at which one proposal was considered and approved.

All incumbent members of the Audit Committee at the 2021 first meeting of the Audit Committee of the fourth session of the Board, being Mr. Meng Yan, Mr. Yang Xiangbin and Mr. Zhang Songyi, attended the meeting; all incumbent members of the Audit Committee at the 2021 second meeting of the Audit Committee of the fourth session of the Board, being Mr. Meng Yan, Mr. Yang Xiangbin and Mr. Zhang Songyi, attended the meeting; all incumbent members of the Audit Committee at the 2021 third meeting of the Audit Committee of the fourth session of the Board, being Mr. Meng Yan, Mr. Tang Chaoxiong and Mr. Zhang Songyi, attended the meeting; all incumbent members of the Audit Committee at the 2021 fourth meeting of the Audit Committee of the fourth session of the Board, being Mr. Meng Yan, Mr. Tang Chaoxiong and Mr. Zhang Songyi, attended the meeting; all incumbent members of the Audit Committee at the 2021 first meeting of the Audit Committee of the fifth session of the Board, being Ms. Zhao Feng, Mr. Tang Chaoxiong and Mr. Michael Ngai Ming Tak, attended the meeting. The attendance rate of the incumbent members of the Audit Committee during the Reporting Period was 100%.

During the Reporting Period, the Audit Committee has reviewed the annual results of the Group for 2020, unaudited consolidated results for the three months ended 31 March 2021, interim results for 2021 and unaudited consolidated results for the nine months ended 30 September 2021 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 two Directors: 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 2021, the 2021 first meeting of the remuneration and assessment committee of the fourth session of the Board was held, at which two proposals were considered and approved.

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

During the Reporting Period, the remuneration and assessment committee reviewed the implementation of the remuneration of the Directors, supervisors and senior management in 2020, and the remuneration plan of the Directors, supervisors and senior management in 2021.

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 six meetings, details of which are as follows:

- On 30 March 2021, the 2021 first meeting of the nomination committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 14 April 2021, the 2021 second meeting of the nomination committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 8 June 2021, the 2021 third meeting of the nomination committee of the fourth session of the Board was held, at which three proposals were considered and approved.

- On 29 June 2021, the 2021 fourth meeting of the nomination committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 19 October 2021, the 2021 fifth meeting of the nomination committee of the fourth session of the Board was held, at which one proposal was considered and approved.

- On 27 December 2021, the 2021 first meeting of the nomination committee of the fifth session of the Board was held, at which one proposal was considered and approved.

During the Reporting Period, the nomination committee conducted the following nomination procedures for Director candidates pursuant to the Rules of Procedures of the Nomination Committee of the Board of China Longyuan Power Group Corporation Limited. The nomination committee carried researches on the list of Director candidates in accordance with laws, regulations, normative documents, regulatory requirements and the Articles of Association and submitted the recommendation opinion to the Board to determine whether to submit for election at the general meeting. The nomination committee and the Board fully took consideration of the Board diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure) and the benefits therefrom; they focused on the educational background of the candidates and their professional experience, in particular, the management research experience in financial and insurance industries and paid special attention to the independence of the candidates for independent non-executive Directors. During the Reporting Period, the Shareholders elected Mr. Tian Shaolin as the non-executive Director of the Company at the 2021 first extraordinary general meeting, elected Mr. Tang Jian as the executive Director of the Company at the 2020 annual general meeting, elected Mr. Li Zhongjun and Mr. Tang Chaoxiong as the executive Director and non-executive Director of the Company, respectively, at the 2021 second extraordinary general meeting, and elected Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng as the independent non-executive Directors of the Company at the 2021 fourth extraordinary general meeting.

Apart from Mr. Jia Yanbing's absence due to work reasons, all other incumbent members of the nomination committee at the 2021 first meeting of the nomination committee of the fourth session of the Board, being Mr. Han Dechang and Mr. Meng Yan, attended the meeting; apart from Mr. Jia Yanbing's absence due to work reasons, all other incumbent members of the nomination committee at the 2021 second meeting of the nomination committee of the fourth session of the Board, being Mr. Han Dechang and Mr. Meng Yan, attended the meeting; apart from Mr. Jia Yanbing's absence due to work reasons, all other incumbent members of the nomination committee at the 2021 third meeting of the nomination committee of the fourth session of the Board, being Mr. Han Dechang and Mr. Meng Yan, attended the meeting. All members of the nomination committee, i.e. Mr. Li Zhongjun and Mr. Meng

Yan, Mr. Han Dechang, who were in office at the 2021 fourth meeting of the nomination committee of the fourth session of the Board, attended the meeting. All members of the nomination committee who were in office at the 2021 fifth meeting of the nomination committee of the fourth session of the Board, namely Mr. Li Zhongjun, Mr. Meng Yan and Mr. Han Dechang, attended the meeting; all members of the nomination committee who were in office at the 2021 first meeting of the nomination committee of the fifth session of the Board, namely Mr. Li Zhongjun, Mr. Gao Debu and Ms. Zhao Feng, attended the meeting. All incumbent members of the nomination committee, apart from Mr. Jia Yanbing, attended the above meetings, with the 100% of the attendance rate during the Reporting Period.

2.4 Strategic Committee

As at the Latest Practicable Date, the strategic committee consists of three Directors: Mr. Li Zhongjun (executive Director), Mr. Tang Jian (executive Director) and Mr. Tian Shaolin (non-executive Director). Mr. Li Zhongjun 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 2021, the 2021 first meeting of the strategic committee of the fourth session of the Board was held, at which two proposals were considered and approved.

Apart from Mr. Jia Yanbing' absence due to work reasons, all other incumbent members of the strategic committee, being Mr. Sun Jinbiao, Mr. Liu Jinhuan and Mr. Zhang Xiaoliang, attended the meeting. All incumbent members of the strategic committee, apart from Mr. Jia Yanbing, attended the above meeting, with the 100% of the attendance rate during the Reporting Period.

3. Directors' Responsibility for the Financial Statements

The Board acknowledges its responsibility for preparing the financial statements of the Group for the year ended 31 December 2021.

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 2021, save as disclosed below, the Company complied with all the Code provisions set out in the Corporate Governance Code and Corporate Governance Report (which was revised and renamed as "CG Code" on 1 January 2022) contained in Appendix 14 to the Listing Rules and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

In respect of code provision E.1.2 of the Corporate Governance Code and Corporate Governance Report (current code provision F.2.2) as set out in the Appendix 14 to the Listing Rules, Mr. Jia Yanbing[Note], the Chairman of the Company, the chairman and member of the Audit Committee and strategic committee of the Board, were unable to attend the 2020 annual general meeting of the Company held on 28 May 2021 due to work reasons.

6. Training of Directors and Company Secretaries

All Directors participated in continuous professional development training in 2021 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of all current Directors' training are set out as below:

Name	**Position held at the Company**	**Length of training received in 2021** *(hours)*	**Areas covered in the training**
Li Zhongjun	Chairman of the Board and Executive Director	348	corporate governance, strategic research, corporate culture, management innovation, restructuring and mergers and acquisitions, etc.
Tang Jian	Executive Director, President	336	corporate governance, strategic investment, industrial policy, internal risk control, corporate R&D, etc.
Liu Jinhuan	Non-executive Director	327	corporate governance, industrial policy, strategic management, industry research, etc.

Note: Mr. Jia Yanbing resigned as chairman and executive director of the Company on 29 June 2021.

Name	Position held at the Company	Length of training received in 2021 *(hours)*	Areas covered in the training
Tian Shaolin	Non-executive Director	325	corporate governance, industry research, corporate development, strategic investment, etc.
Tang Chaoxiong	Non-executive Director	328	corporate governance, financial management, financial investment, merger and acquisition, restructuring, etc.
Michael Ngai Ming Tak	Independent non-executive Director	322	corporate governance, macro policy, strategic investment, financial risk, etc.
Gao Debu	Independent non-executive Director	381	corporate governance, laws and regulations, macroeconomics, business management, etc.
Zhao Feng	Independent non-executive Director	367	corporate governance, financial management, internal audit and control, financial innovation, etc.

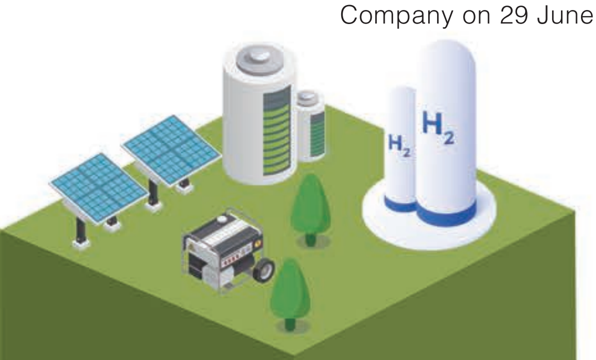
Notes:

1. Due to work reasons, Mr. Sun Jinbiao resigned as the President of the Company on 14 April 2021, and resigned as an Executive Director of the Company on 28 May 2021.

2. Due to work reasons, Mr. Zhang Xiaoliang resigned as a Non-executive Director of the Company on 28 April 2021.

3. Due to work reasons, Mr. Jia Yanbing resigned as the Chairman and Executive Director of the Company on 29 June 2021.

4. Due to work reasons, Mr. Yang Xiangbin resigned as a Non-executive Director of the Company on 29 June 2021.



5. Due to the expiration of the term of office, Mr. Zhang Songyi resigned as an Independent non-executive Director of the Company on 12 November 2021.

6. Due to the expiration of the term of office, Mr. Meng Yan resigned as an Independent non-executive Director of the Company on 12 November 2021.

7. Due to the expiration of the term of office, Mr. Han Dechang resigned as an Independent non-executive Director of the Company on 12 November 2021.

8. As considered and approved at the 2022 first extraordinary general meeting of the Company, Mr. Wang Yiguo was appointed as a Non-executive Director of the Company on 14 January 2022. Therefore, he did not accept trainings in the Reporting Period.

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

In 2021, 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 2021, 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, 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.

CORPORATE GOVERNANCE REPORT

In 2021, the Company continued to complete the integrated design of the "Three-In-One" framework system for internal control, risk and compliance management, closely following the Company's operational development objectives and focusing on its core business. Through the establishment of dynamic risk assessment mechanism and assessment improvement mechanism, a "1+3+N" system document and application model with "Three-In-One" internal control, risk and compliance management has been constructed for 20 tier-one modules and 223 sub-modules in 4 major fields. The "Three-In-One" leading group and working group were established. The leading group is composed of members of the leadership, and the working group is led by the audit department and the corporate management and legal affairs department, and is jointly formed by various professional fields and business departments, with a clear division of responsibilities. In order to meet the requirements of the Party and the state for risk prevention and control, the Company has established and improved a strict, standardized, comprehensive and effective internal control system guided by risk management and focused on compliance management and supervision, by closely weaving the pre-, mid- and post-risk risk prevention and control network, forming a joint prevention and control pattern, integrating risk control compliance by classification and level, taking risk as the guide, and internal control as the command, and refining the compliance points. In order to realize the management and control goals of "strengthening internal control, preventing risks, and promoting compliance" as soon as possible, a comprehensive, full-staff, full-process, and full-system risk prevention and control mechanism has been formed to effectively and comprehensively improve the effectiveness of the internal control system.

The Company regarded the construction of the institutional system as an important underpins for consolidating the management foundation and improving the internal control mechanism. By adhering to the principle of combining scientificity, standardization and feasibility, the Company optimized and improved the relevant management measures based on the Company's actual situation, which further refined the connection of internal control, risk control, and compliance, and integrated the way in which relevant work was advanced. In 2021, the Company updated the Measures on Comprehensive Risk Management(《全面風險管理辦法》) and the Measures on Internal Control Management (《內控管理辦法》) respectively, clarified the basic requirements for the construction and operation of the internal control and risk management system by integrating the framework requirements for the construction of the internal control, risk and compliance management system. The Manual on Integrated Management of Internal Control, Risk and Compliance (「三位一體」管理手冊總冊) and the supporting Sub-volume Manual on Management of "Three-In-One" (「三位一體」管理手冊分冊) were promoted and completed in 42 affiliated units, and the specific procedures and standards for internal control, risk and compliance management were clarified. Meanwhile, the Company conducted a comprehensive evaluation and sortation of the current effective system from the aspects of soundness, legality, coordination, and standardization and defined the annual abolition and reform plan based on the working principle of step-by-step advancement and comprehensive coverage. As of the end of 2021, the Company had a total of 356 current effective systems, and 272 related systems, regulations and measures have been added or revised. It has improved the foundation of corporate governance in accordance with regulations and laws, proactively guarded against various risk factors, and formed a standard model for integrating internal control thinking methods into business standards.

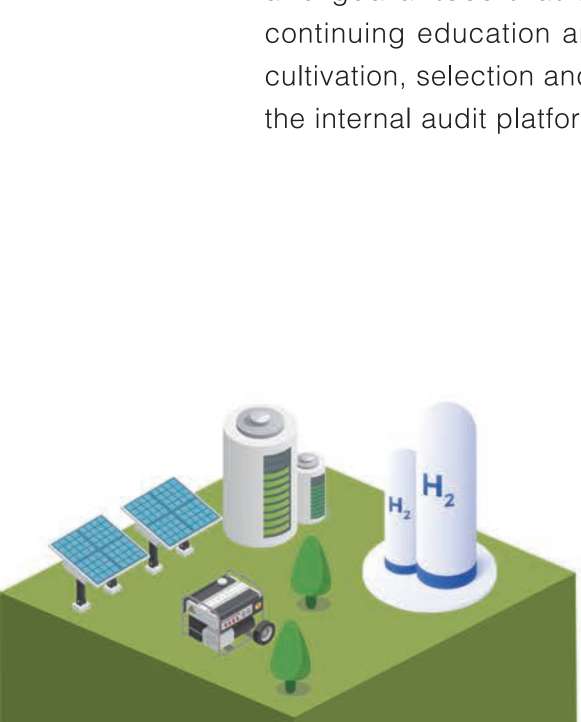
In 2021, the Company carried out a risk assessment survey on a regular basis, and evaluated and scored the possibility and impact of risks in the form of questionnaires and interviews, and improved the basic database of risk assessment. Through statistics, analysis and sorting of risk data, and identification of the top five risks, all units and departments were required to focus on strengthening risk process management and control, focusing on policy analysis and risk change research and judgment, and keeping an eye on the operation of risk early warning indicators and the occurrence of risk events. The Company implemented a quarterly notification mechanism for the frequency of risk reporting and strengthened the implementation of risk prevention and control measures. By strengthening the assessment and guidance of the risk management work of the subordinate units and optimizing the setting of assessment indicators, the Company ensured a closed-loop management of annual risk identification, assessment and response efforts. In 2021, the overall risks were controllable and under control, the top five risks were generally stable, and there was no major risk incident identified.

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 2021, in view of the increasingly complex international political and business environment, for the risk management and control of overseas enterprises, the Company organized its companies in South Africa, Canada and Ukraine, and Hero Asia Company to investigate typical risks of overseas projects for assessing the risk level and putting forward the corresponding rectification measures. The Company has determined that Hero Asia Company has exchange rate risks. Its South African company has operational security and compliance risks, its Canadian company may have operational security and compliance risks and its affiliated Ukrainian company has operational security and compliance risks. The Company's overseas enterprises will continue to monitor risks and the scope and quality of internal control systems.

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 2021, the Company dynamically made overall planning and completed 182 auditing items of various types throughout the year. From the aspects of engineering construction, major policy implementation, economic responsibility, scientific and technological funds, and "Three Importance and One Large" major issues, the Company formulated the annual audit plan. Meanwhile, at each affiliated unit level, based on the characteristics of their production and operation, the Company formulated and issued 110 items of the annual audit plan, and determined the completion of quality standards and timing. It also scientifically guided and urged affiliated units to conduct internal audit work by strengthening the whole-process audit of engineering projects, strictly reviewing the project cost and final accounts after completion. In 2021, the Company deducted a total of RMB135,873,200, with a deduction rate of 11.93%. The total final investment saved a total of RMB2.986 billion compared with the approved budgetary estimate with total investment saving rate of 20.92%. The Company formulated the "Audit Document Template of China Longyuan Power Group Corporation Limited" (《龍源電力集團股份有限公司審計文書模板》) as the audit operation process standard, focused on strengthening the depth and intensity of internal audit supervision, and also focused on fulfill the requirements of "full coverage" of auditing, thus to ensure the perfection of risk management and internal control systems, and build a solid third defense line for corporate governance.

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 Group'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 2021, respectively. The financial statements of the Company for 2021 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 for 2021. For details, please refer to the announcements of the Company dated 27 December 2021 and 14 January 2022, and the circular dated 29 December 2021.

For the year ended 31 December 2021, 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 RMB10,930,000 and RMB6,680,000 respectively and the fees payable to Ernst & Young for interim review were RMB6,300,000. The statements of the reporting responsibility of Ernst & Young, the Group's external auditor, in respect of the financial statements are set out on pages 227 to 229 of this annual report.

11. Shareholders' Meetings

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

On 28 April 2021, the first extraordinary general meeting of the Company in 2021 was held. Han Dechang was present; and Jia Yanbing, Sun Jinbiao, Liu Jinhuan, Yang Xiangbin, Zhang Xiaoliang, Zhang Songyi and Meng Yan were absent due to work reasons.

On 28 May 2021, the 2020 annual general meeting of the Company was held. Han Dechang was present; and Jia Yanbing, Sun Jinbiao, Liu Jinhuan, Yang Xiangbin, Tian Shaolin, Zhang Songyi and Meng Yan were absent due to work reasons.

On 29 June 2021, the second extraordinary general meeting of the Company in 2021 was held. Tang Jian, Liu Jinhuan, Tian Shaolin were present; and Jia Yanbing, Yang Xiangbin, Zhang Songyi, Meng Yan and Han Dechang were absent due to work reasons.

On 23 July 2021, the third extraordinary general meeting in 2021, the first domestic Shareholders class meeting in 2021 and the first H Shareholders class meeting in 2021 of the Company were held. Tang Chaoxiong and Han Dechang were present; and Li Zhongjun, Tang Jian, Liu Jinhuan, Tian Shaolin, Zhang Songyi and Meng Yan were absent due to work reasons.

On 12 November 2021, the fourth extraordinary general meeting of the Company in 2021 was held. Li Zhongjun, Tang Jian, Liu Jinhuan, Tian Shaolin and Tang Chaoxiong were present; and Zhang Songyi, Meng Yan and Han Dechang 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 2021 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
Li Zhongjun	Chairman and Executive Director	1/2	50%
Tang Jian	Executive Director and President	2/3	66.67%
Liu Jinhuan	Non-executive Director	2/5	40%
Tian Shaolin	Non-executive Director	2/4	50%
Tang Chaoxiong	Non-executive Director	2/2	100%
Jia Yanbing	Chairman and Executive Director	0/3	0%
Sun Jinbiao	Executive Director and President	0/2	0%
Yang Xiangbin	Non-executive Director	0/3	0%
Zhang Xiaoliang	Non-executive Director	0/1	0%
Zhang Songyi	Independent non-executive Director	0/5	0%
Meng Yan	Independent non-executive Director	0/5	0%
Han Dechang	Independent non-executive Director	3/5	60%
Michael Ngai Ming Tak	Independent non-executive Director	–	–
Gao Debu	Independent non-executive Director	–	–
Zhao Feng	Independent non-executive Director	–	–

CORPORATE GOVERNANCE REPORT

Notes:

1. Due to work reasons, Mr. Sun Jinbiao resigned as the President of the Company on 14 April 2021, and resigned as an Executive Director of the Company on 28 May 2021.

2. Mr. Tang Jian was appointed as the President of the Company on 14 April 2021, and was appointed as an Executive Director of the Company on 28 May 2021.

3. Due to work reasons, Mr. Zhang Xiaoliang resigned as a Non-executive Director of the Company on 28 April 2021.

4. Mr. Tian Shaolin was appointed as a Non-executive Director of the Company on 28 April 2021.

5. Due to work reasons, Mr. Jia Yanbing resigned as Chairman and Executive Director of the Company on 29 June 2021.

6. Mr. Li Zhongjun was appointed as Chairman and Executive Director of the Company on 29 June 2021.

7. Mr. Yang Xiangbin resigned as a Non-executive Director of the Company on 29 June 2021.

8. Mr. Tang Chaoxiong was appointed as a Non-executive Director of the Company on 29 June 2021.

9. Due to the expiration of the term of office, Mr. Zhang Songyi resigned as an Independent non-executive Director of the Company on 12 November 2021.

10. Due to the expiration of the term of office, Mr. Meng Yan resigned as an Independent non-executive Director of the Company on 12 November 2021.

11. Due to the expiration of the term of office, Mr. Han Dechang resigned as an Independent non-executive Director of the Company on 12 November 2021.

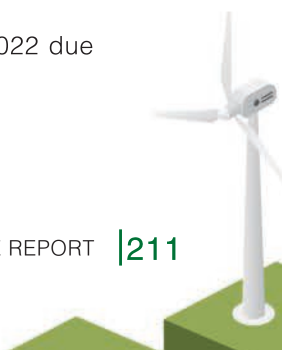
12. Mr. Michael Ngai Ming Tak was appointed as an Independent non-executive Director of the Company on 12 November 2021.

13. Mr. Gao Debu was appointed as an Independent non-executive Director of the Company on 12 November 2021.

14. Ms. Zhao Feng was appointed as an Independent non-executive Director of the Company on 12 November 2021.

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

16. 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).

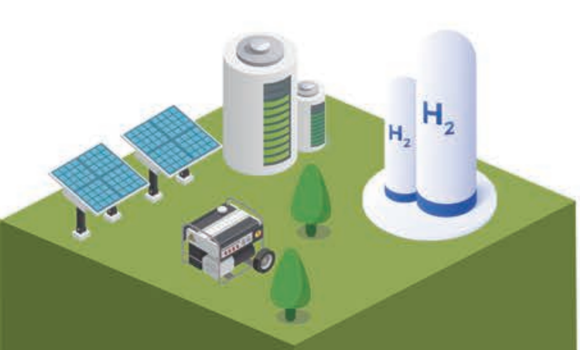
12.1 Shareholders' Rights

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

13.1 Investor Relations Activities

Results Roadshows

In 2021, the Company published its 2020 annual results and 2021 interim results in March and August, respectively, and organised results roadshows. During the period of annual results conference, 205 analysts and investors attended the teleconference. During the period of annual report roadshow, the management of the Company communicated with 178 new and existing Shareholders through teleconferences. 208 analysts and investors attended the interim results teleconference. During the period of interim report roadshow, the management of the Company communicated with 116 new and existing Shareholders through teleconferences.

After the announcement of the first quarterly results and third quarterly results for 2021, the Company organised and held a teleconference with global investors. The two quarterly report teleconferences were attended by 105 investors and 156 investment bank analysts, respectively.

Investors' Routine Calls and Visits

In 2021, the Company arranged meetings by way of one-to-one/group/teleconference meetings and fully and effectively communicated and exchanged opinions with 645 institutional investors and analysts.

Investment Summits

In 2021, the Company participated in the investment summits held by 23 investment banks in the form of online meetings, and held face-to-face conversations with 564 domestic and international investment institution representatives.

13.2 Information Disclosure

The Company formulated the Provisions on Information Disclosure Management (《信息披露事務管理規定》) to ensure a timely and fair disclosure of comprehensive and accurate information to investors. We extensively utilised the website of the Company to release information and ensured that all Shareholders can receive important information of the Company in a timely and fair manner. The financial reports, energy generation and other news and exchange announcements of the Company are available on the website of the Company. In 2021, the Company published 216 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 Articles of Association of the Company was published on the website of the Company for public access. The Shareholders of the Company have considered and approved the resolution on the Articles of Association (Draft) and its appendices 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 and its appendices and the revised Terms of References of the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee of the Board considered and approved by the Board became effective from the date of listing of the A Shares of the Company on 24 January 2022.

16. Roles and Responsibilities

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

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

17. Authorization of the Board

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

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

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

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

SUPERVISORY BOARD'S REPORT

On 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 2021, the Supervisory Board acted in strict compliance with relevant laws, regulations, rules, regulatory documents such as the Company Law of the PRC and Securities Law and 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 line with the Company's long-run interests and Shareholders' interests, it earnestly performed its duties of supervision as to the production and operation, financial position of the Company, and the acts of Directors and senior management of the Company during the performance of their respective duties of the Company. Major work of the Supervisory Board in the Reporting Period is reported as follows:

I. MEETINGS CONVENED BY THE SUPERVISORY BOARD

The 2021 first meeting of the fourth session of the Supervisory Board was held on 30 March 2021, at which three resolutions, i.e. the resolution regarding the 2020 Annual Report and Results Announcement of China Longyuan Power Group Corporation Limited*, the resolution regarding the Work Report of the Supervisory Board of China Longyuan Power Group Corporation Limited* for the year 2020 and the resolution regarding the Change of Supervisor of China Longyuan Power Group Corporation Limited* were considered and approved.

The 2021 second meeting of the fourth session of the Supervisory Board was held on 18 June 2021, at which the resolution on absorption and merger of Inner Mongolia Pingzhuang Energy through Share Swap by the Company and disposal of material assets and purchase of assets through cash payment meeting the requirements for initial public offering and listing, the resolution on the Scheme of absorption and merger of Inner Mongolia Pingzhuang Energy through Share Swap by the Company and disposal of material assets and purchase of assets through cash payment, the resolution on the Report of the Absorption and Merger of Inner Mongolia Pingzhuang Energy Co., Ltd. through Share Swap by China Longyuan Power Group Corporation Limited* and Disposal of Material Assets and Purchase of Assets through Cash Payment and Proposal of Related Party Transactions (Draft) and its summary and other 15 resolutions were considered and approved.

* *For identification purpose only*

The 2021 third meeting of the fourth session of the Supervisory Board was held on 27 August 2021, at which the resolution regarding the 2021 Interim Report and Results Announcement of the Company were considered and approved.

The 2021 fourth meeting of the fourth session of the Supervisory Board was held on 19 October 2021, at which the resolution regarding the Re-election of the Supervisory Board of the Company was considered and approved.

The 2021 first meeting of the fifth session of the Supervisory Board was held on 12 November 2021, at which the resolution regarding the Election of the Chairman of the Supervisory Board of the Company was considered and approved.

II. WORK OF THE SUPERVISORY BOARD

In 2021, the Supervisory Board mainly carried out the following work:

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

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

2. Inspection of the Company's Financial Condition

During the Reporting Period, the Supervisory Board reviewed the relevant financial information and the auditors' reports of the Company and its subsidiaries. The Supervisory Board is of the opinion that the accounts and audit work of the Company and its subsidiaries are in compliance with the Accounting Law of the People's Republic of China, the accounting system issued by the Ministry of Finance of the People's Republic of China and the Hong Kong Financial Reporting Standards, for which no concerns have been found. Having duly reviewed the 2021 annual financial report and relevant information to be submitted by the Board to the general meeting, and as audited by the independent auditors with an unqualified opinion, the Supervisory Board is of the opinion that such report gives an accurate, true and fair reflection of the financial condition and operating results of the Company on a consistent basis.

3. Inspection of the Company's Connected Transactions

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

4. Inspection of the Company's Information Disclosure

During the Reporting Period, the Supervisory Board supervised the information disclosure of the Company in accordance with the Provisions on Information Disclosure Management of China Longyuan Power Group Corporation Limited*, and reviewed the relevant documents the Company publicly disclosed. The Supervisory Board is of the opinion that the Company has disclosed the relevant information in a legitimate, timely and complete manner in accordance with the requirements of the Hong Kong Stock Exchange and no false information was found.

* *For identification purpose only*

5. Inspection of the Company's Management of Persons with Knowledge of Inside Information

The Supervisory Board has reviewed the establishment and implementation of the management system of persons with knowledge of inside information by the Company. The Supervisory Board is of the opinion that during the Reporting Period, the Company was able to manage and register inside information in accordance with the laws and regulations and the Company's system, so as to prevent the occurrence of irregularities such as abuse of the right to know, disclosure of inside information and inside trading by persons who are privy to inside information and to protect the legitimate rights and interests of investors. During the Reporting Period, no relevant personnel were found to have used the inside information to engage in inside trading.

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

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

Chairman of the Supervisory Board
Shao Junjie

Beijing, 30 March 2022

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
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Quarry Bay, Hong Kong

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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 230 to 427, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 2021, the Group had property, plant and equipment ("PPE") of RMB134,525 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 RMB256 million were recognised during the year ended 31 December 2021. 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
Assessing the expected credited losses ("ECLs") on loans and advances to related parties and third parties	
As at 31 December 2021, the Group had loans and advances to related parties and third parties of RMB458 million, of which RMB409 million was included in "Prepayments and other current assets" and RMB49 million was included in "Other assets" of the Group. ECLs on the loans and advances to related parties and third parties were assessed by considering the individual debtors and the groups of debtors with similar credit risk characteristics. Auditing the ECLs on these receivables is complex because the determination requires significant estimation and judgement, including the ageing of the balances, the credit-worthiness of the debtors, the historical loss experience and the anticipated operation of the counterparties. Related disclosures are included in notes 2(p), 4(b), 21 and 24 to the consolidated financial statements.	We assessed the categorisation of loans and advances to related parties and third parties in the ageing report by reconciling the total amounts in the ageing report to the balances of loans and advances to related parties and third parties in the general ledger and by checking a sample of individual items with the relevant underlying documentation. We assessed management's estimation on the expected loss for individual material balances and the expected loss rate of each category group, evaluating the basis and factors used in the estimation. In addition, we checked the bank statements and other relevant underlying documentation for the cash receipts from debtors subsequent to the end of the reporting period. We also assessed the adequacy of the Group's disclosures included in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

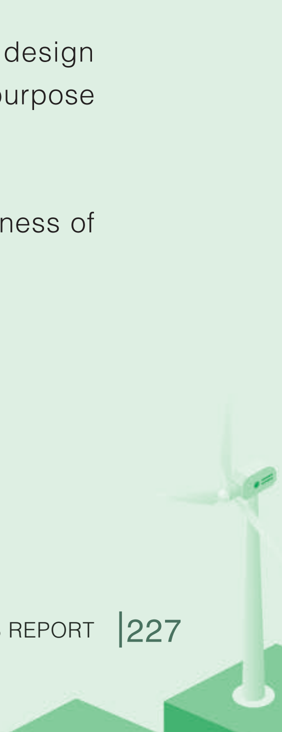
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could 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 Bennett S.H. Wai.

Ernst & Young
Certified Public Accountants
Hong Kong

30 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Notes	**2021** **RMB'000**	2020 RMB'000
Revenue	5	**37,195,458**	28,667,181
Other net income	6	**1,136,073**	1,286,805
Operating expenses			
Depreciation and amortisation		**(8,294,946)**	(7,734,587)
Coal consumption		**(3,306,220)**	(1,994,407)
Coal sales costs		**(7,518,765)**	(3,638,924)
Service concession construction costs		**(170,875)**	(312,741)
Personnel costs		**(3,031,649)**	(2,645,476)
Material costs		**(172,838)**	(169,441)
Repair and maintenance		**(959,302)**	(924,215)
Administration expenses		**(734,922)**	(606,906)
Other operating expenses		**(1,584,198)**	(1,871,245)
		(25,773,715)	(19,897,942)
Operating profit		**12,557,816**	10,056,044
Finance income		**496,475**	374,148
Finance expenses		**(3,721,822)**	(3,457,535)
Net finance expenses	7	**(3,225,347)**	(3,083,387)
Share of profits less losses of associates and joint ventures		**(576,864)**	(51,080)
Profit before taxation	8	**8,755,605**	6,921,577
Income tax	9	**(1,488,368)**	(1,236,082)
Profit for the year		**7,267,237**	5,685,495

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Notes	2021 RMB'000	2020 RMB'000
Other comprehensive income/(loss):			
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive loss, net of tax		**(59,467)**	(256,374)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**89,196**	99,395
Exchange differences on net investments in foreign operations		**1,905**	4,198
Other comprehensive income/(loss) for the year, net of tax	12	**31,634**	(152,781)
Total comprehensive income for the year		**7,298,871**	5,532,714
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**6,158,633**	4,726,369
– Perpetual medium-term notes and renewable corporate bonds holders	43	**254,417**	298,610
Non-controlling interests		**854,187**	660,516
Profit for the year		**7,267,237**	5,685,495
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**6,185,571**	4,584,213
– Perpetual medium-term notes and renewable corporate bonds holders	43	**254,417**	298,610
Non-controlling interests		**858,883**	649,891
Total comprehensive income for the year		**7,298,871**	5,532,714
Basic and diluted earnings per share (RMB cent)	13	**76.63**	58.81

The notes on pages 239 to 427 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2021 RMB'000	2020 RMB'000
Non-current assets			
Property, plant and equipment	15	**134,524,849**	124,917,807
Investment properties		**7,680**	8,270
Right-of-use assets	16(a)	**3,429,000**	2,860,813
Intangible assets	17	**6,897,614**	7,421,681
Goodwill	18	**61,490**	61,490
Investments in associates and joint ventures	20	**4,166,936**	4,055,962
Other assets	21	**4,653,079**	4,565,565
Deferred tax assets	31(b)	**248,764**	210,403
Total non-current assets		**153,989,412**	144,101,991
Current assets			
Inventories	22	**752,198**	806,034
Trade and bills receivables	23	**27,086,720**	21,603,068
Prepayments and other current assets	24	**3,290,892**	2,831,266
Tax recoverable	31(a)	**127,128**	52,573
Other financial assets	25	**742,494**	303,377
Restricted deposits	26	**250,439**	361,232
Cash at banks and on hand	27	**3,615,509**	5,226,331
Total current assets		**35,865,380**	31,183,881
Current liabilities			
Borrowings	28(b)	**39,997,824**	37,875,159
Trade and bills payables	29	**4,083,421**	3,615,205
Other current liabilities	30	**14,139,621**	11,063,828
Lease liabilities	16(b)	**37,325**	25,423
Tax payable	31(a)	**287,634**	327,711
Total current liabilities		**58,545,825**	52,907,326
Net current liabilities		**(22,680,445)**	(21,723,445)
Total assets less current liabilities		**131,308,967**	122,378,546

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2021 RMB'000	2020 RMB'000
Non-current liabilities			
Borrowings	28(a)	**55,065,437**	52,598,055
Lease liabilities	16(b)	**1,064,320**	575,458
Deferred income	33	**1,099,411**	1,207,154
Deferred tax liabilities	31(b)	**200,136**	173,116
Other non-current liabilities	34	**1,558,993**	1,375,789
Total non-current liabilities		**58,988,297**	55,929,572
NET ASSETS		**72,320,670**	66,448,974
CAPITAL AND RESERVES			
Share capital	35(c)	**8,036,389**	8,036,389
Perpetual medium-term notes and renewable corporate bonds	43	**6,061,652**	6,045,435
Reserves	35(d)	**48,834,843**	43,605,751
Total equity attributable to equity holders of the Company		**62,932,884**	57,687,575
Non-controlling interests		**9,387,786**	8,761,399
TOTAL EQUITY		**72,320,670**	66,448,974

Approved and authorised for issue by the board of directors on 30 March 2022.

Li Zhongjun
Chairman

Tang Jian
Executive Director

The notes on pages 239 to 427 form part of these financial statements.

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 43)*	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
Changes in equity:											
Profit for the year		–	254,417	–	–	–	–	6,158,633	6,413,050	854,187	7,267,237
Other comprehensive income/(loss)		–	–	–	–	87,388	(60,450)	–	26,938	4,696	31,634
Total comprehensive income/(loss)		–	254,417	–	–	87,388	(60,450)	6,158,633	6,439,988	858,883	7,298,871
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 equity owners		–	–	–	–	–	–	–	–	(593,688)	(593,688)
Dividends to shareholders of the Company	35(b)	–	–	–	–	–	–	(945,079)	(945,079)	–	(945,079)
Distribution for perpetual medium-term notes and renewable corporate bonds	43	–	(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)
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

* These reserve accounts comprise the consolidated reserves of RMB48,834,843,000 (2020: RMB43,605,751,000) 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)

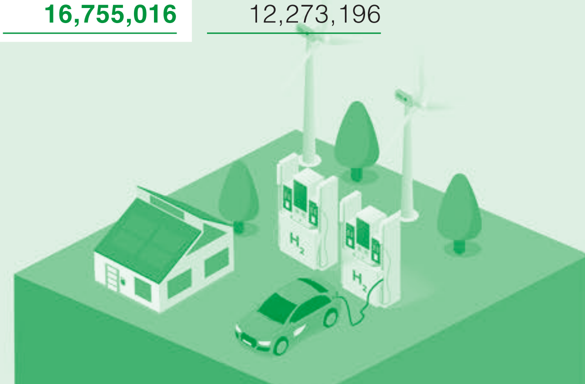
		Attributable to the equity holders of the Company									
	Notes	Share capital *RMB'000*	Equity attributable to the holders of perpetual medium-term notes and renewable corporate bonds *RMB'000* *(Note 43)*	Capital reserve *RMB'000* *(Note 35 (d)(i))*	Statutory surplus reserve *RMB'000* *(Note 35 (d)(ii))*	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 2020		8,036,389	4,991,000	14,708,774*	1,743,507*	(453,566) *	242,773*	23,653,765*	52,922,642	7,732,430	60,655,072
Changes in equity:											
Profit for the year		–	298,610	–	–	–	–	4,726,369	5,024,979	660,516	5,685,495
Other comprehensive income/(loss)		–	–	–	–	111,859	(254,015)	–	(142,156)	(10,625)	(152,781)
Total comprehensive income/(loss)		–	298,610	–	–	111,859	(254,015)	4,726,369	4,882,823	649,891	5,532,714
Capital contributions by non-controlling interests		–	–	–	–	–	–	–	–	1,025,700	1,025,700
Issuance of perpetual medium-term notes and renewable corporate bonds		–	5,988,825	–	–	–	–	–	5,988,825	–	5,988,825
Redemption of perpetual medium-term notes		–	(4,991,000)	(9,000)	–	–	–	–	(5,000,000)	–	(5,000,000)
Appropriation		–	–	–	300,152	–	–	(300,152)	–	–	–
Dividends by subsidiaries to non-controlling equity owners		–	–	–	–	–	–	–	–	(646,622)	(646,622)
Dividends to shareholders of the Company	35(b)	–	–	–	–	–	–	(864,715)	(864,715)	–	(864,715)
Distribution for perpetual medium-term notes and renewable corporate bonds	43	–	(242,000)	–	–	–	–	–	(242,000)	–	(242,000)
At 31 December 2020		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

The notes on pages 239 to 427 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Profit before taxation		**8,755,605**	6,921,577
Adjustments for:			
Depreciation		**7,781,678**	7,208,737
Amortisation		**513,268**	525,850
Provision of impairment losses on property, plant and equipment	8	**256,232**	941,916
Gains on disposal of property, plant and equipment, right-of-use assets and intangible assets	6	**(23,579)**	(472,228)
Loss on disposal of a subsidiary		**–**	66,775
Gains on bargain acquisition of subsidiaries	6	**(8,801)**	–
Interest expenses on financial liabilities		**3,063,049**	2,956,715
Interest expenses on lease liabilities		**17,652**	17,422
Net foreign exchange losses/(gains)		**52,389**	(33,350)
Net unrealised (gains)/losses on derivative financial instruments		**(92,686)**	115,278
Interest income on financial assets		**(24,469)**	(22,267)
Dividend income		**(106,394)**	(142,799)
Share of profits less losses of associates and joint ventures		**576,864**	51,080
Deferred income		**(107,743)**	(117,600)
Changes in fair value of listed equity securities designated at fair value through profit or loss		**(196,894)**	(38,276)
Changes in working capital:			
Decrease in inventories		**53,310**	12,449
Increase in trade and bills receivables		**(5,482,616)**	(5,239,084)
Decrease in prepayments, restricted deposits and other current assets		**2,267,778**	1,463,090
Increase/(decrease) in trade and bills payables and other current liabilities		**1,050,619**	(893,963)
Cash generated from operations		**18,345,262**	13,321,322
Income tax paid	31	**(1,590,246)**	(1,048,126)
Net cash generated from operating activities		**16,755,016**	12,273,196



CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2021 *RMB'000*	2020 *RMB'000*
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment and intangible assets	**(17,676,447)**	(20,214,971)
Payments for loans and advances	**(23,520)**	(281,660)
Payments for acquisition of investments in associates and joint ventures, and equity investments	**(731,161)**	(16,780)
Advanced payments and payments for acquisition of subsidiaries	**(773,843)**	(370,000)
Proceeds from disposal of property, plant, equipment, right-of-use assets and intangible assets	**481,537**	416,385
Proceeds from disposal of a subsidiary, net of cash disposed of	**(11,400)**	46,290
Proceeds from disposal of investments in an associate	**1,342**	–
Repayments of loans and advances	**368,398**	23,325
Dividends received	**118,955**	416,848
Interest received	**27,007**	23,669
Purchase of short-term investments, net	**(248,100)**	(21,910)
Net cash used in investing activities	**(18,467,232)**	(19,978,804)

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Notes	2021 RMB'000	2020 RMB'000
Cash flows from financing activities			
Capital contributions		**532,179**	1,025,700
Proceeds from borrowings		**115,256,765**	85,328,775
Repayment of borrowings		**(110,259,755)**	(72,281,554)
Dividends paid by subsidiaries to non-controlling equity owners		**(495,124)**	(533,453)
Dividends paid to shareholders of the Company		**(945,079)**	(864,715)
Issuance of perpetual medium-term notes and renewable corporate bonds		**1,999,300**	5,988,825
Redemption of perpetual medium-term notes and renewable corporate bonds		**(2,000,000)**	(5,000,000)
Interest paid for borrowing		**(3,212,599)**	(2,992,741)
Interest paid for perpetual medium-term notes and renewable corporate bonds		**(238,900)**	(242,000)
Lease payments		**(542,248)**	(431,597)
Net cash generated from financing activities		**94,539**	9,997,240
Net (decrease)/increase in cash and cash equivalents		**(1,617,677)**	2,291,632
Cash and cash equivalents at the beginning of year		**5,226,331**	2,908,445
Effect of foreign exchange rate changes		**6,855**	26,254
Cash and cash equivalents at the end of year	27	**3,615,509**	5,226,331

The notes on pages 239 to 427 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 Group Co., Ltd. ("CHN Energy"), a company with registered address and main business places in the PRC, 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 period of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2021. 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:

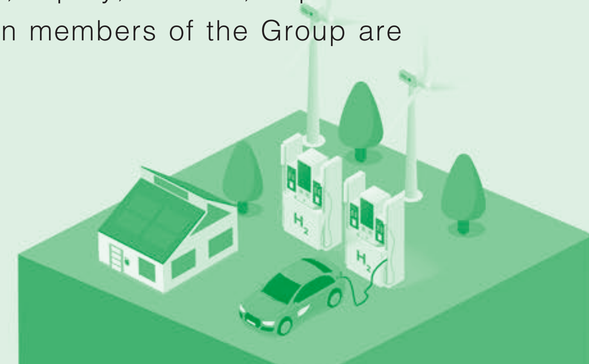
(i) the contractual arrangement with the other vote holders of the investee;

(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 2021 amounting to RMB22,680,445,000. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Going concern (Continued)

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

(c) Functional and presentation currency

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Business combinations and goodwill (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Business combinations and goodwill (Continued)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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
–	Generators and related equipment	10–35 years
–	Motor vehicles	8–10 years
–	Furniture, fixtures and others	5–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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	20–30 years

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

(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

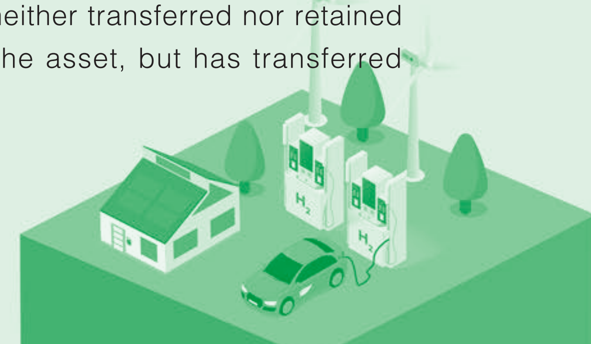
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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.

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

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.

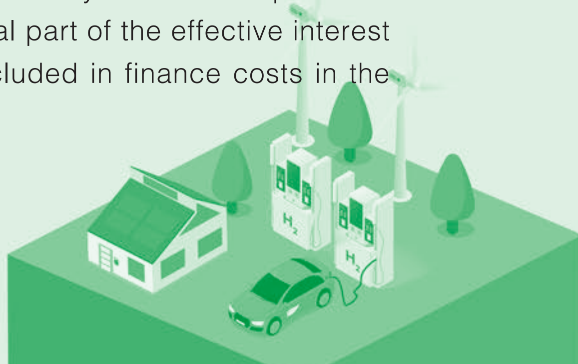
Subsequent measurement

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Subsequent measurement (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Income tax (Continued)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Revenue recognition

Revenue from contracts with customers

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

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

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

(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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ab) Government grants (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Foreign currencies (Continued)

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).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ac) Foreign currencies (Continued)

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.

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ag) Related parties (Continued)

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

(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 consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7,IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)*

The nature and the impact of the revised IFRSs are described below:

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (Continued)

The Group's subsidiaries in South Africa ("the subsidiaries") had certain interesting-bearing bank borrowings denominated in South African Rand based on the Johannesburg Interbank Average Rate ("JIBAR") as at 31 December 2021. The subsidiaries in South Africa also had interest rate swaps whereby the Group paid interest at fixed rates and received interest at a variable rate based on JIBAR on the notional amount. The Group expects that JIBAR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's JIBAR-based borrowings. For the JIBAR-based borrowings and interest rate swaps, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group during the year. If the interest rates of these borrowings and interest rate swaps are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economic equivalent" criterion is met.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures(Continued)

(ii) Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

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.

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards

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

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[3]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 And IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

Amendments to IFRS 3 are intended to 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 expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application. The Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss 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 amendments are to be applied prospectively. The mandatory effective date for this amendment is not yet determined but early adoption is permitted. The Group is currently assessing the impact that the amendments will have on consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The Group is currently assessing the impact that the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also 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. The Group is currently assessing the impact that the amendments will have on consolidated financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The Group is currently assessing the impact that the amendments will have on consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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 amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The Group is currently assessing the impact that the amendments will have on consolidated financial statements.

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 amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The Group is currently assessing the impact that the amendments will have on consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The Group is currently assessing the impact that the amendments will have on current practice.

– IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. The Group is currently assessing the impact that the amendments will have on current practice.

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.

(a) 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.

(b) Provision for expected credit losses on other receivables

The Group makes provision for impairment of other receivables based on assumptions about risk of default and expected loss rates (Note 2(p)). The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the ageing of the balances, the credit-worthiness of the debtors, the historical loss experience and the anticipated operation of the counterparties.

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

5 REVENUE

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

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of electricity	**27,932,278**	23,415,263
Sales of steam	**793,598**	636,348
Service concession construction revenue (note 45)	**170,875**	312,741
Sales of coal	**7,694,661**	3,783,722
Others	**604,046**	519,107
	37,195,458	28,667,181

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

5 REVENUE (Continued)

(i) Disaggregated revenue information:

For the year ended 31 December 2021

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services				
Sales of electricity	23,935,127	3,516,239	480,912	27,932,278
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	33,070	456,855	114,121	604,046
	24,139,072	12,461,353	595,033	37,195,458
Geographic markets				
Mainland China	23,494,823	12,461,353	595,033	36,551,209
Canada	198,386	–	–	198,386
South Africa	388,187	–	–	388,187
Ukraine	57,676	–	–	57,676
	24,139,072	12,461,353	595,033	37,195,458
Timing of revenue recognition				
Goods transferred at a point of time	23,935,127	12,290,328	480,912	36,706,367
Services transferred over time	203,945	171,025	114,121	489,091
	24,139,072	12,461,353	595,033	37,195,458

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

5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued):

For the year ended 31 December 2020

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services				
Sales of electricity	20,385,582	2,721,207	308,474	23,415,263
Sales of steam	–	636,348	–	636,348
Service concession construction revenue	312,741	–	–	312,741
Sales of coal	–	3,783,722	–	3,783,722
Others	17,764	451,951	49,392	519,107
	20,716,087	7,593,228	357,866	28,667,181
Geographic markets				
Mainland China	20,159,187	7,593,228	357,866	28,110,281
Canada	210,995	–	–	210,995
South Africa	345,905	–	–	345,905
	20,716,087	7,593,228	357,866	28,667,181
Timing of revenue recognition				
Goods transferred at a point of time	20,385,582	7,466,703	308,474	28,160,759
Services transferred over time	330,505	126,525	49,392	506,422
	20,716,087	7,593,228	357,866	28,667,181

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:

	2021	2020
	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	**356,693**	216,108

(ii) Performance obligations

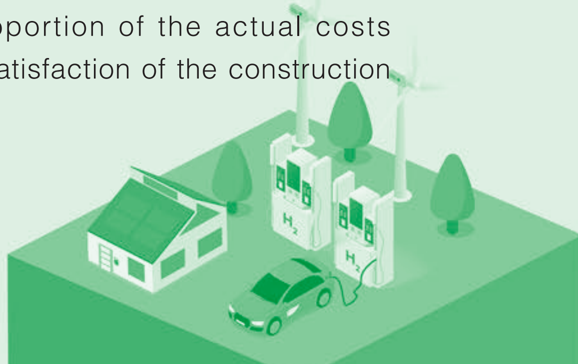
Information about the Group's performance obligations is summarised below:

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.



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

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:

	2021 *RMB'000*	2020 *RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**28,883**	78,867
After one year	**17,102**	23,946
	45,985	102,813

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.

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6 OTHER NET INCOME

	2021	2020
	RMB'000	*RMB'000*
Government grants	**986,558**	813,501
Rental income from investment properties	**13,033**	15,424
Gains on disposal of property, plant and equipment, right-of-use assets and intangible assets	**23,579**	472,228
Loss on disposal of a subsidiary	**–**	(66,775)
Gains on bargain acquisition of subsidiaries	**8,801**	–
Others	**104,102**	52,427
	1,136,073	1,286,805

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

7 FINANCE INCOME AND EXPENSES

	2021	2020
	RMB'000	*RMB'000*
Interest income on financial assets	**58,205**	57,803
Dividend income	**106,394**	142,799
Net unrealised profits on trading securities and derivative financial instruments	**289,580**	38,276
Foreign exchange gains	**42,296**	135,270
Finance income	**496,475**	374,148
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,196,585**	2,363,896
Interest on bank and other borrowings repayable more than five years	**1,244,579**	1,094,769
Interest on lease liabilities	**44,760**	25,570
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(405,223)**	(510,098)
	3,080,701	2,974,137
Foreign exchange losses	**94,685**	101,920
Net unrealised losses on trading securities and derivative financial instruments	**–**	115,278
Bank charges and others	**546,436**	266,200
Finance expenses	**3,721,822**	3,457,535
Net finance expenses	**(3,225,347)**	(3,083,387)

The borrowing costs have been capitalised at rates of 3.05% to 4.83% per annum for the year ended 31 December 2021(2020: 1.48% to 5.00%).

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8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2021	2020
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**2,665,804**	2,480,322
Contributions to defined contribution retirement plans	**365,845**	165,154
	3,031,649	2,645,476

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8 PROFIT BEFORE TAXATION (Continued)

(b) Other items

	2021 ***RMB'000***	2020 *RMB'000*
Amortisation		
– intangible assets	**513,268**	525,850
Depreciation		
– investment properties	**590**	590
– property, plant and equipment	**7,652,938**	7,084,161
– right-of-use assets	**128,150**	123,986
Provision/(reversal) of impairment losses*		
– property, plant and equipment	**256,232**	941,916
– trade receivables	**203,127**	21,033
– other receivables	**(4,562)**	61,996
Auditors' remuneration		
– annual audit services	**17,280**	17,030
– interim review services	**6,300**	6,300
– other services	**2,558**	3,757
Operating lease charges		
– plant and equipment	**17,189**	8,440
– properties	**41,051**	41,838
Cost of inventories	**10,997,823**	5,802,772
Loss on disposal of a subsidiary	**–**	66,775
Gains on bargain acquisition of subsidiaries	**(8,801)**	–

* The provision/(reversal) of impairment losses is included in "Other operating expenses" in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income".

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

8 PROFIT BEFORE TAXATION (Continued)

(c) Other operating expenses

	2021	2020
	RMB'000	*RMB'000*
Insurance expenses	**212,584**	185,871
Other tax expenses	**199,487**	163,094
Purchase of electricity charges	**92,158**	88,611
Technical service expenses	**158,661**	57,281
Impairment losses on property, plant and equipment	**256,232**	941,916
Impairment losses on trade and other receivables	**198,565**	83,029
Others	**466,511**	351,443
	1,584,198	1,871,245

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9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2021 *RMB'000*	2020 *RMB'000*
Current tax		
Provision for the year	1,458,265	1,270,969
Underprovision in respect of prior years	17,349	22,897
	1,475,614	1,293,866
Deferred tax		
Origination and reversal of temporary differences (note 31(b))	12,754	(57,784)
	1,488,368	1,236,082

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 2021 and 2020, 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 years.

Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC were 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%.

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9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2021	2020
	RMB'000	*RMB'000*
Profit before taxation	**8,755,605**	6,921,577
Notional tax on profit before taxation	**2,188,901**	1,730,394
Tax effect of non-deductible expenses	**79,272**	85,605
Tax effect of share of profits less losses of associates and joint ventures	**144,216**	12,770
Tax effect of non-taxable income	**(26,598)**	(33,005)
Effect of differential tax rate of certain subsidiaries of the Group	**(1,007,404)**	(796,495)
Use of unrecognised tax losses in prior years	**(89,458)**	(103,927)
Tax effect of unused tax losses and deductible temporary differences not recognised	**182,090**	317,843
Underprovision in respect of prior years	**17,349**	22,897
Income tax	**1,488,368**	1,236,082

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to the Listing Rules section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2021:

	Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2021 Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*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)	–	–	–	–	–

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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*
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
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

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

For the year ended 31 December 2020:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	2020 Total *RMB'000*
Directors					
Mr. Jia Yanbing (Chairman)	–	428	912	88	1,428
Mr. Sun Jinbiao	–	418	625	79	1,122
Mr. Yang Xiangbin	–	–	–	–	–
Mr. Liu Jinhuan	–	–	–	–	–
Mr. Zhang Xiaoliang (Appointed in February 2020)	–	–	–	–	–
Mr. Luan Baoxing (Resigned in February 2020)	–	–	–	–	–
Independent non-executive directors					
Mr. Zhang Songyi	143	–	–	–	143
Mr. Meng Yan	143	–	–	–	143
Mr. Han Dechang	143	–	–	–	143
Supervisors					
Mr. Yu Yongping	–	–	–	–	–
Ms. Hao Jingru (Appointed in February 2020)	–	–	–	–	–
Mr. Chen Bin (Resigned in February 2020)	–	–	–	–	–
Mr. Ding Yinglong	–	140	355	26	521
	429	986	1,892	193	3,500

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 (2020: nil).

No director or supervisor had waived or agreed to waive any emoluments during the years 2021 and 2020.

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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 2021 and 2020 are set forth below:

	2021	2020
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:

	2021 *RMB'000*	2020 *RMB'000*
Salaries and other emoluments	**1,904**	1,491
Discretionary bonuses	**3,216**	3,378
Retirement scheme contributions	**440**	330
	5,560	5,199

The emoluments of the non-director individuals with the highest emoluments are within the following bands:

	2021	2020
HKD1,000,000 to HKD1,500,000	**1**	4
HKD1,500,001 to HKD2,000,000	**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 (2020: nil).

No five highest paid employees had waived or agreed to waive any emoluments during the years 2021 and 2020.

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12 OTHER COMPREHENSIVE INCOME

	2021	2020
	RMB'000	*RMB'000*
Other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive loss ("FVOCI"):		
– Changes in fair value recognised during the year	**(81,271)**	(338,941)
– Tax expense	**21,804**	82,567
Net of tax amount	**(59,467)**	(256,374)
Other comprehensive 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	**89,196**	99,395
Exchange differences on net investment in foreign operations:		
– Before and net of tax amount	**1,905**	4,198
Other comprehensive income/(loss)	**31,634**	(152,781)

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 2021 of RMB6,158,633,000 (2020: RMB4,726,369,000) and the number of shares in issue during the year ended 31 December 2021 of 8,036,389,000 (2020: 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.

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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 2021 and 2020 is set out below:

For the year ended 31 December 2021:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	23,935,127	3,516,239	480,912	27,932,278
– Others	33,070	8,945,114	114,121	9,092,305
Subtotal	23,968,197	12,461,353	595,033	37,024,583
Inter-segment revenue	–	–	516,280	516,280
Reportable segment revenue	23,968,197	12,461,353	1,111,313	37,540,863
Reportable segment profit (operating profit)	12,354,385	351,118	40,891	12,746,394

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2021 (Continued):

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Depreciation and amortisation before inter-segment elimination	(7,895,307)	(281,768)	(164,255)	(8,341,330)
(Provision)/reversal of impairment losses of trade and other receivables	(203,226)	–	4,661	(198,565)
Provision of impairment losses of property, plant and equipment (note (i))	(256,232)	–	–	(256,232)
Interest income	16,939	17,490	23,776	58,205
Interest expense	(2,886,397)	(51,242)	(143,062)	(3,080,701)
Reportable segment assets	179,273,710	4,886,975	9,482,343	193,643,028
Expenditures for reportable segment non-current assets during the year	16,774,270	435,405	2,092,303	19,301,978
Reportable segment liabilities	112,759,318	4,035,775	11,646,242	128,441,335

Note:

(i) For the year ended 31 December 2021, the Group recognised the impairment losses of RMB256,232,000 of property, plant and equipment in "Other operating expenses" which mainly contains the followings: (1) certain property, plant and equipment in the wind power segment were in long-term delay of construction progress, the Group made a provision for the impairment of RMB78,679,000 (2020: RMB142,425,000). The Group made no provision for property, plant and equipment in coal power segment (2020: RMB225,000,000) and other segments (2020: RMB1,905,000); (2) the recoverable amount of two CGUs in wind 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 RMB177,553,000 (2020: nil). The Group did not recognise any impairment losses in other segments (2020: RMB306,684,000); (3) The Group did not make further provision for the wind farm demolished for the environmental protection purpose (2020: RMB265,902,000).

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2020:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	20,385,582	2,721,207	308,474	23,415,263
– Others	17,764	4,872,021	49,392	4,939,177
Subtotal	20,403,346	7,593,228	357,866	28,354,440
Inter-segment revenue	–	–	789,281	789,281
Reportable segment revenue	20,403,346	7,593,228	1,147,147	29,143,721
Reportable segment profit/(loss) (operating profit/(loss))	10,087,416	526,154	(363,021)	10,250,549
Depreciation and amortisation before inter-segment elimination	(7,236,636)	(355,902)	(181,715)	(7,774,253)
Provision of impairment losses of trade and other receivables	(9,857)	–	(73,172)	(83,029)
Provision of impairment losses of property, plant and equipment	(408,327)	(225,000)	(308,589)	(941,916)
Interest income	16,284	11,804	29,715	57,803
Interest expense	(2,789,533)	(67,756)	(116,848)	(2,974,137)
Reportable segment assets	166,951,378	5,265,813	7,295,542	179,512,733
Expenditures for reportable segment non-current assets during the year	17,858,820	327,869	943,704	19,130,393
Reportable segment liabilities	109,076,167	3,646,941	9,970,003	122,693,111

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14 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2021 *RMB'000*	2020 *RMB'000*
Revenue		
Reportable segment revenue	37,540,863	29,143,721
Service concession construction revenue	170,875	312,741
Elimination of inter-segment revenue	(516,280)	(789,281)
Consolidated revenue	37,195,458	28,667,181
Profit		
Reportable segment profit	12,746,394	10,250,549
Elimination of inter-segment profit/(losses)	25,944	(6,081)
	12,772,338	10,244,468
Share of profits less losses of associates and joint ventures	(576,864)	(51,080)
Net finance expenses	(3,225,347)	(3,083,387)
Unallocated head office and corporate expenses	(214,522)	(188,424)
Consolidated profit before taxation	8,755,605	6,921,577

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14 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

	2021 *RMB'000*	2020 *RMB'000*
Assets		
Reportable segment assets	193,643,028	179,512,733
Inter-segment elimination	(5,939,950)	(6,934,135)
	187,703,078	172,578,598
Investments in associates and joint ventures	4,166,936	4,055,962
Equity investments at fair value through other comprehensive income	674,109	753,820
Other financial assets	742,494	303,377
Tax recoverable	127,128	52,573
Deferred tax assets	248,764	210,403
Unallocated head office and corporate assets	75,631,836	75,973,340
Elimination	(79,439,553)	(78,642,201)
Consolidated total assets	189,854,792	175,285,872

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14 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

	2021 *RMB'000*	2020 *RMB'000*
Liabilities		
Reportable segment liabilities	**128,441,335**	122,693,111
Inter-segment elimination	**(12,575,536)**	(12,615,135)
	115,865,799	110,077,976
Tax payable	**287,634**	327,711
Deferred tax liabilities	**200,136**	173,116
Unallocated head office and corporate liabilities	**74,332,469**	71,737,765
Elimination	**(73,151,916)**	(73,479,670)
Consolidated total liabilities	**117,534,122**	108,836,898

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14 SEGMENT REPORTING (Continued)

(c) Geographical information

(i) External revenue generated from the following countries:

	2021	2020
	RMB'000	*RMB'000*
PRC	**36,551,209**	28,110,281
Overseas	**644,249**	556,900
Total	**37,195,458**	28,667,181

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:

	2021	2020
	RMB'000	*RMB'000*
PRC	**144,798,108**	135,155,584
Overseas	**4,052,090**	3,694,046
Total	**148,850,198**	138,849,630

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 RMB27,288,029,000 for the year ended 31 December 2021 (2020: RMB22,858,363,000). All the service concession construction revenue was from the PRC government.

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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 2020	12,305,542	136,387,663	510,915	980,069	16,476,264	166,660,453
Additions	46,532	130,603	10,198	73,188	18,358,861	18,619,382
Transfer from construction in progress	566,042	4,835,367	–	19,289	(5,420,698)	–
Transfer to construction in progress	(19,794)	(232,951)	(883)	(1,124)	86,483	(168,269)
Reclassification between assets	(68,901)	356,718	–	–	(46,612)	241,205
Disposals	(4,497)	(106,053)	(19,421)	(28,542)	–	(158,513)
Disposal of a subsidiary	–	–	(222,942)	(323)	–	(223,265)
Others	–	(127,638)	–	–	–	(127,638)
Write-off	–	–	–	–	(230,066)	(230,066)
Exchange adjustments	(13,027)	(282,317)	(174)	558	(68,397)	(363,357)
At 31 December 2020	12,811,897	140,961,392	277,693	1,043,115	29,155,835	184,249,932
At 1 January 2021	**12,811,897**	**140,961,392**	**277,693**	**1,043,115**	**29,155,835**	**184,249,932**
Additions	**4,037**	**21,852**	**7,392**	**112,336**	**17,166,919**	**17,312,536**
Transfer from construction in progress	**1,912,352**	**22,928,252**	**369**	**298,710**	**(25,139,683)**	**–**
Transfer to construction in progress	**–**	**(119,384)**	**–**	**–**	**8,709**	**(110,675)**
Disposals	**(122,172)**	**(163,547)**	**(14,154)**	**(40,715)**	**(3,690)**	**(344,278)**
Disposal of a subsidiary	**(7,069)**	**(315,665)**	**(234)**	**(507)**	**(3,883)**	**(327,358)**
Acquisition of subsidiaries	**–**	**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)**	**–**	**–**	**(30,112)**	**(114,981)**
Exchange adjustments	**(64,724)**	**(156,696)**	**(9)**	**(267)**	**(1,093)**	**(222,789)**
At 31 December 2021	**14,592,509**	**163,615,572**	**271,269**	**1,410,729**	**21,354,636**	**201,244,715**

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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 2020	4,621,746	45,943,171	375,534	761,369	351,448	52,053,268
Depreciation	489,700	6,428,145	8,661	164,079	–	7,090,585
Impairment	138,719	337,739	60	17,568	447,830	941,916
Transfer to construction in progress	(7,756)	(158,902)	(839)	(772)	–	(168,269)
Reclassification between assets	(9,171)	(86,692)	–	–	22,357	(73,506)
Write-back on disposal	(3,097)	(100,075)	(7,482)	(27,419)	–	(138,073)
Disposal of a subsidiary	–	–	(110,652)	(165)	–	(110,817)
Write-off	–	–	–	–	(230,066)	(230,066)
Exchange adjustments	(208)	(32,447)	(143)	(115)	–	(32,913)
At 31 December 2020	5,229,933	52,330,939	265,139	914,545	591,569	59,332,125
At 1 January 2021	**5,229,933**	**52,330,939**	**265,139**	**914,545**	**591,569**	**59,332,125**
Depreciation	**310,977**	**7,181,090**	**1,783**	**161,094**	**–**	**7,654,944**
Impairment	**18,939**	**163,395**	**–**	**–**	**73,898**	**256,232**
Transfer to construction in progress	**–**	**(110,675)**	**–**	**–**	**–**	**(110,675)**
Write-back on disposal	**(118,903)**	**(94,760)**	**(12,621)**	**(36,541)**	**(3,690)**	**(266,515)**
Disposal of a subsidiary	**(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	**5,450,224**	**59,318,050**	**253,997**	**1,037,115**	**660,480**	**66,719,866**
Net carrying amount:						
At 31 December 2020	7,581,964	88,630,453	12,554	128,570	28,564,266	124,917,807
At 31 December 2021	**9,142,285**	**104,297,522**	**17,272**	**373,614**	**20,694,156**	**134,524,849**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) Certain of the Group's interest-bearing bank borrowings and bonds were secured by the Group's equipment, which had an aggregate net book value of RMB2,217,945,000 as at 31 December 2021 (31 December 2020: RMB2,392,947,000).

(ii) Provision of impairment losses

– Impairment of individual assets

For the year ended 31 December 2021, certain property, plant and equipment and construction in progress in the wind power segment were in long-term delay of construction progress. The Group impaired those assets and recognised an impairment loss of RMB78,679,000 (2020: RMB142,425,000), and recognised the provision in "Other operating expenses". The Group made no provision for certain property, plant and equipment and construction in progress in the coal power segment (2020:RMB225,000,000) and other segments (2020:RMB1,905,000), respectively.

For the year ended 31 December 2021, the Group did not make further provision for the wind farm demolished for the environmental protection purpose (2020: RMB265,902,000).

– 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 2021, the recoverable amount of certain properties, plant and equipment in wind power segment was 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 5.33% to 6.51%. 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 cashflows. As a result, the Group recognised an impairment loss of RMB177,553,000 (2020: nil) in "Other operating expenses". The Group recognised no impairment loss in biomass business in other segments (2020:RMB306,684,000).

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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	Buildings and structures	Generators and related equipment	Motor vehicles	Sea-use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020	2,375,416	35,835	439,758	2,762	301,030	3,154,801
Additions	29,000	18,423	4,966	373	140,569	193,331
Depreciation charge	(93,714)	(13,524)	(13,336)	(1,255)	(15,850)	(137,679)
Disposals	(27,248)	–	–	–	–	(27,248)
Reclassification between assets	106,342	–	(424,782)	–	–	(318,440)
Exchange adjustments	(3,491)	(184)	–	(277)	–	(3,952)
As at 31 December 2020	2,386,305	40,550	6,606	1,603	425,749	2,860,813
As at 1 January 2021	**2,386,305**	**40,550**	**6,606**	**1,603**	**425,749**	**2,860,813**
Additions	**122,854**	**17,410**	**159,698**	**1,302**	**–**	**301,264**
Depreciation charge	**(96,885)**	**(14,092)**	**(10,616)**	**(1,152)**	**(17,158)**	**(139,903)**
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	**2,477,221**	**45,772**	**495,722**	**1,694**	**408,591**	**3,429,000**

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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:

	2021 *RMB'000*	2020 *RMB'000*
Carrying amount at 1 January	**600,881**	835,959
Additions	**195,422**	171,872
Acquisition of subsidiaries	**805,934**	–
Accretion of interest recognised during the year	**44,760**	25,570
Disposal	**(1,048)**	–
Payments	**(542,248)**	(431,597)
Exchange adjustments	**(2,056)**	(923)
Cost and carrying amount as at 31 December	**1,101,645**	600,881
Analysed into:		
Current portion	**37,325**	25,423
Non-current portion	**1,064,320**	575,458

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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:

	2021	2020
	RMB'000	*RMB'000*
Interest on lease liabilities	**17,652**	17,422
Depreciation charge of right-of-use assets	**128,150**	114,369
Expense relating to short-term leases and lease of low-value assets	**50,388**	42,774
Variable lease payments not included in the measurement of lease liabilities	**7,852**	7,504
Total amounts recognised in profit or loss	**204,042**	182,069

(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 RMB7,852,000 (2020: RMB7,504,000).

(d) The total cash outflow for leases is disclosed in note 42 to the financial statements.

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17 INTANGIBLE ASSETS

	Concession assets *RMB'000*	Power sales rights *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2020	11,789,347	283,790	175,282	12,248,419
Additions	312,741	–	4,939	317,680
Reclassification between assets	38,414	–	–	38,414
Exchange adjustments	–	(9,821)	(22)	(9,843)
At 31 December 2020	12,140,502	273,969	180,199	12,594,670
At 1 January 2021	**12,140,502**	**273,969**	**180,199**	**12,594,670**
Additions	**170,875**	**–**	**17,408**	**188,283**
Disposal	**(303,801)**	**–**	**–**	**(303,801)**
Disposal of a subsidiary	**–**	**–**	**(930)**	**(930)**
Acquisition of assets	**–**	**270,678**	**6**	**270,684**
Others	**(204,146)**	**–**	**–**	**(204,146)**
Exchange adjustments	**–**	**(6,189)**	**(10)**	**(6,199)**
At 31 December 2021	**11,803,430**	**538,458**	**196,673**	**12,538,561**
Accumulated amortisation:				
At 1 January 2020	4,480,020	40,066	58,680	4,578,766
Charge for the year	496,105	7,718	27,741	531,564
Reclassification between assets	64,659	–	–	64,659
Exchange adjustments	–	(1,985)	(15)	(2,000)
At 31 December 2020	5,040,784	45,799	86,406	5,172,989
At 1 January 2021	**5,040,784**	**45,799**	**86,406**	**5,172,989**
Charge for the year	**492,426**	**24,423**	**9,930**	**526,779**
Disposal	**(57,613)**	**–**	**–**	**(57,613)**
Disposal of a subsidiary	**–**	**–**	**(636)**	**(636)**
Exchange adjustments	**–**	**(562)**	**(10)**	**(572)**
At 31 December 2021	**5,475,597**	**69,660**	**95,690**	**5,640,947**
Net Carrying amount:				
At 31 December 2020	7,099,718	228,170	93,793	7,421,681
At 31 December 2021	**6,327,833**	**468,798**	**100,983**	**6,897,614**

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18 GOODWILL

	2021	2020
	RMB'000	*RMB'000*
Cost and carrying amount as at 31 December	**61,490**	61,490

Impairment tests for CGUs containing goodwill:

Goodwill is allocated to the Group's CGUs identified according to operating segment as follows:

	2021	2020
	RMB'000	*RMB'000*
Wind power	**11,541**	11,541
Coal power	**49,949**	49,949
Cost and carrying amount as at 31 December	**61,490**	61,490

Goodwill of the wind power segment in the Group arises from the acquisition of Buerjin Tianrun Wind Power Co., Ltd. in 2010. The recoverable amount of goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 6.61% (2020: 6.67%).

Goodwill of the coal power segment in the Group arises from the acquisition of Jiangyin Binjiang Heat and Power Generating Co., Ltd. ("Jiangyin Binjiang"), Jiangyin Chengdong Heat and Power Generating Co., Ltd. ("Jiangyin Chengdong") and Nantong Xinxing Heat and Power Generating Co., Ltd. ("Nantong Xinxing") in 2016. The recoverable amount of goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rates of 10.10% to12.80% (2020: 9.33%).

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18 GOODWILL (Continued)

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 2021 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 新疆天風發電股份有限公司 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

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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	
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	RMB511,438,000	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	RMB414,036,016	15.01%	24.95%	Wind power generation
10	龍源(巴彥淖爾)風力發電有限責任公司 Longyuan (Bayannur) Wind Power Generation Co., Ltd.	the PRC	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	RMB575,530,000	100.00%	–	Wind power generation
12	龍源啟東風力發電有限公司 Longyuan Qidong Wind Power Generation Co., Ltd.	the PRC	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

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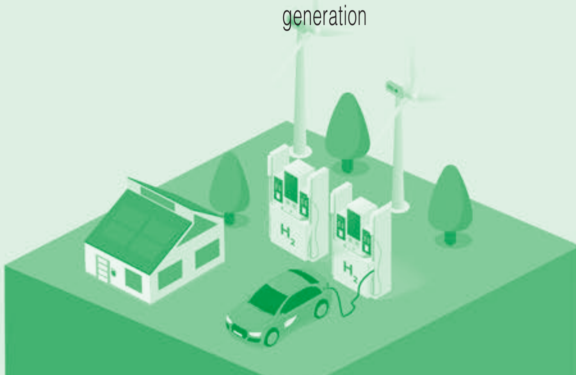
19 INVESTMENTS IN SUBSIDIARIES (Continued)

	Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest Direct	Indirect	Principal activities
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	吳忠龍源新能源有限公司 Wuzhong Longyuan New Energy Co., Ltd.	the PRC	RMB270,760,000	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



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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	
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	RMB786,998,000	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	RMB390,656,020	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
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

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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	
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	RMB907,210,920	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	RMB320,140,000	100.00%	–	Wind power generation
39 新疆龍源風力發電有限公司 Xinjiang Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB406,003,500	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	RMB380,985,000	80.00%	–	Wind power generation

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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	
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%	–	Manufacturing and sale of power equipment
45 龍源(北京)風電工程技術有限公司 Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd.	the PRC	RMB30,000,000	100.00%	–	Manufacturing and sale of power equipment
46 龍源(青海)新能源開發有限公司 Longyuan (Qinghai) New Energy Development Co., Ltd.	the PRC	RMB265,372,639	100.00%	–	PV power generation
47 內蒙古龍源新能源發展有限公司 Inner Mongolia Longyuan New Energy Development Co., Ltd.	the PRC	RMB321,987,500	100.00%	–	Wind power generation
48 龍源巴里坤風力發電有限公司 Longyuan Balikun Wind Power Generation Co., Ltd.	the PRC	RMB563,442,800	100.00%	–	Wind power generation

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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	
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	RMB321,846,908	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	RMB770,002,700	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
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

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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	
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

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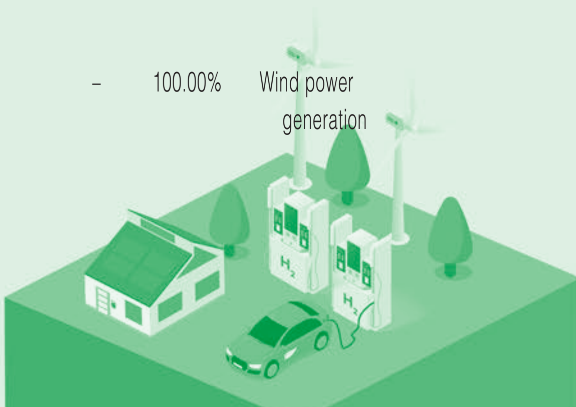
19 INVESTMENTS IN SUBSIDIARIES (Continued)

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	
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
67 廣西龍源風力發電有限公司 Guangxi Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB345,308,760	100.00%	–	Wind power generation
68 海南龍源風力發電有限公司 Hainan Longyuan Wind Power Generation Co., Ltd.	the PRC	RMB299,088,800	75.00%	25.00%	Wind power generation
69 海安龍源海上風力發電有限公司 Haian Longyuan Offshore Wind Power Generation Co., Ltd.	the PRC	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	RMB1,967,800,000	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	RMB1,790,897,500	70.00%	30.00%	Wind power generation
72 龍源(天津濱海新區)風力發電有限公司 Longyuan (Tianjin Binhai) Wind Power Generation Co., Ltd.	the PRC	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	RMB1,063,844,000	100.00%	–	Wind power generation
74 龍源南非可再生能源有限公司 Longyuan South Africa Renewables Proprietary Limited	South Africa	ZAR100	–	100.00%	Wind power generation



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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	
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(煙臺)新能源有限公司 Longyuan (Yantai) New Energy Co., Ltd.	the PRC	RMB70,405,000	–	100.00%	PV power generation
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	–	95.00%	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	RMB10,000,000	–	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

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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 Direct	Indirect	Principal activities
84 舟山龍源雄亞新能源有限公司 Zhoushan Longyuan Xiongya New Energy Co., Ltd.	the PRC	RMB266,000,000	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
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

19 INVESTMENTS IN SUBSIDIARIES (Continued)

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.

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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.	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**73.00%**	73.00%	**68.06%**	68.06%
Profit allocated to NCI	**239,367**	404,311	**72,119**	142,773
Dividend paid to NCI	**250,514**	273,134	**27,224**	40,836
Carrying amount of NCI	**2,086,933**	2,098,080	**1,948,583**	1,902,704
Revenue	**9,309,001**	5,719,373	**3,152,352**	1,873,855
Total expenses	**(8,983,598)**	(5,165,522)	**(3,048,355)**	(1,664,080)
Profit for the year	**325,403**	553,851	**103,997**	209,775
Total comprehensive income	**325,403**	553,851	**105,442**	206,311
Profit attributable to the non-controlling shareholders of the Company	**6,751**	3,031	**4,192**	1,127
Current assets	**1,244,787**	1,393,240	**674,626**	777,764
Non-current assets	**4,156,837**	3,568,873	**3,575,931**	3,579,097
Current liabilities	**(2,507,423)**	(2,052,444)	**(1,125,558)**	(1,335,951)
Non-current liabilities	**(56,166)**	(55,556)	**(281,001)**	(242,355)
Attributable to the shareholders of the Company	**2,781,861**	2,800,122	**2,803,428**	2,742,176
Attributable to the non-controlling shareholders of the Company	**56,174**	53,991	**40,570**	36,379
Cash flows from/(used in) operating activities	**724,387**	377,965	**106,792**	(71,677)
Cash flows (used in)/from investing activities	**(579,283)**	(209,935)	**48,670**	556,333
Cash flows used in financing activities	**(153,058)**	(160,403)	**(155,400)**	(494,445)
Net (decrease)/increase in cash and cash equivalents	**(7,954)**	7,627	**62**	(9,789)

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2021	2020
	RMB'000	*RMB'000*
Share of net assets	**4,166,936**	4,055,962

The following list contains only the particulars of material associates and material joint ventures at 31 December 2021, 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**	**Percentage of attributable equity interest**		**Principal activities**
		RMB'000	**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

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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.	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**1,785,055**	1,399,474	**77,137**	72,086	**424,706**	183,936
Other current assets	**7,445,032**	8,186,618	**3,179,506**	4,650,889	**896,813**	580,818
Current assets	**9,230,087**	9,586,092	**3,256,643**	4,722,975	**1,321,519**	764,754
Non-current assets	**2,896,663**	3,425,939	**21,429,010**	15,912,494	**4,367,584**	4,522,674
Financial liabilities	**(7,384,215)**	(4,114,623)	**(9,688,336)**	(7,917,803)	**(2,417,791)**	(1,650,195)
Other current liabilities	**(1,513,198)**	(6,098,945)	**(3,882,358)**	(3,265,537)	**(348,013)**	(412,548)
Current liabilities	**(8,897,413)**	(10,213,568)	**(13,570,694)**	(11,183,340)	**(2,765,804)**	(2,062,743)
Non-current financial liabilities	**(263,742)**	(214,600)	**(7,176,808)**	(5,354,695)	**(1,370,996)**	(1,290,996)
Other non-current liabilities	**(1,052,515)**	(1,092,826)	**(567,504)**	(808,204)	**(16,168)**	(18,197)
Net assets	**1,913,080**	1,491,037	**3,370,647**	3,289,230	**1,536,135**	1,915,492
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	**573,924**	447,311	**1,651,617**	1,611,723	**768,068**	957,746
Elimination of unrealised profit on (upstream)/downstream sales	**(93,563)**	(107,923)	**–**	–	**44,624**	37,562
Carrying amount of interests in associates and joint ventures at end of year	**480,361**	339,388	**1,651,617**	1,611,723	**812,692**	995,308
Revenue	**2,977,535**	6,041,118	**927,190**	680,842	**3,996,964**	3,118,059
Depreciation and amortisation	**(105,175)**	(101,699)	**(923)**	(766)	**(382,268)**	(378,508)
Finance income	**7,733**	23,116	**2,628**	2,964	**2,071**	2,446
Finance expenses	**(113,158)**	(126,881)	**–**	–	**(119,118)**	(117,990)
Income tax	**(121,153)**	(98,102)	**(60,024)**	(79,531)	**140,487**	(101,081)
(Loss)/profit for the year	**(1,684,618)**	(679,816)	**171,947**	118,966	**(357,718)**	240,436
Total comprehensive (loss)/income	**(1,684,618)**	(679,816)	**171,947**	118,966	**(357,718)**	240,436
Dividends declared during the year	**–**	–	**90,530**	124,859	**21,639**	252,430

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

Aggregate information of associates and joint ventures that are not individually material is as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**1,222,266**	1,109,543
Aggregate amounts of the Group's share of those associates' and joint ventures' profit for the year	**1,704**	436
Aggregate amounts of the Group's share of those associates' and joint ventures' total comprehensive income	**1,704**	436

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21 OTHER ASSETS

	2021	2020
	RMB'000	*RMB'000*
Listed equity investments designated at FVOCI *(note (i))*	**42,990**	34,962
Unlisted equity investments designated at FVOCI *(note (ii))*	**631,119**	718,858
Loans and advances to:		
– Associates	**–**	61,000
– Non-controlling equity owner *(note (iii))*	**49,405**	56,749
Advance payment for acquisition	**–**	370,000
Others	**156,421**	116,343
Subtotal	**879,935**	1,357,912
Deductible VAT *(note (iv))*	**3,774,344**	3,207,653
	4,654,279	4,565,565
Less: Allowance for doubtful debts	**(1,200)**	–
	4,653,079	4,565,565

21 OTHER ASSETS (Continued)

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 6.89% per annum for the year ended 31 December 2021 (31 December 2020: 8.05%).

(iv) Deductible VAT mainly represents the input VAT relating to the acquisition of property, plant and equipment, inventories and intangible assets.

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22 INVENTORIES

	2021	2020
	RMB'000	*RMB'000*
Coal	**143,694**	164,463
Fuel oil	**1,863**	1,077
Spare parts and others	**606,641**	640,494
	752,198	806,034

Certain of the Group's bonds were secured by the Group's inventories, with a carrying amount of RMB3,404,000 as at 31 December 2021 (31 December 2020: RMB3,534,000).

23 TRADE AND BILLS RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Amounts due from third parties	**27,247,722**	21,584,113
Amounts due from fellow subsidiaries	**44,008**	29,041
Amounts due from associates	**31,492**	23,366
	27,323,222	21,636,520
Less: Allowance for doubtful debts	**(236,502)**	(33,452)
	27,086,720	21,603,068
Analysed into:		
Trade receivables	**26,766,426**	20,974,110
Bills receivable	**320,294**	628,958
	27,086,720	21,603,068

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23 TRADE AND BILLS RECEIVABLES (Continued)

(a) Ageing analysis

The ageing analysis of trade and bills receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	2021 ***RMB'000***	2020 *RMB'000*
Within 1 year or no invoice date specified	**27,020,656**	21,536,160
Between 1 and 2 years	**56,404**	65,350
Between 2 and 3 years	**9,660**	1,558
	27,086,720	21,603,068

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.

(b) Impairment of trade and bills receivables

The movements in the loss allowance for doubtful debts are as follows:

	2021 ***RMB'000***	2020 *RMB'000*
At 1 January	**33,452**	12,419
Impairment losses recognised	**205,696**	23,023
Reversal of impairment losses	**(2,569)**	(1,990)
Amount written off as uncollectible	**(77)**	–
At 31 December	**236,502**	33,452

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that the recovery of the amount is remote.

Pursuant to Caijian [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 (“RFR”).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 2021, 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.

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

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.

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 "Other operating expenses".

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23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

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

As at 31 December 2021

	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	0.84%	0.47%	14.09%	100.00%	0.88%
Gross carrying amount *(RMB'000)*	26,926,088	56,671	11,244	8,925	27,002,928
Expected credit losses *(RMB'000)*	225,726	267	1,584	8,925	236,502

As at 31 December 2020

	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	0.10%	1.77%	34.76%	100.00%	0.16%
Gross carrying amount *(RMB'000)*	20,929,086	66,530	2,388	9,558	21,007,562
Expected credit losses *(RMB'000)*	21,884	1,180	830	9,558	33,452

As at 31 December 2021, bills receivables were all bank acceptance bills with a maturity of one to twelve months, and management considered the probability of default as minimal.

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24 PREPAYMENTS AND OTHER CURRENT ASSETS

	2021	2020
	RMB'000	*RMB'000*
Loans and advances to *(note (i))*:		
– Associates and joint ventures	**52,799**	265,970
– Fellow subsidiaries	**–**	357,834
– Third parties	**355,709**	611,702
Government grant receivables	**161,782**	165,504
Dividends receivable from:		
– Associates	**201,324**	219,512
– Fellow subsidiaries	**95,100**	–
Deductible VAT *(note 21(iv))*	**1,128,218**	940,755
Receivable deposits for aborted planned acquisitions	**891,750**	–
Prepayments and others	**740,338**	611,879
	3,627,020	3,173,156
Less: Allowance for doubtful debts	**(336,128)**	(341,890)
	3,290,892	2,831,266

Note:

(i) As at 31 December 2021, there was no interest-bearing loans and advances (2020: RMB667,660,000, 4.35% to 5.23%).

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24 PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

The movements in the loss allowance for doubtful debts are as follows:

	2021 ***RMB'000***	2020 *RMB'000*
At 1 January	**341,890**	285,634
Impairment losses recognised	**1,123**	62,276
Reversal of impairment losses	**(5,685)**	(280)
Uncollectible amounts written off	**–**	(5,740)
Reclassification	**(1,200)**	–
At 31 December	**336,128**	341,890

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 RMB1,123,000, which has been provided during 2021 for the remaining items of prepayments and other current assets with expected credit loss rates from 0.00% to 100.00%.

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25 OTHER FINANCIAL ASSETS

	2021	2020
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss		
– Listed equity securities on the Hong Kong Stock Exchange	**293,794**	102,777
– Financial products *(note (i))*	**448,700**	90,000
Financial assets at amortised cost	**–**	110,600
	742,494	303,377

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 0.04% to 3.60% (2020: 1.00% to 3.50%).

26 RESTRICTED DEPOSITS

Restricted deposits mainly represent monetary funds to be used for repaying bank loans.

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27 CASH AT BANKS AND ON HAND

	2021	2020
	RMB'000	*RMB'000*
Cash on hand	**2**	6
Cash at banks and other financial institutions	**3,615,507**	5,226,325
	3,615,509	5,226,331
Representing:		
- Cash and cash equivalents	**3,615,509**	5,226,331
	3,615,509	5,226,331

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28 BORROWINGS

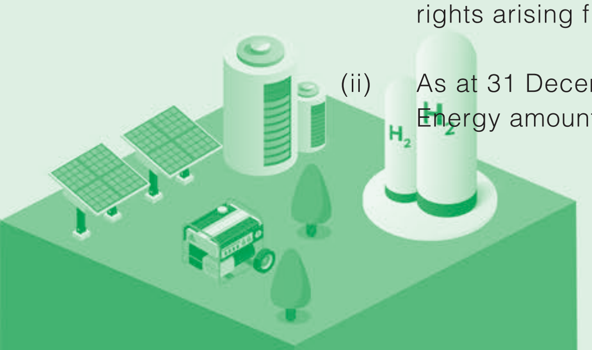
(a) The long-term interest-bearing borrowings comprise:

	2021	2020
	RMB'000	*RMB'000*
Bank loans		
- Secured *(note (i))*	**9,768,066**	11,295,824
- Unsecured *(note (ii))*	**35,963,729**	27,240,995
Loans from fellow subsidiaries		
- Secured *(note (i))*	**500,000**	–
- Unsecured *(note (ii))*	**669,500**	148,000
Loans from associates and joint venture		
- Secured *(note (i))*	**100,000**	100,000
Other borrowings *(note 28(e)(i))*		
- Secured *(note (i))*	**726,370**	794,993
- Unsecured *(note (ii))*	**23,189,502**	24,652,134
	70,917,167	64,231,946
Less: Current portion of long-term borrowings *(note 28(b))*		
- Bank loans	**(6,325,632)**	(3,409,189)
- Other borrowings	**(9,526,098)**	(8,224,702)
	55,065,437	52,598,055

Notes:

(i) Certain secured borrowings of the subsidiaries of the Group were secured by property, plant and equipment with net carrying amount of RMB2,217,945,000 (31 December 2020: RMB2,392,947,000) , inventories with net carrying amount of RMB3,404,000 (31 December 2020: RMB3,534,000) and trade debtors' beneficial rights arising from future electricity sales.

(ii) As at 31 December 2021, the Group's loans and borrowings guaranteed by CHN Energy amounted to RMB158,845,000 (31 December 2020: RMB1,746,876,000).



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

28 BORROWINGS (Continued)

(b) The short-term interest-bearing borrowings comprise:

	2021	2020
	RMB'000	*RMB'000*
Bank loans		
- Secured *(note (i))*	**359,400**	601,800
- Unsecured	**13,076,194**	14,151,345
Loans from other financial institutions and others		
- Unsecured *(note (ii))*	**41,000**	41,000
Loans from fellow subsidiaries		
- Unsecured	**3,669,500**	447,123
Other borrowings		
- Unsecured *(note 28(e)(ii))*	**7,000,000**	11,000,000
Current portion of long-term borrowings *(note 28(a))*		
- Bank loans	**6,325,632**	3,409,189
- Other borrowings	**9,526,098**	8,224,702
	39,997,824	37,875,159

Notes:

(i) Certain secured borrowings of the subsidiaries of the Group were secured by trade debtors' beneficial rights arising from future electricity sales.

(ii) As at 31 December 2021, the loans of the Company amounted to RMB41,000,000 (31 December 2020: RMB41,000,000). The loans were borrowed from a third party by the Company's subsidiary, China Fulin Wind Power Engineering Co., Ltd.

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28 BORROWINGS (Continued)

(c) The effective interest rates per annum on borrowings are as follows:

	2021	2020
	RMB'000	*RMB'000*
Long-term		
Bank loans	**1.80%~12.31%**	1.80%~10.70%
Other borrowings	**1.80%~5.14%**	1.80%~5.14%
Loans from fellow subsidiaries	**3.70%~5.00%**	3.20%~5.00%
Loans from associates and joint ventures	**4.18%**	4.18%
Short-term		
Bank loans	**0.35%~4.35%**	0.40%~3.92%
Loans from other financial institutions	**5.70%**	5.70%
Other borrowings	**1.50%~2.75%**	1.85%~2.07%
Loans from fellow subsidiaries	**2.65%~4.25%**	3.70%~4.13%

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28 BORROWINGS (Continued)

(d) The borrowings are repayable as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**39,997,824**	37,875,159
After 1 year but within 2 years	**13,536,617**	10,514,557
After 2 years but within 5 years	**22,076,782**	25,815,407
After 5 years	**19,452,038**	16,268,091
	95,063,261	90,473,214
Including		
Bank loans:		
Within 1 year	**19,633,915**	18,162,334
After 1 year but within 2 years	**8,169,098**	3,843,775
After 2 years but within 5 years	**13,163,137**	15,525,169
After 5 years	**18,201,239**	15,758,686
	59,167,389	53,289,964
Loans other than bank loans：		
Within 1 year	**20,363,909**	19,712,825
After 1 year but within 2 years	**5,367,519**	6,670,782
After 2 years but within 5 years	**8,913,645**	10,290,238
After 5 years	**1,250,799**	509,405
	35,895,872	37,183,250

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings:

(i) On 21 January 2011, the Company issued a ten-year corporate bond of RMB1,500 million at par with a coupon rate of 5.04% per annum, which was guaranteed by CHN Energy. The effective interest rate was 5.14%. The Company fully repaid the corporate bond of RMB1,500 million in 2021.

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 2021, CAD54,933,000 of the corporate bond was repaid.

On 22 January 2016, the Company issued a five-year unsecured corporate bond of RMB3,700 million at par with a coupon rate of 3.28% per annum. The effective interest rate was 3.39%. The Company fully repaid the corporate bond of RMB3,700 million in 2021.

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.

On 1 August 2017, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.78% per annum. The effective interest rate is 4.84%.

On 23 April 2018, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.83% per annum. The effective interest rate is 4.89%.

On 4 December 2018, the Company issued a three-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 3.96% per annum. The effective interest rate was 4.08%.The Company fully repaid the corporate bond of RMB3,000 million in 2021.

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings (Continued):

(i) (Continued)

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%.

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%.

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%.

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%.

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%.

(ii) Short-term financing bonds represented a series of unsecured corporate bonds with the coupon rates from 1.85% to 2.60% issued in 2021. The effective interest rates of these bonds are from 1.50% to 2.75%.

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29 TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Bills payables	**3,007,655**	2,459,349
Trade payables	**935,948**	1,017,563
Amounts due to associates	**24,111**	49,428
Amounts due to fellow subsidiaries	**115,707**	88,865
	4,083,421	3,615,205

The ageing analysis of trade payables by invoice date is as follows:

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**3,786,520**	3,200,860
Between 1 and 2 years	**230,570**	311,533
Between 2 and 3 years	**33,554**	62,010
Over 3 years	**32,777**	40,802
	4,083,421	3,615,205

As at 31 December 2021 and 2020, all trade and bills payables are payable and expected to be settled within one year.

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30 OTHER CURRENT LIABILITIES

	2021	2020
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment	**9,193,368**	6,121,291
Payables for staff-related costs	**225,805**	220,170
Payables for other taxes	**318,127**	269,737
Dividends payable	**600,121**	501,557
Amounts due to associates and joint ventures (note (i))	**1,052,963**	1,577,315
Amounts due to fellow subsidiaries (note (i))	**188,770**	415,237
Amounts due to CHN Energy (note (i))	**30,549**	30,549
Payables for acquisition of a subsidiary	**130,713**	–
Other accruals and payables	**2,115,022**	1,336,843
Derivative financial instruments		
Interest rate swap contracts (note (ii))	**125,438**	234,436
Contract liabilities	**158,745**	356,693
	14,139,621	11,063,828

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.

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31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable/(recoverable) in the consolidated statement of financial position represents:

	2021 RMB'000	2020 RMB'000
Net tax payable at 1 January	**275,138**	29,398
Provision for the year (note 9(a))	**1,458,265**	1,270,969
Underprovision in respect of prior years (note 9(a))	**17,349**	22,897
Income tax paid	**(1,590,246)**	(1,048,126)
Net tax payable at 31 December	**160,506**	275,138
Representing:		
Tax payable	**287,634**	327,711
Tax recoverable	**(127,128)**	(52,573)
	160,506	275,138

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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	Unrealised profits	Depreciation and amortisation	Gains and losses on changes in fair value of derivative financial instruments	Losses available for offsetting against future taxable profits	Equity investments	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	28,823	36,533	53,576	23,439	729,714	–	29,783	901,868
Credited/(charged) to profit or loss	32,604	5,701	5,572	32,278	(67,775)	–	6,038	14,418
Exchange reserve	–	–	–	(250)	(58,135)	–	(391)	(58,776)
At 31 December 2020	61,427	42,234	59,148	55,467	603,804	–	35,430	857,510
At 1 January 2021	**61,427**	**42,234**	**59,148**	**55,467**	**603,804**	**–**	**35,430**	**857,510**
Credited/(charged) to profit or loss	**16,849**	**23,940**	**10,751**	**(25,952)**	**(75,385)**	**–**	**2,493**	**(47,304)**
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	**77,934**	**66,174**	**64,083**	**25,986**	**491,094**	**15,544**	**37,101**	**777,916**

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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	Revaluation of other properties	Depreciation and amortisation	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2020	(88,827)	(22,864)	(891,181)	(4,977)	(1,007,849)
Credited to profit or loss	–	9,830	28,559	4,977	43,366
Fair value reserve	82,567	–	–	–	82,567
Exchange Reserve	–	–	61,693	–	61,693
At 31 December 2020	(6,260)	(13,034)	(800,929)	–	(820,223)
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)**

Reconciliation to the consolidated statement of financial position:

	2021	2020
	RMB'000	*RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**248,764**	210,403
Net deferred tax liability recognised in the consolidated statement of financial position	**(200,136)**	(173,116)

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 RMB1,761,905,000 (2020: RMB3,400,525,000) and deductible temporary differences of RMB421,976,000 (2020: RMB642,395,000) as at 31 December 2021, 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 2022, 2023, 2024, 2025 and 2026 are RMB221,383,000, RMB346,960,000, RMB611,688,000, RMB354,528,000, and RMB174,081,000 respectively. Tax losses of an amount of RMB53,265,000 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 14% to 20% of the salaries of the employees. The local government authorities are responsible for the entire pension obligations payable to retired employees. In addition, the Group and its staff participate in a retirement plan managed by CHN Energy to supplement the above-mentioned Schemes. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and the supplementary retirement plan other than the annual contributions described above. 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.

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33 DEFERRED INCOME

	2021	2020
	RMB'000	*RMB'000*
At 1 January	**1,207,154**	1,324,754
Additions	**15,667**	9,517
Credited to profit or loss	**(123,410)**	(127,117)
At 31 December	**1,099,411**	1,207,154

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

Other non-current liabilities mainly represent long-term quality guarantee payables for the purchase of wind turbines, among which RMB191,247,000 (2020: RMB406,655,000) is due to two associates of the Group.

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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 43)*	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 2020	8,036,389	4,991,000	13,967,159	1,743,507	264,032	12,259,168	41,261,255
Change in equity for 2020:							
Profit for the year	–	298,610	–	–	–	3,253,133	3,551,743
Other comprehensive loss	–	–	–	–	(223,422)	–	(223,422)
Total comprehensive income/(loss)	–	298,610	–	–	(223,422)	3,253,133	3,328,321
Issuance of perpetual medium-term notes and renewable corporate bonds	–	5,988,825	–	–	–	–	5,988,825
Redemption of perpetual medium-term notes	–	(4,991,000)	(9,000)	–	–	–	(5,000,000)
Appropriation	–	–	–	300,152	–	(300,152)	–
Dividends to shareholders of the Company	–	–	–	–	–	(864,715)	(864,715)
Distribution for perpetual medium-term notes and renewable corporate bonds *(note 43)*	–	(242,000)	–	–	–	–	(242,000)
At 31 December 2020	8,036,389	6,045,435	13,958,159	2,043,659	40,610	14,347,434	44,471,686

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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 43)*	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 43)	–	(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

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35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

On 30 March 2022, the directors of the Company resolved that a dividend of RMB0.1470 per share, amounting to RMB1,232,149,000 is to be distributed to the shareholders for 2021 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 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.

On 27 March 2020, the directors of the Company resolved that a dividend of RMB0.1076 per share, amounting to RMB864,715,000 distributed to the shareholders for 2019, and was approved by the shareholders at the Annual General Meeting on 29 May 2020. The dividend was fully paid in 2020.

(c) Share capital

	2021	2020
	RMB'000	*RMB'000*
Issued and fully paid:		
4,696,360,000 domestic state-owned ordinary shares of RMB1.00 each	**4,696,360**	4,696,360
3,340,029,000 H shares of RMB1.00 each	**3,340,029**	3,340,029
	8,036,389	8,036,389

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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 Offerings ("IPO") in December 2009 and the placing of new H shares in December 2012.

The other capital reserve mainly represents the difference between the total amount of the nominal value of the shares issued and the amount of the net assets injected by CHN Energy and the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of the acquisition of business and business combinations under common control.

(ii) Statutory surplus reserve

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

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 2021, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB15,843,481,000 (2020: RMB14,347,434,000). After the end of the reporting period, the directors proposed a final dividend of RMB0.1470 per share, amounting to RMB1,232,149,000 (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 2021 was 56.1% (2020: 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.

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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 2021

	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	–	26,715,550	371,170	27,086,720
Financial assets included in other current assets	-	-	1,433,069	1,433,069
Other financial assets	742,494	–	–	742,494
Restricted deposits	–	–	250,439	250,439
Cash and cash equivalents	–	–	3,615,509	3,615,509
	742,494	26,715,550	5,670,187	33,128,231
Non-current				
Financial assets included in other assets	–	674,109	49,405	723,514
	–	674,109	49,405	723,514
	742,494	27,389,659	5,719,592	33,851,745

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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 *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Current			
Interest-bearing loans and other borrowings	–	39,997,824	39,997,824
Trade and bills payables	–	4,083,421	4,083,421
Lease liabilities	–	37,325	37,325
Financial liabilities in other current liabilities	125,438	13,003,131	13,128,569
	125,438	57,121,701	57,247,139
Non-current			
Interest-bearing loans and other borrowings	–	55,065,437	55,065,437
Financial liabilities in other non-current liabilities	–	1,271,054	1,271,054
Lease liabilities	–	1,064,320	1,064,320
	–	57,400,811	57,400,811
	125,438	114,522,512	114,647,950

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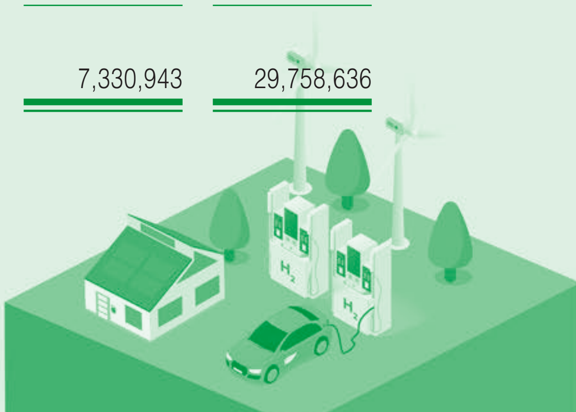
36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial assets

At 31 December 2020

	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	–	21,481,096	121,972	21,603,068
Financial assets included in other current assets	–	–	1,278,632	1,278,632
Other financial assets	192,777	–	110,600	303,377
Restricted deposits	–	–	361,232	361,232
Cash and cash equivalents	–	–	5,226,331	5,226,331
	192,777	21,481,096	7,098,767	28,772,640
Non-current				
Financial assets included in other assets	–	753,820	232,176	985,996
	–	753,820	232,176	985,996
	192,777	22,234,916	7,330,943	29,758,636



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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category(Continued)

Financial liabilities

At 31 December 2020

	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	–	37,875,159	37,875,159
Trade and bills payables	–	3,615,205	3,615,205
Lease liabilities	–	25,423	25,423
Financial liabilities in other current liabilities	234,436	9,760,261	9,994,697
	234,436	51,276,048	51,510,484
Non-current			
Interest-bearing loans and other borrowings	–	52,598,055	52,598,055
Financial liabilities in other non-current liabilities	–	1,107,199	1,107,199
Lease liabilities	–	575,458	575,458
–	–	54,280,712	54,280,712
	234,436	105,556,760	105,791,196

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 99% of the Group's total trade and bills receivables as at 31 December 2021 (2020: 96%).

For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

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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.

2021

	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*	320,294	–	–	27,002,928	27,323,222
Financial assets included in prepayments and other current assets					
– Normal**	1,430,689	–	–	–	1,430,689
– Doubtful**	–	–	338,508	–	338,508
Other financial assets	448,700	–	–	–	448,700
Restricted deposits	250,439	–	–	–	250,439
Cash and cash equivalents	3,615,509	–	–	–	3,615,509
Financial assets included in other non-current assets	49,405	–	–	–	49,405
	6,115,036	–	338,508	27,002,928	33,456,472

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

2020

	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*	628,958	–	–	21,007,562	21,636,520
Financial assets included in prepayments and other current assets					
– Normal**	1,278,632	–	–	–	1,278,632
– Doubtful**	–	–	341,890	–	341,890
Other financial assets	200,600	–	–	–	200,600
Restricted deposits	361,232	–	–	–	361,232
Cash and cash equivalents	5,226,331	–	–	–	5,226,331
Financial assets included in other non-current assets	232,176	–	–	–	232,176
	7,927,929	–	341,890	21,007,562	29,277,381

* 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)

Maximum exposure and year-end staging (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.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(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 2021, the Group has unutilised banking facilities of RMB142,669,821,000. The Group also signed several strategic cooperative framework agreements with PRC banks with unutilised credit lines of RMB281,712,618,000 as at 31 December 2021. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date that the Group can be required to pay.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

	Carrying amount	Contractual cash flows	On demand	1 year or less	1 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 2021							
Borrowings	95,063,261	135,285,318	–	61,686,833	17,227,866	28,734,398	27,636,221
Lease liabilities	1,101,645	1,553,913	–	94,843	95,263	265,808	1,097,999
Trade and bills payables	4,083,421	4,083,421	–	4,083,421	–	–	–
Financial liabilities in other current liabilities	13,128,569	13,128,569	–	13,128,569	–	–	–
Guarantees	–	7,347	7,347	–	–	–	–
Other long-term liabilities	1,271,054	1,271,054	–	–	1,006,915	183,826	80,313
	114,647,950	155,329,622	7,347	78,993,666	18,330,044	29,184,032	28,814,533
31 December 2020							
Borrowings	90,473,214	118,037,118	–	43,966,662	14,560,922	34,490,623	25,018,911
Lease liabilities	600,881	907,692	–	45,984	57,717	119,189	684,802
Trade and bills payables	3,615,205	3,615,205	–	3,615,205	–	–	–
Financial liabilities in other current liabilities	9,994,697	9,994,697	-	9,994,697	–	–	–
Guarantees	–	94,046	94,046	–	–	–	–
Other long-term liabilities	1,107,199	1,107,199	–	–	453,746	420,075	233,378
	105,791,196	133,755,957	94,046	57,622,548	15,072,385	35,029,887	25,937,091

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 2021 and 2020, 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.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

	2021	2020
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Lease liabilities	**1,101,645**	600,881
Borrowings	**41,543,096**	41,624,419
Less: Loans and advances *(note 24(i))*	**–**	(667,660)
Other assets *(note 21)*	**1,200**	(61,000)
	42,645,941	41,496,640
Net floating rate borrowings:		
Borrowings	**53,520,165**	48,848,795
Less: Bank deposits (including restricted deposits)	**(3,865,948)**	(5,587,563)
Other assets *(note 21)*	**(49,405)**	(56,749)
	49,604,812	43,204,483
Total net borrowings	**92,250,753**	84,701,123

At 31 December 2021, 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 RMB406,198,000 (2020: RMB254,197,000).

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

The estimated 100 basis points' increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the years presented.

(e) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily 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.

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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.

	2021		2020	
	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%**	**3,820**	5%	8,516
	(5%)	**(3,820)**	(5%)	(8,516)
USD	**5%**	**(574)**	5%	(10,056)
	(5%)	**574**	(5%)	10,056
EUR	**5%**	**(43,716)**	5%	(8,780)
	(5%)	**43,716**	(5%)	8,780

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.

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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 2021 categorised into		
	Fair value at 31 December 2021 *RMB'000*	Quoted prices in active market for identical assets (Level 1) *RMB'000*	Significant other observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	631,119	–	–	631,119
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	26,715,550	–	1,633,894	25,081,656
Liabilities:				
Derivative financial instruments – Interest rate swap contracts	125,438	–	125,438	–

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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 2020 categorised into		
	Fair value at 31 December 2020	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	718,858	–	–	718,858
Listed equity investments designated at FVOCI	34,962	34,962	–	–
Financial assets designed at fair value through profit or loss	192,777	102,777	90,000	–
Trade and bills receivables designated at FVOCI	21,481,096	–	21,481,096	–
Liabilities:				
Derivative financial instruments				
– Interest rate swap contracts	234,436	–	234,436	–

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 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: 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 44). 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.

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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)

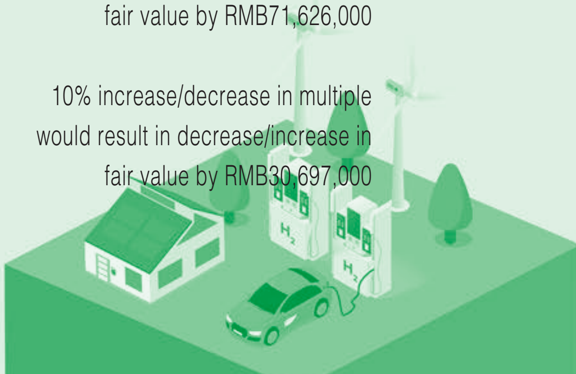
Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December:

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 RMB62,841,000**
		Discount for lack of marketability	**30%**	**10% increase/decrease in multiple would result in decrease/increase in fair value by RMB26,932,000**

2020

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B	0.9 to 1.5	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB71,626,000
		Discount for lack of marketability	30%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB30,697,000



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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 2021 and 2020 except the following:

	2021		2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Other borrowings *(note 28(a))*	**14,389,774**	**14,419,456**	17,222,425	17,368,838
Fixed rate long-term loans	**1,913,608**	**1,899,245**	1,378,721	1,377,680
Total	**16,303,382**	**16,318,701**	18,601,146	18,746,518

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37 COMMITMENTS

Capital commitments outstanding at the year end not provided for in the financial statements were as follows:

	2021	2020
	RMB'000	*RMB'000*
Contracted for	**9,545,580**	12,831,816

38 CONTINGENT LIABILITIES

At 31 December, the Group issued the following guarantees:

(i) Guarantees of financial liabilities to banks in respect of the bank loans granted to certain related parties are set forth below:

	2021	2020
	RMB'000	*RMB'000*
Associates	**–**	85,490

(ii) The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司), which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As at 31 December 2021, the balance counter-guaranteed by the Company amounted to RMB7,347,000 (31 December 2020: RMB8,556,000).

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38 CONTINGENT LIABILITIES (Continued)

(iii) As disclosed in note 44, 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 2021, such ABS has been issued to investors with an aggregate amount of RMB2,729,200,000 (31 December 2020: RMB823,205,000). 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	**2021** ***RMB'000***	2020 *RMB'000*
Sales of goods and provision of services to	(i)		
CHN Energy		**32**	178
Fellow subsidiaries		**100,449**	32,049
Associates and joint ventures		**700,814**	96,683
Purchase of goods and receipt of services from	(ii)		
Fellow subsidiaries		**2,785,380**	2,397,319
Associates and joint ventures		**1,885,496**	2,475,540

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Notes	**2021** ***RMB'000***	2020 *RMB'000*
Sales of property, plant and equipment and intangible assets	(iii)		
Fellow subsidiaries		**192,113**	–
Net changes in working capital repaid from	(iv)		
Fellow subsidiaries		**29,402**	24,631
Loan guarantees revoked from	(v)		
CHN Energy		**(1,588,031)**	(2,106,406)
Loan guarantees revoked from	(vi)		
Associates		**–**	(23,100)
Loans (repaid from)/provided to	(vii)		
Associates		**(184,500)**	25,500

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Notes	**2021** **RMB'000**	2020 RMB'000
Loans provided by	(viii)		
Fellow subsidiaries		**4,433,877**	27,544
Associates and joint ventures		**–**	100,000
Interest expenses	(ix)		
Fellow subsidiaries		**41,386**	23,350
Associates and joint ventures		**4,238**	430
Interest income	(x)		
Fellow subsidiaries		**4,604**	10,509
Associates and joint ventures		**9,988**	17,707
Lease payments			
Fellow subsidiaries		**4,293**	–
Associates and joint ventures		**4,980**	2,343
Lease income			
Fellow subsidiaries		**3,584**	3,156
Associates and joint ventures		**2,991**	–
Lease liabilities			
Associates		**111,486**	1,809
Deposits placed with/(withdrawn from)	(xi)		
Fellow subsidiaries		**844,269**	(211,522)
Increase investment to			
Associates		**729,601**	8,600

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) As at 31 December 2021, the Group did not provide guarantee for bank loans of associates (2020: RMB85,490,000), as further detailed in note 38 to the financial statements.

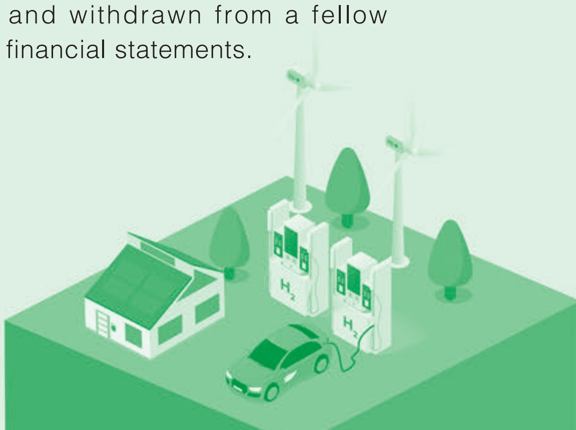
(vii) The Group provided loans to the related parties, as further detailed in notes 21 and 24 to the financial statements.

(viii) The Group received loans from the related parties, as further detailed in note 28 to the financial statements.

(ix) The amount represented the interest expenses incurred for the loans received from the fellow subsidiaries.

(x) The amount represented the interest income received for the loans provided to the fellow subsidiaries, associates and joint ventures.

(xi) The amount represented the deposit placed and withdrawn from 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 RMB2,443,176,000 as at 31 December 2021 (2020: RMB1,598,907,000). Details of the other outstanding balances with related parties are set out in notes 21, 23, 24, 28, 29 and 30.

The long-term quality guarantee payables and construction payables to fellow subsidiaries and associates amounted to RMB343,357,000 (2020: RMB418,144,000).

(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.

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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:

	2021	2020
	RMB'000	*RMB'000*
Sales of electricity	**27,288,029**	22,858,363
Sales of other products	**1,410,450**	1,260,136
Interest income	**21,332**	17,342
Interest expenses	**2,805,225**	2,694,510
Loans received	**5,374,108**	8,377,453
Deposits (withdrawn from)/placed with state-owned banks	**(1,158,543)**	975,540
Purchase of materials and receipt of construction services	**3,395,382**	2,872,250
Service concession construction revenue	**170,875**	312,741

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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:

	2021 *RMB'000*	2020 *RMB'000*
Receivables from sales of electricity	**26,648,643**	20,741,895
Receivables from sales of other products	**348,065**	333,525
Bank deposits (including restricted deposits)	**977,148**	2,135,691
Borrowings	**56,239,919**	50,865,811
Payable for purchase of materials and receiving construction work services	**1,539,567**	1,350,603

(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:

	2021 *RMB'000*	2020 *RMB'000*
Salaries and other emoluments	**3,281**	2,766
Discretionary bonuses	**5,576**	4,915
Retirement scheme contributions	**710**	497
	9,567	8,178

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(e) Commitment with related parties

	2021	2020
	RMB'000	*RMB'000*
Capital commitment with		
Associates	**449,126**	1,737,612

(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 Directors' Report of the Group for the year ended 31 December 2021.

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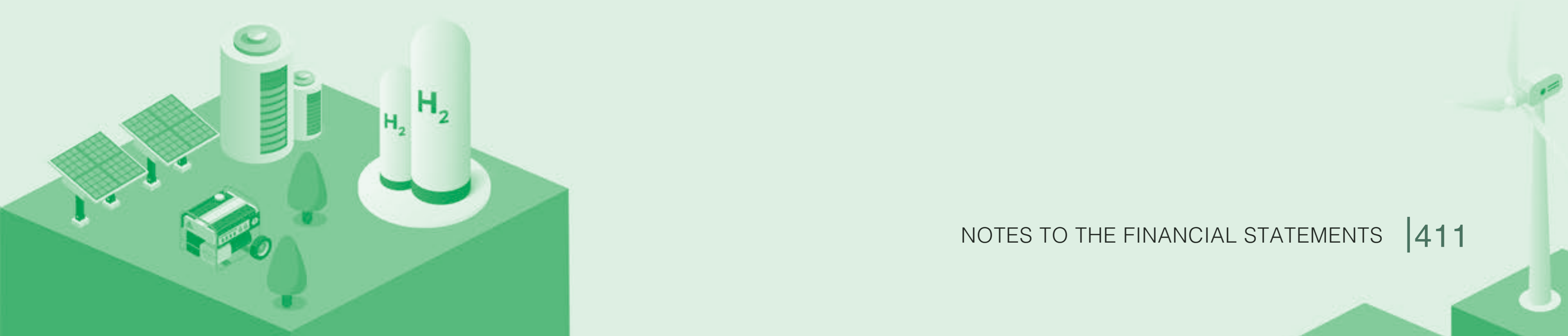
40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2021	2020
	RMB'000	*RMB'000*
Non-current assets		
Property, plant and equipment	**226,402**	232,289
Investment properties	**85,346**	87,336
Intangible assets	**2,992**	1,809
Investments in subsidiaries	**42,878,842**	38,556,013
Investments in associates and joint ventures	**1,764,029**	1,046,124
Deferred tax assets	**8,805**	–
Other assets	**3,863,459**	4,132,527
Total non-current assets	**48,829,875**	44,056,098
Current assets		
Inventories	**538**	542
Trade and bills receivables	**4,789**	3,820
Prepayments and other current assets	**70,764,715**	69,366,059
Restricted deposits	**14,187**	66,015
Cash at banks and on hand	**1,215,440**	2,734,490
Total current assets	**71,999,669**	72,170,926



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

40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	2021 *RMB'000*	2020 *RMB'000*
Current liabilities		
Borrowings	**30,116,310**	18,300,000
Trade and bills payables	**49,471**	29,514
Other payables	**12,029,038**	13,038,977
Total current liabilities	**42,194,819**	31,368,491
Net current assets	**29,804,850**	40,802,435
Total assets less current liabilities	**78,634,725**	84,858,533
Non-current liabilities		
Borrowings	**32,077,976**	40,297,687
Deferred income	**59,674**	71,586
Deferred tax liabilities	**–**	17,574
Total non-current liabilities	**32,137,650**	40,386,847
NET ASSETS	**46,497,075**	44,471,686
CAPITAL AND RESERVES		
Share capital	**8,036,389**	8,036,389
Perpetual medium-term notes and renewable corporate bonds	**6,061,652**	6,045,435
Reserves	**32,399,034**	30,389,862
TOTAL EQUITY	**46,497,075**	44,471,686

Li Zhongjun
Chairman

Tang Jian
Executive Director

41 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 2021, the consideration of EUR18,105,000 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.

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41 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	–

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41 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.

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41 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

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41 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) 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.

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41 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(d) 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 current 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	–

41 ASSET ACQUISITION、ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF A SUBSIDIARY (Continued)

(d) 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)

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42 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 2021	90,473,214	600,881	1,229,668
Changes from financing cash flows	4,997,010	(542,248)	(4,652,802)
Foreign exchange movement	(225,850)	(2,056)	(18,218)
Distribution for dividends	–	–	1,538,767
Interest expense	8,887	44,760	3,432,277
New leases	–	195,422	–
Disposal	–	(1,048)	–
Acquisition of subsidiaries	–	805,934	–
Disposal of a subsidiary	(190,000)	–	–
Interest expenses classified into investment activities	–	–	(378,115)
At 31 December 2021	95,063,261	1,101,645	1,151,577

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

42 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Changes in liabilities arising from financing activities (Continued)

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Other current liabilities *RMB'000*
At 1 January 2020	77,846,209	835,959	1,167,283
Changes from financing cash flows	13,047,221	(431,597)	(4,390,909)
Foreign exchange movement	(434,974)	(923)	–
Distribution for dividends	–	–	1,511,337
Interest expense	14,758	25,570	3,443,907
New leases	–	171,872	–
Interest expenses classified into investment activities	–	–	(501,950)
At 31 December 2020	90,473,214	600,881	1,229,668

(b) Total cash outflow for leases

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

	2021 ***RMB'000***	2020 *RMB'000*
Within operating activities	**58,240**	50,278
Within financing activities	**542,248**	431,597
	600,488	481,875

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB195,422,000 and RMB195,422,000 (2020: RMB171,872,000 and RMB171,872,000) respectively, in respect of lease arrangements.

43 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.

43 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 type one green renewable corporate bonds in October 2021, the Company decided to exercise the callable option, the bonds were redeemed in whole in October 2021.

On 15 December 2020, the Company issued the green renewable corporate bonds of the third tranche for the year of 2020 which recorded as equity. The bonds are fixed interest rate bonds with a term of one plus N years. The issuance size is RMB1 billion and the coupon rate is 3.70%. The interest of the green renewable corporate bonds is recorded as distributions, which are paid annually in arrears in December 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 December 2021, and the payment of the principal may be deferred for each renewal period to 1 year. The applicable distribution rate will be reset, on the first call date and every 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 the first call date of the green renewable corporate bonds in December 2021, the Company decided to exercise the callable option, the bonds were redeemed in whole in December 2021.

43 PERRETUAL MEDIUM-TERM NOTES AND RENEWABLE CORPORATE BONDS (Continued)

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.

In 2021, the profit attributable to holders of perpetual medium-term notes and green renewable corporate bonds, based on the applicable interest rate, was RMB254,417,000 (2020: RMB298,610,000). RMB238,900,000 has been paid in 2021 (2020: RMB242,000,000).

44 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2021, 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 RMB73,618,000(31 December 2020: RMB146,709,000) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount of RMB444,060,000 (31 December 2020: RMB4,710,000) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills 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.

During the year ended 31 December 2021, the Group has recognised losses of RMB20,195,000 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.

44 TRANSFERS OF FINANCIAL ASSETS (Continued)

Transferred financial assets that are not derecognised in their entirety

During the year ended 31 December 2021, the second phase of the asset-backed security (the ABS) of trade receivables on tariff premium of renewable energy was successfully issued with an aggregated amount of RMB1,139,146,000 (2020: first phase RMB791,884,000), whereby it transferred the trade receivables on tariff premium of renewable energy to this special project. The original carrying value of the trade receivables transferred under the arrangement of ABS that had not been settled as at 31 December 2021 was RMB1,075,315,000 (31 December 2020: RMB249,007,000). Since the Group neither transferred nor retained substantially all the risks and rewards of ownership of the trade receivables and retained control of the underlying assets 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 (31 December 2020: RMB64,288,000) as prepayment and other current assets, and the associated liabilities amounting to RMB55,725,000 (31 December 2020: RMB64,288,000) as other current liabilities, and the second phase of the ABS's continuing involvement amounting to RMB55,764,000 (31 December 2020: nil) as other assets, and the associated liabilities amounting to RMB55,764,000 (31 December 2020: nil) as other non-current liabilities, which approximate the maximum exposure to losses from its involvement in such arrangements and the unconsolidated structured entities.

45 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.

45 SERVICE CONCESSION ARRANGEMENTS (Continued)

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.

46 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 30 March 2022, the board of directors of the Company proposed a final dividend. Further details are disclosed in note 35(b).

On 24 January 2022, the Company merged with Inner Mongolia Pingzhuang Energy Co., Ltd. successfully by a share swap and was listed on the Shenzhen Stock Exchange Main Board ("SZSE") with the total issuance of 345,574,164 shares (SHE:001289). Upon completion, 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.

47 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2022.

FINANCIAL STATEMENTS RECONCILIATION BETWEEN PRC GAAP AND IFRS

FOR THE YEAR ENDED 31 DECEMBER 2021 (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:

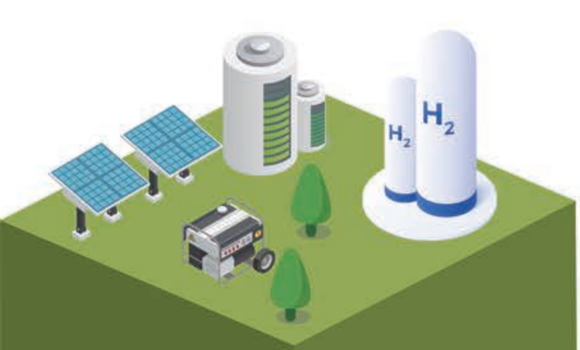
	Consolidated profit attributable to equity holders of the Company For the year ended		Total equity attributable to equity holders of the Company As at 31 December	
	2021	2020	**2021**	2020
Consolidated net profit/equity attributable to equity holders of the Company under PRC GAAP	**6,404,179**	4,977,378	**63,344,293**	58,103,588
Impact of IFRS adjustments:				
Difference on revaluation of certain assets upon the reorganisation in 2009 *(Note (i))*	**15,585**	13,988	**(357,873)**	(373,458)
Others	**(11,443)**	(76,296)	**(40,158)**	(49,121)
Profit/equity attributable to non-controlling interests on the adjustments above	**4,729**	109,909	**(13,378)**	6,566
Consolidated net profit/equity attributable to equity holders of the Company under IFRSs	**6,413,050**	5,024,979	**62,932,884**	57,687,575

Note:

(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.

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



GLOSSARY OF TERMS

"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
"China" or "PRC"	the People's Republic of China
"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 and Corporate Governance Report in Appendix 14 to the Listing Rules (which was revised and renamed as "CG Code" on 1 January 2022)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"consolidated installed capacity"	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies

GLOSSARY OF TERMS

"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
"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
"Five Parallel Development Ideas"	centralized and decentralized, onshore and offshore, local consumption and external consumption, single variety development and multiple varieties complementation, single scene and comprehensive scene
"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
"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

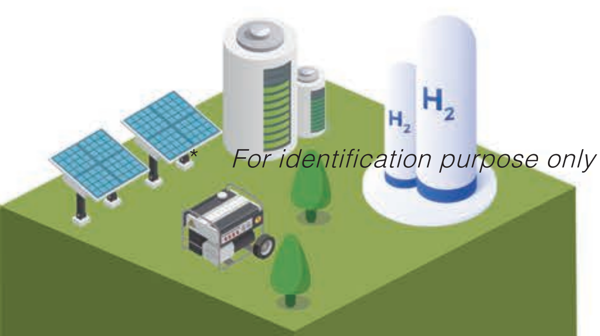
* *For identification purpose only.*

GLOSSARY OF TERMS

"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"	20 April 2022, 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
"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)

GLOSSARY OF TERMS

“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)
“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
“Reporting Period”	from 1 January 2021 to 31 December 2021
“renewable energy”	sustainable sources that are regenerative or, for all practical purposes, cannot be depleted, such as wind, water or sunlight
“RMB”	Renminbi, the lawful currency of the PRC



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GLOSSARY OF TERMS

"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"Shareholder(s)"	holder(s) of shares of the Company
"Southbound Trading"	Investors of the Shanghai Stock Exchange 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

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*

REGISTERED OFFICE

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BOARD OF DIRECTORS

Executive Directors

Mr. Li Zhongjun *(Chairman of the Board)*
Mr. Tang Jian *(President)*

Non-executive Directors

Mr. Tian Shaolin
Mr. Tang Chaoxiong
Mr. Wang Yiguo

Independent Non-executive Directors

Mr. Michael Ngai Ming Tak
Mr. Gao Debu
Ms. Zhao Feng

THE COMPANY'S LEGAL REPRESENTATIVE

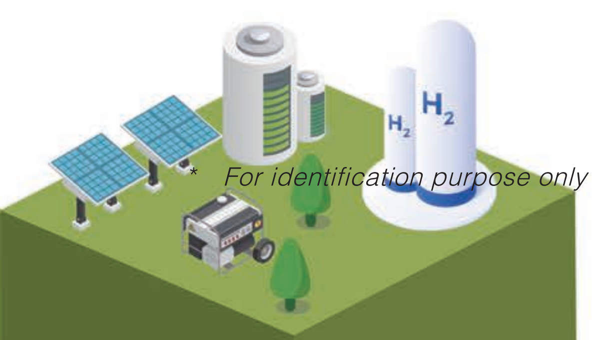
Mr. Li Zhongjun

AUTHORIZED REPRESENTATIVES

Mr. Li Zhongjun
Ms. Chan Sau Ling

COMPANY SECRETARY

Ms. Chan Sau Ling



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CORPORATE INFORMATION

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Registered Public Interest Entity Auditor
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Wan Chai
Hong Kong

STOCK CODE

H Share: 00916 Hong Kong Stock Exchange
A Share: 001289 Shenzhen Stock Exchange

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

* For Identification Purpose Only