



中國長江電力股份有限公司 CHINA YANGTZE POWER CO., LTD.

(a joint stock company established under the laws of the People's Republic of China with limited liability)

Offering of 69,100,000 Global Depositary Receipts representing A Shares at an Offer Price of US\$26.46 per Global Depositary Receipt

This document comprises a prospectus (the "Prospectus") for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation") relating to China Yangtze Power Co., Ltd. a joint stock company established under the laws of the People's Republic of China (the "PRC") with limited liability (the "Company" and together with its subsidiaries, the "Group"), which has been approved as a prospectus by the United Kingdom Financial Conduct Authority (the "FCA") as competent authority under the Prospectus Regulation in accordance with the prospectus regulation rules of the FCA (the "Prospectus Regulation Rules") made under section 73A of the Financial Services and Markets Act 2000 (the "FSMA") only in relation to the admission to listing and to trading of the global depositary receipts (the "GDRs") representing A shares of the Company with a fully paid nominal value of RMB1.00 each (the "A Shares"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such FCA approval should not be considered as an endorsement of the Company nor the quality of the securities that are the subject of this Prospectus. Application will be made solely for the admission of the GDRs to the standard segment of the official list maintained by the FCA (the "Official List") and to trading on the Shanghai-London Stock Connect segment of the main market for listed securities (the "Main Market") of the London Stock Exchange plc (the "London Stock Exchange"), which is a regulated market for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"). This Prospectus has been prepared in connection with the application for the admission of the GDRs to the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. Approval of the FCA has not been sought by the Company for this Prospectus in relation to the A Shares and no such A Shares will be listed on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. This Prospectus will be made available to the public in accordance with the Prospectus Regulation Rules.

This Prospectus relates to an offering (the "Offering") by the Company of 69,100,000 GDRs (together with up to 6,900,000 Over-allotment GDRs (as defined below)) representing A Shares (the "Offer GDRs") with one GDR representing an interest in ten A Shares at an offer price of US\$26.46 per GDR (the "Offer Price"). The GDRs are to be issued against the deposit of A Shares (to the extent permitted by applicable laws and regulations) with Citibank, N.A., as depositary (the "Depositary"). In connection with the Offering, the Company has granted to the Stabilising Manager (as defined below) an option, exercisable within 30 days after 24 September 2020, being the date on which the Offer Price was announced, to purchase up to an additional 10% of the aggregate number of Offer GDRs (excluding the Over-allotment GDRs (as defined below)) (the "Over-allotment Option").

Application will be made: (1) to the FCA, in its capacity as competent authority under the FSMA, for a listing of up to 76,000,000 GDRs representing A Shares, consisting of 69,100,000 GDRs to be issued on or about 30 September 2020 (the "Closing Date") and up to 6,900,000 GDRs (if any) to be issued pursuant to the Over-allotment Option (if exercised), and additional GDRs to be issued from time to time against the deposit of A Shares (to the extent permitted by applicable laws and regulations) with the Depositary, to be admitted to the standard segment of the Official List; and (2) to the London Stock Exchange, for such GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, which is regulated under MiFID II, through its international order book (the "IOB"). Admission to the Official List and to unconditional trading on the London Stock Exchange (together, "Admission") is expected to take place on or about 30 September 2020. The GDRs are expected to be traded on the Shanghai-London Stock Connect segment of the Main Market under the symbol "CYPG". The Company expects that conditional trading in the GDRs on the Shanghai-London Stock Connect segment of the London Stock Exchange through the IOB will commence on a "when issued" basis on or about 25 September 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

The Offering is structured as an offering of: (1) Offer GDRs in the United States to certain qualified institutional buyers ("QIBs") as defined in, and in reliance on, Rule 144A ("Rule 144A") under the United States Securities Act of 1933, as amended (the "Securities Act"), or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act; and (2) Offer GDRs outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S").

The A Shares are listed and traded on the Shanghai Stock Exchange under the stock code 600900. Prices for the A Shares traded on the Shanghai Stock Exchange may not reflect the value of the GDRs.

See "Risk Factors" beginning on page 8 to read about factors you should consider before buying the Offer GDRs. The GDRs are of a specialist nature and should only be bought and traded by investors who are particularly knowledgeable in investment matters.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except to persons reasonably believed to be QIBs or outside the United States in offshore transactions in reliance on Regulation S. Prospective subscribers are hereby notified that sellers of the GDRs may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a discussion of certain restrictions on transfers of the GDRs in other jurisdictions, see "Terms and Conditions of the Global Depositary Receipts" and "Selling Restrictions and Transfer Restrictions—Transfer Restrictions".

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any state securities commission of the United States has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Offer GDRs are offered by Goldman Sachs International ("Goldman Sachs"), UBS AG London Branch ("UBS"), Huatai Financial Holdings (Hong Kong) Limited ("Huatai Financial Holdings") and CLSA Limited ("CLSA") and together with Goldman Sachs, UBS and Huatai Financial Holdings, the "Joint Global Co-ordinators", China International Capital Corporation (UK) Limited ("CICC"), Citigroup Global Markets Limited ("Citigroup"), Credit Suisse Securities (Europe) Limited ("Credit Suisse"), Merrill Lynch International ("BofA Securities") and Morgan Stanley & Co. International plc ("Morgan Stanley") and together with the Joint Global Co-ordinators and CICC, Citigroup, Credit Suisse and BofA Securities, the "Joint Bookrunners" (or, where applicable in any jurisdiction that requires the offering to be made by a licensed broker or dealer, by such affiliates as are licensed in that jurisdiction for such purpose), when, as and if delivered to and accepted by the Joint Bookrunners (or their affiliates, as applicable) and subject to their right to reject orders in whole or in part. The GDRs will be issued in global form. The GDRs offered and sold in the United States (the "Rule 144A GDRs") will be evidenced by a Master Rule 144A Global Depositary Receipt Certificate (the "Master Rule 144A GDR Certificate") registered in the name of Cede & Co., as nominee for The Depositary Trust Company, and the GDRs offered and sold outside the United States (the "Regulation S GDRs") will be evidenced by a Master Regulation S Global Depositary Receipt Certificate (the "Master Regulation S GDR Certificate") and, together with the Master Rule 144A GDR Certificate, the "Master GDR Certificates") registered in the name of Citicic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"). Except as described herein, beneficial interests in the Master GDR Certificates will be shown on, and transfers thereof will be effected only through the records of The Depositary Trust Company ("DTC") with respect to the Rule 144A GDRs and Euroclear and Clearstream with respect to the Regulation S GDRs. It is expected that delivery of the GDRs will be made against payment therefor in US Dollars in same day funds through the facilities of DTC, in the case of Rule 144A GDRs, and Euroclear and Clearstream, in the case of Regulation S GDRs, on or about the Closing Date. See "Clearing and Settlement".

Joint Global Co-ordinators and Joint Bookrunners

Goldman Sachs

UBS

Huatai Financial Holdings

CLSA

Joint Bookrunners

BofA Securities

CICC

Citigroup

Credit Suisse

Morgan Stanley

The date of this Prospectus is 25 September 2020

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

By accepting delivery of this Prospectus, you agree to the following. This Prospectus is being furnished by the Company solely for the purpose of enabling a prospective investor to consider the subscription for the Offer GDRs. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer GDRs is prohibited, except to the extent that such information is otherwise publicly available.

None of the Joint Bookrunners, nor any of their respective affiliates, makes any representation, express or implied, nor accepts any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Joint Bookrunners by the FSMA or the regulatory regime established thereunder or under the regulatory regime of any other jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, the Joint Bookrunners and any of their respective affiliates disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company or the Joint Bookrunners that any recipient of this Prospectus should subscribe for the Offer GDRs. Each potential subscriber of Offer GDRs should determine for itself the relevance of the information contained in this Prospectus, and its subscription for the Offer GDRs should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such potential subscriber in connection with the subscription for the Offer GDRs.

This Prospectus has been approved by the FCA as a Prospectus issued in compliance with the Prospectus Regulation Rules, which comply with the provisions of the Prospectus Regulation, for the purpose of giving information with regard to the Company and the Offer GDRs.

The Company accepts responsibility for the information contained in this Prospectus. To the best of the Company's knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus does not constitute an offer to the public generally to subscribe for or otherwise acquire the Offer GDRs. In making an investment decision regarding the Offer GDRs, you must rely on your own examination of the Company and the terms of the Offering, including the merits and risks involved. You should rely only on the information contained in this Prospectus. None of the Company or the Joint Bookrunners has authorised any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Prospectus is accurate only as at its date. The Company's business, financial condition, results of operations, prospects and the information set forth in this Prospectus may have changed since the date of this Prospectus.

You should not consider any information in this Prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Offer GDRs. None of the Company or the Joint Bookrunners makes any representation to any offeree or subscriber for the Offer GDRs regarding the legality of an investment in the Offer GDRs by such offeree or subscriber under appropriate investment or similar laws.

As the Company's A Shares are listed on the Shanghai Stock Exchange, the Company has been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time the Group publicly releases information relating to itself on the Shanghai Stock Exchange or other media outlets designated by the China Securities Regulatory Commission (the "CSRC"). However, the information announced by the Company in connection with its A Shares is based on the regulatory requirements of the securities authorities and market practice in the PRC which are different from those which will be applicable to the GDRs following Admission. Such information does not and will not form a part of this Prospectus. As a result, prospective investors in the Offering are reminded that, in making their investment decision as to whether to purchase the GDRs, they should rely only on the financial, operating and other information included in this Prospectus. By applying to purchase GDRs in the Offering, prospective investors will be deemed to have agreed that they will not rely on any information other than that contained in this Prospectus and any formal announcements made by the Group in the PRC with respect to the Offering.

Each of Goldman Sachs International, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Merrill Lynch International and Morgan Stanley & Co. International plc are authorised by the United Kingdom Prudential Regulation Authority (the "PRA") and regulated by the FCA and PRA in the United Kingdom, and China International Capital Corporation (UK) Limited is authorised and regulated by the FCA in the United Kingdom. UBS AG London Branch is authorised and regulated by the Financial Market Supervisory Authority in Switzerland, and in the United Kingdom is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA. Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited are each licensed by the Securities and Futures Commission of Hong Kong. The Joint Bookrunners are acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person as their respective clients in relation to the Offering and for providing the protections afforded to their respective clients or for providing advice in relation to the Offering or any transaction or arrangement referred to herein.

Each investor acknowledges that: (i) it has not relied on the Joint Bookrunners or any person affiliated with the Joint Bookrunners in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; (ii) it has relied only on the information contained in this Prospectus; and (iii) no person has been authorised to provide any information or to make any representation concerning the

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Company, its subsidiaries or the GDRs (other than as contained in this Prospectus) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company or the Joint Bookrunners.

In connection with the Offering, each of the Joint Bookrunners and/or any of their respective affiliates, acting as an investor for its or their own account(s), may subscribe for Offer GDRs and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer GDRs being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s). In addition, certain of the Joint Bookrunners or their affiliates may enter into financing or hedging arrangements (including swaps) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of GDRs. The Joint Bookrunners do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company may withdraw the Offering at any time prior to Admission, and the Company and the Joint Bookrunners reserve the right to reject any offer to subscribe for the Offer GDRs, in whole or in part, and to sell to any prospective investor less than the full amount of the Offer GDRs sought by such investor.

This Prospectus does not constitute or form part of an offer to sell, or a solicitation of an offer to buy, any security other than Offer GDRs. The distribution of this Prospectus and the offer and sale of the Offer GDRs may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See “Terms and Conditions of the Global Depositary Receipts” and “Selling Restrictions and Transfer Restrictions” elsewhere in this Prospectus. You must comply with all applicable laws and regulations in force in any jurisdiction in which you subscribe, purchase, offer or sell the Offer GDRs or possess or distribute this Prospectus and must obtain any consent, approval or permission required for your subscription, purchase, offer or sale of the Offer GDRs under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such subscriptions, purchases, offers or sales. None of the Company or the Joint Bookrunners is making an offer to sell the Offer GDRs or a solicitation of an offer to buy any of the Offer GDRs to any person in any jurisdiction except where such an offer or solicitation is permitted or accepts any legal responsibility for any violation by any person, whether or not a prospective investor, or applicable restrictions.

In connection with the Offering, UBS AG London Branch (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action and, in particular, the Stabilising Manager’s ability to undertake stabilisation action depends on it being able to agree deferred settlement

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arrangements with one or more investors in order to allow it to over-allot GDRs. Any stabilisation action may begin on 24 September 2020, being the date on which the Offer Price was announced, and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter (the “Stabilisation Period”). Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager does not intend to disclose the extent of any over-allotments made and/or stabilisation transactions concluded in relation to the Offering.

In connection with the Offering, the Stabilising Manager may, for stabilisation purposes and subject to the deferred settlement arrangements described above being agreed with one or more investors, over-allot GDRs up to a maximum of 6,900,000 additional GDRs, being 10% of the total number of GDRs sold in the Offering. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by it during the Stabilisation Period, the Stabilising Manager will enter into over-allotment arrangements pursuant to which the Stabilising Manager may purchase or procure purchasers for additional GDRs up to a maximum of 6,900,000 additional GDRs, being 10% of the total number of GDRs sold in the Offering (the “Over-allotment GDRs”) at the Offer Price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after 24 September 2020, being the date on which the Offer Price was announced. Any Over-allotment GDRs made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the GDRs, will be purchased on the same terms and conditions as the GDRs being issued or sold in the Offering and will form a single class for all purposes with the other GDRs.

The Group’s financial statements are prepared and presented in accordance with Accounting Standards for Business Enterprises (the “PRC GAAP”) as issued by the Ministry of Finance of the People’s Republic of China (“MOF”). PRC GAAP may differ from U.S. GAAP or other generally accepted accounting standards. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and U.S. GAAP or other generally accepted accounting standards, and how those differences might affect the financial information contained in this Prospectus.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within (a) MiFID II, (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II, and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer GDRs have been subject to a product approval process, which has determined that such Offer GDRs are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market

IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

Assessment, distributors should note that: the price of the Offer GDRs may decline and investors could lose all or part of their investment; the Offer GDRs offer no guaranteed income and no capital protection; and an investment in the Offer GDRs is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute (a) an assessment of suitability or appropriateness for the purposes of MiFID II, or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer GDRs.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer GDRs and determining appropriate distribution channels.

NOTICE TO CERTAIN INVESTORS

NOTICE TO UK AND EEA INVESTORS

This Prospectus and the Offering are only addressed to, and directed at, persons in member states of the European Economic Area (the “EEA”) who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (“Qualified Investors”). In addition, in the United Kingdom, this Prospectus is only being distributed to, and is only directed at, Qualified Investors who are: (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); (2) high-net-worth entities falling within Article 49(2)(a)-(d) of the Order; or (3) otherwise persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). The Offer GDRs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with: (1) in the United Kingdom, relevant persons; and (2) in any member state of the EEA, Qualified Investors. This Prospectus and its contents should not be acted upon or relied upon: (1) in the United Kingdom, by persons who are not relevant persons; or (2) in any member state of the EEA, by persons who are not Qualified Investors.

This Prospectus has been prepared solely for the purpose of Admission of the GDRs and on the basis that all offers of Offer GDRs following approval by the FCA will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to produce a Prospectus for offers of the Offer GDRs. Accordingly, any person making or intending to make any offer within the United Kingdom or any member state of the EEA of the Offer GDRs should only do so in circumstances in which no obligation arises for the Company or any of the Joint Bookrunners to produce a prospectus for such offer. None of the Company or the Joint Bookrunners has authorised or authorises the making of any offer of the Offer GDRs through any financial intermediary, other than offers made by the Joint Bookrunners which constitute the final placement of the Offer GDRs contemplated in this Prospectus.

NOTICE TO UNITED STATES INVESTORS

THE OFFER GDRS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. NEITHER THE US SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED OF THE OFFER GDRS OR PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE OFFER GDRS OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT SELLERS OF THE OFFER GDRS MAY BE RELYING ON THE EXEMPTION FROM

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THE REGISTRATION REQUIREMENTS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A OR ANOTHER EXEMPTION FROM, OR A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The Offer GDRs are being offered in the United States only to QIBs in reliance on Rule 144A or another exemption from, or a transaction not subject to, the registration requirements under the Securities Act. The Offer GDRs are being offered outside the United States in offshore transactions in reliance on Regulation S. The terms “offshore transaction” and “United States” have the meanings given to them in Regulation S.

NOTICE TO ALL INVESTORS

Investors should be aware that foreign investors are not generally able to hold A shares pursuant to restrictions under PRC law, subject to certain limited exemptions, such as for Qualified Foreign Institutional Investors (“QFIIs”) and RMB Qualified Foreign Institutional Investors (“RQFIIs”).

However, one of the features of the Shanghai-London Stock Connect scheme is that investors will be able to: (i) buy GDRs by requesting a Designated Broker to buy A shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A shares; and (ii) sell GDRs by requesting a Designated Broker to redeem their GDRs and sell the underlying A shares on the Shanghai Stock Exchange. Pursuant to the “Provisions on the Supervision and Administration of Depositary Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange” (for trial implementation) (關於上海證券交易所與倫敦證券交易所互聯互通存託憑證業務的監管規定(試行)) published by the CSRC on 12 October 2018 (the “DR Provisions”), the creation and redemption of GDRs in connection with the purchase and sale of underlying A shares may only be facilitated by those Designated Brokers who hold accounts with Shanghai Stock Exchange members enabling them to create or redeem GDRs by buying or selling the underlying A shares on the Shanghai Stock Exchange (subject to certain quotas imposed by relevant regulators) and providing relevant instructions to the Depositary. For further details, see “Plan of Distribution—Trading GDRs”.

This mechanism is intended to provide fungibility between the GDRs and the A shares by enabling investors or their brokers to place buy and sell orders with the Designated Brokers who are able to seek the best price for the security from either market.

It should be noted that, pursuant to the Shanghai-London Stock Connect scheme, GDR holders will not be permitted to redeem their GDRs and hold the underlying A shares in their on-shore accounts (such as QFII or RQFII accounts, if they have such accounts) or have the underlying A shares held on their behalf by a Designated Broker. GDR holders that are QFIIs and RQFIIs (or are otherwise able to hold A shares through another exemption) that wish to redeem some or all of their GDRs to hold A shares would need to sell such GDRs (either on the London Stock Exchange or by redeeming their GDRs and selling the underlying A shares on the Shanghai Stock Exchange, as described above) and separately buy A shares outside of the Shanghai-London Stock Connect scheme to be held in a separate (existing or newly established) QFII or RQFII or other account.

NOTICE TO CERTAIN INVESTORS

In addition, pursuant to the DR provisions, GDRs subscribed for by investors in the Offering may not be redeemed within 120 days following the date of Admission. Therefore, for such period, GDR holders will not be able to redeem their GDRs and sell the underlying A shares on the Shanghai Stock Exchange and will only be able to sell their GDRs through the IOB of the London Stock Exchange or another legitimate trading venue. For the avoidance of doubt, during such period investors will be able to buy GDRs by requesting a Designated Broker to buy A shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A shares, provided that the aggregate amount of the existing GDRs is within the approval limit of the CSRC.

Investors should also be aware that pursuant to the DR Provisions the aggregate holding of a single overseas investor of the equities of the Company (including the A shares and GDRs whether held directly or indirectly) shall not exceed 10% of the total outstanding shares of the Company. In the event an overseas investor's holding of equities exceeds such limit, such investor is required to liquidate the excess portion within five trading days. Furthermore, the DR Provisions also require that the aggregate holdings of A shares by all overseas investors in the Company shall not exceed 30% of the total outstanding shares of the Company. In the event the 30% limit is exceeded, overseas investors may be required to liquidate their holdings (in reverse chronological order of when such holdings were acquired). The foregoing restrictions do not apply to overseas investors' strategic investments as defined and regulated by the Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors (外國投資者對上市公司戰略投資管理辦法).

Furthermore, investors should note that to the extent stabilisation is undertaken, in order to ensure there is sufficient headroom under the GDR facility, including under the cap on the number of GDRs prescribed by the CSRC as provided by the DR Provisions, for the Company to issue new A shares and sell GDRs representing such A shares to the Stabilising Manager in order to satisfy its obligations under the Over-allotment Option (if exercised), investors and shareholders of the Company may be prevented from depositing additional A shares into the GDR facility in order to receive (or sell) GDRs for the duration of the Stabilisation Period.

Pursuant to the Measures for the Administration of Acquisition of Listed Companies (上市公司收購管理辦法) promulgated by the CSRC and last amended in March 2020, an investor and any persons acting in concert who together hold 5% or more of the outstanding shares in a listed company (including the Company) shall, within three days upon its shareholding in the listed company reaching such percentage: (i) prepare a report on its change of shareholding; (ii) notify the CSRC, the relevant stock exchange and the listed company; and (iii) make an announcement on such event. In addition, an investor and any person acting in concert holding 5% or more of a listed company's outstanding shares, (a) shall be subject to the same reporting and announcement obligations as set out above each time its shareholding in the listed company increases or decreases by 5%; and (b) shall notify the listed company and make an announcement each time its shareholding in the listed company increased or decreased by 1%. Such persons will also be subject to trading restrictions before and/or within a period of time after the reporting, filing and disclosure obligations are fulfilled. A person holding 5% or more of the outstanding shares

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in a listed company may file a short-form report if it holds less than 20% of the outstanding shares in the listed company and it is not the largest shareholder or de facto controlling person of the listed company; otherwise it will be required to file a long-form report disclosing its shareholding. Pursuant to the DR Provisions, an investor's holding of GDRs will be aggregated with its holding of a listed company's outstanding A shares through other channels, including but not limited to, any direct holding of the Company's A shares, as well as the holding of GDRs and A Shares by persons acting-in-concert with such investor. The listed company is also required to disclose in its annual reports, among other things, information on persons holding 5% of its A shares, together with any changes to their shareholding and any pledge or encumbrance over the A shares held by such persons.

Furthermore, pursuant to the Articles of Association of the Company, persons holding 5% or more of the total equity interests in the Company are also required to:

- notify the Company in writing on the date of any pledge of its shares in the Company; and
- surrender any profit realised from any purchase and sale, or any sale and purchase, of any shares of the Company within any period of less than six months.

AVAILABLE INFORMATION

For so long as any GDRs are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted GDRs or to any prospective subscriber for such restricted GDRs designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective subscriber, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

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SUMMARY

1. INTRODUCTION

(a) Name and ISIN of securities

Name: Global Depositary Receipts (“GDRs”) representing A Shares of China Yangtze Power Co., Ltd.

International Securities Identification Number (ISIN): The ISIN of the GDRs are as follows:

Rule 144A GDR ISIN: US16955G1058

Regulation S GDR ISIN: US16955G1132

(b) Identity and contact details of the issuer

Name: China Yangtze Power Co., Ltd. (the “Company”, and together with its subsidiaries, the “Group”)

Address: B22, Focus Place, No. 19 Financial Street, Xicheng District, Beijing, People’s Republic of China

Tel: +86 10 5868 8964

Legal Entity Identifier (LEI): 3003008VX8JFJXA6QP74

(c) Identity and contact details of the competent authority

Name: Financial Conduct Authority

Address: 12 Endeavour Square, London E20 1JN, United Kingdom

Tel: +44 (0) 20 7066 8348

(d) Date of approval of the Prospectus

25 September 2020

(e) Warnings

This summary should be read as an introduction to this Prospectus and any decision to invest in the Offer GDRs should be based on consideration of this Prospectus as a whole by the investor. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Offer GDRs.

2. KEY INFORMATION ON THE ISSUER

(a) Who is the issuer of the securities?

(i) Domicile and legal form, LEI, applicable legislation and country of incorporation

The Company is a joint stock company with limited liability established pursuant to the Company Law of the People’s Republic of China. The Company was established in November 2002 and listed on the Shanghai Stock Exchange under stock code 600900 in November 2003.

The Company’s LEI is 3003008VX8JFJXA6QP74.

On 24 September 2020, the Company and Citibank, N.A. (the “Depositary”) entered into: (i) a deposit agreement in connection with the issuance of the GDRs represented by the Master Regulation S GDR Certificate (the “Regulation S Deposit Agreement”) and (ii) a deposit agreement in connection with the issuance of the GDRs represented by the Master Rule 144A GDR Certificate (the “Rule 144A Deposit Agreement” and, together with the Regulation S Deposit Agreement, the “Deposit Agreements”). The GDRs will be issued pursuant to the Deposit Agreements.

The Depositary is a national banking association organised under the laws of the United States. The Depositary is an indirect wholly-owned subsidiary of Citigroup, Inc., a Delaware corporation. The Depositary is primarily regulated by the United States Office of the Comptroller of the Currency. Its principal executive office is at 388 Greenwich Street, 6th Floor North, New York, New York 10013, United States of America.

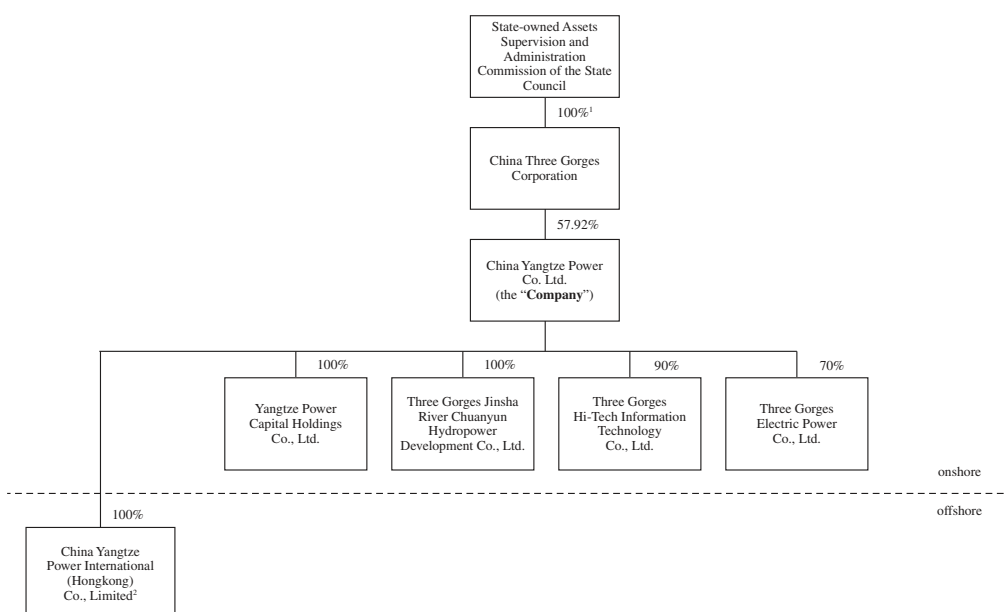
(ii) Principal activities

The Group is the largest listed hydropower company in China and a leader in the global hydropower industry.

SUMMARY

(iii) Organisation Chart

The Company is the parent company of a group that comprises the Company and its subsidiaries. The following chart illustrates the simplified organisational structure of the Group and its major subsidiaries as at 10 September 2020 (being the latest practicable date prior to the date of this Prospectus (the “Latest Practicable Date”).



Note 1: SASAC transferred 10% of the interest in CTG to the National Council for Social Security Fund. The transfer will become effective upon completion of registration with the relevant industrial and commercial administration. As at the Latest Practicable Date, the registration had not been completed.

Note 2: China Yangtze Power International (Hongkong) Co., Limited indirectly holds 83.64% interest in Luz del Sur. For further information about Luz del Sur, please refer to “Business Description —Primary Business—Overseas Business—Luz del Sur”.

(iv) Major Shareholders

The Administrative Measures for the Disclosure of Information of Listed Companies of the PRC require that an annual report of a listed company shall include, among other things, shareholdings of the top 10 shareholders and information about the shareholders holding 5% or more of the shares.

Shareholders holding 5% or more

The table below sets forth certain information regarding those shareholders of the Company which, as at the Latest Practicable Date and immediately following completion of the Offering and Admission (assuming the Over-allotment Option is exercised in full and 76,000,000 GDRs (including the Over-allotment GDRs) representing 760,000,000 A Shares are sold in the Offering), hold or will hold 5% or more of the A Shares of the Company:

Shareholder	A Shares held as at the Latest Practicable Date		A Shares immediately following completion of the Offering ⁽¹⁾ and Admission	
	Number of A Shares	% of total share capital	Number of A Shares	% of total share capital
	(million)		(million)	
CTG	12,742.22	57.92	12,742.22	55.99
Hong Kong Securities Clearing Co., Ltd. ...	1,298.78	5.90	1,298.78	5.71

Note:

(1) Assuming 760,000,000 new A Shares (assuming full exercise of the Over-allotment Option) are issued by the Company in connection with the Offering and the shareholdings of CTG and Hong Kong Securities Clearing Co., Ltd do not change during the period from the Latest Practicable Date to completion of the Offering.

SUMMARY

Top 10 Shareholders

The table below identifies the top ten shareholders of the Company's A Shares, based on the A Shares outstanding as at 30 June 2020. No shareholder has different voting rights attached to the A Shares to any other shareholder.

Name of Shareholder	Percentage
CTG	57.92
Hong Kong Securities Clearing Co., Ltd	5.94
Ping An Life Insurance Company of China, Ltd.	4.49
Yunnan Provincial Energy Investment Group Co., Ltd.	4.30
China Three Gorges Projects Development Co., Ltd ⁽¹⁾	4.00
Sichuan Energy Industry Investment Group Co., Ltd	4.00
China Securities Finance Corporation Limited	2.99
Sunshine Life Insurance Co., Ltd. (endowment insurance products)	1.91
China National Nuclear Corporation	1.19
Sunshine Life Insurance Co., Ltd. (universal life insurance products)	1.14

Note:

(1) China Three Gorges Projects Development Co., Ltd is a wholly-owned subsidiary of CTG.

As at the Latest Practicable Date, CTG directly held 57.92% of the Company's Shares and is the controlling shareholder of the Company.

(v) Key managing directors

Mr. LEI Mingshan, Chairman of the Board of Directors
 Mr. MA Zhenbo, Vice Chairman of the Board of Directors
 Mr. CHEN Guoqing, Director
 Mr. HE Hongxin, Director
 Mr. HONG Wenhao, Director
 Mr. ZONG Renhuai, Director
 Ms. LI Qinghua, Director
 Mr. ZHOU Chuangen, Director
 Ms. ZHAO Yan, Director
 Mr. ZHAO Qiang, Director

(vi) Statutory auditors

ShineWing Certified Public Accountants

(b) What is the key financial information regarding the issuer?

Selected historical financial information

The selected financial information for the Company set out below has, where applicable, been extracted without material adjustment from the consolidated historical financial information of the Group for the three years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

Selected consolidated income statement information (RMB in millions, unless otherwise indicated)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Total operating revenue	50,145.5	51,214.0	49,874.1	20,362.8	19,912.5
Total operating costs	27,266.0	27,015.8	25,959.5	12,172.8	12,043.9
Operating profit	27,076.9	27,392.1	26,932.7	10,380.1	9,746.7
Income tax expenses	4,379.8	4,363.6	5,059.6	1,653.0	1,556.0
Total profit	26,654.4	27,007.1	26,627.0	10,228.3	9,508.6
Net profit	22,274.6	22,643.6	21,567.4	8,575.2	7,952.6

Selected consolidated balance sheet information

	As at 31 December			As at 30 June
	2017	2018	2019	2020
		(Audited)		(Unaudited)
	(RMB in millions)			
Total assets	299,398.2	295,497.0	296,482.9	332,719.0
Total stockholders' equity	135,518.8	142,684.6	150,016.0	143,488.5

SUMMARY

Selected consolidated cash flow statement information (RMB in millions)

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Net cash flows from operating activities	39,693.2	39,736.7	36,464.4	13,828.0	12,066.4
Net cash flows from investment activities	(9,795.2)	(9,226.1)	(6,631.5)	(3,504.9)	(32,334.4)
Net cash flows from financing activities	(28,032.5)	(30,473.3)	(27,873.6)	(8,349.0)	20,593.0

(c) What are the key risks that are specific to the issuer?

- The Group's hydropower business is dependent upon hydrological conditions.
- The Group's business and financial condition may be adversely affected by global and domestic economic conditions, market fluctuations and geopolitical situations.
- Any fluctuation or reduction in the demand for electricity could affect the Group's results of operations.
- The operation of the Group's hydropower projects and market demand for its power may be vulnerable to disruptions caused by natural and man-made disasters.
- The on-grid tariff setting mechanisms are subject to changes.
- The power industry is extensively regulated by the PRC government, and the Group's costs associated with compliance with such regulations can be substantial.
- The Group's business operations are subject to permits by relevant regulatory authorities and the permits obtained may be further adjusted, suspended, withdrawn or revoked.
- The Group may face limitations on the dispatch of electricity due to grid congestion, delay in grid construction, or other grid constraints.
- The operations of the Group's business may be adversely affected by the failure of key equipment or power supply systems, and the failure to repair or maintain its equipment in a timely manner may result in a loss of revenue and an increase in maintenance costs.
- The Group's increased capital needs in the future may increase the Group's financing costs and cause delays in its expansion plans.

3. KEY INFORMATION ON THE SECURITIES

(a) What are the main features of the securities?

(i) Type, class and ISIN of the securities being admitted to trading on a regulated market

The GDRs represent A Shares in the Company with one GDR representing an interest in ten A Shares registered in the name of the Depositary.

The ISIN of the Offer GDRs are as follows: (i) Rule 144A GDR ISIN: US16955G1058; and (ii) Regulation S GDR ISIN: US16955G1132.

(ii) Currency, denomination, par value, number of securities issued and term of the securities

The GDRs will be denominated in US Dollars. The Offering is of 69,100,000 GDRs (together with up to 6,900,000 GDRs issued pursuant to the Over-allotment Option (the "Over-allotment GDRs")) representing A Shares (the "Offer GDRs") with one GDR representing an interest in ten A Shares registered in the name of the Depositary.

The GDRs will have an infinite term.

(iii) Rights attached to the securities

Pursuant to the Deposit Agreements and the Terms and Conditions of the GDRs, holders of GDRs (a "Holder" is the person registered as the holder on the books of the Depositary maintained for such purpose) will, amongst other things, be entitled to:

- the right to request withdrawal of the Deposited Shares (as defined therein) and all rights, securities, property and cash deposited with the Custodian which are attributable to the Deposited Shares;
- the right to receive payment (in US Dollars, if practicable) from the Depositary of an amount equal to the cash dividends or other cash distributions received by the Depositary from the Company in respect of the Deposited Shares;
- the right to receive from the Depositary additional GDRs representing additional A Shares received by the Depositary from the Company by way of dividend or free distribution (or if the issuance of additional GDRs is deemed by the Depositary to be unlawful or not operationally practicable or subject to any tax or other governmental charges which the Depositary is obligated to withhold, or if the distribution of the A Shares and the GDRs representing such A Shares must be registered under the Securities Act or other laws, the net proceeds (in US Dollars, if practicable) of the sale of such A Shares);
- the right to receive from the Depositary any dividend or distribution in the form of property other than A Shares or cash received by the Depositary from the Company (or if such distribution is deemed by the Depositary to be unlawful or not reasonably practicable, the net proceeds (in US Dollars, if practicable) of the sale of such property);

SUMMARY

- the right to request the Depositary to exercise subscription or similar rights made available by the Company to holders of A Shares (or if such process is deemed by the Depositary to be unlawful or not reasonably practicable, the right to receive the net proceeds (in US Dollars, if practicable) of the sale of the relevant rights or the sale of the assets resulting from the exercise of such rights);
- the right to instruct the Depositary regarding the exercise of any voting rights notified by the Company to the Depositary, subject to conditions; and
- the right to inspect or receive from the Depositary copies received by the Depositary of notices provided by the Company to holders of A Shares as well as any other material provided by the Company to the Depositary in connection therewith,

in each case subject to applicable law, and the detailed terms set out in the Terms and Conditions of the GDRs (as endorsed on each GDR certificate) and the applicable Master GDR Certificate.

(iv) Relative seniority of the securities

A Holder of GDRs has the right to share in profits of the Company and to receive the proceeds of any liquidation surplus.

If the Depositary becomes insolvent, the insolvency proceedings will be governed by US laws applicable to the insolvency of banks. The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current US and English law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary's insolvency for such cash that would be also be available to general creditors of the Depositary. The Deposit Agreements state that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current US and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's receiver or conservator to deliver such Depositary Shares and other non-cash assets that would be unavailable to general creditors of the Depositary.

(v) Restrictions on free transferability of the securities

The GDRs will be freely transferable, subject to certain selling restrictions under the relevant laws in certain jurisdictions applicable to the relevant transferor or transferee and restrictions under the DR Provisions, which are described below.

Pursuant to the DR Provisions, GDRs subscribed for by investors in the Offering may not be redeemed within 120 days following the date of Admission. Therefore, for such period, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and will only be able to sell their GDRs through the IOB of the LSE or another legitimate trading venue. The DR Provisions also restrict transfers of GDRs by the Company's controlling shareholder, actual controller or entities under their control for a period of 36 months from the date of Admission. As at the Latest Practicable Date, CTG is the controlling shareholder of the Company.

In addition, pursuant to the DR Provisions, the aggregate holding of a single overseas investor of the equities of the Company (including the A Shares and GDRs, whether held directly or indirectly) shall not exceed 10% of the total outstanding shares of the Company. In the event an overseas investor's holding of equities exceeds such limit, such investor is required to liquidate the excess portion within five trading days. Furthermore, the DR Provisions also require that the aggregate holdings of A Shares by all overseas investors in the Company shall not exceed 30% of the total outstanding shares of the Company. In the event the 30% limit is exceeded, overseas investors may be required to liquidate their holdings (in reverse chronological order of when such holdings were acquired). The foregoing restrictions do not apply to overseas investors' strategic investments as defined and regulated by the Measures for the Administration of Strategic Investment in Listed Companies by Foreign Investors (外國投資者對上市公司戰略投資管理辦法).

(vi) Dividend policy

After completion of the Offering, the Company may distribute dividends in the form of cash or stocks. Any proposed distribution of dividends shall be formulated by the Board and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the Group's results of operations, cash flows, financial condition, payments by its subsidiaries of cash dividends to the Company, business prospects, statutory, regulatory and contractual restrictions on its declaration and payment of dividends and other factors that the Board may consider important.

According to the applicable PRC laws and its Articles of Association, the Company will pay dividends out of its profit after tax only after it has made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory reserve equivalent to 10% of its profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of its registered capital, no further allocations to this statutory reserve will be required;
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders of the Company in a shareholders' meeting.

SUMMARY

Furthermore, as set forth in its Articles of Association, the Company distributes dividends primarily in the form of cash, but may also distribute dividends in the form of stocks. The Company shall in principle distribute cash dividends every fiscal year, and may declare interim dividends as it considers appropriate, provided that the Company records a positive profit for the year and has positive retained earnings. In principle, the profits for distribution in each fiscal year shall be no less than 50% of the distributable profits realised in the same period. According to its Articles of Association, the amount of annual cash dividends that the Company distributed for years from 2016 to 2020 shall be no lower than RMB0.65 per share and the amount of annual cash dividends that the Company distributed for years from 2021 to 2025 shall be no less than 70% of the annual net profits of the Company. However, the Company is allowed to amend its Articles of Association with the approval of more than two thirds of its shareholders and there is no assurance that the Company will distribute the dividends in an amount as specified in the Articles of Association.

To the extent that dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to receive dividends payable in respect of the A Shares underlying the GDRs, subject to the terms of the Deposit Agreements.

(b) Where will the securities be traded?

Application will be made: (i) to the FCA for the GDRs to be admitted to the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange.

(c) What are the key risks that are specific to the securities?

- There has been no prior public trading market for the GDRs and an active trading market may not develop or be sustained in the future.
- Future sales of GDRs or A Shares could depress the market price of the GDRs and future issues of A Shares may dilute the holdings of shareholders of the Company and/or GDR holders.
- The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and is therefore not guaranteed. Furthermore, holders of the GDRs may be subject to exchange rate risk.
- Following the Offering, holders of A Shares may not be able to deposit the A Shares in the Company's GDR facility in order to receive (or sell) GDRs, and changes in regulatory policy in the PRC with respect to the placement and circulation of the A Shares outside the PRC in the form of GDRs or otherwise may negatively affect the market for the GDRs being offered. GDR holders will not be able to redeem their GDRs and hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker. In addition, the fungibility of the GDRs and the A Shares is dependent on the availability of Designated Brokers. Furthermore, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares for a period of 120 days following the date of Admission or during any period when trading in the A Shares on the Shanghai Stock Exchange is suspended and this may give rise to price risk to GDR holders.
- Voting rights with respect to the A Shares represented by the GDRs are limited by the terms of the Deposit Agreement and the relevant requirements of the laws of the PRC.

4. KEY INFORMATION ON THE ADMISSION TO TRADING ON A REGULATED MARKET

(a) Under which conditions and timetable can I invest in this security?

(i) General terms and conditions

The Offering consists of an offering of 69,100,000 GDRs (together with up to 6,900,000 Over-allotment GDRs), each representing ten A Shares, at an offer price of US\$26.46 per GDR (the "Offer Price").

(ii) Expected Timetable

Event	Time and Date
Announcement of Offer Price and notification of allocations	24 September 2020
Prospectus published	25 September 2020
Expected date that conditional dealings in the GDRs commence on the London Stock Exchange	9.00 a.m. on or around 25 September 2020
Expected date that Admission and unconditional dealings in the GDRs commence on the London Stock Exchange	9.00 a.m. on or around 30 September 2020

Each of the times and dates set out above is subject to change without further notice. References to a time of day are to London times (unless stated otherwise).

If Admission does not occur, all conditional dealings will be of no effect and such dealings will be at the sole risk of the parties concerned.

(iii) Details of admission to trading on a regulated market

Application will be made: (i) to the FCA for the GDRs to be admitted to the standard listing segment of the Official List; and (ii) to the London Stock Exchange for the GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. The Main Market of the London Stock Exchange is a regulated market for the purposes of MiFID II. The A Shares are listed on the Shanghai Stock Exchange.

SUMMARY

Admission to the Official List and unconditional trading in the GDRs on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange through its IOB is expected to take place on or around the Closing Date. The Company expects that conditional trading in the GDRs on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange through the IOB will commence on a “when issued” basis on or about 25 September 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

(iv) *Plan for distribution*

The Offering comprises an offering of (1) Offer GDRs in the United States to certain QIBs as defined in, and in reliance on, Rule 144A under the Securities Act, or another exemption from the registration requirements of the Securities Act; and (2) Offer GDRs outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S.

(v) *Amount and percentage of immediate dilution resulting from the issue*

Existing shareholders of the Company will experience dilution of between 3.0% (assuming no exercise of the Over-allotment Option) and 3.3% (assuming the Over-allotment Option is exercised in full).

(vi) *Estimate of the total expenses of the issue*

The total fees (including underwriting commissions, assuming the discretionary fee is paid in full), costs and expenses payable by the Company in connection with the Offering are expected to amount to between approximately US\$7.9 million (assuming no exercise of the Over-allotment Option) and US\$8.5 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT).

(vii) *Estimated expenses charged to the investor*

Investors will not be charged any expenses by the Company. Pursuant to the terms and conditions of the GDRs, the Depositary will be entitled to charge certain fees to the holders of the GDRs.

(b) *Why is this Prospectus being produced?*

(i) *Reasons for the admission to trading on a regulated market*

The Company believes the Offering and the Admission will enhance the Group’s international profile, further develop its internationalisation strategy and expand its global investment and financing operations.

(ii) *The use and estimated net amount of the proceeds*

The Company expects to receive gross proceeds of between approximately US\$1,828.4 million (assuming no exercise of the Over-allotment Option) and US\$2,011.0 million (assuming the Over-allotment Option is exercised in full) and net proceeds of between approximately US\$1,820.5 million (assuming no exercise of the Over-allotment Option) and US\$2,002.5 million (assuming the Over-allotment Option is exercised in full), after deducting the total fees (including underwriting commissions, assuming the discretionary fee is paid in full), costs and expenses payable by the Company in connection with the Offering of between approximately US\$7.9 million (assuming no exercise of the Over-allotment Option) (inclusive of VAT) and US\$8.5 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT).

The Company intends to use the net proceeds received from the Offering as follows:

- no less than 80% of the net proceeds would be used to repay the offshore loans for acquiring the interest in the Acquired Companies; and
- no more than 20% of the net proceeds would be used to supplement the Group’s working capital.

The foregoing use of proceeds may change in light of the Group’s capital needs for offshore projects, onshore and offshore regulatory requirements and prevailing market conditions and in a way that is consistent with its business strategies and in accordance with applicable laws.

(iii) *Underwriting*

Under the terms of, and subject to, the conditions contained in the Underwriting Agreement, the Joint Bookrunners have severally agreed to procure purchasers for, or failing which, to themselves purchase, at the Offer Price, the Offer GDRs in certain agreed proportions.

(iv) *Material conflicts of interest*

There are no interests, including conflicting interests, that are material to the Offering.

RISK FACTORS

An investment in the GDRs involves a high degree of risk. Accordingly, prospective investors should carefully consider, amongst other things, the risks described below, which address the existing and future material risks to the Group's businesses and industry and to the GDRs, as well as the detailed information set out elsewhere in this Prospectus, and reach their own views before making an investment decision. The risks and uncertainties described below represent the risks inherent in investing in the GDRs but are not the only risks and uncertainties the Group faces. Additional risks and uncertainties not presently known to the Group, or that the Group currently believes are immaterial, could also impair the Group's business operations. If any of the following risks actually materialises, the Group's business, financial condition, results of operations or prospects could be materially and adversely affected. If that were to happen, the trading price of the GDRs could decline and investors may lose all or part of their investment.

Prospective investors should note that the risks relating to the Group, its industry and the GDRs summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the GDRs. However, as the risks that the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, amongst other things, the risks and uncertainties described below. Various statements in this Prospectus, including the following risk factors, may constitute forward-looking statements as further described in the section of this Prospectus entitled "Notice to Certain Investors".

Risks Relating to the Group

The Group's hydropower business is dependent upon hydrological conditions

The Group's hydropower generation prospects are dependent upon hydrological conditions prevailing from time to time in the geographic regions in which its existing and future hydropower projects are located. They are also increasingly influenced by global climate change. Substantially all of the Group's revenue is derived from power generation from its four hydropower projects along the Yangtze River. As a result, any variation in hydrological conditions resulting in fluctuations in the water flow of the Yangtze River may affect the Group's results of operations and financial condition. Water inflows at the Group's hydropower projects vary each year, and depend on factors such as precipitation and rate of snowmelt. In addition, hydrological conditions are subject to seasonal variation and climate change induced changes to the environment, such as increased frequency of extreme weather. For example, during the flood season in the Yangtze River region, which typically runs from every June to September, ample precipitation generally brings water inflows to hydropower projects and thus increases the Group's power generation. However, if such region experiences significant flooding, the Group considers flood control in addition to hydropower generation as its operational focus. Under such circumstances, the Group's power generation schedule, which mainly consists of the frequency of water release and the operation of turbines in its cascade hydropower system, is crucial for the optimal operation of hydropower projects. Failure to properly manage the schedule may result in lower power generation levels than what might otherwise be achievable. If in any given year the Yangtze River region is affected by a severe drought, flood or other adverse conditions, the Group's business may be significantly affected.

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In addition, the Group may select hydropower projects for acquisition in the future on the basis of their projected output, which is estimated using their historical average water inflow. However, the water inflows required to produce the estimated output may not exist or be sustained after the projects commence their operations. There can be no assurance that the water inflow level at the Group's existing and future power stations will be consistent with the Group's expectations, or that climatic and environmental conditions will not change significantly from the prevailing conditions at the time the Group's projections were made. Any of the foregoing may adversely affect the Group's revenue or profitability.

The Group's business and financial condition may be adversely affected by global and domestic economic conditions, market fluctuations and geopolitical situations

The Group's results of operations may be materially affected by economic conditions in the PRC and elsewhere around the world. Although many countries around the world have adopted various economic policies to mitigate the adverse impact caused by factors such as the slowdown of the world economy and, most recently, the COVID-19 pandemic, it is uncertain how quickly the world economy would grow going forward. There are also significant uncertainties on whether the Chinese economy will be able to regain its previous growth rates or maintain its current or expected growth rates. A severe or prolonged economic downturn globally or in the PRC will reduce electricity demand and materially and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, any tightening of liquidity in the global financial markets may in the future negatively affect the Group's liquidity. The difficult economic outlook has negatively affected business and consumer confidence and contributed to unprecedented volatility levels. The Group cannot predict the short-and long-term impacts of these events on the Group's business and financial condition.

In June 2020, the U.S. Department of Defense released publicly for the first time an initial list of 20 Chinese companies and subsequently in August 2020, a list of 11 Chinese companies, including the Company's controlling shareholder, CTG (together, the "Pentagon Lists") that the U.S. Department of Defense has identified as "Communist Chinese military companies" operating directly or indirectly in the United States pursuant to Section 1237 of the National Defense Authorization Act for Fiscal Year 1999 (the "Act").

The Act authorises the U.S. President, once the Pentagon Lists are published, to exercise powers under the International Emergency Economic Powers Act 1977 to regulate or prohibit certain commercial activity within the United States involving Pentagon Lists entities. Accordingly, the publication of the Pentagon Lists could lead to the imposition of sanctions that would prohibit U.S. persons from engaging in U.S. commercial activity with Pentagon Lists entities or other potential restrictions. However, being named on the Pentagon Lists does not automatically subject a company to sanctions and there is no certainty that being named on the Pentagon Lists will lead to a company being subject to sanctions in the future.

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As of the Latest Practicable Date, there have been no sanctions imposed on CTG by the U.S. President. The Company is also not aware of any restrictions that prevent investment by third-parties in the equity of the Company as a result of CTG being placed on the Pentagon Lists. However, the Company cannot reasonably predict at this time whether any sanctions or other potential restrictions will be imposed on CTG in the future as a result of it having been named on Pentagon Lists as the U.S. government has not at this time clarified what actions (if any) will be taken in respect of entities on the Pentagon Lists. However, the inclusion of CTG on the Pentagon Lists has created uncertainty as to whether CTG could be at risk of sanctions or other restrictions in the future and may mean that the Company, as a subsidiary of CTG, is perceived to be at risk of sanctions or other restrictions. Further, as of the Latest Practicable Date, because of the absence of information from the U.S. government at this time, the Company cannot accurately assess what the potential nature and extent of any such sanctions or other potential restrictions would be, if imposed, and in turn cannot determine what impacts, if any, such sanctions or other potential restrictions would have on the Company. Furthermore, there remains uncertainty as to whether the U.S. government will take further actions in relation to China-based companies and the impact of any such actions on the Company.

Any fluctuation or reduction in the demand for electricity could affect the Group's results of operations

The Group's business depends on the demand for and sale of electricity, which is in turn affected by a number of factors, including macroeconomic conditions, national policies, population growth and popularity of electronic products. A significant decline in market demand for electricity in the PRC could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects. The sale of the Group's electricity is also subject to local demand in the regional markets the Group serves. The Group cannot assure you that the demand for electricity in these regions will not decline because of changing local economic conditions or other factors. Nor can the Group assure you that the supply of electricity from other power stations or alternative power sources will not increase. Any such increase in the supply of electricity in the regions the Group serve could result in an imbalance between supply and demand in the regional market, which could impact the Group's sales and revenue, and cause a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

The operation of the Group's hydropower projects and market demand for its power may be vulnerable to disruptions caused by natural and man-made disasters

The Group's hydropower projects are vulnerable to natural disasters including major earthquakes, storms, tornadoes and floods, as well as disasters caused by human actions such as explosions, fires, cyber-attacks, labour strikes and acts of terrorism. Major natural disasters may damage the integrity of the Group's assets, which, in extreme cases, has the potential to lead to environmental and property damage and personal injury. The Group's hydropower projects could also be forced to operate fewer generating units during drought, or to cease operating or even experience damages in the event of a flood. A major breakdown in the Group's electric system could result in forced outages of the Group's generating units. Such disruptions are unpredictable and can significantly damage the Group's power station equipment and access to water supply. In the event of natural and

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man-made disasters, the Group may need to suspend operation of its hydropower projects and may not be able to generate the level of electricity as expected or at all. Further, market demand for power in general may be significantly and adversely affected in case of natural and man-made disasters, reducing the need for the electricity the Group generates.

The on-grid tariff setting mechanisms are subject to changes

The Group's revenue from power generation depends primarily on two factors: on-grid tariff and amount of electricity sold. In the PRC, the Group sells the electricity generated from its hydropower projects to grid companies at on-grid tariffs. On-grid tariffs are set based on regulatory guidance or in market-based transactions. In the former case on-grid tariffs are set by relevant pricing authorities, taking into consideration factors such as:

- construction costs of power projects;
- operation period of power projects;
- operating and administrative expenses of power projects;
- maintenance and repair costs of power projects;
- average costs of comparable power projects that were constructed during the same period within the same provincial power grid;
- average price in the region electricity is sold;
- benchmark tariffs of coal-fired power in the region electricity is sold;
- interest expense on outstanding debts.

In the latter case the electricity sales prices are determined through negotiations between the contracting parties or through bidding processes.

While the Group expects the current tariff setting mechanisms to continue to be implemented, on-grid tariffs may be affected by national policies, market conditions, transaction outcomes and negotiations with contractual counterparties.

Further, the Group cannot assure you that regulatory reforms in the PRC will not result in changes to the tariff setting mechanism for the Group's hydropower projects, nor can the Group assure you that any changes such as introducing greater market forces will not reduce the Group's tariffs or affect the competitiveness of hydropower compared to other energy sources, especially in a market with power surplus. Other projects and/or businesses the Group acquires or has an interest in may also be subject to changes in tariff setting mechanisms.

Any future reduction in the Group's on-grid tariffs as a result of changes in tariff-setting mechanism, or inability to obtain higher tariffs to, for example, cover any increased costs the Group may incur, may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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The power industry is extensively regulated by the PRC government, and the Group's costs associated with compliance with such regulations can be substantial

The power industry is extensively regulated by the PRC government. All of the Group's hydropower projects in the PRC are subject to regulation by PRC government authorities, including national authorities as well as their provincial and local counterparts. Government regulations address virtually all aspects of the Group's operations, including, among others:

- granting of power generation permits;
- amount of power generation;
- setting of on-grid tariffs;
- power grid voltage qualification rate and power supply reliability;
- transmission system control and power dispatch, including setting preferential policies for the dispatch of power generated by renewable energy;
- allocation of water resources and control of water flows;
- environmental protection and safety standards; and
- taxes, in particular EIT and VAT.

Any breach of applicable laws and regulations may subject the Group to serious consequences, including imposition of fines, penalties or suspension or revocation of permits or licences. Complying with laws and regulations may require the Group to incur significant compliance costs, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects. Other projects and/or businesses the Group acquires or has an interest in may also be subject to changes in regulation.

Compliance with environmental, social and governance regulations can be costly, and the Group may become subject to additional compliance requirements

The Group is required to comply with PRC national and local regulations regarding environmental protection in its operations. The Group's hydropower projects affect the environment, surrounding ecosystems and local communities and are subject to significant environmental controls and regulations. Other projects and/or businesses the Group acquires or has an interest in must also comply with current and future environmental, social and governance controls and regulations, including regulation aimed at addressing climate change. Compliance with environmental and social regulations involves significant costs and management time. In addition, if more stringent regulations are adopted in the future, capital and operational costs of compliance with these new regulations could be substantial. Non-compliance with current and/or any future environmental and social regulations has the potential to result in adverse publicity, litigation costs, disruption of operations, potential significant monetary damages and fines, criminal penalties, suspension, revocation or variation of licences, and/or suspension or even cessation of certain of the Group's business operations.

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The Group's business operations are subject to permits by relevant regulatory authorities and the permits obtained may be further adjusted, suspended, withdrawn or revoked

The development and operation of the Group's hydropower projects are highly regulated and require various permits and approvals, including an electric power business permit and a water drawing permit. Other projects and/or businesses the Group acquires or has an interest in may also be required to obtain and maintain various permits and approvals. Procedures for applying for, and, if applicable, renewing or extending, such permits and approvals may vary by region to region, and certain projects may not obtain (new or renewed/extended) permits and approvals in a timely manner for a variety of reasons. Third parties may challenge a decision of local authorities to grant the Group operation permits. After receiving the necessary operation permits, the Group must comply with relevant laws and regulations, as well as terms and the conditions of such permits. Failure to do so may result in fines, sanctions, litigation costs and/or the suspension, revocation, variation or non-renewal of such permits. Third parties may also allege that the Group is not complying with its permits, which may cause reputational damage and/or result in litigation costs. In addition, government authorities may vary, suspend, withdraw or revoke the permits granted to the Group according to applicable laws. Any such variation, suspension, withdrawal or revocation may cause delay, disruption or even cessation of certain of the Group's operations or projects. These factors could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group intends to acquire new power projects and related operating companies and businesses from third parties in or outside the PRC, approvals of and filings with various governmental authorities may be required for the acquisition to proceed. Further, various governmental and regulatory approvals, consents, reports and filings may be required for the operations of these businesses. The Group cannot assure you that such approvals and/or filings can be obtained or made in a timely manner, or at all.

The Group's business and business prospects rely in part on favourable government policies and preferential tax treatment

National, provincial and local governments in the PRC support the development of renewable energy, including hydropower. Under the PRC Renewable Energy Law and other relevant laws, expansion of renewable power generation is one of the priorities for the development of the nation's power supply. The Group currently enjoys several types of government support. On 30 November 2018, Three Gorges Hi-Tech Information Technology Co., Ltd. was recognised as a high-tech enterprise and enjoys a reduced EIT tax rate of 15% for the three years from 2018 to 2020. Benefiting from the China Western Development Programme, Chuanyun is subject to a reduced EIT tax rate of 15%. Further, from 2016 to 2018, Chuanyun enjoyed a 50% reduction in its EIT rate pursuant to the Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (Cai Shui [2008] No. 46) (《關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》(財稅[2008]46號)). In addition, from 1 January 2016 to 31 December 2017, the portion of the Group's VAT burden in excess of the amount calculated at a rate of 12% was refunded to the Group upon collection. Such preferential policy expired on 31 December 2017. In 2017 and 2018, the Group had VAT refunds on

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electricity sales of RMB2,290.6 million and RMB716.6 million, respectively. Any further change or elimination of such government support and preferential tax treatments may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may face limitations on the dispatch of electricity due to grid congestion, delay in grid construction, or other grid constraints

Power generation in the PRC outpaces power grid construction. The transmission and dispatch of the Group's electricity output may be curtailed as a result of various grid constraints, such as grid congestion, grid instability and reduced electricity dispatch during restricted periods. Grid congestion may be caused by increased supply of electricity, resulting in periods when grids do not have sufficient capacity to transmit and dispatch the full output of the power projects connected to them. If grid congestion happens during the flood season, the Group may not be able to operate its power generating units at full capacity and to utilise all water flowing through its hydropower projects. In addition, the Group relies on local grid companies in the PRC to construct and maintain the infrastructure and provide electricity transmission and dispatch services that connect the Group's hydropower projects to grids and to maintain that connection, and there can be no assurance that the grid companies will do so in a timely manner, or at all. Any reduction in dispatched output due to grid congestion or other constraints may have a material and adverse effect on the sales of electricity generated from the Group's projects.

The operations of the Group's business may be adversely affected by the failure of key equipment or power supply systems, and the failure to repair or maintain its equipment in a timely manner may result in a loss of revenue and an increase in maintenance costs

The breakdown or failure of power generating equipment or other key equipment or civil structure in any of the Group's hydropower projects could disrupt the generation of electricity and result in a loss of revenue. Repair of equipment failures may take a long period of time, depending on the nature of the problem and availability of repair services and spare parts. Further, any material breakdown or failure of the transmission systems could disrupt the transmission of electricity from a hydropower project to the local power grid. If the problem is related to the grid, the Group may not be able to dispatch the Group's power until the grid carries out the necessary repairs. The breakdown or failure of the Group's hydropower projects may prevent it from fulfilling its power sales agreements and, in certain situations, could result in incurrence of contractual liabilities. Although to date the Group has not experienced any major breakdowns or failures or in the Group's hydropower projects, there is no assurance that such breakdown or failure will not occur in the future. Any of the above circumstances may result in a loss of revenue, increased maintenance costs and harm to the Group's reputation.

In addition, periodic maintenance, upgrades and improvements of the Group's key equipment to maintain its efficient operation may require significant capital expenditure. The Group's suppliers generally cover inspection and maintenance services and component repair or replacement during the warranty period. The Group's in-house technical team will continue to perform part of the maintenance activities after warranty expires. If the Group's external equipment suppliers or its in-house technical team fails to provide

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inspection, maintenance or repair works for key equipment and systems in a timely manner or at all, the Group's business operations could be interrupted or delayed and the Group may incur significant repair costs as a result.

Acquisitions of the Wudongde Project and the Baihetan Project is subject to uncertainties beyond the Group's control

The Wudongde Project and the Baihetan Project are two hydropower projects under construction in the PRC, currently owned by CTG. Their full completion and operation schedules are to be determined. The Group is commissioned to manage and operate the two projects in accordance with contractual arrangements. In light of the non-compete undertaking provided by CTG, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the two projects, the Group is in the best position to, and is expected to, acquire the Wudongde Project and the Baihetan Project after their commencement of commercial operation. The Group will decide whether and when to proceed with the acquisitions based on factors including its development strategy, the market conditions and the construction and operation schedule of the two projects. In addition, the completion of the acquisitions are subject to significant uncertainties, such as approvals by the relevant regulatory authorities and the Company's shareholders. Further, there is no assurance that the two projects, upon acquisition, will achieve synergy with the Group's four existing hydropower projects.

The Group's increased capital needs in the future may increase the Group's financing costs and cause delays in its expansion plans

The Group's capital needs are primarily related to equity investments and fixed assets investments. With the continual expansion of the Group's business and investment scale, demand for funds may increase. The Group's financing and gearing ratio may increase due to increases in its capital needs, as a result of which the Group's future operations and debt service may be adversely affected. The Group's ability to obtain financing and its financing expenses are dependent on numerous factors, including:

- general economic and capital market conditions;
- prevailing interest rate levels and national credit policies;
- credit availability from banks or other lenders;
- restrictive covenants or undertakings in existing financing arrangements; and
- the performance of the Group's power projects.

No assurance can be given that in the longer term the Group will always be able to generate positive operating cash flow or secure financing from reliable sources on commercially reasonable terms, or at all, to fund its new projects or acquisitions. If the Group fails to obtain adequate financing, its ability to expand its business may be hindered and the prospects of its future operations may be materially and adversely affected.

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The Group has had net current liabilities, which may limit the funds available for various business purposes

The Group's assets primarily comprise of non-current assets, including fixed assets and long-term equity investments; current assets represent a relatively small percentage. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group had net current liabilities of RMB49,515.8 million, RMB47,342.2 million, RMB44,923.4 million and RMB76,160.5 million, respectively. In the past, the Group has maintained a sufficient cash balance. It has been able to obtain financing and recover its account receivables in a timely manner. However, the Group may continue to have net current liabilities in the future. The Group's net current liabilities may (i) require the Group to use a portion of its cash flows from operating activities to service its short-term debt, thereby reducing the cash flows available for capital expenditures or other general corporate purposes and (ii) increase the Group's exposure to interest rate fluctuations. This risk factor is not intended to cut across the working capital statement.

The Group may encounter difficulties in identifying suitable expansion and acquisition opportunities, which would result in the Group's dependence upon its current hydropower projects and having limited revenue growth potential

The Group's ability to implement its growth strategy will depend on a number of factors, in particular the Group's ability to identify suitable expansion opportunities, select proper acquisition targets, reach agreements with PRC and foreign governments and grid operators, obtain necessary authorizations, and/or acquire concessions for major projects from PRC and foreign governments. The Group believes identifying projects for acquisition may become increasingly challenging in the future as domestic and international competition for power projects increases.

If the Group is unable to find suitable opportunities to acquire power projects in the PRC or elsewhere, the Group will remain dependent on its existing hydropower projects along the Yangtze River, which account for the majority of the Group's current power sales and revenue. As a result, the Group may not be able to diversify risks associated with drought, meteorological conditions or other natural disasters in the existing geographical areas where the Group operates, and its ability to achieve growth of revenue and economies of scale may be limited.

The relocation and resettlement of existing businesses and residents in relation to the hydropower projects may hinder the Group's acquisition plans or result in increased negative publicity and litigation costs

The construction of dams and reservoirs for a hydropower project typically increases the water-level at the site of the hydropower project, and therefore requires the relocation and resettlement of existing businesses and residents in the surrounding areas. Pursuant to the Regulations on Compensation for Land Expropriation and Resettlement of Migrants For Large and Medium Water Conservation and Power Construction Projects (Order of the State Council No. 679) (《大中型水利水电工程建设征地补偿和移民安置条例》(國務院令 第679號)), most recently amended on 14 April 2017, compensation for land expropriation and resettlement of residents relating to the construction of large and medium hydropower projects shall be organised and carried out pursuant to proposals pre-approved by the

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relevant government authorities. Generally, the entity which constructs the hydropower project is responsible for the resettlement costs and should include such costs in the total estimated budget for the project.

The Group has not been engaged in the construction of hydropower projects in the PRC. The Group is not directly responsible for paying the resettlement costs in relation to any future projects it acquires from CTG or other entities. However, any increase in resettlement costs associated with the acquisition targets or any delay in completing the demolition and resettlement process may significantly hinder the Group's acquisition plans. The Group may also face negative publicity in the PRC or overseas and be subject to litigations brought by local businesses, residents and interest groups regarding the demolition and resettlement process of its existing and future hydropower projects. Any of the above could cause significant cost increases and/or delays in acquisition plans, and could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group may experience difficulty in achieving synergy between newly acquired and existing projects and assumptions made for the Group's investment analysis on newly acquired business may not have been accurate

The Group plans to implement a development strategy focusing on its main business of hydropower generation and at the same time expanding related businesses. For instance, in April 2020, the Group acquired 83.64% of the interests in Luz del Sur, a leading electricity distribution company in Peru. The successful integration of the newly acquired projects into the Group's operations may require, among other things, the retention and assimilation of key management, sales and other personnel, the adaptation of technology and other operation processes, and the retention and transition of customers. Unexpected difficulties in integrating any acquisition could result in increased expenses and the diversion of management time and resources. If the Group does not successfully integrate the acquired business into the Group's operations, the Group may not realise the anticipated benefits of the acquisition, which could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

In addition, there is no assurance that the newly acquired projects will produce the intended benefits. If the Group fails to manage a project successfully, or the synergy or other benefits expected from an integration ultimately fail to materialise, the Group may have expended significant management time, capital and other resources on the project and the Group's existing business operations may be interrupted due to risks incurred through the newly acquired projects, including:

- potential construction or engineering problems, or failure to obtain licenses or maintain concessions, which may expose the Group to severe economic loss or legal liabilities and require substantial expenditure to remedy;
- unforeseen or hidden liabilities, including residual construction cost or other liabilities that have not been settled or exposure to legal proceedings or enforcement action, associated with the newly acquired projects;
- failure to generate sufficient revenue to offset the costs and expenses of the newly acquired projects;

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- potential impairment losses and amortisation expenses relating to goodwill and intangible assets arising from the newly acquired projects, which may materially reduce the Group's net income or result in a net loss.

Further, assumptions made for the Group's investment analysis on newly acquired projects may not have been accurate and their actual financial results may not meet the Group's expectations. Any one or a combination of the above risks could interrupt the Group's existing business and materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group is subject to credit risk in collecting accounts receivable due from its customers

The Group's accounts receivables mainly consist of receivables from electricity sales to major grid companies. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's accounts receivables turnover days, calculated as the average of the beginning and ending account receivables for the year/period divided by revenue for that year/period and multiplied by 360 days, were 22.7 days, 20.5 days, 20.1 days, 64.9 days and 89.3 days, respectively. As at 31 December 2017, 2018 and 2019 and 30 June 2019 and 2020, the Group's accounts receivables amounted to approximately RMB3,213.1 million, RMB2,626.1 million, RMB2,944.4 million, RMB4,715.0 million and RMB6,937.4 million, respectively. The Group's sales of electricity are usually settled in the following month. All of the Group's sales of electricity during 2017, 2018 and 2019 have been fully settled. However, there is no assurance that all account receivables due to the Group will be settled on time at all times. Accordingly, the Group faces credit risk in collecting accounts receivable due from the customers. The Group's performance, liquidity and profitability will be adversely affected if significant amounts due to the Group are not settled on time. The bankruptcy or deterioration of the credit condition of any of the Group's major customers could also materially and adversely affect the Group's business.

The Group derives certain profit from entities over which the Group does not have control

The Group has invested in certain companies over which the Group does not have control and the Group's ability to influence the management and policies of these companies is limited. The entities include, among others, SDIC Power Holdings CO., LTD., Sichuan Chuantou Energy Co., Ltd., Midstream Jinsha, Hubei Energy Group Co., Ltd., Guangzhou Development Group Incorporated and TGWC. Details of some of these investments are set forth in "Business Description—Direct Investment". In 2017, 2018 and 2019, the Group derived an investment income of RMB2,311.7 million, RMB2,707.0 million and RMB3,074.8 million, respectively, mainly from these entities. In the event that the Group cannot agree with other shareholders on management decisions, this may result in a deadlock and may impede the further development of the relevant business as critical decisions may be delayed or hindered. In addition, the Group's role as a non-controlling shareholder in these companies may also have an adverse impact on the Group's return on investment, as management or other shareholders of these companies might institute or undertake transactions, strategies, policies or programs that result in a decrease in the

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value of these companies and, as a consequence, the Group's return on investment. In addition, the Group may need to take significant impairment charge on its investments if such entity fails to perform financially as expected or otherwise.

The Group's business is susceptible to operational risks, which could result in losses, increased maintenance costs and potential liabilities owed to other parties

Operating hydropower projects involves many risks and hazards which may be beyond the Group's control and could cause significant business interruptions, personal injuries and property or environmental damage, and increase power generating costs at affected hydropower projects for an unknown duration. These risks include:

- breakdown or failure of, or damage to, key equipment, civil structures or transmission systems;
- supply interruptions;
- unplanned outages;
- disruption in the transmission of electricity generated;
- unexpected maintenance or technical problems;
- human error;
- flooding of facility buildings;
- network security breaches;
- breakdown of mechanical, software or monitoring systems;
- community opposition;
- industrial accidents; and
- unanticipated cost overruns.

Further, the four hydropower projects the Group operates along the Yangtze River performs significant social functions, including flood control, drought prevention and navigation improvement. For example, if a large flood occurs, the storage capacity of the Three Gorges Project's reservoir can be adjusted to help protect the inhabitants and farmland in the lower reaches on the Yangtze River; when the lower reaches of the Yangtze River experience a drought, the Group can release water from the reservoir to meet the needs for navigation, agriculture, industry and residential usage in the area. As a result, the Group is subject to significant responsibilities for safe and stable operations and its operational failures may cause environmental damage and harm to the surrounding communities.

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The Group's overseas operations and its plans for further overseas expansion are subject to factors such as situations within and practices of the power industry, legal system, political situation and economic development in overseas markets in which the Group operates

As an integral part of its growth strategy, the Group actively seeks acquisition opportunities in overseas markets. In April 2020, the Group acquired 83.64% of the interests in Luz del Sur, a leading electricity distribution company in Peru. As the Group continues to expand its operations overseas, the Group will enter into markets in which it has limited or no experience, and become increasingly exposed to a number of risks, including:

- difficulty in managing multinational operations;
- difficulty or increased costs in ensuring compliance with environmental, social, governance and tax regulatory regimes in different jurisdictions, some of which may be more stringent than the PRC's;
- difficulty with staffing and managing its overseas workforce, including complying with various labor regulatory requirements in different jurisdictions;
- difficulty with security arrangements for its overseas operations, including complying with various regulatory requirements in different jurisdictions;
- changes in a specific country's or region's political and economic conditions or policies, as well as social conditions;
- difficulty in managing foreign exchange risks;
- challenges caused by distance, language, local business customs and cultural differences;
- difficulty in obtaining licenses, permits or other regulatory approvals from local authorities and in enforcing contractual or legal rights in certain jurisdictions;
- difficulty in collecting receivables from international customers;
- difficulty in managing the relocation and resettlement process;
- imposition of additional restrictions on currency conversion and remittances abroad and fluctuations in currency exchange rates; and
- failure to establish appropriate risk management and internal control structures tailored to overseas expansions.

The Group's failure to manage or respond to these risks or challenges may adversely affect the success of its overseas expansion, which in turn could materially and adversely affect its business, financial condition, results of operations and prospects.

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The interests of the Group and of minority shareholders may not be aligned with those of the Company's Controlling Shareholder

As at the Latest Practicable Date, the Company's Controlling Shareholder, CTG, held 57.92% of the Company's Shares. Five of the Company's 15 current Directors were nominated by CTG and its affiliates. Subject to the Company's Articles of Association and applicable laws and regulations, CTG, as the Company's Controlling Shareholder, may, by voting its shareholding at general meetings of shareholders, have the ability to influence the Company's major policy decisions, including, among other items, business strategies and policies, the timing and amount of dividend distributions, material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to the Group's capital structure, amendments to the Company's Articles of Association and other actions that require the approval of the Board and shareholders, as applicable. It is possible that differences in opinion may arise from time to time between CTG and other shareholders and the interests of CTG may be inconsistent with the interests of other shareholders. Decisions taken by the shareholders through a voting mechanism may not fully satisfy the interests of all shareholders. The Company cannot guarantee that CTG will influence the Company to pursue actions that are in the best interests of other shareholders.

The Group's operations involve significant safety risks and occupational hazards and are subject to extensive safety standards and regular inspections and examinations by relevant regulatory authorities

The Group's hydropower projects are located in mountainous regions with complex terrain and geology. The Group's operations involve risks and occupational hazards that are inherent in such activities and may not be completely eliminated through the implementation of preventive or protective measures. Factors such as human error, insufficient attention to safety or maintenance and working conditions associated with production could result in accidents or damage to human health. The main types of occupational hazards include dust, risks related to industrial diving, noise, exposure to power frequency electric field and high-temperature in the summer time. These risks and hazards could result in property damage, personal injury, business interruption, claims and penalties.

The Group is subject to stringent operational safety requirements in the PRC, which requires it to make significant investments in operational safety management. The Group has formulated occupational disease prevention measures to safeguard its employees' health and rights. Employees are informed of the hazards related to their job responsibilities. The Group periodically organises occupational health and safety trainings for its employees. In addition, the Group provides annual health check-ups for its employees and occupational health examinations for personnel exposed to occupational hazards. However, failure of employees to strictly abide by the Group's overhaul and maintenance procedures may lead to accidents or damage to human health. If a serious safety accident occurs during its operations, the Group's business, financial condition, results of operations and prospects maybe materially and adversely affected. Other projects and/or businesses the Group has acquired, such as Luz del Sur, are also subject to operational safety requirement which may change over time.

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Negative reports or allegations, whether substantiated or not, regarding the Group's projects may result in harm to the Group's reputation, and adversely affect its ability to implement its future projects

The Three Gorges Project, owing to its large scale and wide-ranging economic, social and environmental impact, has been the subject of significant debate and discussion since its initial planning stage. There are certain organisations and individuals that continue to challenge and question various aspects of the Three Gorges Project in the media. In particular, there have been negative reports and allegations in various media sources regarding the Three Gorges Project, including its environmental and ecological impact, the resettlement of local residents and flooding of undiscovered archaeological and cultural sites, which the Group believes are untrue, unfair or fail to take into account the many benefits the Three Gorges Project has provided. The dissemination of negative press or public allegations about the Three Gorges Project, whether or not substantiated, may adversely affect public opinion about the Three Gorges Project and harm the Group's reputation and the Company's share price. The Group's other projects may also be the subject of negative press reports, which similarly may adversely affect public opinion about the respective projects and harm the Group's reputation. In addition, negative publicity or allegations may require the Group to engage in defensive actions, which may result in an increase in the Group's expenses. Further, as the Group continues to acquire future projects, there may continue to be challenges and criticisms from third parties that result in further negative publicity and affect the implementation of the Group's projects.

Distributions from the Group's subsidiaries and associates may be subject to restrictions

In recent years, as the Company expanded its business scale, its number of subsidiaries has increased. To a certain extent, this has brought challenges to effective management and internal control. The operating and financial conditions and dividend policies of the subsidiaries directly affect the Company's profit and cash flows. The Company may not be engaged in the subsidiaries' business activities on a daily basis and are subject to risks caused by inadequate management and poor performance of its subsidiaries. Further, the existing and future loan agreements of the Group's subsidiaries and associates may restrict their ability to pay dividends or make other payments to the Company. Reduced profit distribution from the subsidiaries or their inability to distribute dividends may have a material adverse effect on the Company's financial conditions.

The Group faces increasing competition from existing and new market entrants as well as other forms of electricity generation

In the PRC, the Group primarily competes with major hydropower companies for hydropower resources, financing abilities and technologies. Market forces have been introduced to the on-grid tariff setting mechanism and intensified competition from existing and new market entrants may lead to decreases in on-grid tariffs. The ability of the Group's competitors to access resources that the Group cannot access may prevent the Group from acquiring additional hydropower and other power projects in strategic locations or from increasing the Group's generating capacity and revenue.

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The Group also competes against producers of electricity generated from other energy sources. The principal energy sources in competition with renewable energy sources are petroleum, coal and natural gas. The terms under which supplies of petroleum, coal, natural gas and other fossil fuels, as well as uranium, can be obtained are key factors in determining the economic interest of using these energy sources rather than renewable energy sources. A decrease in the price of fossil fuels, in particular, coal and petroleum, can enhance the price competitiveness of other power. A decline in the competitiveness of electricity from renewable energy sources in terms of cost of generation, technological progress in the exploitation of other energy sources, discovery of large new deposits of oil, gas or coal, or a decline in prices of those fuels, could weaken demand for electricity generated from renewable energy sources.

In the renewable energy sector, competition primarily exists with regard to factors such as price of electricity produced, utilisation rate, dispatch priority and scope and quality of services provided. Competition from such producers may increase if the technology used to generate electricity from other renewable energy sources becomes more sophisticated and they are able to offer lower electricity prices.

If the Group is unable to maintain and increase its competitiveness in the future, its market share, revenue and profitability may decrease, which would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may not have adequate insurance to cover hazards or accidents that are customary to the power industry

The operation of the Group's hydropower projects may be impacted by the occurrence of unexpected events. The Group cannot assure that it will be able to adequately control the impact of these events. The Group maintains property all risks insurance, machinery breakdown insurance and public liability insurance for its assets and employer liability insurance and directors and officers liability insurance for relevant personnel with major insurance companies in the PRC. While the Group believes its insurance coverage to be commensurate with its business structure, risk profile and industry practice in the PRC, there is no assurance that the Group's current insurance policies will insure it fully against all risks and losses that may arise. In addition, the Group's insurers review the insurance policies annually, and the Group cannot assure that it will be able to renew these policies on similar, or otherwise acceptable, terms, if at all. If the Group were to incur a serious uninsured loss, or a loss that significantly exceeded the limits of its insurance policies, its business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group's business operations rely on the effective functioning of information technology systems

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems at the headquarters and its subsidiaries, including its production information management system. If the Group's systems are not able to effectively address the issues arising from increased business activities or otherwise fail to perform, the Group could experience slower response times and

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limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Although the Group's systems have not experienced major systems failures and delays in the past, there is no assurance that the Group's systems would not experience future system failures and delays, or the measures taken by the Group to reduce the risk of system disruptions would be effective. If internet traffic and communication volumes increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade its technology, systems and network infrastructure. There is no assurance that the Group will be able to accurately project the rate, timing or cost of any such increase, or expand and upgrade the Group's systems and infrastructure to accommodate such increase in a timely manner.

The Group is exposed to interest rate risk

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's total indebtedness, which comprise of loans and bonds, amounted to RMB138,895.4 million, RMB129,392.8 million, RMB121,434.2 million and RMB149,375.9 million, respectively. While the Group can leverage its high credit ratings to reduce its funding costs, risks connected with changes in interest rates depend on a number of factors beyond the Group's control, such as monetary policies and macroeconomic performance. A significant increase in interest rates or a deterioration of the Group's credit positions would increase the Group's financial costs and could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's historical results of operations may not be indicative of its future performance

The Group's revenue, cost and operating results have remained relatively stable in 2017, 2018 and 2019 and the six months ended 30 June 2020. However, there is no assurance that the Group will be able to sustain its historical results of operations in future periods. The Group's growth rates may decline for a number of reasons, including adverse hydrological conditions, decreasing demand for hydropower, increasing competition, or changes in government policies or general economic conditions, some of which are beyond the Group's control. Further, the acquisition of the Group's future projects are subject to uncertainties and requires significant capital investment. The Group may incur losses in the future if the Group cannot operate the new projects in a profitable manner. Accordingly, the Group's historical results of operations may not be indicative of future performance.

The Group may be involved in legal and other proceedings arising out of its operations from time to time and face significant liabilities as a result

The Group may be involved in disputes from time to time arising from the ordinary course of its business with various parties, such as government authorities, contractors and suppliers. These disputes may lead to legal or other proceedings or enforcement action and may result in substantial costs and diversion of resources and management's attention and may have a material and adverse effect on the Group's reputation and its business and results of operations. Further, the Group may have disagreements with regulatory bodies

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in the course of its operations, which may subject the Group to administrative proceedings and unfavourable decrees that result in pecuniary liabilities and cause delays to the Group's ordinary course of business. There can be no assurance that the Group will not be involved in legal or other proceedings in the future which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects or have a negative impact on the Group's reputation or brand.

The Group may not be able to effectively detect and prevent fraud or misconduct committed by its employees or business partners

Fraud, misconduct and errors by the Group's employees, contractors, suppliers or other third parties are difficult to detect and deter and could cause losses, harm the Group's business and reputation or lead to regulatory sanctions or litigation against the Group. Any misappropriation or fraudulent misuse of funds (including any cash handling) by any of the Group's employees or business partners in contravention of the Group's protocols and policies may lead to regulatory and disciplinary proceedings involving the Group and may also cause costs and damage to its business. The Group may be perceived to have facilitated or participated in the misappropriation or fraudulent misuse of funds and could be subject to liability, damages, and penalties and suffer reputational damage. In addition, the Group may suffer actual theft, loss of assets or fraud at the hands of its employees and business partners. Even if the Group has instituted relevant protocols and policies regarding risk management, internal control and compliance, it may not be possible to identify and eradicate all risks of misconduct or human errors, and the Group's precautionary measures may not be effective in detecting and preventing such risks from happening.

The Group's financial performance is affected by volatilities in capital and commodity markets

The capital and commodity markets have been experiencing significant volatility recently, particularly as a result of the COVID-19 pandemic. Volatilities in capital markets and commodity markets may adversely affect the Group's investment portfolio, which in turn may affect the Group's financial condition and financial performance. The Group has been acquiring minority interests in entities in the PRC and overseas to strengthen its leadership position in the hydropower industry and to seek new profit growth points. For further details, see "Business Description—Direct Investment". The market price, fair value and investment return of such financial assets are subject to fluctuations in domestic and international capital markets. Any adverse economic and market conditions could negatively affect the value and returns on the Group's financial assets and investments, which could reduce the value of its trading and investment positions, affect its profitability and reduce its opportunities to realise gains and exit from its investments.

Health epidemics, such as COVID-19, may disrupt the Group's operations and/or adversely affect national and global economic conditions

Public health emergencies in the PRC and elsewhere in the world may disrupt the Group's operations and/or adversely affect national and global economic conditions, which may in turn affect the Group's operations and financial condition. The recent outbreak of COVID-19 has spread throughout the world. On March 11, 2020, the World Health

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Organization declared the outbreak a global pandemic. Quarantine measures are implemented to contain the spread of the pandemic and many businesses and social activities in the PRC and other countries and regions have been severely disrupted. The Three Gorges Project and the Gezhouba Project are both located in Hubei Province, where a serious outbreak of COVID-19 took place. Upon notice of the outbreak, the Group promptly undertook emergency plans to protect its employees and to ensure stable operations. As at the Latest Practicable Date, the COVID-19 outbreak had been controlled in the PRC and the Group had not experienced any significant disruptions in its operations. However, the global outbreak has caused market panics, which materially and negatively affected the global financial markets, such as the plunge of global stocks on major stock exchanges in March 2020. Such disruption and the potential slowdown of the world's economy in 2020 and beyond could have a material adverse effect on the Group's results of operations and financial condition.

Risks Relating to the PRC and Other Countries

Changes in the economic, political, legal and social conditions in the PRC may have a material adverse effect on the Group's business, financial condition, results of operations and prospects

A substantial majority of the Group's assets are located in the PRC, and substantially all of its revenue is derived from its businesses in the PRC. Accordingly, the Group's business, financial condition, results of operations and prospects are, to a material extent, subject to economic, political, legal and social conditions in the PRC. The PRC economy differs from the economies of developed countries in many respects, including, among other things, level of economic development, growth rate, foreign exchange controls and resources allocation.

The PRC government exercises significant control over the economic growth of the PRC through, among others, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries. In recent years, the PRC government has implemented measures emphasising the utilisation of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adjusted or modified from industry to industry or across different regions of the country. If the business environment in the PRC changes, the Group's business in the PRC may also be materially and adversely affected.

Government control of currency conversion and future movements in exchange rates may adversely affect the Group's business, financial condition, results of operations and prospects

A portion of the Group's Renminbi revenue may need to be converted into other currencies to meet the Group's requirements for foreign currencies, including servicing debt denominated in foreign currency and making overseas investments and acquisitions. Foreign exchange transactions under the capital account, including principal payments with respect to foreign currency-denominated obligations, are subject to the approval requirements of the SAFE. In addition, the value of Renminbi against the US Dollar and other currencies may fluctuate and is affected by, among other things, changes in the

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PRC's political and economic conditions. Fluctuations in the exchange rate of Renminbi against the US Dollar and certain other foreign currencies may adversely affect the Group's business, financial condition, results of operations and prospects.

The PRC legal system is evolving and may have uncertainties that could limit the legal protection available to the Group and its investors

The Company is incorporated under the laws of the PRC. The PRC legal system is based on written statutes. Since the late 1970s, the PRC government has promulgated laws and regulations dealing with economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade, with a view towards developing a comprehensive system of commercial law. These laws and regulations may be subject to different interpretation and inconsistently enforced. In addition, there is a limited volume of published court decisions, which may be cited for reference but are not binding on subsequent cases and have limited precedential value unless the Supreme People's Court otherwise provides. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group and its investors.

Changes in PRC laws and regulations could have an adverse effect on the Group's operations

A significant percentage of the Group's operations and assets are in the PRC. The PRC government regulates various aspects of the PRC hydropower industry, including electricity generation, distribution, pricing, taxing and allocating various resources. The Group has benefited from various favourable PRC government policies, laws and regulations that have been enacted to encourage the development of renewable energy. The Group cannot guarantee that the legal and fiscal regimes affecting its businesses will remain substantially unchanged or that the Group will continue to benefit from favourable PRC government policies.

The Group's cost of compliance with, and reliance on, the regulatory system is significant to the Group's business. An increase in the cost of compliance or any regulatory changes could increase the Group's operating and maintenance costs and expenses and materially and adversely affect the Group's results of operations. Any unfavourable changes to current laws, regulations and policies relevant to the Group's business may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's overseas operations expose it to additional political, economic, legal, tax and other risks

As an integral part of its growth strategy, the Group has been investing in clean energy assets and other related businesses overseas, including in Germany and Peru. The Group's overseas operations expose it to complexities in staffing and personnel management, currency exchange movements and controls, and the burden of complying with additional tax regimes, legal systems and regulatory requirements. In particular, Peru has had a history of political instability that has included a succession of regimes with differing policies and programmes. In the past, Peru has experienced periods of economic

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recession, large currency devaluation and high inflation. While Peru has achieved economic growth in the recent past, political tensions, high levels of poverty, unemployment and social conflicts within local communities continue to be pervasive problems in the nation. The Group's business, financial condition, results of operations and prospects could be adversely affected by changes in economic or other policies or other political, regulatory or economic developments in Peru and other jurisdictions in which the Group operates.

In particular, the Group has business relationships in various countries and regions, such as Brazil and Pakistan, with varying degrees of political risk. Such business activities had insignificant contribution to the Group's revenue during the corresponding periods. These business relationships face uncertainties caused by, amongst other things, war, regional conflicts, political turmoil and strikes. No assurance can be given that these situations will not adversely affect the Group's business, financial condition and results of operations.

Investors may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on English or other foreign laws against the Group and its management

The Company is a company incorporated with limited liability under the laws of the PRC, and substantially all of its assets are located in the PRC. In addition, most of its directors, supervisors, executive officers and members of its senior management reside within the PRC, and substantially all of the assets of these persons are located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon the Company's directors, supervisors, executive officers or members of its senior management, including with respect to matters arising under applicable securities laws. Further, an original action may be brought in the PRC against the Company, its directors, supervisors, executive officers or members of its senior management only if the actions are not required to be arbitrated by PRC law, and only if the facts alleged in the complaint give rise to a cause of action under PRC law. Finally, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. As a result, in the PRC, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision. These limitations may deprive investors of effective legal recourse for claims related to their investments in the GDRs.

Risks Relating to the GDRs and this Offering

There has been no prior public trading market for the GDRs and an active trading market may not develop or be sustained in the future

Prior to the Offering, there has been no public market for the GDRs. Further, there can be no assurance that an active trading market for the GDRs will develop or be sustained after the Offering or that the price at which the GDRs will trade in public markets subsequent to the Offering will not be lower than the final Offer Price. The Company can give no assurance that an active trading market for the GDRs will develop or, if developed, could be sustained following the closing of the Offering. If an active

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trading market is not developed or maintained, the liquidity and trading price of the GDRs could be adversely affected. In addition, there can be no certainty as to the basis on which market makers will provide liquidity in the secondary market, which could negatively affect the terms on which investors are able to transact in the GDRs.

The share prices of publicly traded companies can be highly volatile

Investors may not be able to resell their GDRs at or above the Offer Price, or at all, as the market price of the GDRs after the Offering may be adversely affected by factors within or outside the Group's control, including variations in the Group's results of operations, market conditions, or changes in government regulations. Market fluctuations, as well as economic conditions, may adversely affect the market price of the GDRs. In addition, noting that the settlement of redemptions of GDRs through a Designated Broker (where the Designated Broker sells the underlying A Shares on the Shanghai Stock Exchange) may take place on either a two-day rolling basis or a three-day rolling basis (which may therefore be a slightly longer settlement cycle than the usual two-day rolling basis and at times such period may be further prolonged by public holidays in relevant jurisdictions), price volatility may increase the risk of failed trades occurring.

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action and, in particular, the Stabilising Manager's ability to undertake stabilisation action depends on it being able to agree deferred settlement arrangements with one or more investors in order to allow it to over-allot GDRs. As such, there is a possibility that no stabilisation activities will be carried out in connection with the Offering, which would entail a greater risk of price volatility following the Offering.

Future sales of GDRs or A Shares could depress the market price of the GDRs

Sales of substantial amounts of GDRs or A Shares (which are listed on the Shanghai Stock Exchange) following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the GDRs.

The Company's ability to pay dividends in the future depends, amongst other things, on the Group's financial performance and is therefore not guaranteed

To the extent that the Company pays dividends, the distribution of dividends will be dependent upon a number of factors, including the future profit, financial position, statutory reserve requirements, the amount of distributable reserves, available credit of the Company and general economic conditions and other factors that the Directors deem significant from time to time. According to its Articles of Association, the amount of annual cash dividends that the Company distributed for years from 2016 to 2020 shall be no lower than RMB0.65 per share and the amount of annual cash dividends that the Company distributed for years from 2021 to 2025 shall be no less than 70% of the annual net profits of the Company. For further details, see "Dividend Policy". However, the Company is allowed to amend its Articles of Association with the approval of more than

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two thirds of its shareholders. Further, the Company's ability to declare and pay cash dividends may be restricted by, amongst other things, covenants in any credit facilities that the Company may enter into in the future, the recovery of any accumulated losses in the future and provisions of PRC law. Therefore, there can be no assurance that any dividend will be paid, nor can there be an assurance as to the amount, if any, which will be paid in any given year, and GDR holders may not receive any return on their investment in the GDRs unless they sell their GDRs for a price greater than that which they paid for them.

Further, as a portion of the Company's business is undertaken through its subsidiaries, distributions from these companies contribute to the Company's cash flows. A material decline in revenues generated by the Company's subsidiaries or the occurrence of a material investment by the Company in relation to any subsidiary could impact the Company's ability to make distributions to its shareholders and GDR holders. In addition, in the event of the insolvency, bankruptcy, liquidation, dissolution or winding-up of a subsidiary, secured and unsecured creditors of the subsidiary will have the right to be paid before any distributions are made to the Company. These factors could have a material adverse effect on the Company's ability to pay dividends to its shareholders and GDR holders.

Future issues of A Shares may dilute the holdings of shareholders of the Company and/or GDR holders

In order to raise funding in the future, the Company may issue additional new Shares, including in the form of A Shares and GDRs. Holders of the GDRs may not have any pre-emptive rights with respect to any new equity issuances by the Company. Accordingly, if and when the Company issues A Shares in the future, the percentage holding of a shareholder and, indirectly, a GDR holder in the Company (and, therefore, the economic investment made by the shareholder and, indirectly, a GDR holder) will be diluted if such shareholder or, indirectly, GDR holder, does not acquire its proportional entitlement of additional new Shares or GDRs (as the case may be).

Following the Offering, holders of A Shares may not be able to deposit the A Shares in the Company's GDR facility in order to receive (or sell) GDRs, and changes in regulatory policy in the PRC with respect to the placement and circulation of the A Shares outside the PRC in the form of GDRs or otherwise may negatively affect the market for the GDRs being offered

Whenever the Depositary believes that the A Shares deposited with it against issuance of GDRs represent (or, upon accepting any additional A Shares for deposit, would represent) a percentage exceeding any limit established by any applicable law, directive, regulation or permit, or trigger any condition for the making of any filing, application, notification or registration or for obtaining any approval, licence or permit under any applicable law, directive or regulation, or for taking any other action, the Depositary may close its books to deposits of additional A Shares to prevent such thresholds or limits being exceeded or conditions being satisfied.

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In its approval dated 21 September 2020, the CSRC stated that the number of A Shares of the Company that may be represented by outstanding GDRs may not exceed 5.0% of the Company's ordinary share capital, subject to adjustment in the event of certain corporate actions.

Further, to the extent that stabilisation is undertaken, in order to ensure that there is sufficient headroom under the GDR facility, including under the cap on the number of GDRs prescribed by the CSRC (as referred to above), for the Company to issue new A Shares and sell GDRs representing such A Shares to the Stabilising Manager in order to satisfy its obligations under the Over-allotment Option (if exercised), investors and shareholders of the Company may be prevented from depositing additional A Shares into the GDR facility in order to receive (or sell) GDRs for the duration of the Stabilisation Period.

The liquidity of, and market for, the GDRs could be adversely affected in the event that the Depositary closes its books to deposits of additional A Shares.

Voting rights with respect to the A Shares represented by the GDRs are limited by the terms of the Deposit Agreement and the relevant requirements of the PRC laws

The holders of the GDRs (in their capacity as GDR holders) will have no direct voting rights with respect to the A Shares represented by the GDRs. They will be able to exercise voting rights with respect to the A Shares represented by the GDRs only in accordance with the provisions of the terms and conditions of the GDRs and the relevant requirements of the laws of the PRC generally applicable to all shareholders of the Company. See "Terms and Conditions of the Global Depositary Receipts". There are, therefore, practical limitations upon the ability of the holders of the GDRs to exercise their voting rights due to the additional procedural steps involved in communicating with them.

To exercise their voting rights, the holders of the GDRs must instruct the Depositary on how to vote the A Shares represented by the GDRs they hold. Because of these additional procedural steps involving the Depositary, the process for exercising voting rights may take longer for holders of the GDRs than for holders of the A Shares, and the Company cannot assure the holders of the GDRs that they will receive voting materials in time to enable them to return voting instructions to the Depositary in a timely manner. The GDRs for which the Depositary does not receive timely legible and clear voting instructions will not be voted and the Depositary will not exercise any discretion as to voting and will not vote or attempt to exercise the right to vote the A Shares, except pursuant to the voting instructions received from holders. However, if the Depositary receives timely voting instructions from a holder that are legible and clear but do not specify the manner in which the A Shares are to be voted, in accordance with customary market practice, the Depositary will deem such holder (unless otherwise specified in the notice distributed to holders) to have instructed the Depositary to vote in favour of the items in such voting instructions. In certain circumstances, the Depositary will represent all the A Shares underlying the GDRs regardless of voting instructions for the sole purpose of establishing a quorum at a meeting of shareholders.

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The Depositary is only required to execute the voting instructions of the holders of GDRs insofar as practicable and as permitted under applicable law. Holders of GDRs (in their capacity as GDR holders) will not be able to instruct the Depositary to: (i) introduce proposals for the agenda of shareholders' meetings or request that a shareholders' meeting be called; or (ii) nominate candidates for the Board of Directors or certain other of the Company's governance bodies. However, if holders of GDRs also hold A Shares, they may be able to introduce proposals, request that a shareholder meeting be called or nominate candidates in their capacity as shareholders if their shareholding reaches the required threshold.

GDR holders will not be able to redeem their GDRs and hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker

Foreign investors are generally not able to hold A shares in Chinese companies pursuant to restrictions under PRC law, subject to certain limited exemptions, such as for QFIIs and RQFIIs. In addition, pursuant to the Shanghai-London Stock Connect scheme, GDR holders will not be permitted to redeem their GDRs and hold the underlying A Shares in an on-shore account (such as a QFII or an RQFII account, where they have such an account) or have the underlying A Shares held on their behalf by a Designated Broker. GDR holders that are QFIIs and RQFIIs (or are otherwise able to hold A Shares through another exemption) that wish to hold A Shares (for example, in order to exercise any of the rights that A shareholders have but which GDR holders do not) would need to sell some or all of their GDRs (either on the LSE (or another legitimate trading venue) or by redeeming their GDRs and selling the underlying A Shares on the Shanghai Stock Exchange) and separately buy A Shares outside the Shanghai-London Stock Connect scheme to be held in a separate (existing or newly established) QFII or RQFII or other account.

The fungibility of the GDRs and the A Shares is dependent on the availability of Designated Brokers

One of the features of the Shanghai-London Stock Connect scheme is that investors will be able to redeem their GDRs in order to sell the underlying A Shares (although, as noted above, investors will not be able to hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker). Pursuant to the DR Provisions, the redemption of GDRs and subsequent sale of underlying A Shares may only be facilitated by certain Designated Brokers. In the United Kingdom, Designated Brokers will be members of the LSE designated by the Shanghai Stock Exchange who hold accounts with members of the Shanghai Stock Exchange enabling them to create or redeem GDRs by buying or selling the underlying A Shares on the Shanghai Stock Exchange (subject to quotas imposed by relevant regulators, as described below).

This mechanism is intended to provide fungibility between the GDRs and the A Shares by enabling investors or their brokers to place sell orders with Designated Brokers who are able to seek the best price for the security from either market.

RISK FACTORS

The Shanghai Stock Exchange has approved twelve brokers to act as Designated Brokers in the United Kingdom. The PBOC and the SAFE have published the Administrative Measures on Cross-border Funds under Depositary Receipts (For Trial Implementation) (存託憑證跨境資金管理辦法(試行)) in May 2019, which requires the Designated Brokers to file certain documents and register with the SAFE. Pursuant to their SAFE registration, each Designated Broker will be subject to restrictions relating to, amongst other things, the types of securities such Designated Broker can deal in (such as the A shares underlying GDRs, money market funds and treasury bills, and other securities as specifically approved by the CSRC), as well as inventory-related quotas on the maximum number and value of cash and securities held by such Designated Broker and foreign exchange-related quotas on the cumulative net inflow of funds into the PRC in connection with the redemption and creation of GDRs executed by such Designated Broker (which are not expected to give rise to any material risk to GDR holders). The CSRC and the FCA jointly published an announcement on 17 June 2019, providing that the cross-border currency flow under the Shanghai-London Stock Connect scheme is managed under a general quota, where the currency flow under west-bound GDR listings shall not exceed RMB300 billion. The joint announcement also provides that the daily inventory-related quota for each designated broker is RMB500 million. The Shanghai Stock Exchange published a Q&A on 17 October 2019 regarding the calculation of the upper limit of Designated Brokers' domestic asset balance under the Shanghai-London Stock Connect, which further clarified that, where Designated Brokers hold underlying shares and corresponding cash due to taking orders from their clients to carry out cross-border redemption, these underlying shares and corresponding cash are not included in their domestic asset balance. Pending publication of the additional detailed rules by the CSRC and the FCA and clarity on how such rules will be implemented in practice, as well as confirmation of the size of such quotas per Designated Broker, it is expected that the quotas will be set at a sufficiently high level (both individually and in aggregate) that, in any case, they would be unlikely to give rise to any material risk to GDR holders or impact their ability to buy or sell GDRs through the Designated Brokers in the manner described above, and will not impact GDR holders' ability to trade GDRs through the IOB of the LSE. The number of Designated Brokers is expected to increase over time which is expected to result in an increase in the aggregate daily quotas.

However, there can be no guarantee that the Designated Brokers will provide liquidity between the London and Shanghai markets or that the number of Designated Brokers will increase over time and any failure to do so may restrict the ability of GDR holders to sell their GDRs through a Designated Broker selling the underlying A Shares to investors in the PRC, thus limiting the available capital pool and, as a result, may mean GDR holders cannot obtain the highest possible price for their GDRs. In addition, Designated Brokers will be able to set their own pricing terms and if the number of Designated Brokers fails to increase, or decreases, over time, this may result in the fees payable to Designated Brokers becoming less competitive, potentially increasing costs for GDR holders when either buying GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares or selling GDRs by requesting a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange.

RISK FACTORS

GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares for a period of 120 days following the date of Admission or during any period when trading in the A Shares on the Shanghai Stock Exchange is suspended and this may give rise to price risk to GDR holders

The GDRs and A Shares are separate securities and there may be a price differential between the trading price of the GDRs on the LSE and the trading price of the A Shares on the Shanghai Stock Exchange. Whilst GDR holders will not be able to redeem their GDRs and hold the underlying A Shares in their on-shore accounts or have the underlying A Shares held on their behalf by a Designated Broker, pursuant to the Shanghai-London Stock Connect scheme, investors will (subject to the below) be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares. However, in accordance with the DR Provisions which apply to the Shanghai-London Stock Connect scheme, GDRs subscribed for by investors in the Offering may not be redeemed (that is, in order to sell the underlying A Shares) within 120 days following the date of Admission.

Trading in the A Shares on the Shanghai Stock Exchange may also be suspended from time to time. The Company may apply to the Shanghai Stock Exchange for a suspension of trading in its A Shares for a number of reasons (such as where the Company forecasts that it would be difficult to maintain the confidentiality of any material and disclosable information, the disclosure of which would have, or already has had, a significant impact on the price of the A Shares). During the period of any such trading suspension, it is expected that trading in the GDRs on the LSE will continue. However, during any such period, pursuant to the rules of the Shanghai Stock Exchange promulgated in connection with the Shanghai-London Stock Connect scheme, the Depositary will be required to prevent the redemption (or creation) of GDRs.

This may give rise to price risk to GDR holders. To the extent that the trading price of the A Shares is higher than the trading price of the GDRs (taking into account that one GDR will represent ten A Shares), GDR holders may not be able to take advantage of such higher price for the 120 days following the date of Admission or during any period when trading in the A Shares on the Shanghai Stock Exchange is suspended. For such period, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem the GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and GDR holders will only be able to sell their GDRs through the IOB of the LSE or another legitimate trading venue. The DR Provisions also restrict transfers of GDRs by the Company's controlling shareholder, actual controller or entities under their control for a period of 36 months from the date of Admission. As at the Latest Practicable Date, CTG is the controlling shareholder of the Company.

RISK FACTORS

Holders of the GDRs may be subject to exchange rate risk

The GDRs are, and any dividends to be paid in respect of them will be, denominated in US Dollars. An investment in GDRs by an investor whose principal currency is not US Dollars exposes the investor to foreign currency exchange rate risk. Any depreciation of the US Dollar in relation to such foreign currency will reduce the value of the investment in the GDRs or any dividends in foreign currency terms.

Certain facts, statistics and information relating to the Group are derived from publications not independently verified by the Group, the Joint Bookrunners or their respective advisers

Facts and statistics in this Prospectus relating to the PRC's economy and the industries in which the Group operate and information relating to the Group are derived from publicly available sources. While the Company has taken reasonable care to ensure that the facts and statistics or information relating to the Group presented are accurately extracted from such sources, such facts, statistics and information have not been independently verified by the Company, the Joint Bookrunners or their respective advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics or information, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

Investors should read the entire Prospectus carefully and should not consider any particular statements in published media reports or otherwise without carefully considering the risks and other information contained in this Prospectus

There may be coverage in the media or other publication regarding the Offering and/or the Group's operations. There had been, prior to the publication of this Prospectus, and there may be, subsequent to the date of this Prospectus but prior to the completion of the Offering, press and media coverage or other publication regarding the Group and/or the Offering, which contains, among other matters, certain financial information, projections, valuations and other forward-looking information about the Group and the Offering. The Company does not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness, or reliability of any information disseminated in the media. Any disclosure in other publications regarding the Offering and/or the Group's operations either prepared by the Group or third parties, except this Prospectus, should not become the basis for prospective investors to make their investment decisions. Furthermore, to the extent that any of the information in the media and other publications is inconsistent or conflicts with the information contained in this Prospectus, the Company disclaims it. Accordingly, prospective investors should read the entire Prospectus carefully and should not rely on any of the information in press articles or otherwise. Prospective investors should only rely on the information contained in this Prospectus to make investment decisions about us.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

PRESENTATION OF FINANCIAL INFORMATION

This Prospectus contains:

- Consolidated historical financial information on the Group as at and for the three years ended 31 December 2017, 2018 and 2019 (the “Annual Historical Financial Information”) prepared in accordance with Accounting Standards for Business Enterprises (the “PRC GAAP”) as issued by the Ministry of Finance of the People’s Republic of China (“MOF”), which are the subject of an Accountant’s report from ShineWing Certified Public Accountants;
- Unaudited consolidated condensed interim financial information on the Group as at and for the six months ended 30 June 2020 (the “2020 Half Year Historical Financial Information”) prepared in accordance with PRC GAAP, which has been reviewed by ShineWing Certified Public Accountants; and
- Unaudited and unreviewed condensed interim financial information on the Group as at and for the six months ended 30 June 2019 (the “2019 Half Year Historical Financial Information”) prepared in accordance with PRC GAAP.

The Annual Historical Financial Information, the 2020 Half Year Historical Financial Information and the 2019 Half Year Historical Financial Information are collectively referred to herein as the “Historical Financial Information”.

PRC GAAP may differ from U.S. GAAP or other generally accepted accounting standards. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and U.S. GAAP or other generally accepted accounting standards, and how those differences might affect the financial information contained in this Prospectus.

EBITDA AND EBITDA MARGIN

EBITDA and EBITDA margin are not PRC GAAP measures and should not be considered as an alternative to net profit, net margin or any other performance measures derived in accordance with PRC GAAP or as an alternative to cash flow from operating activities or as a measure of the Group’s liquidity. The Group believes that inclusion of EBITDA and EBITDA margin is appropriate to provide additional information to investors about the Group’s operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. EBITDA and EBITDA margin have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the Group’s operating results as reported under PRC GAAP.

A reconciliation of total profit from continuing operations for the period/year to EBITDA and EBITDA margin can be found in “Operating and Financial Review-Key Performance Indicators and Other Financial Metrics”.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

MARKET DATA, ECONOMIC AND INDUSTRY DATA

This Prospectus contains historical market data and forecasts which have been obtained from industry publications, market research and other publicly available information. Certain information regarding market size, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this Prospectus consists of the Company's estimates and conclusions based on their review of internal Group data, external third-party data and reports compiled by professional organisations and other sources, including China Insights Consultancy ("CIC"), an industry consultant firm of 10F, Block B, Jing'an International Center, 88 Puji Road, Jing'an District, Shanghai 200070, China. CIC is a professional consulting company established in 2014 which provides industry consulting services, commercial due diligence and strategic consulting services for a variety of industries.

CIC has prepared, at the request of the Group for the purposes of this Prospectus, a report, dated 31 August 2020, on the Group and the markets in which it operates (the "Industry Report"). The Industry Report is an instance of expert information, commissioned by the Group. See "General Information" for further details.

The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this Prospectus. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this Prospectus and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations. Moreover, future results and events may differ materially from the industry and market data projections and estimates contained in this Prospectus because of a series of reasons, including but not limited to: general market, macro-economic, governmental and regulatory trends; competitive pressures; technological developments; and commercial, managerial, operational or financial factors. Accordingly, there can be no assurance that such projected results or estimates will be attained.

The Company confirms that all third-party data contained in this Prospectus has been accurately reproduced and, so far as the Company is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

CURRENCY

In this Prospectus:

- "Renminbi" or "RMB" refers to Renminbi, the lawful currency of the PRC; and
- "US Dollars" or "US\$" refers to the lawful currency of the United States of America.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

ROUNDING

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

NO INCORPORATION OF WEBSITE INFORMATION

The contents of the websites of the Company and the Group do not form any part of this Prospectus.

FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are “forward-looking”. Forward-looking statements include statements concerning plans, objectives, goals, targets, performance targets, strategies, economic and regulatory conditions affecting the Group, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe”, “expect”, “anticipate”, “intend”, “estimate”, “forecast”, “project”, “will”, “may”, “target”, “should” and similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements appear in a number of places in this Prospectus including, without limitation, “Risk Factors”, “Business”, “Operating and Financial Review” and “Performance Targets”.

The forward-looking statements in this Prospectus are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management’s examination of historical operating trends, data contained in its records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and which are beyond its control, and the Company may not achieve or accomplish these expectations, beliefs or projections. The occurrence or non-occurrence of an assumption could cause the Company’s actual financial condition and results to differ from or fail to meet expectations expressed or implied by, such forward-looking statements. Important factors that could cause the Group’s actual results to so vary include, but are not limited to, those described in “Risk Factors”, which should be read in conjunction with other cautionary statements that are included in this Prospectus.

When reviewing forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. Such forward-looking statements speak only as at the date on which they are made and are not intended to give any assurances as to future results. To the extent required by EU Regulation no. 596/2014 on Market Abuse (the “EU Market Abuse Regulation”), the listing rules of the FCA (the “Listing Rules”), the Prospectus Regulation Rules and the disclosure guidance and transparency rules of the FCA (the “Disclosure Guidance and Transparency Rules”), and other applicable regulations, the Company will update or revise the information in this Prospectus. Otherwise the Company undertakes no obligation to update or revise any forward-looking statements made in this Prospectus whether as a result of new

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

information, future events or otherwise and the Company assumes no other obligation to publish additional information. None of the Company, its management or the Joint Bookrunners can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments. Accordingly, prospective subscribers for the Offer GDRs should not rely on the forward-looking statements in this Prospectus and investors are strongly advised to read this Prospectus in its entirety.

All subsequent written or oral forward-looking statements attributable to the Company, or persons acting on the Company's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective subscriber for the Offer GDRs should not place reliance on these forward-looking statements and should specifically consider the factors identified in this Prospectus that could cause actual results to differ.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company is a joint stock company incorporated in the PRC with limited liability, and substantially all of its assets and the Group's assets are located outside of the United Kingdom, and all members of the Company's board of directors are resident outside of the United Kingdom. As a result, it may not be possible to effect service of process within the United Kingdom upon the Company or any of its subsidiaries or such persons or to enforce UK court judgements obtained against them in jurisdictions outside the United Kingdom. In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions outside the United Kingdom, liabilities predicated upon UK securities laws.

The Company has been advised by its PRC legal advisors, JunHe LLP, that there is uncertainty as to whether courts of the PRC would: (i) enforce judgements of English courts obtained against the Company or its Directors, Supervisors and executive officers predicated upon English law; or (ii) entertain original actions brought in the courts of the PRC against the Company or its Directors, Supervisors and executive officers predicated upon English law.

THE OFFERING

The Company	China Yangtze Power Co., Ltd. is a joint stock company with limited liability established pursuant to the Company Law of the People's Republic of China. The Company's registered office is located at Block B, No. 1 Yuyuantan South Road, Haidian District, Beijing, People's Republic of China.
The Offering	The Offering consists of an offering of 69,100,000 Offer GDRs (together with up to 6,900,000 Over-allotment GDRs), each representing ten A Shares. The Offering comprises an offering of: (i) Offer GDRs in the United States to certain QIBs as defined in, and in reliance on, Rule 144A, or another exemption from the registration requirements of the Securities Act and (ii) Offer GDRs outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. See "Selling Restrictions and Transfer Restrictions".
Joint Global Co-ordinators	Goldman Sachs International, UBS AG London Branch, Huatai Financial Holdings (Hong Kong) Limited and CLSA Limited.
Joint Bookrunners	Goldman Sachs International, UBS AG London Branch, Huatai Financial Holdings (Hong Kong) Limited, CLSA Limited, China International Capital Corporation (UK) Limited, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Merrill Lynch International and Morgan Stanley & Co. International plc.
Offer Price	US\$26.46 per Offer GDR.
Depository	Citibank, N.A.
Custodian	Bank of China Limited.

THE OFFERING

The GDRs

One GDR will represent ten A Shares held in a CSDC account in the name of the Depositary. The GDRs will be issued by the Depositary pursuant to the Deposit Agreements. The Rule 144A GDRs will be evidenced initially by the Master Rule 144A GDR Certificate and the Regulation S GDRs will be evidenced initially by the Master Regulation S GDR Certificate, and each such Master GDR Certificate will be issued pursuant to the Deposit Agreement. See “Clearing and Settlement”. The GDRs will have an infinite term.

Following the Offering, pursuant to the Deposit Agreements, the A Shares represented by the GDRs will be held in a CSDC account in the name of the Depositary for the benefit of the holders and beneficial owners of the GDRs.

The Depositary may deduct per-GDR fees and other fees, charges and expenses as well as taxes and governmental charges from dividend distributions and may otherwise assess other per-GDR fees and other fees, charges and expenses to the GDR holders. See “Terms and Conditions of the Global Depositary Receipts—19. GDR Fees and Charges”.

The GDRs will be freely transferable, subject to certain selling restrictions under the relevant laws in certain jurisdictions applicable to the relevant transferor or transferee and restrictions under the DR Provisions.

Investors should be aware that pursuant to the DR Provisions, GDRs subscribed for by investors in the Offering may not be redeemed within 120 days following the date of Admission. Therefore, for such period, GDR holders will not be able to sell their GDRs by instructing a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange and will only be able to sell their GDRs through the IOB of the London Stock Exchange or another legitimate trading venue. For the avoidance of doubt, during such period investors will be able to buy GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares.

THE OFFERING

Investors should also be aware that pursuant to the DR Provisions the aggregate holding of a single overseas investor of the equities of the Company (including the A Shares and GDRs, whether held directly or indirectly) shall not exceed 10% of the Company's outstanding shares. In the event an overseas investor's holding of equities exceeds such limit, such investor is required to liquidate the excess portion within five trading days. Furthermore, the DR Provisions also require that the aggregate holdings of A shares by all overseas investors in the Company shall not exceed 30% of the total outstanding shares of the Company. In the event the 30% limit is exceeded, overseas investors may be required to liquidate their holdings (in reverse chronological order of when such holdings were acquired). The foregoing restrictions do not apply to overseas' investors strategic investments as defined and regulated by the Measures for the Administration of Strategic Investment in Listed Companies by Investors (外國投資者對上市公司戰略投資管理辦法).

Over-allotment Option

The Company has granted to UBS AG London Branch an option, exercisable within 30 days after 24 September 2020, being the date on which the Offer Price was announced, to purchase additional GDRs up to a maximum of 6,900,000 Over-allotment GDRs, being 10% of the total number of GDRs sold in the Offering at the Offer Price, solely to cover over-allotments, if any, in the Offering.

Listing and Trading

Application will be made: (i) to the FCA, in its capacity as competent authority under the FSMA, for admission to listing of the GDRs on the standard segment of the Official List; and (ii) to the London Stock Exchange, for an admission to trading of the GDRs on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. The Main Market of the London Stock Exchange is a regulated market for the purposes of MiFID II.

THE OFFERING

Admission to the Official List and unconditional trading in the GDRs on the London Stock Exchange through its International Order Book (“IOB”) is expected to take place on or around the Closing Date. The Company expects that conditional trading in the GDRs on the London Stock Exchange through the IOB will commence on a “when issued” basis on or about 25 September 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

Prior to the Offering, the A Shares are listed on the Shanghai Stock Exchange, but there has been no public market for the GDRs.

The Rule 144A GDRs will be evidenced by the Master Rule 144A GDR Certificate and the Regulation S GDRs will be evidenced by the Master Regulation S GDR Certificate.

The security identification numbers of the GDRs offered hereby are as follows:

Rule 144A GDR ISIN: US16955G1058
Rule 144A GDR Common Code: 223457851
Rule 144A GDR CUSIP: 16955G 105
Rule 144A GDR SEDOL: BKVHR19
Regulation S GDR ISIN:
US16955G1132
Regulation S GDR Common Code: 223597238
Regulation S GDR CUSIP: 16955G 113
Regulation S GDR SEDOL: BKVHR42

London Stock Exchange trading symbol: “CYPC”

Lock-Up

For a discussion of lock-up arrangements see “Plan of Distribution—Lock-up Provisions”.

Dilution

Existing shareholders of the Company will experience dilution of between 3.0% (assuming no exercise of the Over-allotment Option) and 3.3% (assuming the Over-allotment Option is exercised in full).

The net asset (attributable to the shareholders of the Company) per share as at 30 June 2020 was RMB6.44.

THE OFFERING

Use of Proceeds	For a discussion of the use of proceeds, see “Use of Proceeds”.
Taxation	For a discussion of certain US, United Kingdom and PRC tax consequences of purchasing and holding the GDRs, see “Taxation”.
Dividend Policy	GDR holders will be entitled to dividends declared, if any, in respect of any record date which falls after the date of Admission. For more details see “Dividend Policy”.
Voting Rights	The Deposit Agreements contain arrangements, summarised below, allowing holders of GDRs to vote the underlying A Shares in accordance with PRC law. Holders of A Shares are entitled to one vote per A Share at a shareholders’ meeting. See “Terms and Conditions of the Global Depositary Receipts”. The Company will notify the Depositary of any meeting at which the holders of A Shares are entitled to vote, or of solicitation of consents or proxies from holders of A Shares or other Deposited Property. As soon as practicable after receipt from the Company of such notice, the Depositary shall fix the record date (which shall be as close as possible to the corresponding record date set by the Company) in respect of such meeting or solicitation of consent or proxy. The Depositary shall, if requested by the Company in writing and not prohibited by applicable law, and at the Company’s expense, distribute to Holders as at the record date: (a) such notice of meeting or solicitation of consent or proxy as well as any other material provided by the Company to the Depositary in connection therewith; (b) a statement that the Holders at the close of business in New York on the record date will be entitled, subject to any applicable law, the provisions of the Deposit Agreements, the Articles of Association and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the A Shares or other Deposited Property represented by such Holder’s GDRs; and (c) a brief statement as to the manner in which such voting instructions may be given.

THE OFFERING

Voting instructions may be given to the Depositary only in respect of a number of GDRs representing an integral number of A Shares or other Deposited Property. Subject to applicable law, the provisions of the Deposit Agreements, the Conditions, the Articles of Association and the provisions of or governing the Deposited Property, if the Depositary has received voting instructions from a Holder as at the GDR Record Date to vote the Deposited Property on or before the date specified by the Depositary, the Depositary shall endeavour, insofar as practicable and permitted by PRC law and practice, to vote or cause the Custodian to vote the A Shares and/or other Deposited Property represented by such Holder's GDRs for which timely and valid voting instructions have been received in the manner so instructed by such Holders.

A Holder of GDRs also has the right to share in profits of the Company and to receive the proceeds of any liquidation surplus. Payments of cash dividends and other amounts (including cash distributions) in relation to the GDRs will be made by the Depositary through DTC, Euroclear and Clearstream, as applicable, on behalf of persons entitled thereto, upon receipt of funds therefor from the Company, net of the Depositary's fees, taxes, duties and charges.

Settlement and Transfer

Payment for the GDRs is expected to be made in US dollars in same-day funds through the facilities of DTC, Euroclear and Clearstream on or around the Closing Date. The Company will apply to DTC to have the Rule 144A GDRs accepted for clearing and settlement through DTC and to Euroclear and Clearstream to have the Regulation S GDRs accepted for clearing and settlement through the systems of Euroclear and Clearstream. Upon acceptance by DTC, a single Master Rule 144A GDR Certificate will be issued and held by the Depositary as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Master Regulation S GDR Certificate will be registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream. Except in limited circumstances described herein, investors may hold beneficial interests in the GDRs evidenced by the Master GDR Certificate only through DTC, Euroclear or Clearstream, as applicable. Transfers within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system. See "Clearing and Settlement".

USE OF PROCEEDS

The Group believes the Offering and the Admission will enhance the Group's international profile, further develop its internationalisation strategy and expand its global investment and financing operations.

The Company expects to receive gross proceeds of between approximately US\$1,828.4 million (assuming no exercise of the Over-allotment Option) and US\$2,011.0 million (assuming the Over-allotment Option is exercised in full) and net proceeds of between approximately US\$1,820.5 million (assuming no exercise of the Over-allotment Option) and US\$2,002.5 million (assuming the Over-allotment Option is exercised in full), after deducting the total fees (including underwriting commissions, assuming the discretionary fee is paid in full), costs and expenses payable by the Company in connection with the Offering of between approximately US\$7.9 million (assuming no exercise of the Over-allotment Option) (inclusive of VAT) and US\$8.5 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT).

The GDRs will have an aggregate market value in excess of £700,000 (or the foreign currency equivalent).

The Company intends to use the net proceeds received from the Offering as follows:

- no less than 80% of the net proceeds would be used to repay the offshore loans for acquiring the interest in the Acquired Companies; and
- no more than 20% of the net proceeds would be used to supplement the Group's working capital.

The foregoing use of proceeds may change in light of the Group's capital needs for offshore projects, onshore and offshore regulatory requirements and prevailing market conditions and in a way that is consistent with its business strategies and in accordance with applicable laws.

DIVIDEND POLICY

After completion of the Offering, the Company may distribute dividends in the form of cash or stocks. Any proposed distribution of dividends shall be formulated by the Board and will be subject to shareholders' approval. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on a number of factors, including the Group's results of operations, cash flows, financial condition, payments by its subsidiaries of cash dividends to the Company, business prospects, statutory, regulatory and contractual restrictions on its declaration and payment of dividends and other factors that the Board may consider important.

According to the applicable PRC laws and its Articles of Association, the Company will pay dividends out of its profit after tax only after it has made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory reserve equivalent to 10% of its profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of its registered capital, no further allocations to this statutory reserve will be required;
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders of the Company in a shareholders' meeting.

Furthermore, as set forth in its Articles of Association, the Company distributes dividends primarily in the form of cash, but may also distribute dividends in the form of stocks. The Company shall in principle distribute cash dividends every fiscal year, and may declare interim dividends as it considers appropriate, provided that the Company records a positive profit for the year and has positive retained earnings. In principle, the profits for distribution in each fiscal year shall be no less than 50% of the distributable profits realised in the same period. According to its Articles of Association, the amount of annual cash dividends that the Company distributed for years from 2016 to 2020 shall be no lower than RMB0.65 per share and the amount of annual cash dividends that the Company distributed for years from 2021 to 2025 shall be no less than 70% of the annual net profits of the Company. For the years ended 31 December 2017, 2018 and 2019, the Company distributed cash dividend of RMB0.68, RMB0.68, RMB0.68 per share, respectively. However, the Company is allowed to amend its Articles of Association with the approval of more than two thirds of its shareholders and there is no assurance that the Company will distribute the dividends in an amount as specified in the Articles of Association.

To the extent that dividends are declared and paid by the Company in the future, holders of GDRs on the relevant record date will be entitled to receive dividends payable in respect of the A Shares underlying the GDRs, subject to the terms of the Deposit Agreements. For additional information, see "Description of the Company's Share Capital—Rights, Preferences and Restrictions Attaching to Existing Shares—Rights to dividends".

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's capitalisation and indebtedness as at 30 June 2020. This statement of capitalisation and indebtedness has been prepared under PRC GAAP using policies which are consistent with those used in preparing the Historical Financial Information as set out in the F-pages of this Prospectus.

The capitalisation and indebtedness information as at 30 June 2020 has been extracted without material adjustment from the 2020 Half Year Historical Financial Information, as set out in F-pages of this Prospectus.

These tables do not reflect the effect of the Offering, and the following tables should be read together with "Operating and Financial Review" and the F-pages of this Prospectus.

CAPITALISATION AND INDEBTEDNESS

Indebtedness

	<u>As at 30 June 2020</u> (Unaudited) (RMB in millions)
Loans	
Long-term loans	
<i>Long-term borrowings</i>	22,799.1
<i>Long-term payables</i>	20,152.7
Long-term loans	42,951.8
Short-term loans	
<i>Short-term borrowings</i>	42,792.8
<i>Long-term borrowings due within one year</i>	543.0
<i>Long-term payables due within one year</i>	2.7
Short-term loans	43,338.5
Loans	86,290.4
Bonds	
Bonds payable	50,937.2
Portion of the bonds payable due within one year	5,652.6
Commercial papers	6,495.7
Bonds	63,085.5
Total Indebtedness	149,375.9

Capitalisation

	<u>As at 30 June 2020</u> (Unaudited) (RMB in millions)
Total shareholders' equity attributable to parent company	
Capital stock	22,000.0
Capital reserves	44,335.4
Other comprehensive income	1,709.8
Surplus reserves	24,319.5
Undistributed profits	49,419.3
Total shareholders' equity attributable to parent company	141,784.0

On 17 July 2020, the Company distributed a cash dividend of RMB0.68 per share. Except for the cash dividend distributed on 17 July 2020, there has been no material change in the Group's capitalisation since 30 June 2020.

INDUSTRY OVERVIEW

Unless the source is otherwise stated, the market, economic and industry data in this section is extracted from the Industry Report.

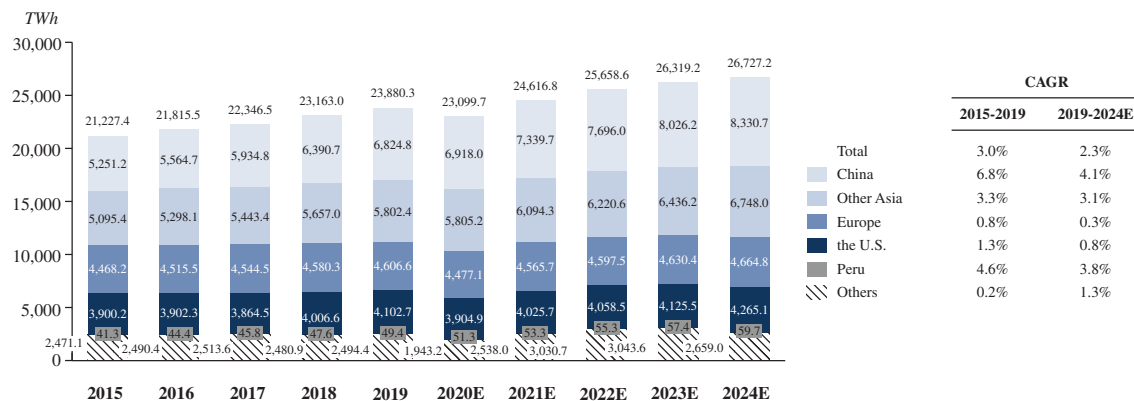
GLOBAL POWER INDUSTRY

Global electricity demands

Consumption volume

Global electricity consumption volume increased from 21,227.4TWh in 2015 to 23,880.3TWh in 2019 with a CAGR of 3.0%, and is forecasted to reach 26,727.2TWh by 2024, representing a CAGR of 2.3% from 2019 to 2024. In the first quarter of 2020, global electricity consumption volume decreased due to the outbreak of the COVID-19 pandemic and the resultant stagnation of economic activities. Global electricity consumption volume is expected to decrease from 23,880.3TWh in 2019 to 23,099.7TWh in 2020. The overall rise in electricity consumption volume from 2019 to 2024 is mainly driven by the population growth, recovery of economic development, increasing popularity of electrical appliance, and the implementation of various legislations and government policies of environmental protection throughout the world. The chart below illustrates the historical and forecasted annual electricity consumption volume by region from 2015 to 2024:

Electricity consumption volume by region, Global, 2015-2024E



*Note: Other Asia refers to Asian countries except for China, Others refers to American countries except for the U.S. and Peru, the Middle East and Africa

Source: Energy Information Administration, National Energy Administration, BP (British Petroleum), China Insights Consultancy

INDUSTRY OVERVIEW

Key market drivers

The growing population and overall economic development across the world are expected to drive the future growth of the global electricity industry. According to the World Population Prospects 2019, the world's population is expected to increase from 7.7 billion in 2019 to 9.7 billion in 2050, which will directly bring about more energy demand. The increase of global access to electricity from 86.7% in 2015 to 89.6% in 2018 according to World Bank also drives growing electricity consumption. Furthermore, improvements in electricity conversion efficiency of global power plants result in more efficient electricity generation and propel the development of the global electricity industry. Meanwhile, governments in many countries have issued plans to promote the development of new energy vehicles, the global penetration rate of new energy vehicles in terms of the total sales volume of passenger vehicles grew from less than 1% in 2015 to 2.5% in 2019, and such penetration rate is expected to further increase and reach approximately 10% by 2025. Such an increase in the global penetration rate of new energy vehicles is expected to facilitate rises in the demand for electricity globally. In addition, people around the world acquire increasing amount of electric home appliances and consumer electronic products, which will increase global electricity demand in the coming decades. As a result, the global electricity consumption per capita grew from 2,876.4 KWh in 2015 to 3,095.9 KWh in 2019, representing a CAGR of 1.9%; and the global electricity consumption per capita is expected to reach 3,297.7 KWh in 2024, representing a CAGR of 1.3% between 2019 and 2024.

Global electricity supply

Ongoing trends

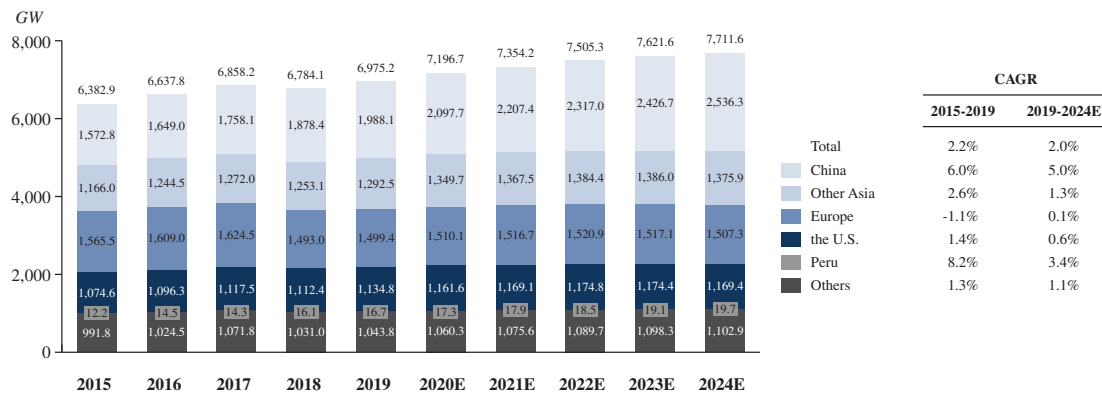
- Mainly driven by the rising environmental protection awareness of people around the world, one of the major ongoing trends of the global electricity supply is the gradual transition from fossil fuel generation to renewable energy, which mainly includes hydropower, wind power, and solar power.
- The sustainable supply, lower maintenance requirements, and environmental benefits of renewable power generation has contributed to this transition from fossil fuel generation in the global electricity industry. The adoption of digitalisation technologies such as big data, cloud computing, and the Internet of Things (IoT) is expected to improve operational safety, lower IT expenses, realise remote management, achieve higher efficiency, and provide advanced analytics to better understand client behaviour, imposing an increasing amount of influence on the global electricity industry in the future.
- Other major trends of global electricity supply include the development of micro-grid projects, distributed grid projects, and promulgation of power purchase agreements (PPA) between electricity generation companies and large corporations in other industries.

INDUSTRY OVERVIEW

Installed power capacity mix

In terms of electricity supply, the installed power capacity has grown from 6,382.9GW in 2015 to 6,975.2GW in 2019 with a CAGR of 2.2%, and is expected to grow at a CAGR of 2.0% between 2019 and 2024 to reach 7,711.6GW in 2024. China was the largest country in 2019 in terms of the total installed power capacity in the world accounted for 28.5% of the world's total installed power capacity of that year. China's installed power capacity grew from 1,572.8GW in 2015 to 1,988.1GW in 2019 at a CAGR of 6.0%, and is expected to continue to grow at a CAGR of 5.0% from 2019 to 2024, reaching 2,536.3GW by 2024. The chart below illustrates the historical and forecasted global installed power capacity by region from 2015 to 2024:

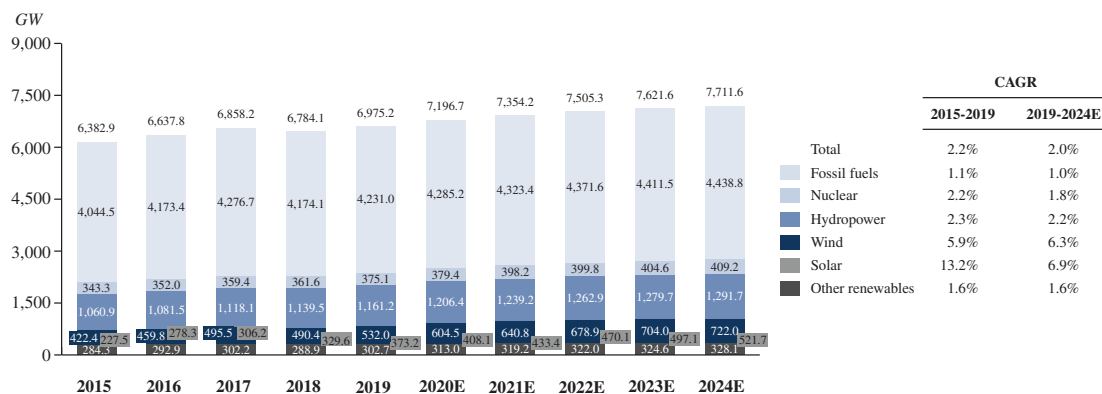
Installed power capacity by region, Global, 2015-2024E



Source: Energy Information Administration, National Energy Administration, BP, China Insights Consultancy

Hydropower ranked second among all energy resources in terms of the proportion of the installed power capacity. The installed hydropower capacity increased from 1,060.9GW in 2015 to 1,161.2GW in 2019, with a CAGR of 2.3%, and is forecasted to further increase to 1,291.7GW in 2024, representing a CAGR of 2.2% from 2019 to 2024. Wind and solar experienced the fastest growth in the last five years. The significant growth of installed wind and solar power capacity is expected to continue going forward, given the decreasing costs of wind and solar energy and more sophisticated grid technology. The chart below illustrates the historical and forecasted global installed power capacity by energy source from 2015 to 2024:

Installed power capacity by energy source, Global, 2015-2024E



*Note: Other renewables refers to other renewable energy such as geothermal energy, biomass energy, tidal energy

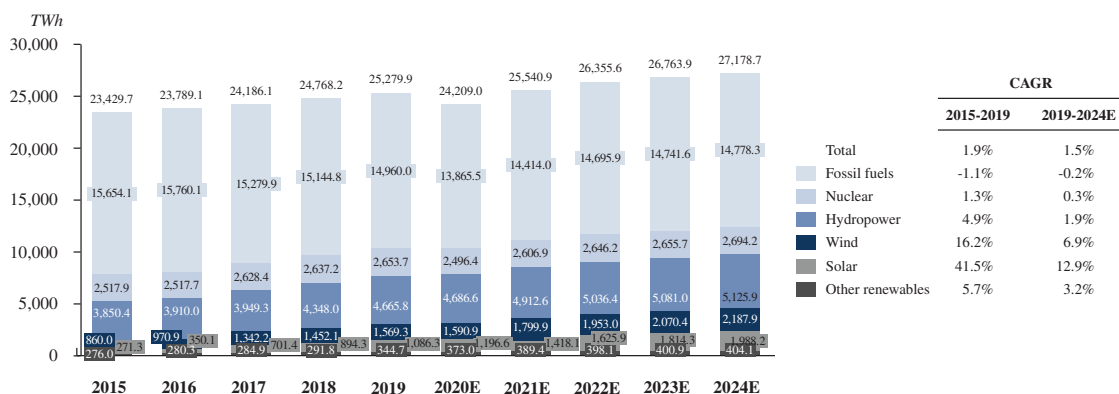
Source: Energy Information Administration, National Energy Administration, BP, China Insights Consultancy

INDUSTRY OVERVIEW

Electricity generation

The global electricity generation volume has grown from 23,429.7TWh in 2015 to 25,279.9TWh in 2019 with a CAGR of 1.9%, and is expected to grow at a CAGR of 1.5% between 2019 and 2024 to reach 27,178.7TWh in 2024. Fossil fuels are, and will continue to be the major sources for electricity generation. However, due to the non-renewable nature of fossil fuels, electricity generation from fossil fuels is forecasted to continue to experience a negative growth from 2019 to 2024. As the most commonly-used renewable source for electricity generation, hydropower generation has increased from 3,850.4TWh in 2015 to 4,665.8TWh in 2019 with a CAGR of 4.9%, and is expected to grow at a CAGR of 1.9% between 2019 and 2024 to reach 5,125.9TWh in 2024. The chart below illustrates the historical and forecasted global electricity generation by energy source from 2015 to 2024:

Electricity generation volume by energy source, Global, 2015-2024E



Source: Energy Information Administration, National Energy Administration, BP, China Insights Consultancy

GLOBAL HYDROPOWER INDUSTRY

Global hydropower industry overview

Hydropower refers to the electricity produced from generators driven by turbines that convert the energy of falling or fast-flowing water into mechanical energy. It is one of the most widely utilised renewable energy and accounted for approximately 16.6% of the world's installed power capacity at the end of 2019. Hydropower delivers a range of benefits to society and the environment by providing clean energy, reducing pollution and lessening dependence on fossil fuels.

INDUSTRY OVERVIEW

By mechanism, hydropower plants can be generally classified into three categories: impoundment, run-of-river (also known as diversion), and pumped storage. The following table explains the mechanism of these three types of hydropower plants and their differences:

Classification of hydropower plants and analysis of differences

Classification	Impoundment	Run-of-river (RoR)	Pumped storage
Mechanism	- Uses a dam to store river water in a reservoir - Releases water from the reservoir and water then flows through a turbine; after spinning, a generator will be activated to produce electricity	Channels natural flowing water from a portion of a river through a canal or penstock to spin a turbine to generate electricity	Stores off-peak energy by pumping water uphill to a reservoir at higher elevation from a second reservoir at a lower elevation at times of low demand, then reuses the pumped water to generate electricity at a later time
Level of hydraulic head	Relatively low (generally below 300m)	Relatively high (can exceed 2,000m)	No hydraulic head requirements
Storage capacity	Relatively high	Limited capacity	Relatively high
Cost of construction	High (with long construction period)	Relatively low	Relatively high
Environment influence	- Leads to vast submerged areas and relocation of population - Can be used for other purposes such as irrigation and flood control	Has less impact on upper stream of river and the surrounding environment without reservoir	Can be located separately from the existing river systems to minimize the environmental impact

Source: China Institute of Water Resources and Hydropower Research, the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy, China Insights Consultancy

Hydro resource analysis of major rivers and countries

Among the top five longest rivers in the world, the Yangtze River has the highest level of river drop at approximately 5,400 metres and the second largest annual runoff, indicating that the Yangtze River is one of the rivers with the most abundant hydropower resources in the world. The following table sets forth the hydro resource analysis of major rivers globally:

Hydro resources analysis of major rivers, global

Name of river	Continent	Length (km)	River drop (m)	Annual runoff (billion m ³)	Runoff speed (m ³ /s)	Drainage area (thousand km ²)
Nile River	Africa	6,650	2,700	84	2,830	3,400
Amazon River	South America	6,437	5,000	6,900	209,000	7,050
Yangtze River	Asia	6,300	5,400	919	29,600	1,800
Yenisei River	Asia	5,539	1,578	624	19,600	2,550
Paraná River	South America	4,880	300	720	17,300	2,580

Note 1: Figures presented in the above chart are approximate numbers

Note 2: The annual runoff of the Yangtze River does not include water inflows from the Huai River.

Source: National Energy Administration, public information, China Insights Consultancy

The utilisation rate of hydropower, which is hydroelectricity generation volume as a percentage of total exploitable volume of hydropower, is still fairly low in China compared to more developed countries such as the United States and Japan according to the China Society for Hydropower Engineering. In 2019, the utilisation rate of hydropower in China was 47.5%, while the utilisation rates in countries that have leading hydropower

INDUSTRY OVERVIEW

exploitation rate such as Norway, Japan, Sweden, and the U.S. were 71.2%, 59.7%, 57.9%, and 56.2%, respectively. The hydropower resources in China is much less utilised compared to other developed countries, representing significant potential for growth in China's hydropower industry.

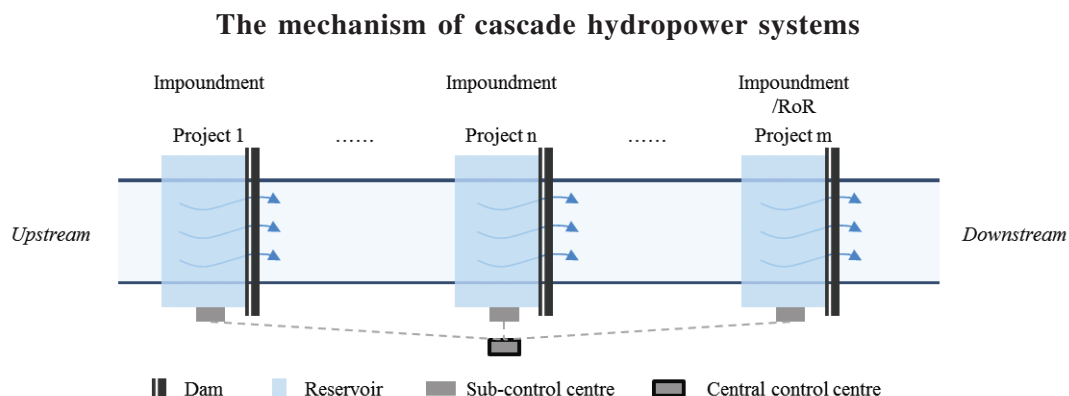
The uniqueness of cascade system compared with other global players

From a global perspective, leading large-scale hydropower cascade systems have been built in the basins of the Paraná River, Tennessee River, Columbia River, La Grande River, Lancang River, Yellow River, and in the upstream of the Yangtze River and its tributaries. The total installed hydropower capacity of the cascade system in the basins of the Yangtze River reached approximately 60.6GW at the end of 2019, far exceeding the total installed capacities of the hydropower plants built in the basins of other rivers, such as 48.5GW for Paraná River, 31.2GW for Tennessee River, 23.1GW for Columbia River, and 16.0GW for La Grande River at the end of 2019, respectively.

Though hydropower plants in the basins of the Yangtze River are currently owned by different electricity generation groups, real-time water inflow as well as other hydro-meteorological information are shared by such power plants in the comprehensive hydropower cascade system. Therefore, the cascade system has achieved world's leading accuracy in inflow forecasting.

The large-scale cascade hydropower system operated by the Group is comprised of four hydropower projects along the Yangtze River. Such cascade hydropower system brings a number of benefits, including optimising hydropower resource allocation, mitigating the impact of adverse hydrological conditions, enhancing electricity generation efficiency, and improving electricity generation stability through the coordination among four hydropower projects.

The cascade hydropower system utilises hydrological information collected from each sub-control centre to achieve accurate hydrological condition forecasting. Meanwhile, with sufficient information inputs, the central control centre can coordinate dispatch and scheduling of hydropower projects jointly by retaining excess water in each project's reservoir during flood seasons and discharging water to downstream projects during non-flood season. The following chart illustrates the mechanism of cascade hydropower systems:



Source: Public information, China Insights Consultancy

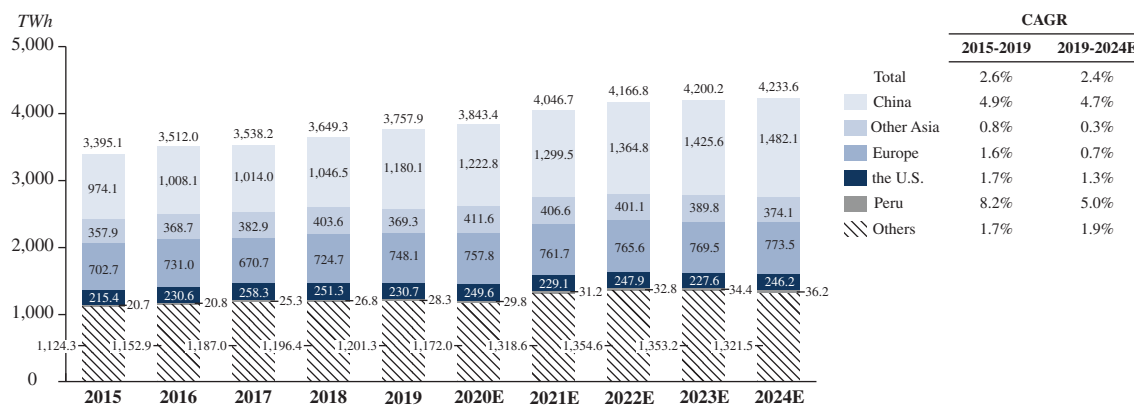
INDUSTRY OVERVIEW

Global hydropower demand

Consumption volume

Global hydropower consumption volume grew from 3,395.1TWh in 2015 to 3,757.9TWh in 2019 at a CAGR of 2.6%, and is expected to grow at a CAGR of 2.4% in the next five years to reach 4,233.6TWh in 2024. Amongst all countries, China consumed the most hydropower with a total consumption volume of 1,180.1TWh in 2019, which accounted for 31.4% of the total hydropower consumption volume in the world. Benefiting from the increasing utilisation rate of hydropower resources and lower feed-in tariffs, China's hydropower consumption volume is expected to experience comparatively fast growth in the next five years with a CAGR of 4.7% and reach 1,482.1TWh in 2024. The chart below illustrates the historical and forecasted global hydropower consumption volume by region from 2015 to 2024:

Hydropower consumption volume by region, Global, 2015-2024E



Source: Energy Information Administration, National Energy Administration, BP, China Insights Consultancy

Key market drivers

The unique features of hydropower in the global electricity consumption mix, as a result of, amongst others, its lower production costs as compared with other renewable energy sources, low carbon emissions, stable electricity generation, and high level of production safety, contribute to the expected increase in global hydropower consumption volume. Additionally, according to the International Renewable Energy Agency, the global weight-average production costs of hydropower is US\$0.047/KWh in 2019, compared with US\$0.182/KWh, US\$0.115/KWh, US\$0.068/KWh, and US\$0.053/KWh for concentrating solar power, offshore wind, solar photovoltaic, and onshore wind in the same year, respectively.

Furthermore, policies issued by the governments of various countries that have promoted the development of renewable sources of power generation set targets for increasing penetration rate of renewable energies in electricity consumption mix or raising the cost for carbon dioxide emissions, which serve as one of the key market drivers of the global hydropower industry.

INDUSTRY OVERVIEW

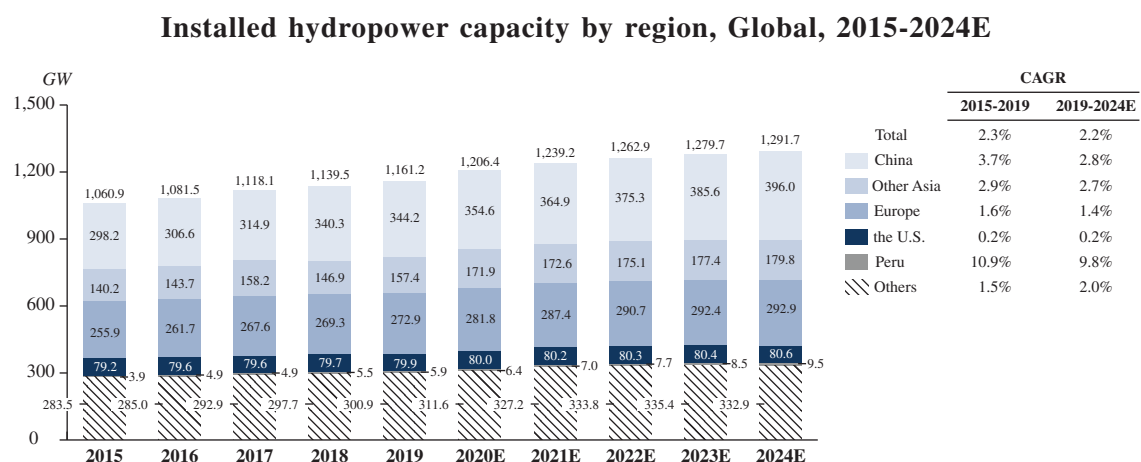
Global hydropower supply

Ongoing trends

- While most large-scale hydropower plants in the world are owned by large electricity generation companies or groups in different countries, the global hydropower supply market is expected to become even more concentrated as large electricity generation groups with strong production capacities and sufficient funds will take advantage of their economies of scale to expand their market penetration via mergers and acquisitions.
- A growing proportion of the global hydropower assets is transitioning to the adoption of digitalised systems and processes. For example, the adoption of advanced remote telemetry system, intelligent weather forecast system, intelligent hydrologic forecast system, intelligent communication and automatic support system can help achieve more optimised operations and improved hydropower utilisation rates. Another case is the integration of different hydropower markets through regional interconnections, which involves the operation of regional power exchanges to support greater use of hydropower under seasonal fluctuations and the establishment of synchronised grid systems for cross-border hydropower transmission, helping countries use hydropower more efficiently.
- Other major trends of global hydropower supply include the development of more social and environmental friendly hydropower designs and the reduction of costs of civil works, aiming to help reach sustainable development and cost-effective project development.

Installed hydropower capacity mix (historical and forecast)

The global installed hydropower capacity grew at a CAGR of 2.3% from 1,060.9GW in 2015 to 1,161.2GW in 2019, and is expected to grow at a CAGR of 2.2% from 2019 to 2024 and reach 1,291.7GW in 2024. China held the most installed hydropower capacity of 344.2GW in 2019, which accounted for 29.6% of the global total installed hydropower capacity. The chart below illustrates the historical and forecasted global installed hydropower capacity by region from 2015 to 2024:



Source: Energy Information Administration, National Energy Administration, BP, China Insights Consultancy

INDUSTRY OVERVIEW

Competitive landscape of the global hydropower industry

Global hydropower industry was relatively concentrated in 2019, with top ten power companies in the global hydropower market accounted for approximately 22.6% of global installed capacity of hydropower at the end of 2019. As the largest hydropower company in the world in terms of consolidated installed capacity of hydropower at the end of 2019, the Group took up approximately 3.9% of global installed capacity of hydropower in the same year.

Ranking of major power companies in terms of consolidated installed capacity of hydropower*, global, end of 2019

Rank	Company name	Consolidated installed capacity of hydropower (GW)	Market share**
1	The Group	45.5	3.9%
2	Hydro-Québec	36.7	3.2%
3	Centrais Eletricas Brasileiras (Eletrobras)	29.8	2.6%
4	RusHydro	28.4	2.4%
5	Enel S.p.A	27.8	2.4%
6	Huaneng Lancang River Hydropower	23.1	2.0%
7	Electricite De France	22.5	1.9%
8	SDIC Power	16.8	1.4%
9	Engie Group	16.3	1.4%
10	EuroSibEnerg	15.1	1.3%
	Subtotal	262.0	22.6%
	Total	1,161.2	100.0%

*Note: The consolidated installed capacity refers to the total installed capacity under the companies' control.

**Note: Market shares are calculated by the consolidated installed capacity of hydropower of major power companies as a percentage of the world's total installed capacity of hydropower at the end of 2019.

Sources: Public information, China Insights Consultancy

The Group and CTG owned five of the fifteen largest hydropower projects in the world. Among the top fifteen hydropower projects in the global hydropower market, the Three Gorges Project owned by the Group is the largest hydropower project in the world in terms of installed capacity at the end of 2019. The Xiluodu Project and the Xiangjiaba Project, which are also owned by the Group, ranked fourth and eleventh in the world in terms of installed capacity at the end of 2019.

Ranking of major hydropower projects* in terms of installed capacity, global, end of 2019

Rank	Station name	Country	Major shareholding company	Installed capacity (GW)
1	Three Gorges	China	The Group	22.50
2	Baihetan	China	CTG	16.00
3	Itaipu	Brazil and Paraguay	Eletrobras and National Electrical Administration (ANDE) of Paraguay (50%/50%)	14.00
4	Xiluodu	China	The Group	13.86

INDUSTRY OVERVIEW

Rank	Station name	Country	Major shareholding company	Installed capacity (GW)
5	Belo Monte	Brazil	Eletrobras	11.23
6	Guri	Venezuela	Electrificaci3n del Caron3, C.A.	10.24
7	Wudongde	China	CTG	10.20
8	La Grande (include 4 stations)	Canada	Hydro-Qu3bec	8.74
9	Tucuru3	Brazil	Eletrobras	8.37
10	Grand Coulee	The U.S.	United States Bureau of Reclamation	6.81
11	Xiangjiaba	China	The Group	6.40
11	Sayano-Shushenskaya . .	Russia	Rushydro	6.40
13	Krasnoyarsk	Russia	United Company Rusal	6.00
14	Nuozhadu	China	China Huaneng Lancang River Hydropower	5.85
15	Churchill Falls	Canada	Nalcor Energy	5.43
	Total			<u>152.03</u>

**Note:* Major hydropower projects presented in the above table include operational stations and stations scheduled for commissioning.

Source: Public information, China Insights Consultancy

CHINA'S POWER INDUSTRY

Macroeconomic backdrop

Nominal GDP per capita

According to the IMF, China's nominal GDP per capita increased from RMB50,858.4 in 2015 to RMB68,203.7 in 2019, representing a CAGR of 7.6%; the nominal GDP per capita is expected to reach RMB94,422.5 in 2024, which represents a CAGR of 6.7% between 2019 and 2024. Compared with major developed countries such as the U.S., China's nominal GDP per capita has great growth potential, the future increase of which is expected to facilitate the growth of electricity consumption volume as well as the overall development of China's electricity industry.

Electricity consumption per capita

Compared with developed countries such as the U.S., China's electricity consumption per capita still has substantial growth potential. The electricity consumption per capita in China grew from 3,820.1 KWh in 2015 to 4,874.2 KWh in 2019, representing a CAGR of 6.3%, which far exceeded the growth of global electricity consumption per capita; while the electricity consumption per capita in the U.S. and Europe, increased from 12,152.7 KWh and 5,333.1 KWh in 2015 to 12,459.8 KWh and 5,436.2 KWh in 2019, respectively.

Urbanisation

Urbanisation in China has been developed rapidly in recent years. The urbanisation rate, as measured by the urban population as a percentage of the total population in China, increased from 56.1% in 2015 to 60.6% in 2019 and is expected to reach 64.3% in 2024.

INDUSTRY OVERVIEW

Moreover, the State Council in China released a plan for the development of the national population (2016-2030), targeting to achieve a 70% urbanisation rate by 2030, which will lead to more electricity consumption from the vastly increased urban population.

Industrial upgrading promoting growth in fixed asset investment

As China is expected to accelerate its industrial upgrade, measures such as the promotion of smart manufacturing and the increase of investment in technological innovations will increase fixed asset investment in China. As a result, electricity consumption is expected to grow. Fixed asset investment in China grew from RMB55.2 trillion in 2015 to RMB63.6 trillion in 2018, then decreased to RMB55.1 trillion in 2019. Nevertheless, in accordance with the development targets to be set by the 14th Five-Year Plan 《“十四五”規劃》, fixed asset investment in China is expected to recover in the next five years, driving greater demand for electricity consumption in China.

Increasing focus on environmental protection from the government

The Chinese government devotes great attention to environmental protection while planning for its economic development. Policies such as the Notice on Establishing and Improving the Mechanism to Guarantee Electricity Offtake for Renewable Energy 《關於建立健全可再生能源電力消納保障機制的通知》, the Action Plan of Clean Energy Utilisation (2018-2020) 《清潔能源消納行動計劃(2018-2020年)》, and the 13th Five-Year Plan for Energy Development 《能源發展“十三五”規劃》, set targets either to control the consumption of coal or promote the utilisation of renewable energies. These above-mentioned policies, which will stimulate power generation from renewable energy, are expected to further propel the development of China's electricity industry.

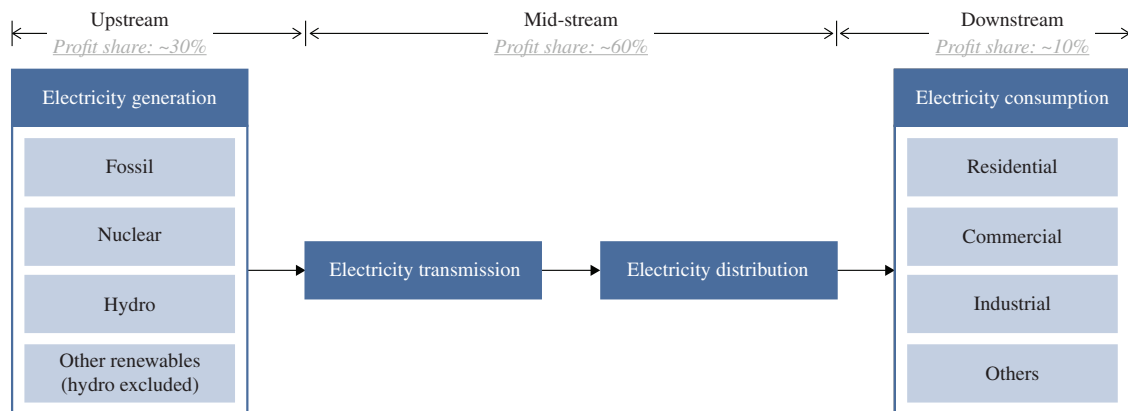
Overview of China's power industry

Coal has been the major resource for electricity generation over the last half century in China. China's coal consumption peaked in 2013 at 4.24 billion tonnes. In order to diminish carbon emissions and heavy air pollution, the government has made efforts to improve the energy structure and reduce pollution. China relies more on electricity generation from nuclear, renewable sources such as hydro, solar and wind power, and natural gas to replace coal. Currently, China is the leader in both the supply of renewable energy equipment globally and in total installed renewables capacity. The installed capacity of renewables, including hydropower, of China is expected to continue growing at a CAGR of 9.7% from the end of 2019 to the end of 2024.

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Overview of value chain of China electricity industry

Value chain of electricity market, China, 2019



Source: Public information, China Insights Consultancy

China's power market consists of four parts, including power generation, power transmission, power distribution and power consumption. The major profit share is taken by upstream and mid-stream operators.

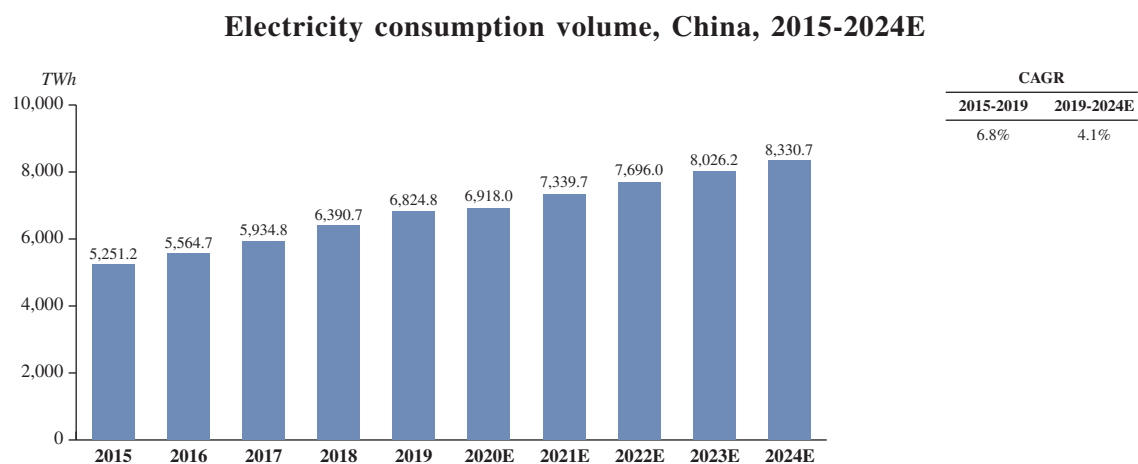
- Electricity generation:** The majority of China's electricity market is owned by state-owned electricity operators. After the 17 years of development since the national electricity system reform in 2002, state-owned electricity operators have dominated China's electricity market along with a large number of province-owned operators, municipal-owned operators, and captive power plants. Currently, electricity generation operators are likely to expand upstream to mid-stream business, pursuing larger profit margins. The top ten electricity generation groups accounted for a cumulative market share of approximately 55.7% in terms of consolidated installed capacity at the end of 2019. This high level of market concentration is partially attributable to the relatively high entry barriers of China's electricity market, including administrative permissions from the government and capital requirements for initial asset purchases and project constructions. CTG (whose hydropower generation business of which is operated mainly by the Group) ranked sixth in terms of consolidated installed capacity with the highest proportion of installed renewable energy capacity at the end of 2019. The top ten electricity generation companies accounted for a cumulative market share of approximately 24.8% at the end of 2019. The Group ranked fifth in terms of consolidated installed capacity with the highest proportion of installed renewable energy capacity at the end of 2019.
- Electricity transmission:** Since the national electricity system reform in 2002, the State Grid Corporation of China ("State Grid") and China Southern Power Grid have been established to operate the majority of electricity grids in China. State Grid covers electricity transmission in 26 provinces of China, while China Southern Power Grid covers electricity transmission in five southern provinces in China. Besides State Grid and China Southern Power Grid, there are some local electricity grid enterprises as well, most of which are public companies.

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- Electricity distribution: State Grid and China Southern Power Grid are the major players in electricity distribution and sales in China. Compared to developed countries, the coverage of electricity distribution automation systems in China is still at a relatively low level. State Grid and China Southern Power Grid still have considerable development potential in terms of, electricity grid structure, operation management, and intelligence level.
- Electricity consumption: Due to the nature of electricity consumption, the industrial sectors contributed most to the country's electricity consumption. Benefiting from industrial upgrading and consumption upgrading, the electricity consumption in commercial sector and residential sector has increased rapidly.

Electricity demand and consumption in China

China's electricity consumption volume increased from 5,251.2TWh in 2015 to 6,824.8TWh in 2019 at a CAGR of 6.8%, and is forecasted to reach 8,330.7TWh by 2024, representing a CAGR of 4.1%. The below chart illustrates the historical and forecasted total electricity consumption volume in China from 2015 to 2024:



Source: Energy Information Administration, National Energy Administration, China Insights Consultancy

Characteristics and trends of electricity consumption in China

Electricity demand in services and industry has experienced a decrease during the first quarter of 2020 as a result of the stagnation of industrial and commercial activities due to COVID-19. However, home isolation measures have driven an increase in residential use which partially offset the reduction in services and industry. The overall electricity demand growth is expected to return to positive for the rest of the year as many sectors and businesses have reopened.

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China achieved full electrification of its population of 1.4 billion in 2015, after establishing connections to some of the most remote rural areas. As an important tool, ultrahigh-voltage (UHV) has been used in China since 2009 to transmit electricity over long distances, linking energy-abundant interior areas to energy-thirsty coastal regions. In terms of electricity generation resources, China is gradually relying more on electricity generation from hydropower, nuclear, natural gas, and other renewables in order to replace coal, with the goal of reducing carbon emissions and the heavy air pollution in certain urban areas.

Key drivers of electricity consumption in China

The key market drivers for electricity demand include the continuous economic growth, implementation of coal-to-electricity conversion projects, and the construction of new infrastructure.

Electricity consumption has been accelerated by the country's GDP and growing demand from industrial production over the past five years. The strong growth of the manufacturing industry and the service sector has elevated electricity consumption. Additionally, residential electricity consumption has grown along with the improvement of living conditions. China's electricity consumption in residential sector increased from 688.4TWh in 2015 to 968.2TWh in 2019, representing a CAGR of 8.9%.

China's ongoing campaign to switch from coal to electricity, which is a part of the efforts to cut coal use in household heating to reduce pollution, has also contributed to the rapid growth of electricity consumption. In 2018, China further expanded its coal-to-gas and coal-to-electricity conversion projects to 35 cities, about 12.5 million households completed the conversion from coal to gas or electricity in the last three years.

New infrastructure projects propels the transformation and upgrade of China's electricity industry. Currently, accelerating the construction of new infrastructure projects such as UHV, data centres and charging piles is a major strategy for China. New infrastructure projects bring about a significant increase in the overall electricity demand. For instance, China's data centres consumed 161 billion KWh electricity in 2018, and the consumption of data centres is projected to grow to above 270 billion KWh by 2024.

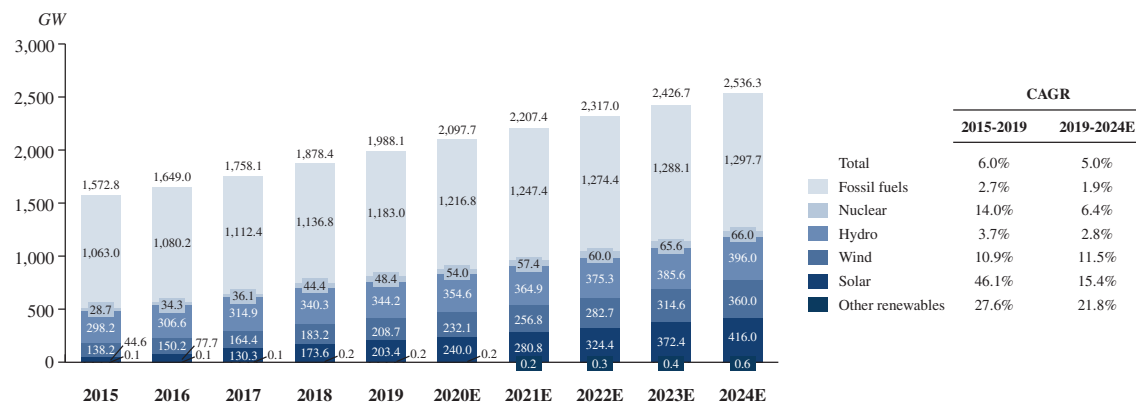
INDUSTRY OVERVIEW

Electricity supply in China

Installed power capacity

The total installed power capacity in China increased from 1,572.8GW in 2015 to 1,988.1GW in 2019 with a CAGR of 6.0%, and is expected to further grow to 2,536.3GW in 2024 at a CAGR of 5.0%. Hydropower is the second largest energy source in terms of installed power capacity. The installed capacity of nuclear, wind and solar has grown rapidly at a CAGR above 10% from 2015 to 2019, as the development of clean energy has been promoted by the government. The chart below illustrates the historical and forecasted cumulative installed power capacity by energy source from 2015 to 2024:

Installed power capacity by energy source, China, 2015-2024E

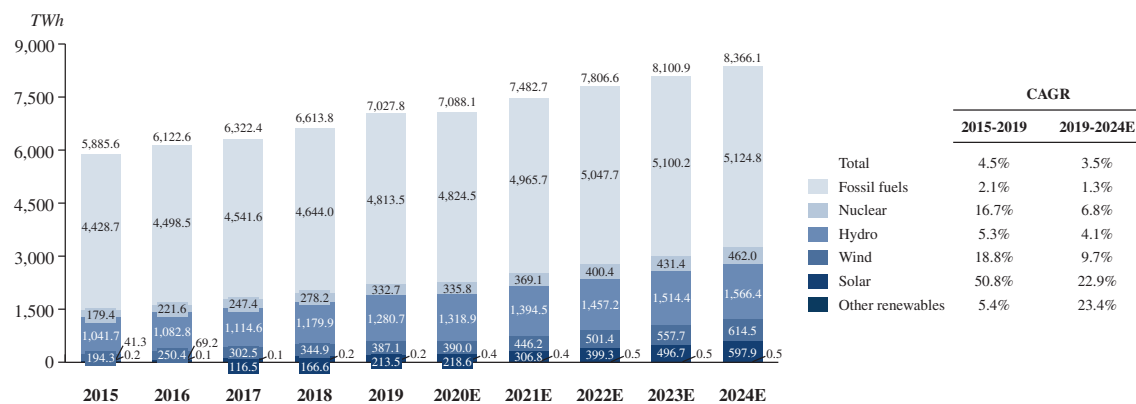


Source: Energy Information Administration, National Energy Administration, China Insights Consultancy

Electricity generation

The electricity generation in China has grown from 5,885.6TWh in 2015 to 7,027.8TWh in 2019 with a CAGR of 4.5%, and is expected to grow at a CAGR of 3.5% between 2019 and 2024 to reach 8,366.1TWh in 2024. Fossil fuels and hydropower, which are the main energy resources for electricity generation in China, contributed 68.5% and 18.2% of the total electricity generation in 2019, respectively. The chart below illustrates the historical and forecasted electricity generation by energy source from 2015 to 2024:

Electricity generation volume by energy source, China, 2015-2024E



Source: Energy Information Administration, National Energy Administration, China Insights Consultancy

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Electricity supply trends in China

- The concerning situation of climate change and the intensified control of air pollution require the development of clean energy power plants. China's electricity generation from renewable energy can be further increased by the renewable energy quota system launched by the central government in 2019. Such new quota system setting minimum renewable electricity consumption targets for each region results in an increase of renewable electricity demand.
- In this context, hydropower should have a competitive advantage due to the abundant and accessible water resources and more sophisticated grid network connection and battery storage techniques compared with other renewable energies.
- Meanwhile, power generation companies are also dedicated to improving the electricity efficiency and reducing the cost of electricity generation through technology innovation and regional cooperation.

CHINA HYDROPOWER INDUSTRY

Overview of China's hydropower industry

Currently, hydropower has been the second largest electricity source and the largest renewable electricity source in terms of both installed capacity and consumption volume in China. Benefitting from government support for the development of clean energy, along with the characteristics of hydropower such as stableness, efficiency, and cost-effectiveness, the utilisation rate of hydropower was 47.5% in 2019. The increase in the utilisation rate of hydropower in China is expected to be accompanied with the growing installed capacity and hydropower generation in the future.

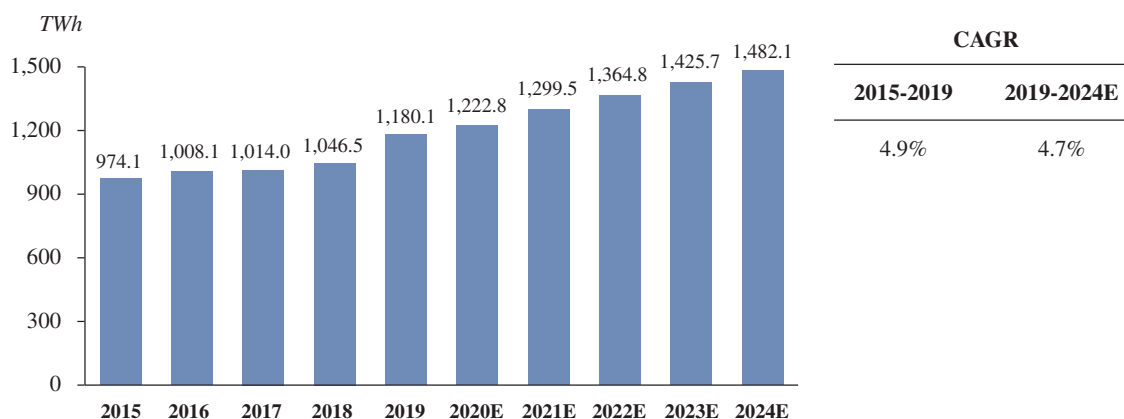
China's hydropower industry is highly concentrated, being dominated by major state-owned electricity operators. The entry barriers of the China hydropower market are high because market players need to obtain administrative permissions from the relevant government authorities both to conduct hydropower businesses and to initiate hydropower projects, and must accumulate sufficient capital to support large-scale projects. The development of the hydropower market in China is relatively stable, with further development now focused on the upper reaches of major river systems.

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Hydropower demand and consumption in China

The demand and consumption of hydropower in China has experienced moderate growth over the past five years. The hydropower consumption volume in China increased from 974.1TWh in 2015 to 1,180.1TWh in 2019, representing a CAGR of 4.9%. With the structural reform of coal electricity generation, the promotion of renewable electricity consumption, and the optimised dispatch of hydropower, hydropower consumption volume is expected to continue to increase at a CAGR of 4.7% in the next five years, reaching 1,482.1TWh by 2024. The following chart presents the hydropower consumption volume in China from 2015 to 2024:

Hydropower consumption volume, China, 2015-2024E



Source: Energy Information Administration, National Energy Administration, China Insights Consultancy

Characteristics and trends of hydropower consumption in China

Hydropower resources and electricity consumption are located in different geographical regions in China. The majority of hydropower resources being concentrated in Southwest China, while the majority of electricity consumption resides in East China and South China. The Chinese government is supportive of electricity transmission projects, such as the “West-to-East Power Transmission”, to alleviate the electricity consumption tension in East China and South China. Future construction of transmission infrastructure in China is expected to further stimulate the cross-regional hydropower demand.

The direct purchase of electricity by large consumers introduces the competition mechanism on the sales of electricity to rationally allocate electricity resources. Along with the deepening of market-oriented reform in China’s electricity industry, the direct purchase of electricity will continue to be promoted.

Key drivers of hydropower consumption in China

In order to achieve sustainable improvement of environmental conditions, the Chinese government has been implementing policies to control the total consumption of coal. Small coal power plants are being phased out and the newly-installed capacity of coal

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power will remain under stringent control. The reduction of coal power generation is expected to enhance the consumption of renewable electricity such as hydropower, as these two forms of electricity generation are considered the most viable substitutes.

To encourage the deployment of hydropower and solve the problem of underutilised hydropower resources, the Chinese government has started to promote the implementation of the renewable energy quota system, assigning renewable electricity consumption quota to each province. Such action guarantees the consumption of renewable electricity in different provinces and leads to an increasing amount of hydropower consumption considering the absorption indicators of renewable electricity.

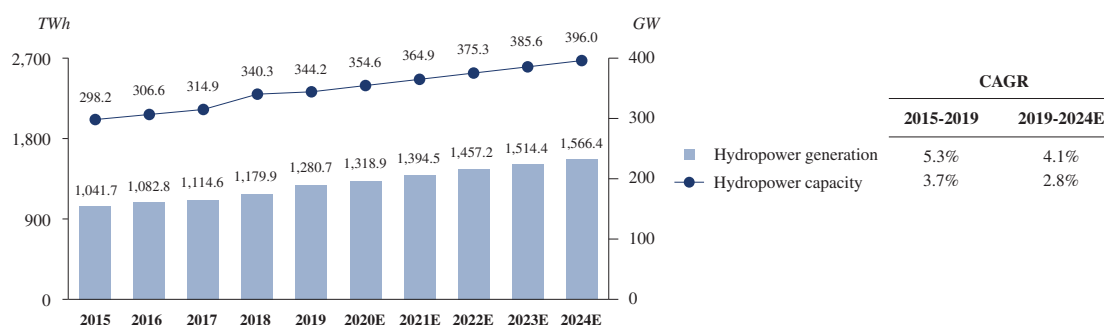
The construction of a UHV transmission network, for example, the construction of UHV transmission lines in Southwest China, as well as in the middle reaches of the Yalong River-Jiangxi, can effectively improve the capability of transmitting hydropower generated in Southwest China to other regions, thus facilitating the penetration of hydropower consumption in China.

Hydropower supply in China

Hydropower generation and installed hydropower capacity in China

Hydropower generation and installed hydropower capacity in China experienced growth over the past five years. Hydropower generation in China increased from 1,041.7TWh at the end of 2015 to 1,280.7TWh at the end of 2019 at a CAGR of 5.3%. Installed hydropower capacity in China increased from 298.2GW at the end of 2015 to 344.2GW at the end of 2019 at a CAGR of 3.7%. Propelled by the greater utilisation rate of hydropower resources, hydropower generation is expected to maintain a moderate CAGR of 4.1% from 2019 to 2024, while the installed hydropower capacity is expected to grow at a CAGR of 2.8% during the same period. The following chart presents the hydropower generation and installed hydropower capacity in China from 2015 to 2024:

Hydropower generation and installed hydropower capacity, China, 2015-2024



Source: Energy Information Administration, National Energy Administration, China Insights Consultancy

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The average annual operating hours of hydropower plants with a capacity above 6,000KW increased from 3,590 hours in 2015 to 3,726 hours in 2019 at a CAGR of 0.9%. Its growth is expected to continue in the future, as the central government has issued regulatory guidelines to better utilise the excessive hydropower capacity.

Trends of hydropower supply in China

- The utilisation rate of hydropower generation is expected to be further increased in the future. Compared with developed countries, the hydropower resources utilisation rate in China is still at the relatively low level. Hydropower resources in the western region (including Central China, Southwest and Northwest China) accounted for more than 75% of the total in 2019, which indicated significant potential for the growth of hydropower generation in the western region. In an effort to capitalise on these resources, the Clean Energy Absorption Action Plan (2018-2020) (《清潔能源消納行動計劃(2018-2020年)》) was released in 2018 by NDRC and NEA with an aim to improve the utilisation rate of clean electricity generation.
- Considering the advantages of optimal and sustainable use of hydropower resources, it is likely that each river basin will be utilised by one hydropower operator, so as to realise the rational and effective use of hydropower resources, thereby reducing the amount of water discarded.

Competitive landscape of hydropower suppliers in China

China has abundant hydropower resources found in major rivers with excellent conditions for the development of large-scale hydropower plants. The Group mainly operates in two hydropower bases, the Jinsha River and the upper mainstream of the Yangtze River, which are the largest two hydropower bases in China in terms of planned installed capacity.

Ranking of major hydropower bases in terms of planned installed capacity, China, end of 2019

Rank	Name of hydropower base	Operating hydropower companies/groups	Planned installed capacity (GW)
1	Jinsha River	Upstream: China Huadian Group Midstream: China Huadian Group, China Huaneng Group, China Datang Group, Hanergy Group Downstream: CTG (whose hydropower projects are operated by the Group)	83.15
2	Upper mainstream of the Yangtze River	CTG (whose hydropower projects are operated by the Group)	31.28
3	Yalong River	Yalong River Hydropower Development (52% owned by SDIC Power, 48% owned by Sichuan Chuantou Energy)	28.83
4	Mainstream of Lancang River	Huaneng Lancang River Hydropower	25.82
5	Dadu River	GD Power Development	25.24

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Rank	Name of hydropower base	Operating hydropower companies/groups	Planned installed capacity (GW)
6	Nu River	China Datang Group	21.32
7	Upper Yellow River	SDIC Power, State Power Investment Corporation	15.55
8	Red River tributary of Nanpan River	Fujian Mindong Electric Power	15.08
9	Fujian-Zhejiang-Jiangxi	China Huadian Group	14.17
10	Wu River	Guangxi Guiguan Electric Power	11.63
11	The Northeast	GD Power Development	11.32
12	West of Hunan	N.A.	6.61
13	Northern Mainstream of Yellow River	N.A.	5.97
	Total		<u>295.96</u>

Sources: National Energy Administration, Public information, China Insights Consultancy

The hydropower market in China is relatively concentrated, with the top ten hydropower generation companies accounted for approximately 38.5% of the total installed capacity of hydropower in China at the end of 2019. As the largest hydropower generation company in China in terms of consolidated installed capacity of hydropower at the end of 2019, the Group had a market share of approximately 13.2% in terms of installed capacity of hydropower.

Ranking of hydropower generation companies in terms of consolidated installed capacity, China, end of 2019

Rank	Company name	Consolidated installed capacity of hydropower (GW)	Market share*
1	The Group	45.5	13.2%
2	Huaneng Lancang River Hydropower	23.1	6.7%
3	SDIC Power Holdings	16.8	4.9%
4	GD Power Development	14.4	4.2%
5	Guangxi Guiguan Electric Power	10.2	3.0%
6	Datang International Power Generation	9.2	2.7%
7	China Power International Development	4.0	1.2%
8	Hubei Energy Group	3.7	1.1%
9	Guizhou Qianyan Power	3.2	0.9%
10	Huadian Fuxin Energy	2.6	0.8%
	Subtotal	<u>132.7</u>	<u>38.5%</u>
	Total	<u>344.2</u>	<u>100.0%</u>

Note: Market shares are calculated by the consolidated installed capacity of hydropower of major hydropower companies in China as a percentage of the total installed capacity of hydropower in China at the end of 2019.

Sources: Public information, China Insights Consultancy

The Group and CTG owned the top five of the largest 15 hydropower projects in terms of installed capacity in the China hydropower market at the end of 2019, which are Three Gorges, Baihetan, Xiluodu, Wudongde, and Xiangjiaba.

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Ranking of hydropower projects* in terms of installed capacity, China, end of 2019

Rank	Station name	Major shareholder company/group	Major consumption areas	Installed capacity (GW)
1	Three Gorges . . .	The Group	East China and South China	22.50
2	Baihetan	CTG	Jiangsu province and Zhejiang province (expected)	16.00
3	Xiluodu	The Group	Zhejiang province and Guangdong province	13.86
4	Wudongde	CTG	Guangdong province and Guangxi province (expected)	10.20
5	Xiangjiaba	The Group	Shanghai city	6.40
6	Nuozhadu	Huaneng Lancang River Hydropower	Guangdong province	5.85
7	Longtan	China Datang Corporation	Guangdong province and Guangxi province	4.90
8	Jinping-II	SDIC	Chongqing city and East China	4.80
9	Xiaowan	Huaneng Lancang River Hydropower	Yunnan province and Guangdong province	4.20
9	Laxiwa	State Power Investment Corporation	Northwest China and North China	4.20
11	Jinping-I	SDIC	Chongqing city and East China	3.60
12	Ertan	SDIC	East China, Sichuan province, and Chongqing city	3.30
12	Pubugou	GD Power Development	Sichuan province	3.30
14	Guanyinyan	China Datang Corporation	Yunnan province and Guangxi province	3.00
15	Gezhouba	The Group	Hubei province and Shanghai city	2.74
	Total			108.85

*Note: Hydropower projects presented in the above table include operational stations and stations scheduled for commissioning.

Source: Public information, China Insights Consultancy

Seasonality of electricity demand and power generation in China

Electricity demand varies with the seasons, electricity demand during the summer and winter tend to be higher than that during the fall and spring. The residential and commercial end-use reflects a large seasonal variance as electricity consumption for air conditioning and large electricity-consuming appliance accounts for a relatively large proportion of the total electricity consumption.

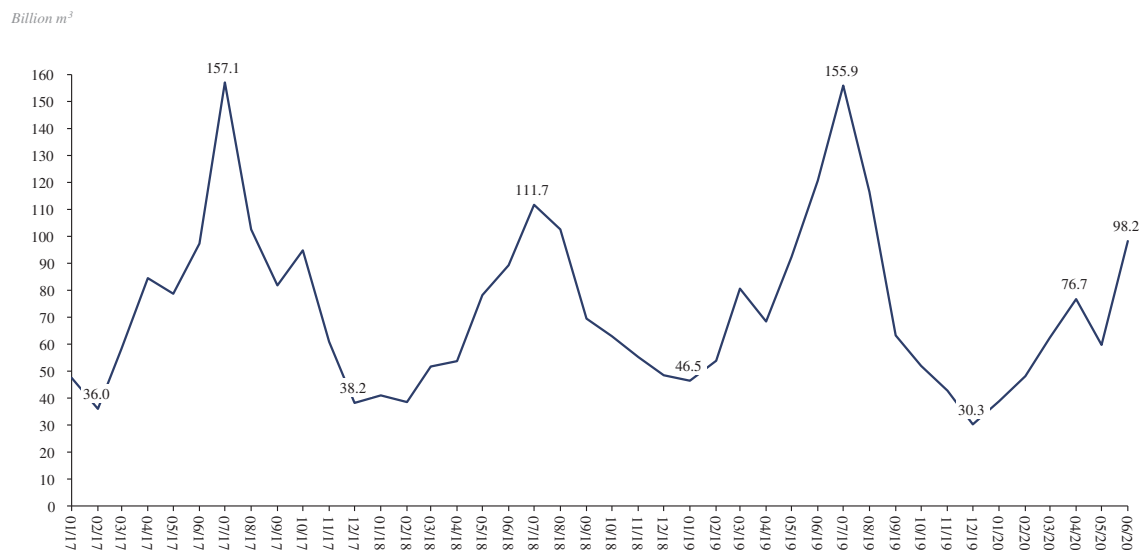
In terms of electricity supply, the effect of season change on hydropower generation is mostly influenced by the amount of precipitation. Hydropower is ramped up by the sharp increase of water inflow. Generally, from May to September in a year are the flood seasons,

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March, April and October are the regular seasons, and the remaining months are the dry seasons. Generally, ample precipitation brings water inflows to hydropower projects and thus increases the power generation during the flood seasons. In contrast, hydropower generation decreases due to the lower water levels in dry seasons.

The chart below illustrates the monthly runoff of the Yangtze River in China from Jan 2017 to June 2020:

Monthly runoff of the Yangtze River, China, 2017 Jan – 2020 June



Source: ChangJiang Water Resources Commission, China Insights Consultancy

Regional distribution of power demand and power generation in China

There exists a significant electricity mismatch in China, with the majority of hydropower resources being concentrated in Southwest China, while the majority of electricity consumption resides in East China and South China.

Due to the imbalance of regional economic development in China, the electricity consumption is mainly concentrated in South China and East China, such as Guangdong province, Jiangsu province and Zhejiang province. It is expected that the increasing electricity consumption demand in economic developed regions will be met in the future, given that China is currently constructing of trans-regional transmission infrastructure to enhance inter-provincial transmission, such as the “West-to-East Power Transmission”.

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Top 10 provinces in terms of volume of electricity generation/consumption and hydro power generation/consumption, China, 2019

Top 10 electricity generation provinces	Share of electricity generation volume, 2019	Top 10 electricity consumption provinces	Share of electricity consumption volume, 2019
Shandong	7.9%	Guangdong	9.3%
Inner Mongolia	7.3%	Jiangsu	8.7%
Jiangsu	6.9%	Shandong	9.1%
Guangdong	6.7%	Zhejiang	6.5%
Sichuan	5.2%	Hebei	5.3%
Xinjiang	4.9%	Inner Mongolia	5.1%
Zhejiang	4.7%	Henan	4.7%
Yunnan	4.6%	Xinjiang	4.0%
Shanxi	4.5%	Sichuan	3.6%
Hebei	4.4%	Fujian	3.3%
Subtotal	57.1%	Subtotal	59.0%
Total	100.0%	Total	100.0%

Top 10 hydropower generation provinces	Share of hydropower generation volume, 2019	Top 10 hydropower consumption provinces	Share of hydropower consumption volume, 2019
Sichuan	26.7%	Guangdong	16.1%
Yunnan	23.1%	Sichuan	15.9%
Hubei	11.5%	Yunnan	9.6%
Guizhou	5.9%	Guangxi	5.6%
Guangxi	4.7%	Hunan	5.3%
Hunan	4.6%	Zhejiang	5.0%
Qinghai	4.5%	Hubei	4.4%
Gansu	3.3%	Chongqing	3.8%
Fujian	2.6%	Gansu	3.8%
Xinjiang	2.2%	Shanghai	3.8%
Subtotal	88.9%	Subtotal	73.3%
Total	100.0%	Total	100.0%

Source: National Bureau of Statistics, China Insights Consultancy

Electricity prices in China

Overview of electricity price in China

The on-grid electricity tariff, which is the sale price of electricity to the grid companies, can affect all related stakeholders, including primary energy suppliers, electricity transmission operators, electricity distribution operators and end-use consumers. Therefore, a number of approaches have been undertaken in terms of electricity tariff pricing mechanism to address specific requirements of the expansion of the electricity industry at each stage of its development.

The output of the electricity plants are settled in two methods, the planned output and the market-oriented output. Under the planned output system, national grid companies purchase electricity from power plants based on the benchmark prices. The overall price of the planned outputs is determined by the National Development and Reform Commission (NDRC) to a large extent, as the benchmark prices are also regulated by the government. The market-oriented electricity sales experienced a fast growth since the national electricity system reform in 2002. According to China Electricity Council, market-oriented electricity transactions accounted for 30.1% of China's total electricity consumption in 2019.

Pricing methods of hydropower in China

The relevant pricing authorities primarily use the following three pricing methods to determine the on-grid tariff: (i) local price backward pricing; (ii) individual project pricing; and (iii) benchmark pricing.

Hydropower projects whose electricity is transmitted inter-provincially usually use the local price backward pricing method. On-grid tariff is determined with reference to the local market price (including price based on regulatory guidance and market-based price) at the electricity demand side, after deducting the transmission price charged by grid companies.

Some hydropower projects deploy the individual project pricing method where the on-grid tariff is determined by the relevant pricing authority on a case-by-case basis, with the key considerations on price being the construction and operating costs and the rate of return of the projects.

Another segment of hydropower projects deploy the benchmark pricing method where the on-grid tariff is calculated on the basis of the average costs of hydropower projects of the same category.

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Historical on-grid prices

Unit (RMB/MWh)	On-grid price			
Energy source	2015	2016	2017	2018
Coal	384.20	362.08	371.65	370.52
Natural gas	789.82	695.17	664.94	584.10
Hydropower	275.19	264.60	258.93	267.19
Nuclear power	435.76	421.06	402.95	395.02
Wind	573.99	564.72	562.30	529.01
Solar	1,056.89	918.12	939.90	859.79

Note: The on-grid electricity price is calculated based on the tax-included on-grid electricity price of each province, which is the blended average of electricity price of regulated price and market price

Source: National Energy Administration, China Insights Consultancy

According to the NEA, the on-grid price of hydropower has been the cheapest over the past four years, and the fluctuation of the price is mainly because of the seasonality of the source of generation. Despite low on-grid price, the profitability of the hydropower generation industry is higher than that of other energy sources given its low generation cost. In 2019, hydropower generation operators have a gross margin higher than 50% based on the leading A-share listed companies, while the fossil fuels, wind and nuclear have lower gross margins of approximately 15%, 25% and 40%, respectively. Compared to other ways of generating electricity, hydropower has a lower generation cost of approximately RMB0.11 per KWh based on the leading hydropower companies. The lower generation cost of hydropower is mainly due to the reasons including: 1) no fuel will be consumed during the generation process, thus lowering raw materials costs; 2) the electricity generation equipment is easy to operate, thus saving labour costs; and 3) the equipment has longer service life, thus lowering operational and maintenance costs.

Societal value of hydropower projects

The total reservoir capacity of the top fifteen hydropower projects in terms of installed capacity in China reached 180.1 billion cubic metres in 2020. Among the top fifteen hydropower projects, six are owned by the Group or CTG, with their reservoir capacity totaling 91.8 billion cubic metres.

The establishment of hydropower projects with large reservoirs has a number of benefits, including flood control, drought prevention, and navigation improvement, among others. Reservoirs can store floodwaters in flood seasons, protecting downstream cities from coastal flooding. In addition, China's hydropower resources are distributed unevenly, reservoirs can control the water inflow and outflow so as to supply water to areas in shortage, usually for agricultural purposes. Meanwhile, hydropower projects can create deep reservoirs to assure the safe navigation of water vessels during the dry seasons and can also assure navigation direction by varying the flow of water downstream.

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Market policy and regulation

Environmental protection targets

The clean and renewable energy has become a strategic focus of China's electricity industry. China aims at promoting energy technology reforms by moving towards a green and low-carbon economy.

In the "Medium-and Long-Term Development Plan of Renewable Energy" 《可再生能源中長期發展規劃》 issued by the National Development and Reform Commission of China in 2007, hydropower was included in renewable energy, since then has been supported by the government for development.

According to the "China 13th Renewable Energy Development Five Year Plan (2016-2020)" 《可再生能源發展“十三五”規劃(2016-2020)》, the share of non-fossil energy in the total primary energy consumption is set to reach 15% by 2020 and 20% by 2030. Total installed renewable power capacity is targeted to reach 680GW by the end of 2020, and installed wind capacity is targeted to reach 210GW by the end of 2020. The total electricity generation from renewable energy is planned to reach 1.9 trillion kWh by the end of 2020, accounting for 27% of the total electricity generated. By the end of 2020, total renewable energy consumption will reach 0.73 billion tonnes of standard coal equivalent.

According to the "Energy Supply and Consumption Revolution Strategy (2016-2030)" 《能源生產和消費革命戰略(2016-2030)》, there are a number of existing targets for 2020, such as energy consumption per unit of GDP to decrease by 15% and carbon emission per unit of GDP to decrease by 18%, compared to 2015. This plan also sets new targets for 2030, including non-fossil fuel accounts for more than 20% in the energy mix in terms of energy consumption volume, natural gas accounts for more than 15% of the energy mix, and non-fossil electricity generation accounts for more than 50% of the total electricity generation by 2030.

Promotion of the healthy development of renewable energy

In order to support the healthy development of renewable energy, a series of regulations have been implemented to reduce the cost of renewable electricity generation.

According to the Clean Energy Absorption Action Plan (2018-2020) (《清潔能源消納行動計劃(2018-2020年)》) issued by NDRC and NEA in 2018, and the Notice on Establishing and Improving the Guarantee Mechanism for Renewable Energy Electric Power Consumption (《關於建立健全可再生能源電力消納保障機制的通知》), all provincial governments shall prioritise the cross-region consumption of hydropower according to intergovernmental agreements.

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In November 2017, NDRC and NEA promulgated the Implementation Plan for Solving the Problems of Abandoned Water, Wind and Light (《解決棄水棄風棄光問題實施方案》), which urged to accelerate the fourth establishment of the transmission lines for hydropower in Sichuan and the establishment of the transmission lines for the Wudongde Project, the Baihetan Project and the hydropower from the upstream of the Jinsha River.

In October 2017, NDRC and NEA released the Notice on Promoting Hydropower Consumption in Southwest China (《促進西南地區水電消納通知》) in order to facilitate the utilisation of excess hydropower capacity, particularly in Southwestern China and optimise allocation of hydraulics resources. For instance, in Southwestern China, hydropower may enjoy preferential offtake arrangement in terms of the cross-region transmission of electricity. Meanwhile, electricity grid constructions for hydropower transmission from the southwest to the rest of China (Guangdong, Guangxi, and Jiangxi s) were encouraged by such government policy.

According to the Notice on Promoting the Grid Parity of Wind Power and Solar Power Without Subsidies (《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》) issued by NDRC and NEA in 2019, local governments should summarise the experience and promote the grid parity of wind power and solar power pilot projects. It also promoted the marketised trading mechanism without the government subsidy of wind power or solar power.

PERU'S ELECTRICITY DISTRIBUTION INDUSTRY

Peru's Electricity Distribution Industry

Overview of the electricity industry in Peru

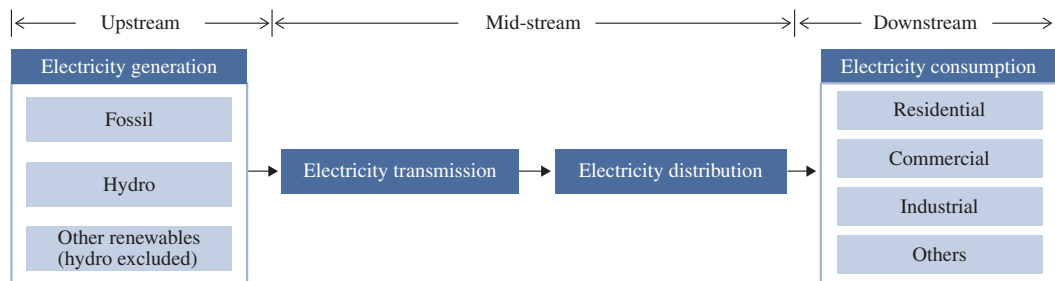
Over the past ten years, the Peruvian economy has grown at a CAGR of 4.5% and Peru's GDP reached USD229.0 billion in 2019. According to the EIA, the electricity production in Peru increased by 25.3% from 2015 to 2019. Hydroelectricity has contributed a majority of the total electricity production in Peru, as the country has abundant hydropower resources, accounting for approximately 4% of the world's annual hydropower resources, with most of its hydropower resources available from the Amazonian region.

Since the country's electricity sector reform in 1992, electricity generation, transmission and distribution activities were gradually separated and increasing privatisation has largely improved the quality and efficiency of the electricity industry. As companies must obtain concession grants from the Peruvian government, the qualified distribution companies monopolise over regulated users, namely users with maximum electricity demand no more than 200KW, in their concession areas.

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Value chain analysis of power distribution industry in Peru

Value chain of electricity power industry, Peru, 2019



Source: Ministry of Energy and Mines of Peru, Osinergmin, China Insights Consultancy

The value chain of Peru's electricity market consists of four main entities, namely electricity generation companies, electricity transmission companies, electricity distribution companies and electricity consumers.

Electricity generation companies produce electrical energy from sources of primary energy in electricity stations. According to EIA, in Peru, electricity is primarily produced from natural gas and hydropower, which accounted for 95% of the total electricity generation volume in 2019. Statistics from Osinergmin show that, in 2019, the major electricity generation companies included Kallpa, Electroperú, Enel Generación Perú, Engie and Fénix Power.

Electricity transmission companies are responsible for transporting electrical energy through transmission lines in medium (1-36 KV) or high voltage (36-220 KV) to the national grid's substations. Generation companies and consumer users pay transmission companies a toll to send and receive their electricity. In 2019, the major transmission companies included Consorcio Transmantaro, Red de Energía del Perú and ABY Transmisión Sur.

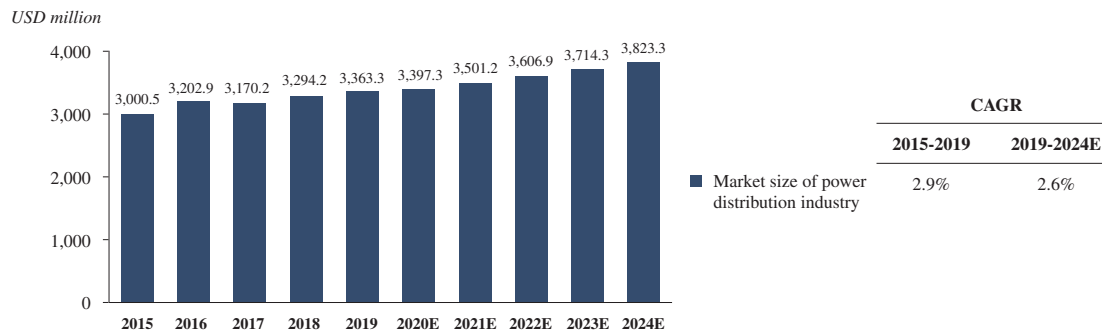
Electricity distribution companies distribute electricity through low (220-440V) and medium (1-36 KV) voltage distribution lines and sell the electricity to end users. In 2019, the major electricity distribution companies included Luz del Sur, Enel Distribución Perú and Hidrandina. According to the LCE (Electricity Concession Act ("LCE" by its Spanish acronym)), electricity distribution is considered to be a public service and when system demand exceeds 500 KW, a definitive concession is required to carry out distribution activities. The concessionaire obtains the right to be the sole provider within the operating area. Additionally, according to electricity concession law issued by Ministry of Energy and mines in Peru, the permanent concession, a type of definitive concession, which is difficult to get, allows companies to legally distribute electricity in the operating area permanently.

The end-use of electric electricity consumption includes residential, commercial, industrial and other usages such as agriculture, street lighting, among others.

INDUSTRY OVERVIEW

Market size of Peru's electricity distribution industry

Sales value of electricity distribution industry, Peru, 2015-2024E



Source: Osinermin, China Insights Consultancy

After a decade of rapid development in Peru's electricity industry, Peru has achieved electrification of over 95.0% in 2019. The market size of Peru's electricity distribution industry grew from USD3,000.5 million in 2015 to USD3,363.3 million in 2019 at a CAGR of 2.9%. Lima, Peru's capital area, accounted for more than 35% of electricity consumption volume in Peru in 2019. With a steady population growth, stable economic development and increasing urbanisation, Peru's electricity distribution market is expected to experience stable growth and reach USD3,823.3 million in 2024 at a CAGR of 2.6% from 2019 to 2024.

Competitive landscape of electricity distribution market in Peru

Peru's electricity distribution market is relatively concentrated, with the top three players seizing about 62.8% of the overall market in terms of distribution business revenue in 2019. The two largest distribution companies are Luz Del Sur and Enel Distribución Perú, which mainly serve Peru's capital city, Lima. In 2018, in terms of electricity distribution revenue, Luz del Sur ranked first with a market share of 27.5%, followed by Enel Distribución Perú with a market share of 26.5%. In 2019, in terms of electricity distribution revenue, Enel Distribución Perú ranked first with a market share of 27.3%, followed by Luz del Sur with a market share of 27.2%.

Key drivers of Peru's electricity distribution industry

Stable economic growth and growing urbanisation are expected to facilitate the power distribution market in Peru. The real GDP growth rate of Peru is projected to remain above 3% in the medium term according to the IMF. According to Peru's National Energy Plan 2014-2025, the growth in electricity consumption will benefit from the operations of large mining projects. In 2019, about 21.9% of Peru's population still lived in rural areas, 0.7% less than that in 2015. The continuous urbanisation in Peru is expected to generate more electricity consumption demands.

Meanwhile, increasing population and the per capita electricity consumption are expected to facilitate power demand in Peru. Over the past five years, Peru's population demonstrated a stable growth trend, from 31.2 million in 2015 to 32.5 million in 2019 at a CAGR of 1.1%. Per capita electricity consumption in Peru increased at an average

INDUSTRY OVERVIEW

growth rate of 3.5% over the past five years, exceeding the global average growth rate of 1.8%. However, the per capita electricity consumption in Peru only reached 1,520.3 KWh in 2019, which remains far behind the global average of 3,109.7 KWh, indicating major growth potential for Peru's electricity consumption.

Growth trends of Peru electricity distribution industry

- Distribution networks are continuously upgraded to reduce distribution loss reduction, prevent electric larceny, control electricity theft, enhance consumer service, improve electricity supply quality and supply for rural areas.
- Electricity distribution companies are increasing the use of digitalisation tools such as client-relationship management platforms, big data and IoT sensors to improve customer management, enhance efficiency in electricity plant operation and production analysis and increase the safety of distribution networks.

Pricing mechanism of electricity in Peru

In Peru, the pricing mechanism of electricity is relatively market-oriented. For end electricity tariff, there are negotiated tariff and regulated tariff for electricity users with different demand levels. Bulk electricity customers whose maximum demands are above 2,500 KW or eligible customers whose demands are between 200 KW and 2,500 KW can freely negotiate prices and terms with generators and distributors. Other regulated clients whose maximum demands are less than 200 KW, mostly households and small businesses, are subject to regulated prices set by the authority. The electricity tariff of regulated clients consists of the on grid electricity price of the generator and the charge of the electricity transmission and distribution companies, the power distribution rates are set every four years and take into consideration values such as user-associated costs, standard energy and power loss in distribution, standard operation and maintenance investment costs per each energy unit delivered, together with an additional surcharge related to technological innovation or energy efficiency improvements in the distribution system.

The most relevant component of the regulated rate structure for power distributors is the Value-Added Distribution ("VAD") agreement, which is intended to represent the added value required to deliver the energy to the end users. VAD is calculated as (i) an annualised return corresponding to the new replacement value in terms of U.S. dollars, assuming a 12% annual yield and a 30-year calculation cycle and (ii) the exploitation costs (i.e. fixed operation and maintenance cost).

There are typically three types of pricing mechanisms for electricity generation companies in Peru: (i) spot market pricing, used in transactions within the generation companies, which is the spot price determined by the government based on applicable economic modeling by adopting the price of the last on-grid generation unit; (ii) regulated pricing (or regulated long-term auction pricing), used in long term transactions between generation and distribution companies, and (iii) pricing pursuant to power purchase agreements (PPA) reached through bilateral agreements between generation companies and distribution companies or non-regulated downstream clients. PPAs can be concluded without a need to establish a physical connection with the end customer. PPAs are only used for financial settlement.

BUSINESS DESCRIPTION

Investors should read this “Business Description” in conjunction with the more detailed information contained elsewhere in this Prospectus, including the financial and other information appearing in the F-pages of this Prospectus. Where stated, financial information in this section has been extracted without material adjustment from the financial information in the F-pages of this Prospectus.

OVERVIEW

The Group’s primary business mainly consists of hydropower generation, electricity distribution and sales and overseas business. As at 31 December 2019, the Group is the largest hydropower company in the world in terms of consolidated installed capacity of hydropower and the largest listed power company in the PRC in terms of market value, according to the Industry Report.

The Group is primarily engaged in hydropower generation in the PRC. As at the Latest Practicable Date, the Group owned and operated four hydropower projects located along the upper and midstream of the Yangtze River, namely the Three Gorges Project, the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project. The Group’s four hydropower projects in operation form an integral cascade hydropower system. The Group implements a jointly optimised dispatch and scheduling mechanism, which coordinates and adjusts the reservoir storage of the four hydropower projects according to the prevailing hydrological conditions to regulate water flow and maximise hydropower generation efficiency. As at 30 June 2020, the four projects had a total cascade reservoir capacity of approximately 63,858 million cubic metres. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the total installed capacity of the Group’s four hydropower projects remained to be 45,495 MW. According to the Industry Report, as at 31 December 2019, the total installed capacity of the Group amounted to 13.2% of the total installed capacity of hydropower in the PRC. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the four projects generated 210.9 TWh, 215.5 TWh, 210.5 TWh, 85.4 TWh and 80.1 TWh of electricity, respectively.

The Wudongde Project and the Baihetan Project are two hydropower projects under construction in the PRC, currently owned by CTG. The Group is commissioned to manage and operate the two projects in accordance with contractual arrangements. In light of the non-compete undertaking provided by CTG, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the two projects, the Group is in the best position to, and is expected to, acquire the Wudongde Project and the Baihetan Project after their commencement of commercial operation. Upon acquisition, the Group is expected to increase its total installed capacity to 71,695 MW and its total annual electricity generation to over 300 TWh.

Seizing opportunities arising from the PRC power industry reform, the Group has been developing its electricity distribution and sales business. TGEE serves as the Group’s electricity distribution and sales platform. The Group’s electricity distribution and sales network spans over ten provinces and direct-controlled municipalities in the PRC, with Chongqing City and Hubei Province as the central hubs.

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As an integral part of its growth strategy, the Group is actively looking for acquisition opportunities in electricity generation, distribution and sales industry in the overseas market. In April 2020, the Group acquired 83.64% of the equity interests in Luz del Sur, a leading electricity distribution company in Peru. Leveraging its extensive experience in operating large-scale hydropower projects, the Group also provides project management consulting services and operational support for power projects overseas.

In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group recorded an operating revenue of RMB50,145.5 million, RMB51,214.0 million, RMB49,874.1 million, RMB20,362.8 million and RMB19,912.5 million, respectively.

The following table sets forth a breakdown of the Group's operating revenue by segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage
		(%)		(%)		(%)		(%)		(%)
	Audited						Unaudited			
(RMB in millions, except percentages)										
Primary Business ⁽¹⁾	50,107.4	99.9	51,137.5	99.9	49,793.4	99.8	20,345.1	99.9	19,752.7	99.2
Others ⁽²⁾	38.1	0.1	76.5	0.1	80.7	0.2	17.7	0.1	159.9	0.8
Total	50,145.5	100.0	51,214.0	100.0	49,874.1	100.0	20,362.8	100.0	19,912.5	100.0

Notes:

- (1) Consists of revenue generated by hydropower generation business, overseas business, electricity distribution and sales business and other related businesses.
- (2) Consists of rental income and income from disposal of spare parts, and since 2020, the Group has derived income from commissioned operation of certain hydropower projects.

BUSINESS DESCRIPTION

HISTORY

The Company was established on 4 November 2002 and listed on the Shanghai Stock Exchange under stock code 600900 on 18 November 2003.

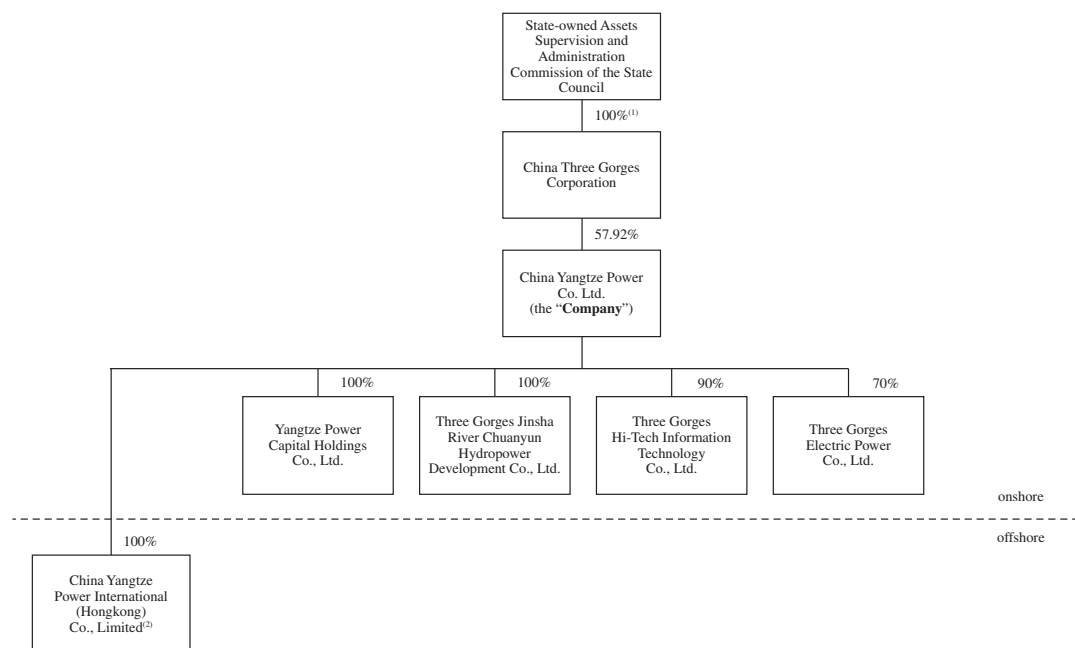
The following sets forth some of the Group's key corporate milestones:

November 2002	The Company was incorporated as a joint-stock company with limited liability under PRC laws with CTG as its controlling shareholder. The Gezhouba Project was one of the Company's initial assets.
November 2003	The Company's A-Shares were listed on the Shanghai Stock Exchange under stock code 600900.
August 2005	The Company was one of the first state-owned companies in the PRC to complete the non-tradable share reform, upon which its shares owned by the PRC government and formerly considered non-tradable became tradable.
September 2007	The Group issued its first series of corporate bonds, which was also the first corporate bonds in the PRC.
2009-2012	The Group acquired the main assets of the Three Gorges Project in 2009 and the rest of its assets in 2011 and 2012, respectively.
March 2016	The Group acquired 100.0% of the equity interests in Chuanyun, whose main assets are the Xiluodu Project and the Xiangjiaba Project.
June 2016	The Group, together with Three Gorges Capital Holdings Co., Ltd., established TGEE to enter into electricity distribution and sales business, with the Group holding 70.0% of the equity interests in TGEE.
July 2016	The Group acquired 30.0% of the equity interests in BCP Meerwind, which holds 80.0% interest in Meerwind Süd/Ost, an offshore wind farm complex located in Germany.
November 2016	The Group issued US\$300 million and EUR200 million zero coupon exchangeable notes, being its first offshore financing arrangement.
April 2020	The Group acquired 83.64% of the equity interests in Luz del Sur, a leading electricity distribution company in Peru.

BUSINESS DESCRIPTION

ORGANISATIONAL STRUCTURE

The following chart illustrates the simplified organisational structure of the Company and its major subsidiaries as at the Latest Practicable Date:



Note:

- (1) SASAC transferred 10% of the interest in CTG to the National Council for Social Security Fund. The transfer will become effective upon completion of registration with the relevant industrial and commercial administration. As at the Latest Practicable Date, the registration had not been completed.
- (2) China Yangtze Power International (Hongkong) Co., Limited indirectly holds 83.64% interest in Luz del Sur. For further information about Luz del Sur, please refer to "—Primary Business—Overseas Business—Luz del Sur".

For details of the Group's principal subsidiaries, see "General Information—11. Subsidiaries".

BUSINESS DESCRIPTION

COMPETITIVE STRENGTHS

The Group is the largest hydropower company in the world with unique and exceptional hydropower resources.

The Group is a leader in the global hydropower industry. As at 31 December 2019, the Group was the largest hydropower company in the world in terms of consolidated installed capacity of hydropower and the largest listed power company in the PRC in terms of market value, according to the Industry Report. As at 31 December 2019, the Group owned four mega hydropower projects, namely the Three Gorges Project, the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project, accounting for three of the twelve largest hydropower projects in operation and under construction in the world in terms of installed capacity of hydropower (actual or expected). As at 31 December 2019, the Group had a total installed capacity of 45,495 MW, which amounted to 13.2% of the total installed capacity of hydropower in the PRC. In 2019, the Group generated 210.5 TWh of electricity, which amounted to 16.4% of the aggregate annual generation output of hydropower projects in the PRC. As at 31 December 2019, the Group owned 58 hydro turbine-generator units with a capacity of 700 MW each, accounting for 52% of hydro turbine-generator units with a capacity of 700 MW or above in the world.

- With a total installed capacity of 22,500 MW, the Three Gorges Project was the largest among all hydropower projects in operation and under construction in the world in terms of installed capacity of hydropower (actual or expected) as at 31 December 2019, according to the Industry Report. In 2014, the Three Gorges Project generated 98.8 TWh of electricity, breaking world records of annual electricity generation by a single hydropower project. In 2018, the Three Gorges Project generated 101.6 TWh of electricity, setting an unbeaten record in terms of annual electricity generation by a single hydropower project in the PRC.
- With a total installed capacity of 13,860 MW and 6,400 MW, respectively, the Xiluodu Project and the Xiangjiaba Project was the fourth and the eleventh largest among all hydropower projects in operation and under construction in the world in terms of installed capacity of hydropower (actual or expected) as at 31 December 2019, according to the Industry Report.
- The Wudongde Project and the Baihetan Project are two hydropower projects under construction in the PRC, currently owned by CTG. The Group is commissioned to manage and operate the two projects in accordance with contractual arrangements. In light of the non-compete undertaking provided by CTG, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the two projects, the Group is in the best position to, and is expected to, acquire the Wudongde Project and the Baihetan Project after their commencement of commercial operation. Upon acquisition, the Group will own five of the twelve largest hydropower projects in the world in terms of total installed capacity of hydropower and is expected to increase its total installed capacity to 71,695 MW.

BUSINESS DESCRIPTION

The Group's four mega hydropower projects are all located on the mainstream of the Yangtze River which ranks first among all major rivers in the PRC in terms of length, drainage area, average annual runoff and runoff speed, creating rich and premium hydropower resources.

- According to the Industry Report, the Yangtze River is approximately 6,300 kilometres in length. It has a drainage area spanning over 1.8 million square kilometres, a natural drop of approximately 5,400 metres, and an average annual runoff of approximately 919 billion cubic metres (exclusive of water inflows from the Huai River). It has the largest natural drop and the second largest average annual runoff among the five longest rivers in the world, providing exceptional conditions for developing a cascade hydropower system.
- The Xiluodu Project and the Xiangjiaba Project are located on the Jinsha River, and the Three Gorges Project and the Gezhouba Project are located on the upper mainstream of the Yangtze River, which are the first and the second largest among the PRC's thirteen hydropower bases in terms of capacity to be developed by 2020 as planned in the 13th Five-Year Plan for Hydropower Development, respectively, according to the Industry Report.

The Group's exceptional hydropower projects and resources provide a strong foundation for its future growth. The Group believes it is well positioned to maintain its leadership in the global hydropower industry.

The Group possesses world-class capabilities for the operation and maintenance of mega hydropower projects with an optimised cascade hydropower system.

World-class operation and maintenance capabilities

The Group possesses world-class operation and maintenance capabilities and technical expertise. It can operate its multi-project cascade hydropower system smoothly under various conditions, with enhanced abilities to operate its hydropower projects under heavy load without interruption for a prolonged period of time, ensuring efficient and stable power generation.

- The Group has an outstanding operations team with over 30 years of experience in operating mega hydropower projects. According to the Industry Report, as at 31 December 2019, the Three Gorges Project ranked first in terms of installed capacity per employee among hydropower projects in the PRC, which is also at a world-leading level.
- The Group has established an operational diagnosis and analysis system to collect operating data online, conduct trend analysis and enhance failure prediction and diagnosis capabilities, which contributed to increased operational safety and stability. In 2019, the Group's unit average equivalent availability factor was 93.7%, indicating best-in-class quality.
- The Group has a highly-skilled team of experts specialising in the maintenance and repair of hydro turbine-generator units with a capacity of 700 MW or above. The Group implemented a project-based maintenance management system by establishing a technical decision support system and a best-in-class management

BUSINESS DESCRIPTION

system across the river basin. The Group created a maintenance support system, which enabled the monitoring of the full maintenance and repair process and contributed to safe and stable operations of the hydropower projects. As at 31 December 2019, the Group's hydropower projects maintained a track record of zero key equipment failure and zero material personal injury accident for ten consecutive years.

Cutting-edge forecast technology

The Group has a large-scale hydrological telemetry system, meteorological forecast system, hydrological forecast system, communication and automation support system in the PRC powered by cutting-edge technologies. As at 31 December 2019, the Group ranked first among hydropower companies in the PRC in terms of the number of remote telemetry stations and the drainage area under control of the telemetry system. The Group also uses optimised dispatch models to collect daily dispatch information from certain major hydropower projects located in the upstream of the Yangtze River and to improve hydrological forecast accuracy. In 2019, the Group's 24-hour hydrological forecast accuracy rate is approximately 97.9%, which was at an industry-leading level in the PRC.

Jointly optimised dispatch and scheduling of the cascade hydropower system

Through a combination of the above, the Group implements a jointly optimised dispatch and scheduling mechanism for its cascade hydropower system to regulate water inflow and improve utilisation of water resources.

- From 2010 to 2013, through jointly optimised dispatch and scheduling between the Three Gorges Project and the Gezhouba Project, the Group increased its annual electricity generation by approximately 5 TWh to 8 TWh each year compared with the electricity generation calculated based on the designed operations mode of such projects.
- From 2014 to 2018, after incorporating the Xiluodu Project and the Xiangjiaba Project into the cascade hydropower system upon their commencement of commercial operation, the increased annual electricity generation was elevated to approximately 10 TWh.
- In 2019, through jointly optimised dispatch and scheduling, during the peak flood season, the Three Gorges Project, the Xiluodu Project and the Xiangjiaba Project operated at full capacity for a total of 109 hours, 256 hours and 1,536 hours, respectively, which increased the Group's annual electricity generation by 9.9 TWh. The Group's electricity generation in 2019 exceeded its designed annual output by 18.7 TWh.

Following the principles of precise dispatch, efficient operation and careful maintenance, in 2017, 2018 and 2019, the utilisation hours of the Group's four hydropower projects were above the national average by a wide margin, according to the Industry Report. For instance, in 2019, the average annual utilisation hours of the Three Gorges Project, the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project were 4,337.3 hours, 7,369.0 hours, 5,073.3 hours and 5,857.6 hours, respectively, all higher than the national average, which was 3,726 hours.

BUSINESS DESCRIPTION

Favourable national policies and preferential offtake arrangement provide assurances for the Group's electricity sales.

The electricity consumption per capita in the PRC grew from 3,820.1 kWh in 2015 to 4,874.2 kWh in 2019, representing a CAGR of approximately 6.3%, which far exceeded the global average growth rate. At the same time, the electricity consumption per capita in the PRC in 2019 was approximately one third of that of the United States, showcasing significant growth potential. According to the Industry Report, from 2019 to 2024, the CAGR of the PRC's total electricity consumption is expected to be 4.1%.

The NDRC and the NEA have promulgated policies to encourage the development of clean energy, including hydropower.

- The PRC Renewable Energy Law mandates the full purchase of electricity on grid generated from renewable energy.
- The 13th Five-Year Plan for Energy Development sets out the guiding principles for hydropower development, which are to promote the development of large-scale hydropower bases in river basins, expedite the construction of pivotal hydropower projects, limit the development of small and medium-sized hydropower projects, and expand the regions for hydropower offtake.
- The Implementation Opinions on the Orderly Opening of the Power Generation and Offtake Plans specifies that the amount of electricity generated by existing mega hydropower projects within the national plans that enjoys preferential offtake shall not be lower than the actual generation amount in the preceding year or its multi-year average.
- The Notice on Establishing and Improving the Mechanism to Guarantee Electricity Offtake for Renewable Energy established a quota system for electricity generated from renewable energy. A minimum number representing the proportion of renewable energy among the total electricity offtake in a provincial region will be set each year.

The Group's four hydropower projects are nationally strategic energy infrastructure and key electricity suppliers for the PRC's West-East Electricity Transmission Project, playing a significant role in the PRC's national energy strategy. As a result, the offtake arrangement of the Group's electricity generation is directed by the national government and the annual preferential offtake amount shall be no lower than the Group's actual generation amount in the preceding year or its multi-year average.

Each of the Group's hydropower projects has adequate complementary electricity transmission lines. The Group's electricity is mainly distributed to economically developed regions in the PRC through ultra-high-voltage transmission lines across provinces and regions. These areas include the Yangtze River Delta and the Pearl River Delta, such as Shanghai City, Zhejiang Province and Guangdong Province, with high electricity demand. In addition, the pricing of the Three Gorges Project and the Gezhouba Project are competitive, being generally lower than the local benchmark tariffs of coal-fired power in the receiving provinces.

BUSINESS DESCRIPTION

The Group has achieved outstanding and steady profitability, sufficient cash flows and is committed to delivering value to its shareholders.

The Group has delivered an outstanding and steady financial track record. Since its listing on the A-Share market in 2003, the Group's total operating revenue and net profit have been growing steadily along with the increase of its total installed capacity, and currently remain at a relatively high level. From 2003 to 2019, the Group's total operating revenue increased from RMB3.0 billion to RMB49.9 billion, representing a CAGR of 19.2%. During the same period, its net profit increased from RMB1.4 billion to RMB21.6 billion, representing a CAGR of 18.7%. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's net profit margin, calculated as net profit divided by operating revenue, was 44.4%, 44.2%, 43.2%, 42.1% and 39.9%, respectively.

The Group has sufficient Free Cash Flows, calculated by deducting (a) cash paid for purchasing fixed assets, intangible assets and other long-term assets from (b) net cash flows generated from operating activities. This is a result of its superior business and financial performance in the past and the fact that it directly acquires hydropower projects in operation from CTG and does not incur significant project development expenditure. All of the Group's sales of electricity during 2017, 2018 and 2019 have been fully settled and the proportion of cash among the receivables recovered was close to 100%. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group recorded net cash flows generated from operating activities of RMB39,693.2 million, RMB39,736.7 million, RMB36,464.4 million, RMB13,828.0 million and RMB12,066.4 million, respectively. During the corresponding periods, the Group's Free Cash Flows were RMB37,136.9 million, RMB36,617.8 million, RMB33,747.6 million, RMB12,509.3 million and RMB10,441.1 million, respectively, accounting for 74.1%, 71.5%, 67.7%, 61.4% and 52.4% of its operating revenue.

In addition, the Group's leverage ratio is significantly lower than the industry average, according to the Industry Report. In 2017, 2018 and 2019, the Group's ratio of total indebtedness to total capitalisation, calculated as the sum of total indebtedness and stockholders' equity, was approximately 50.6%, 47.6% and 44.7%, respectively.

The Company specified a ten-year cash dividend policy in its Articles of Association:

- from 2016 to 2020, the amount of annual cash dividends that the Company distributes each year shall be no lower than RMB0.65 per share;
- from 2021 to 2025, the amount of annual cash dividends that the Company distributes each year shall be no less than 70% of the annual net profits of the Company.

Since the Company's A-Share listing, it has cumulatively distributed cash dividends of approximately RMB109.3 billion with respect to the years from 2003 to 2019. For the years ended 31 December 2017, 2018 and 2019, the Company distributed cash dividends of RMB0.68, RMB0.68, RMB0.68 per share, respectively. According to the Industry Report, since 2016, the Company's annual dividend yield exceeded the average level of the A-Share market. From 2016 to 2019, the Company's dividend per share ranked first in the PRC's power industry and was among the top three among the constituent companies of the MSCI China A Onshore Utilities Index.

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Leveraging its strong financing capabilities, the Group successfully executed its growth strategy through acquisitions and external investments.

The Group has sufficient cash flows and prudent financial policies. Leveraging its premium brand image and high credit ratings (AAA by China Cheng Xin International, being the highest domestic credit rating, and A+ by Fitch Ratings, same as the PRC's sovereign rating), the Group maintains a sound capital structure and continues to reduce its financial costs. The Group has raised ample low-cost funding for its strategic investments by seizing market opportunities and utilising innovative financing channels.

In line with its growth strategy, the Group has been making prudent investments in the PRC and overseas in electricity generation, distribution and sales sectors to create synergies with its existing businesses. The Group continues to acquire high-quality strategic assets to strengthen its core business of hydropower generation and to expand along the industrial value chain simultaneously.

- The Group strives to enhance the jointly optimised dispatch and scheduling of hydropower resources across the upper and midstream of the Yangtze River to achieve strategic synergies. As at 30 June 2020, the Group held a 12.82% interest in SDIC Power Holdings CO., LTD. (600886.SH) and a 13.23% interest in Sichuan Chuantou Energy Co., Ltd. (600674.SH), both of which are major participants in developing the hydropower resources of the Yalong River. Further, as at 30 June 2020, the Group held a 23% interest in Midstream Jinsha (a major participant in developing the hydropower resources of the midstream of the Jinsha River), being its second largest shareholder. These investments further advanced the Group's hydropower generation business.
- The Group is expanding its electricity distribution and sales business in the PRC. Seizing opportunities arising from the national energy system reform, the Group engages in electricity distribution and sales business in suitable regions by constructing new incremental distribution networks and acquiring existing ones. As at 30 June 2020, the Group held a 16.55% interest in TGWC, a SSE-listed company primarily engaged in electricity distribution and sales, making it the largest shareholder of TGWC. TGWC has acquired several local grid companies in Chongqing City where the Group previously held minority interests, which effectively achieved the listing of all its electricity distribution and sales operations in the region. These investments laid a strong foundation for the Group's future efforts in developing this segment.
- The Group is expediting the expansion of its overseas business through offshore investments and acquisitions, aiming at building a premium international brand. The Group is closely monitoring offshore energy assets which may generate synergies with its current business. In April 2020, the Group acquired 83.64% of the equity interests in Luz del Sur, a leading electricity distributor in Peru. The transaction was the largest electricity asset acquisition by Chinese companies and also one of the largest electricity asset acquisitions in the world in the past five years in terms of transaction value. It marked a breakthrough in the Group's efforts in expanding along the industry chain and expanding overseas. In

BUSINESS DESCRIPTION

addition, in August 2016, the Group acquired a minority interest in an offshore wind farm complex located in Germany with a total installed capacity of 288 MW. The investment has generated a stable return for the Group over the past few years.

The Group's high quality investments have made a substantial contribution to its earnings, which can help reduce the impact of hydrological fluctuations on the Group's results of operations. The Group's investments created new profit growth points while its total installed capacity remained unchanged. In 2017, 2018 and 2019, the Group recorded an investment income of RMB2,311.7 million, RMB2,707.0 million and RMB3,074.8 million, respectively, accounting for 8.7%, 10.0% and 11.5% of its total profit. The Group's investment income reached a historical high in 2019.

Dedicated to establishing a robust corporate governance system, the Group has a visionary management team with extensive experience and a team of experts with industry-leading skills.

The Group has a robust corporate governance system. The members of its Board of Directors and the Supervisory Committee have extensive experience in a variety of areas, including enterprise management, finance and insurance, financial management, legal affairs, infrastructure construction and hydropower project operations. They are experienced corporate leaders with extensive experience and strong risk control and prevention capabilities. The Board of Directors consist of fifteen directors, among which two thirds are independent directors or nominated by non-controlling shareholders. Between 2016 and 2019, the Group received several China Securities Golden Bauhinia Awards. In 2019, the Group was named one of the "Most Honored Companies" in Institutional Investor's 2018 All-Asia Executive Team Survey.

The Group has a stable management team that has served the Group for an extended period of time. The Group's senior management team on average have over thirty years of experience related to hydropower project operations in the power industry, and have been working for the Group for over twenty years. The management team has exceptional strategic management capabilities and possesses deep insights and a comprehensive understanding of the development and future trends of the clean energy industry and power sector. Based on the latest industry developments in the PRC and overseas, the management team formulates forward-looking growth strategies based on the Group's conditions and takes initiatives to implement them. The management team also has extensive investment and capital markets experience, having carried out expansion plans through multiple equity investments and acquisitions.

The Group also has a team of experts with best-in-class technical skills. With over 30 years of experience, the Group has developed a highly-skilled, multidisciplinary team of experts specialising in operating and managing mega hydropower projects and in maintaining and repairing electricity generation equipment, mastering world-class technologies. As at 30 June 2020, the Group had a total of 4,077 employees, 78.9% of which held a bachelor's degree or above.

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Further, the Group established the Key Laboratory of Smart Yangtze River and Hydropower Science of Hubei Province. The laboratory recruited a team of outstanding technical professionals and conducted academic exchanges and cooperation domestically and overseas. The laboratory has undertaken more than ten projects of National Natural Science Foundation and has made a number of innovative breakthroughs in relation to the jointly optimised dispatch and scheduling mechanism of the cascade hydropower system and the efficient utilisation of hydropower resources.

The Group actively fulfils social responsibilities and is fully committed to environmental sustainability.

Since 2006, the Group has been implementing environmental management systems and its four hydropower projects successively received ISO14001 certification, the international standard that specifies requirements for an effective environmental management system. The Group constantly strives to improve its environmental management system and strengthens its environmental protection measures through the PDCA Cycle, or the Plan-Do-Check-Act Cycle.

The Group strictly complies with environmental laws and regulations, fulfils environmental impact assessment and water and soil conservation procedures for hydropower projects, adheres to pollutant discharge standards, and closely controls the collection and disposal of hazardous waste. The Group's environmental protection efforts have been recognised by local government authorities. In 2020, the Group was listed as one of the first batch of exemplary enterprises for ecological environment protection and compliance by local authorities.

The Group's four hydropower projects are of national strategic importance and play a vital role in flood control, electricity generation, drought prevention, water supply, navigation and development of local economies. The Group leverages the cascade hydropower system in its environmental protection efforts. Through the jointly optimised dispatch and scheduling of the cascade hydropower system, the Group regulates water inflow and improves utilisation of water resources. In addition, it releases water from its reservoirs during drought periods to meet water demands downstream. It also implemented a joint ecological dispatch experiment at the Three Gorges Project, the Xiluodu Project and the Xiangjiaba Project to create suitable water flows and water temperatures to increase fish reproduction.

The Group adheres to the principles of prioritising ecological environment and achieving sustainable development. The Group sets aside substantial funds for environmental protection in the Yangtze River Basin and its reservoirs maintain good water quality. The Group participated in a number of biodiversity initiatives. For example, it sponsored research projects dedicated to the cultivation and conservation of endangered plants and for the breeding of the Chinese sturgeon. It also participated in fish proliferation and release efforts. The Group has been investing in new business forms such as green shore power projects and ship electrification projects to diversify its environmental protection efforts.

BUSINESS DESCRIPTION

As at 31 December 2019, the Three Gorges Project, the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project had cumulatively generated 2,428.8 TWh of electricity during their entire operating history, which, according to the Industry Report, is equivalent to 21 years of total electricity consumption in Beijing City (calculated with its 2019 annual electricity consumption amount), and is also equivalent to electricity generated by 745 million tonnes of standard coal, and reduced carbon emission by 2,035 million tonnes.

Further, the Company is expected to qualify for the London Stock Exchange's Green Economy Mark at Admission, which recognises companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy. The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent, transparent data and indexes.

BUSINESS STRATEGIES

Committed to being a leader in the global hydropower industry, the Group will seize opportunities emerging from the marketisation reform of the power industry. The Group plans to implement a development strategy focusing on its main business of hydropower generation and at the same time expanding related businesses consisting of (a) its electricity distribution and sales business and (b) overseas business.

The Group will continue to develop its main business of hydropower generation and solidify its leading position in the global hydropower industry.

The Group plans to continue to increase its hydropower installed capacity by acquiring hydropower projects from CTG. The Group will solidify its leading position in the global hydropower industry by increasing the scale of its cascade hydropower system in the mainstream of the Yangtze River.

- In light of the non-compete undertaking provided by CTG, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the Wudongde Project and the Baihetan Project, the Group is in the best position to, and is expected to, acquire the Wudongde Project and the Baihetan Project after their commencement of commercial operation. Upon acquisition, it is expected that the Group's total installed capacity of hydropower will increase by 57.6% to 71,695 MW; its total expected electricity generation will increase to over 300 TWh; and it will own a total of 86 hydro turbine-generator units with a capacity of 700 MW or above.
- Upon acquisition, the Wudongde Project and the Baihetan Project are expected to become an integral part of the Group's cascade hydropower system, which will further boost its jointly optimised dispatch and scheduling capabilities and increase its hydropower generation.

BUSINESS DESCRIPTION

The Group plans to further increase its equity investments in the developers of hydropower resources across the upper and midstream of the Yangtze River, to promote a jointly optimised dispatch and scheduling mechanism on a larger scale and increase its utilisation of hydropower resources. The Group has acquired minority interests in SDIC Power Holdings CO., LTD., Sichuan Chuantou Energy Co., Ltd. and Midstream Jinsha. In the future, based on its strategic goals, the Group plans to make similar investments and establish a profit-sharing mechanism to maximise the utilisation of hydropower resources across the Yangtze River basin.

The Group will grow related businesses to create additional profit growth points.

(a) *The Group will grow its domestic electricity distribution and sales business to extend across the hydropower industry chain.*

With respect to its electricity distribution and sales business, the Group will focus on the destinations of its electricity offtake and select regions with proper conditions to expand into. First, it will use TGWC as the platform to coordinate business development across different regions, consolidate high-quality electricity distribution and sales assets and lay the foundation for a sustained development of this segment. Second, it will actively participate in the incremental distribution pilot programs, focusing on regions including Shanxi, Yunnan, Jiangxi and Anhui Province. Third, it will pay close attention to opportunities both upstream and downstream in the industrial value chain, such as hybrid energy, smart energy and microgrid, and opportunities emerging from new strategic industries. The Group aims to broaden its business scope, explore new value-added services and enhance its core competitiveness.

(b) *The Group will further develop its overseas business by making equity investments in overseas power assets.*

With respect to its overseas business, the Group will closely monitor potential opportunities to invest in electricity distribution and sales assets in mature markets such as Europe and South America. It will leverage its experience in power industry to strategically select investment targets and expedite its overseas expansion. The Group also plans to further develop its high-end consulting services for international clean energy projects. In addition to its existing businesses in Brazil and Pakistan, the Group intends to participate in the operations of additional overseas power projects to export its core capabilities of operating mega power projects and to enhance its international brand image.

PRIMARY BUSINESS

The Group's primary business mainly consists of hydropower generation, overseas business and electricity distribution and sales in the PRC. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's primary business generated an operating revenue of RMB50,107.4 million, RMB51,137.5 million, RMB49,793.4 million, RMB20,345.1 million, RMB19,752.7 million, respectively, accounting for 99.9%, 99.9%, 99.8%, 99.9% and 99.2% of its total operating revenue in the corresponding periods.

BUSINESS DESCRIPTION

Hydropower Generation

The PRC has abundant hydropower resources and its hydropower industry has benefited from favourable clean energy laws and policies. See “Regulation—PRC Laws and Regulations Relating to The Power Industry”.

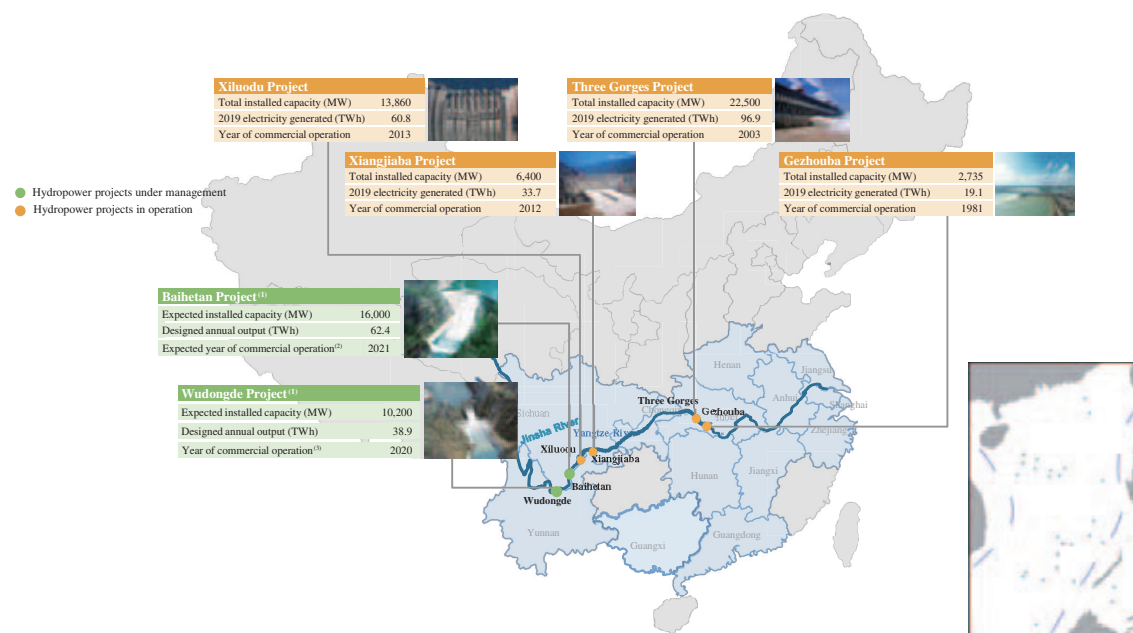
The Group operates a cascade hydropower system consisting of its four hydropower projects along the Yangtze River, namely the Xiluodu Project, the Xiangjiaba Project, the Three Gorges Project and the Gezhouba Project, in an upstream to downstream order. According to the Industry Report, the Yangtze River is the longest river in the PRC, running approximately 6,300 kilometres. It has a drainage area spanning over 1.8 million square kilometres, a total drop of approximately 5,400 metres, and an average annual runoff of approximately 919 billion cubic metres.

The Group uses its meteorological and hydrological forecasting system to achieve coordination among the four hydropower projects. The cascade hydropower system enhances power generation efficiency and performs flood control function by retaining excess water in each project’s reservoir during flood season, storing water in the cascade reservoirs at the end of flood season, and discharging water to the downstream during non-flood season. The system serves to optimise hydropower resource allocation while mitigating the impact of adverse hydrological conditions and improving power generation stability. The Group believes that the cascade hydropower system helps to increase its overall profitability. Furthermore, the Group’s cascade hydropower system is pivotal to the flood control system of the Yangtze River and is the key energy supplier for the PRC’s West-East Electricity Transmission Project.

The Group completed acquisitions of the Three Gorges Project, the Xiluodu Project and the Xiangjiaba Project from CTG in 2012, 2016 and 2016, respectively. CTG is currently developing the Wudongde Project and the Baihetan Project. The Group is commissioned to manage and operate the Wudongde Project and the Baihetan Project in accordance with contractual arrangements. In light of the non-compete undertaking, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the two projects, the Group is in the best position to, and is expected to, acquire the two projects after their commencement of commercial operation. Upon acquisition, two projects are expected to become an integral part of the Group’s cascade hydropower system upon acquisition.

BUSINESS DESCRIPTION

The following map sets forth an overview of the Group's four operating hydropower projects and two hydropower projects under construction by CTG which the Group is commissioned to manage and operate along the Yangtze River as at the Latest Practicable Date:



Notes:

- (1) The Wudongde Project and the Baihetan Project are two hydropower projects under construction in the PRC, currently owned by CTG. The Group is commissioned to manage and operate the two projects in accordance with contractual arrangements. In light of the non-compete undertaking provided by CTG, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the two projects, the Group is in the best position to, and is expected to, acquire the Wudongde Project and the Baihetan Project after their commencement of commercial operation.
- (2) The first batch of hydro turbine-generator units of the Baihetan Project are expected to commence operation in 2021.
- (3) The first batch of hydro turbine-generator units of the Wudongde Project commenced operation in June 2020.

The following table sets forth certain of the Group's operating data for the four hydropower projects in operation for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
Summary Operating Data					
Electricity generated (TWh) ⁽¹⁾ . . .	210.9	215.5	210.5	85.4	80.1
Electricity on grid (TWh) ⁽²⁾	209.7	214.2	209.2	84.9	79.6
VAT-inclusive on-grid tariff (RMB/MWh) ⁽³⁾	276.8	276.9	270.1	273.2	264.3

Notes:

- (1) Electricity generated refers to the total amount of electricity produced by power generating project(s) during a specified period.

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- (2) Electricity on grid refers to the total amount of electricity measured by electricity meters at the gates connecting each hydropower project and the relevant grid companies within a given period of time.
- (3) VAT-inclusive on-grid tariff refers to the average VAT-inclusive settlement price of the electricity sold and is calculated as the total settlement amount from the sale of electricity divided by total electricity on-grid.

Projects in operation

As at 30 June 2020, the Group had four hydropower projects in operation, with a total installed capacity of 45,495 MW and a total cascade reservoir capacity of approximately 63,858 million cubic metres.

Three Gorges Project



The Three Gorges Project is the largest hydropower project in the world in terms of installed capacity as at 31 December 2019, according to the Industry Report. As at 30 June 2020, the Three Gorges Project had a total installed capacity of 22,500 MW. It has 32 hydro turbine-generator units with a capacity of 700 MW each and two units with a capacity of 50 MW each. Its designed annual output is 88.2 TWh. As at 30 June 2020, the project had a total reservoir capacity of 45,044 million cubic metres and an effective flood control capacity of 22,150 million cubic metres. As at 31 December 2019, according to the Industry Report, the Three Gorges Project had the largest fresh water reservoir in the PRC.

The power generated by the Three Gorges Project is transmitted through grid companies to eight provinces and two direct-controlled municipalities in the PRC. The project connected the power system of east China, central China and south China and laid the foundation of a national power system.

The Three Gorges Project is located in Hubei Province. Its first batch of units commenced commercial operation in 2003 and the project commenced full operation in 2012. The Group acquired certain assets of the Three Gorges Project in 2003, 2005, 2007, 2009 and 2011 successively and completed acquisition of the entire project in 2012.

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The following table sets forth the key operating data of the Three Gorges Project for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
Summary Operating Data					
Total installed capacity (MW) . . .	22,500	22,500	22,500	22,500	22,500
Electricity generated (TWh)	97.6	101.6	96.9	40.8	38.8
Average utilisation hours ⁽¹⁾	4,398.8	4,541.3	4,337.3	1,817.0	1,725.8

Note:

- (1) Average utilisation hours of the Three Gorges Project refer to the average generating hours of hydro turbine-generator units in a given period, taking into account gross electricity generated and the actual utilised installed capacity during the relevant period.

Gezhouba Project



The Gezhouba Project is located in Hubei Province and commenced full commercial operation in 1988. It is the first large-scale hydropower project constructed on the mainstream of the Yangtze River. Currently, it serves as the re-regulation reservoir of the Three Gorges Project and supports the Three Gorges Project to regulate its water release and reduce streamflow fluctuations. It is considered to be a cascade hub that is supplemental to the Three Gorges Project and its operation is linked to the Three Gorges Project in order to maximise the navigation and power generation function of both projects.

As at 30 June 2020, the Gezhouba Project had a total installed capacity of 2,735 MW. It has 22 hydro turbine-generator units in total, comprising of 19 units with a capacity of 125 MW each, two units with a capacity of 170 MW each and one unit with a capacity of 20 MW. Its designed annual output is 15.7 TWh. As at 30 June 2020, the project had a total

BUSINESS DESCRIPTION

reservoir capacity of 741 million cubic metres. The Gezhouba Project is undergoing equipment upgrades to improve operational efficiency. The power generated by the Gezhouba Project is primarily transmitted to central China.

The following table sets forth the key operating data of the Gezhouba Project for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
Summary Operating Data					
Total installed capacity (MW) . . .	2,735	2,735	2,735	2,735	2,735
Electricity generated (TWh)	19.1	18.3	19.1	8.7	8.4
Average utilisation hours ⁽¹⁾	7,343.8	7,118.1	7,369.0	3,140.3	3,025.2

Note:

- (1) Average utilisation hours of the Gezhouba Project refer to the average generating hours of hydro turbine-generator units in a given period, taking into account gross electricity generated and the actual utilised installed capacity during the relevant period.

Xiluodu Project



The Xiluodu Project ranks the third in the PRC and the fourth in the world among hydropower projects in operation and under construction in terms of installed capacity as at 31 December 2019, according to the Industry Report. The power generated by the Xiluodu Project is primarily transmitted to Sichuan, Guangdong and Zhejiang Province.

As at 30 June 2020, the Xiluodu Project had a total installed capacity of 13,860 MW. It has 18 hydro turbine-generator units, each with a capacity of 770 MW. Its designed annual output is 57.1 TWh. As at 30 June 2020, the project had a total reservoir capacity of 12,910 million cubic metres and an effective flood control capacity of 4,650 million cubic metres.

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The Xiluodu Project is located on the Jinsha River, the upper course of the Yangtze River which flows between Yunnan Province and Sichuan Province. The project was developed by CTG. Its first batch of units commenced commercial operation in 2013 and the project commenced full operation in 2014. It was acquired by the Group in March 2016.

The following table sets forth the key operating data of the Xiluodu Project for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
Summary Operating Data					
Total installed capacity (MW) . . .	13,860	13,860	13,860	13,860	13,860
Electricity generated (TWh)	61.4	62.5	60.8	22.8	20.9
Average utilisation hours ⁽¹⁾	4,889.1	5,223.6	5,073.3	1,812.3	1,658.3

Note:

- (1) Average utilisation hours of the Xiluodu Project refer to the average generating hours of hydro turbine-generator units in a given period, taking into account gross electricity generated and the actual utilised installed capacity during the relevant period.

Xiangjiaba Project



The Xiangjiaba Project ranks the fifth in the PRC and the eleventh in the world among hydropower projects in operation and under construction in terms of installed capacity as at 31 December 2019, according to the Industry Report. As at 30 June 2020, the Xiangjiaba Project had a total installed capacity of 6,400 MW.

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The Xiangjiaba Project has eight hydro turbine-generator units in total, each with a capacity of 800 MW. Its designed annual output is 30.7 TWh. As at 30 June 2020, the project had a total reservoir capacity of 5,163 million cubic metres and an effective flood control capacity of 903 million cubic metres. The power generated by the Xiangjiaba Project is primarily transmitted to Sichuan Province and Shanghai City.

The Xiangjiaba Project is located on the Jinsha River. It was developed by CTG. Its first batch of units commenced commercial operation in 2012, its management and operation was commissioned to the Group in 2013 and it commenced full operation in 2014. The project was acquired by the Group from CTG in 2016.

The following table sets forth the key operating data of the Xiangjiaba Project for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2017	2018	2019	2019	2020
Summary Operating Data					
Total installed capacity (MW) . . .	6,400	6,400	6,400	6,400	6,400
Electricity generated (TWh)	32.8	33.1	33.7	13.0	12.0
Average utilisation hours ⁽¹⁾	5,482.0	5,521.0	5,857.6	2,171.0	2,010.8

Note:

- (1) Average utilisation hours of the Xiangjiaba Project refer to the average generating hours of hydro turbine-generator units in a given period, taking into account gross electricity generated and the actual utilised installed capacity during the relevant period.

Cascade Hydropower System

The Group's four hydropower projects in operation form an integral cascade hydropower system. Compared to other global hydropower operators whose hydropower projects are scattered across different rivers, the Group's four projects are located in the same river basin and sharing the same water resources, achieving an unparalleled level of coordination. The four hydropower projects are operated jointly to improve the cascade system's power generation efficiency and fulfil its societal functions. Due to the uncertainty of meteorological and hydrological conditions, the Group's ability to forecast the water inflow and to jointly operate the four projects is essential. The Group relies on its advanced remote telemetry system, weather forecast system, hydrologic forecast system, communication and automation support system to implement the jointly optimised dispatch and scheduling mechanism and to optimise operations and improve utilisation rates.

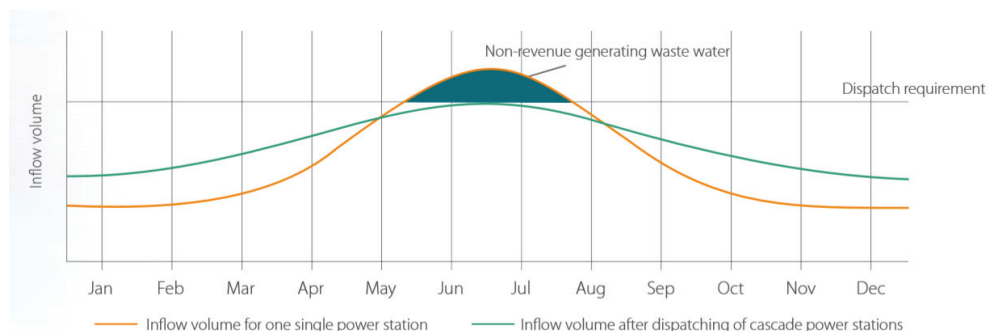
BUSINESS DESCRIPTION



Notes:

- (1) Normal water level refers to the maximum water elevation that a reservoir is designed to be able to withstand under normal operating conditions.
- (2) The Gezhouba Project is a run-of-the-river hydropower project and does not have a normal water level. It has a normal operating water level of 66 metres.

The cascade hydropower system provides the primary benefits of reducing excess water and improving utilisation rate. When water inflow exceeds the power generation capacity of a hydropower project, the excess water does not generate revenue. The system stores and releases water for the four hydropower projects throughout flood and non-flood season to regulate water inflow and improve utilisation of water resources. A certain volume of flood water is retained in each hydropower project's reservoir during the peak of the flood season, and discharged to downstream hydropower projects when the peak passes. For example, if water flow is forecasted to exceed the capacity of all the hydro turbine-generator units at the Three Gorges Project, rather than leaving the excess water pass unused, the upstream Xiluodu Project will decrease its water outflow to fill its reservoir and maintain a water outflow rate that can be more efficiently utilised at both projects. As a result, excess water is reduced and the utilisation rate of each hydropower project is improved. The following chart illustrates the excess water reduction mechanism:



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The Group's cascade hydropower system is of national strategic importance and play a vital, irreplaceable role in flood control, drought prevention, water supply, navigation and development of local economies:

- *Flood control:* Historically, floods occurred periodically in the midstream and downstream of the Yangtze River and often caused considerable damage to property and loss of life. The Group's cascade hydropower system was developed taking flood control into consideration. If a flood occurs, the Group increases water storage in its reservoirs to protect the inhabitants and farmland in the lower reaches. The Group believes that the cascade hydropower system has significantly reduced the occurrence of flooding in the most vulnerable parts of the lower reaches of the Yangtze River. In 2017, 2018 and 2019, the cascade hydropower system impounded flood water of approximately 12.9 billion cubic metres, 15.0 billion cubic metres and 9.8 billion cubic metres, respectively.
- *Drought prevention:* When the Yangtze River's lower reaches experience a drought, the Group releases water from its reservoirs to meet the needs for navigation, agricultural, industrial and residential use in the area.
- *Water supply:* The Group supplies water to, among other things, provide irrigation, ameliorate drought and achieve ecological sustainability. According to the Industry Report, as at 31 December 2019, the Three Gorges Project had the largest fresh water reservoir in the PRC. In 2017, 2018 and 2019, the cascade hydropower system supplied approximately 31.1 billion cubic metres, 29.1 billion cubic metres and 33.1 billion cubic metres of water, respectively, to the surrounding areas in the downstream of the Yangtze River.
- *Navigation:* The cascade hydropower system effectively improved the navigation channel along the Yangtze River in terms of width, depth and curve radius and enhanced navigation conditions. Upon the construction of navigation locks at the various hydropower projects, shipping costs have been reduced, while carrying capacity and freight volume increased significantly.
- *Development of local economies:* The cascade hydropower system has helped the local economies and promoted the development of tourism, fisheries, shipping and other industries along the Yangtze River.

Projects under management

The Wudongde Project and the Baihetan Project are two hydropower projects under construction in the PRC, currently owned by CTG. The two projects are located at the downstream of the Jinsha River and are being developed by CTG.

The Group entered into agreements with Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd., a subsidiary of CTG, under which the Group is commissioned to manage and operate the Wudongde Project and the Baihetan Project. Pursuant to the agreements, upon completion of mandate procedures, the Group is responsible for, among others, planning and preparing for the projects' commercial operation, establishing electricity distribution and offtake arrangements, and applying for relevant governmental approvals and licenses; after the facilities commence operation, the Group is responsible for, among others, operating and managing the projects, performing

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maintenance and repairs, executing electricity sales and offtake, managing cascade dispatch, and managing assets, technologies and safety matters. The Group charges management fees for the services performed.

The Group is the only subsidiary of CTG that manages and operates mega hydropower projects in the PRC. In August 2001 and November 2015, CTG made an undertaking to the Group that it and the other entities directly or indirectly controlled by it will not engage in any business that competes against the primary business of the Group. Pursuant to the non-compete undertaking, the Group acquired the Three Gorges Project, the Xiluodu Project and the Xiangjiaba Project from CTG. In light of the non-compete undertaking, the capabilities of the Group, the previous acquisition experience and the fact that the Group is commissioned to manage and operate the Wudongde Project and the Baihetan Project, the Group is in the best position to, and is expected to, acquire the Wudongde Project and the Baihetan Project after their commencement of commercial operation. The Group will decide whether and when to proceed with the acquisitions based on factors including its development strategy, the market conditions and the construction and operation schedule of the two projects. Currently no specific agreement with regard to the acquisition has been entered into with CTG.

The Wudongde Project and the Baihetan Project are the seventh and the second largest among all hydropower projects in operation and under construction in the world in terms of installed capacity of hydropower (actual or expected) as at 31 December 2019, according to the Industry Report.

The Wudongde Project has an expected installed capacity of 10,200 MW and a designed annual output of 38.9 TWh. It is located at the border of Sichuan and Yunnan Province. The project received State Council's approval and started construction in 2015. Its first batch of hydro turbine-generator units of the project commenced operation in June 2020. The full completion and operation schedule is to be determined.

The Baihetan Project has an expected installed capacity of 16,000 MW and a designed annual output of 62.4 TWh. It is located in Sichuan and Yunnan Province. The Baihetan Project received State Council's approval started construction in 2017. Its first batch of hydro turbine-generator units are expected to commence operation in 2021. The full completion and operation schedule is to be determined.

The two projects are expected to become an integral part of the Group's cascade hydropower system upon acquisition to further enhance the jointly optimised dispatch and scheduling mechanism. Upon acquisition, the Group will own five of the twelve largest hydropower projects in the world in terms of total installed capacity of hydropower and is expected to increase its total installed capacity to 71,695 MW. The completion of the acquisitions are subject to uncertainties, such as approvals by the relevant regulatory authorities and the Company's shareholders. For further details, see "Risk Factors—Risks Relating to the Group—Acquisitions of the Wudongde Project and the Baihetan Project is subject to uncertainties beyond the Group's control."

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Electricity Distribution and Sales

Seizing opportunities emerging from the PRC power industry reform, the Group has been developing its electricity distribution and sales business in the PRC. In June 2016, the Group, together with Three Gorges Capital Holdings Co., Ltd., established TGEE to enter into electricity distribution and sales business in the PRC, with the Group holding 70% equity interest therein.

In relation to the electricity distribution business, the Group constructs new incremental distribution networks and acquire existing ones and generates revenue by collecting distribution charges at a price approved by the PRC government. In relation to the electricity sales business, the Group purchases and sells electricity in market-based transactions and generates revenue by earning the spread.

The Group's electricity distribution and sales network spans over ten provinces and direct-controlled municipalities in the PRC, with Chongqing City and Hubei Province as the central hubs. The Group has been engaged in eight national electricity distribution reform pilot programs in various provinces and direct-controlled municipalities, including Chongqing City, Shanxi Province, Anhui Province and Yunnan Province. It has also established three incremental distribution projects in Liangjiang District of Chongqing City, New District of Yan'an City and Xichou County of Yunnan Province, respectively. As the PRC moves towards a more market-oriented electricity sales market, the Group has been actively engaged in the electricity trading market. It participated in the nation's first batch of spot markets for electricity trading.

Overseas Business

As an integral part of its growth strategy, the Group is actively looking for acquisition opportunities in electricity generation, distribution and sales industry in the overseas market. Leveraging its extensive experience in operating large-scale hydropower projects, the Group also provides project management consulting services and operational support for power projects overseas.

Luz del Sur

In April 2020, the Group acquired the Acquired Companies, which in aggregate hold 83.64% of the equity interests in Luz del Sur, a leading electricity distribution company in Peru. Luz del Sur is listed on the Lima Stock Exchange (Bolsa de Valores de Lima) under the symbol LUSURC1.

Luz del Sur primarily derives its revenue from electricity distribution in Peru. According to Peru's Electricity Concession Act, or LCE, electricity distribution is considered to be a public service and, when system demand exceeds 500 KW, a definitive concession is required to carry out distribution activities. A concessionaire is entitled to be the exclusive electricity distributor within the concession area. Further, according to the electricity concession law promulgated by the Ministry of Energy and Mines in Peru, permanent concession, a type of definitive concession, allows companies to legally distribute electricity in the operating area permanently. Luz del Sur has a concession area

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of more than 3,500 square kilometres, which covers 30 of the most important metropolitan Lima districts as well as districts in the provinces of Cañete and Huarochiri, and serves a population of more than 5 million inhabitants.

According to the Industry Report, in 2018 and 2019, Luz del Sur ranked the first and the second in the Peruvian electricity distribution market with a market share of approximately 27.5% and 27.2%, respectively, in terms of revenue from electricity distribution. In 2017, 2018 and 2019, Luz del Sur sold 8,921.3 GWh, 9,145.2 GWh and 9,420.9 GWh in its electricity distribution business. As at 31 December 2017, 2018 and 2019, Luz del Sur had 1,101,992, 1,134,288 and 1,165,564 customers, respectively.

Luz del Sur also derives revenue from electricity generation. Inland Energy S.A.C., a subsidiary of Luz del Sur, owns and operates Santa Teresa 1, a 100-MW hydropower plant located in the Cusco region of Peru. In 2017, 2018 and 2019, Luz del Sur sold 648.2 GWh, 682.6 GWh and 677.1 GWh of electricity it generated. Luz del Sur proposes to develop additional hydropower generation assets with an expected installed capacity of 737 MW.

During the period between the date of acquisition, being 24 April 2020, and 30 June 2020, the Acquired Companies, which in aggregate own 83.64% interest in Luz del Sur, generated a revenue of approximately RMB1,004 million and a net profit of approximately RMB152 million.

Project Management Consulting Services

Leveraging its extensive experience in operating large-scale hydropower projects, the Group provides project management consulting services and operational support for overseas power projects, in particular projects developed by CTG. The Group advises on production preparation, operation and management, maintenance and technical upgrades, personnel training and spare parts management.

DIRECT INVESTMENT

In line with its growth strategy, the Group has been acquiring minority interests in entities in the energy industry. The Group makes strategic investments in accordance with long-term, value investing principles.

Investments in Power Generation Companies

The Group has been acquiring minority interests in hydropower generation companies to strengthen its leadership position in the hydropower industry. The hydro resources in the upper stream of the Yangtze River and the midstream of the Jinsha River are being developed by other power companies concurrently. The Group seeks to increase its equity interests in additional hydropower generation companies and actively participate in their corporate governance affairs. As at 30 June 2020, the Group held a 12.82% interest in SDIC Power Holdings CO., LTD. (600886.SH) and a 13.23% interest in Sichuan Chuantou Energy Co., Ltd. (600674.SH), both of which are major participants in developing the

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hydropower resources of the Yalong River. Also, as at 30 June 2020, the Group held a 23% interest in Midstream Jinsha (a major participant in developing the hydropower resources of the midstream of the Jinsha River), being its second largest shareholder.

The Group also invested in power generation companies operating in its key regions of electricity offtake to establish strategic partnerships and diversify its investment portfolio. As at 30 June 2020, the Group held a 28.62% interest in Hubei Energy Group Co., Ltd. (000883.SZ), a 19.96% interest in Guangzhou Development Group Incorporated (600098.SH), a 8.21% interest in Shanghai Electric Power Company Limited (600021.SH) and a 8.14% interest in Shenergy Limited Company (600642.SH).

Investments in the Electricity Distribution and Sales Business

As at 30 June 2020, the Group held a 16.55% interest in TGWC, a company listed on the Shanghai Stock Exchange under the stock code 600116, making it the largest shareholder of TGWC. TGWC is primarily engaged in the electricity distribution and sales business. TGWC has acquired several local grid companies in Chongqing City where the Group previously held minority interests, which effectively achieved the listing of all its electricity distribution and sales businesses in the region.

Overseas Investments

The Group is also actively looking for acquisition opportunities in the overseas market. In August 2016, the Group acquired 30.0% of the equity interests in BCP Meerwind, a company incorporated in Luxembourg with limited liability, for a consideration of EUR193.6 million. CTG holds the other 70% of the equity interests in BCP Meerwind. BCP Meerwind holds 80.0% interest in Meerwind Süd/Ost, an offshore wind farm complex located in Germany. Meerwind Süd/Ost, which commenced commercial operation in February 2015, has a total installed capacity of 288 MW and is one of Germany's largest offshore wind farm projects in operation. It is the first offshore wind farm project in Germany to be fully certified by DNV.GL. It is also the first offshore wind farm project in the world to receive investment grade ratings from all three major rating agencies. BCP Meerwind was later renamed as China Three Gorges Offshores Luxembourg S.à.r.l.

ELECTRICITY SALES, DISPATCH AND PRICING

Sales

The Group's electricity is mainly sold to areas with high electricity demand, such as the Yangtze River Delta and the Pearl River Delta. The Group sells electricity to grid companies based on the power purchase agreements, or PPAs, it enters into with such grid companies. Pursuant to guidelines issued by the NDRC, the electricity generated by the Three Gorges Project is dispatched to eight provinces, Henan, Hubei, Hunan, Jiangxi, Anhui, Jiangsu, Zhejiang and Guangdong Province, and two direct-controlled municipalities, Chongqing and Shanghai City. The electricity generated by the Gezhouba Project is dispatched to east China and Hubei, Hunan, Henan and Jiangxi Province. The

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electricity generated by the Xiluodu Project is dispatched to Sichuan, Yunnan, Guangdong and Zhejiang Province. The electricity generated by the Xiangjiaba Project is dispatched to Shanghai City and Sichuan Province.

The Group enters PPAs with grid companies:

- *The Three Gorges Project:* In 2017, the Group entered into a master agreement for electricity sales with State Grid as the purchaser for the years from 2017 to 2020, which relates to the regions where State Grid operates. In the same year, the Group entered into a master agreement for electricity sales and transmission with Southern Grid as the purchaser and State Grid as the grid provider for the years from 2017 to 2020, which relates to the region where South China operates, namely the Guangdong Province. The Group also signs annual supplemental PPAs with the two grid companies.
- *The Gezhouba Project:* The Group enters into annual PPAs with State Grid as the purchaser.
- *The Xiangjiaba Project:* The Group enters into annual PPAs with State Grid as the purchaser.
- *The Xiluodu Project:* The Group enters into annual PPAs with State Grid as the purchaser in respect of the left bank of the project. It enters into annual PPAs with South Grid as the purchaser in respect of the right bank of the project.

If any of the agreements is not renewed prior to its expiration, the Group and the relevant grid company normally will continue the electricity purchase and sale arrangement pursuant to the terms of the expired agreement until a new agreement is signed.

Dispatch

The Group's four hydropower projects in operation along the Yangtze River are all mandated by the State Council of the PRC. Its electricity dispatch is largely planned by the PRC government. The PRC currently experiences significant regional imbalances of electricity supply and demand. The Group is a key electricity supplier for the PRC's West-East Electricity Transmission Project and facilitates the national energy strategy of transmitting electricity from the west to the east of the country. The Three Gorges Project, with a power transmission radius of up to 1,000 kilometres, has promoted the development of the nation's interconnected power transmission network, and significantly reduced power shortages in, and provided stable power supply to, the regions it serves. The Group's four hydropower projects are connected to transmission lines that are specially built and reserved by State Grid and Southern Grid for these projects.

Each of the Group's four hydropower projects complies with dispatch orders from different grid companies based on their respective regions. The Group and the relevant grid company jointly prepare annual, monthly and daily power generation plans taking into account water flows, power load demand and the repair and maintenance conditions of

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transmissions lines and generation units. In general, parties adhere to the annual, monthly and daily plans in normal times and adjust such plans in response to unusual water flows or special events such as flood prevention and emergency rescue.

Pricing

The Group's on-grid tariffs are generally set using two pricing methods: (i) local price backward pricing; or (ii) individual project pricing.

- *Local price backward pricing*: Hydropower projects whose electricity is transmitted inter-provincially usually use the local price backward pricing method. On-grid tariff is determined with reference to the local price (including price based on regulatory guidance and market-based price) at the electricity demand side, after deducting the transmission price charged by grid companies.
- *Individual project pricing*: Certain hydropower projects are subject to the individual project pricing method where the on-grid tariff is determined by the relevant pricing authority on a case-by-case basis. One of the key considerations is the construction and operating costs and the rate of return of the projects.

The on-grid tariffs for the Three Georges Project are determined using the local price backward pricing method with reference to the local prices based on regulatory guidance. The tariffs for the Gezhouba Project are determined using the individual project pricing method. The on-grid tariffs for the Xiluodu Project and the Xiangjiaba Project is determined using the local price backward pricing method. Their electricity prices primarily refer to local prices based on regulatory guidance and, since 2016, the two projects also set some of their electricity prices with reference to market-based local prices.

In 2017, 2018 and 2019, the Group sold 16.5 TWh, 23.6 TWh and 29.0 TWh of electricity in marketised transactions, respectively, accounting for 7.9%, 11.0% and 13.9% of the Group's total electricity on-grid. The proportion of market-oriented transactions in the power generation industry is expected to increase in the future.

OPERATION AND MAINTENANCE OF POWER PROJECTS

Various permits and approvals are required to operate hydropower projects, including electric power business permits and water drawing permits. In addition, the operation of hydropower projects is subject to the supervision and administration of relevant governmental authorities, including the NEA and its local branches and other authorities in charge of water resources, environmental protection, and work safety. See "Regulation—PRC Laws and Regulations Relating to The Power Industry" for details.

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The Group has dedicated management teams and personnel that oversee the activities of each hydropower project. The power generation scheduling of the hydropower projects is centrally managed to maintain and adjust the appropriate water level at each reservoir and the appropriate water flows in the Group's cascade hydropower system. The Group uses an Electricity Production Management System (“EPMS”) designed specifically to streamline the management of the Group's hydropower projects. EPMS helps the Group monitor and control its power generating equipment to improve efficiency and to minimise downtime.

The Group has allocated inspection resources along the Yangtze River basin, and has established a joint inspection, repair and maintenance system for its cascade hydropower projects. The Group monitors its generators to detect signs of possible equipment degradation. In addition, the Group has developed an online status monitoring system to identify equipment failure in real time. Repairs and maintenance of turbines and other key equipment are conducted routinely. For instance, with respect to the Three Gorges Project and the Gezhouba Project, tier A repairs and maintenance of power generation units are carried out every eight to ten years. One tier B repairs and maintenance is scheduled between two tier A repairs and maintenance. Tier C repairs and maintenance is carried out annually with tier D repairs and maintenance scheduled on an as-needed basis with minimal interruption to the normal operations. The Group will take into account the water flow of the Yangtze River and the reserved power generation units when scheduling repairs and maintenance to minimise discharge of excess water and maintain stability of power generation.

SUPPLIERS AND CUSTOMERS

The Group mainly purchases equipment and spare parts from its suppliers. Payments to the Group's five largest suppliers amounted to RMB38.0 million, RMB51.7 million and RMB59.0 million, accounting for approximately 15.6%, 19.1% and 19.5% of its total purchase amount in 2017, 2018 and 2019, respectively. All five largest suppliers are independent third parties of the Group.

In 2017, 2018 and 2019, the Group derived substantially all of its revenue from sales of electricity generated by its hydropower projects. The Group's primary customers are State Grid and Southern Grid. The revenue from the Group's five largest customers accounted for close to 100% of the Group's revenue in 2017, 2018 and 2019.

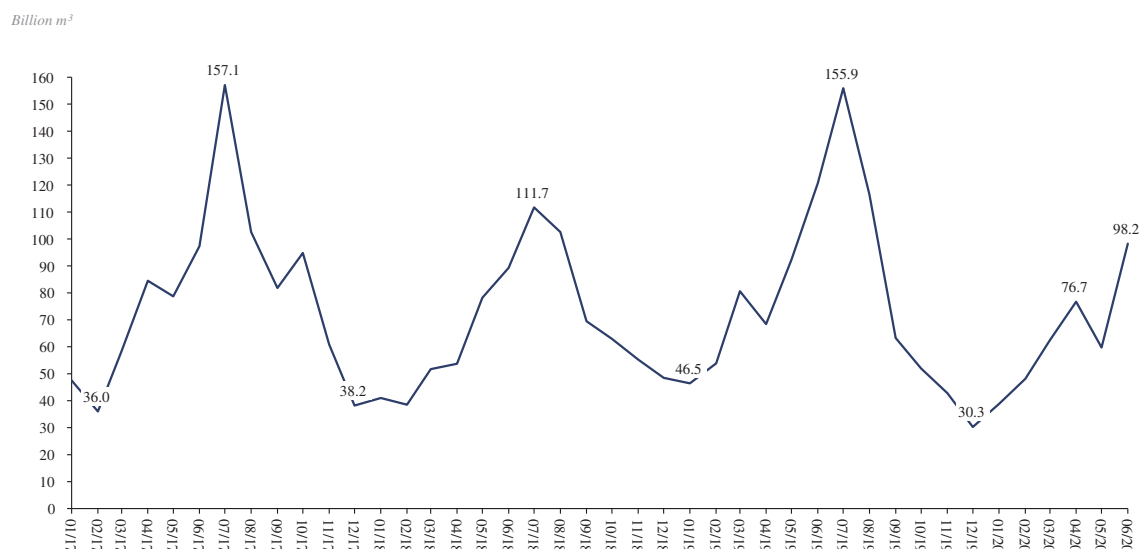
WEATHER AND SEASONALITY

The Group's hydropower generation prospects are dependent upon hydrological conditions prevailing from time to time in the geographic regions in which its hydropower projects are located. Water inflows at the Group's hydropower projects vary each year, and depend on factors such as precipitation and rate of snowmelt. In addition, hydrological conditions are subject to seasonal variation. During the flood season in the Yangtze River region, ample precipitation generally brings water inflows to hydropower projects and thus increases the Group's power generation. The flood season of the Three Gorges Project and the Gezhouba Project typically runs from every June to September and the flood season of

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the Xiluodu Project and the Xiangjiaba Project typically runs from every July to September. The below graph sets forth the monthly runoff of the Yangtze River from January 2017 to June 2020 based on the Industry Report:

Monthly runoff of the Yangtze River, China, 2017 Jan – 2020 June



Source: ChangJiang Water Resources Commission, China Insights Consultancy

However, if such regions experience significant flooding, the operational focus of the Group's hydropower projects will shift to both flood control and hydropower generation. Under such circumstances, the Group's power generation schedule, which mainly consists of the frequency of water release and the operation of turbines in the hydropower projects of the cascade hydropower system, is crucial for the optimal operation of hydropower projects. The Group has water inflow and outflow scheduling processes to effectively manage flooding and utilise increased water inflow to grow power generation. If, on the other hand, Yangtze River experiences significant drought or decreases in water flow, the Group's power generation level tends to decrease. The Group minimises the negative impact of drought or decreased water inflow by using large-scale reservoirs with strong regulating capabilities. The Group closely monitors the weather in the regions where it operates and works with weather forecast agencies to be prepared for changes in climatic conditions. As at 31 December 2019, the Group had a hydrological information sharing platform consisting of 633 self-owned telemetry stations, which cover a total basin area of approximately 580,000 square kilometres and over 50% of the upstream area of the Yangtze River. In 2019, the Group's 24-hour hydrological forecast accuracy rate is approximately 97.9%.

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COMPETITIVE LANDSCAPE

The PRC hydropower market is relatively concentrated, with the top ten hydropower companies accounting for approximately 38.0% of the total installed capacity of hydropower in the PRC as at 31 December 2019. The Group's principal competitors include the five major state-owned power generation groups in the PRC, namely China Huaneng Group, China Energy Investment Corporation, China Datang Corporation, China Huadian Corporation and State Power Investment Corporation. These five enterprises are the largest players in the PRC power generation industry. The major players in the PRC's hydropower generation business include Huaneng Lantsang River Hydropower Inc., SDIC Power Holdings CO., LTD., GD Power Development Company and Guangxi Guiguan Electric Power Co., Ltd. The Group also faces competition from power producers using other energy sources, including nuclear power, geothermal power and biomass power. Competition from other energy sources may increase if the relevant power generation technologies become more mature, especially when the Group is competing in a market with power surplus. For further details on the Group's competitive landscape, see "Industry Overview". The Group possesses special competitive advantages as it is the only major power producer in the PRC that focuses on hydropower generation and can leverage favourable policies promoting hydropower. In addition, the Group has signed long-term electricity sales agreements with State Grid and Southern Grid, the two largest grid companies in the PRC, which entitles it to complementary transmission lines for electricity dispatch.

EMPLOYEES

As at 30 June 2020, the Group had a total of 4,077 employees, 78.9% of which held a bachelor's degree or above. The following table sets forth a breakdown of the Group's employees by function as at the dates indicated:

	Numbers
Function	
Production	2,734
Sales	51
Technical	726
Finance	86
Administration	480
Total	<u>4,077</u>

The Group determines its workforce size and compensation pool based on the achievement of annual production targets, profitability level and human resource management requirements. Each subsidiary formulates remuneration policies that fit its conditions and needs. Employee remuneration generally includes salary, bonuses and allowances. Bonus for any given period is based primarily on individual and team performance; special bonus is given to incentivise technological innovation and progress in prioritised tasks. Employees also receive full welfare packages, including paid annual leave, basic pension insurance, basic medical insurance, workplace injury insurance, unemployment insurance, maternity insurance and housing provident funds.

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The Group has not experienced any strikes or other material labour disturbances that have interfered with its operations to date, and the Group believes that its management and employees have maintained good relationships with each other.

ENVIRONMENT AND SUSTAINABILITY

The Group's hydropower projects are operated with environmental and social sustainability as core principles. With extensive experience in the management of multilevel cascade hydropower system, the Group has developed extensive expertise in power generation, flood control, drought relief, navigation and environmental protection. The Group's cascade hydropower system derives significant societal, economic and environmental benefits. It produces clean energy to reduce greenhouse gas emissions, manages seasonable floods with its massive reservoir, improves inland navigation and water transport efficiency, ameliorates drought and improves water supply by supplementing water outflow during non-flood seasons.

The Hydropower Projects

The Group, CTG and the relevant PRC government agencies worked closely in conducting the initial environmental impact evaluation and the ongoing environmental monitoring of the Three Gorges Project. The environmental monitoring statistics of the Three Gorges Project over the past fourteen years have indicated that, by most measures, including biodiversity, sedimentation, sediment deposition, water quality, earthquake risk and dam embankment stability, the Three Gorges Project met or exceeded the environmental targets set forth in its feasibility study. CTG has also conducted an independent environmental impact assessment and received relevant approvals from the PRC government for the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project. It is expected that the PRC government will continue to strengthen environmental monitoring requirements and the Group will continue to cooperate with relevant governmental agencies to closely monitor the environmental impact of the four projects.

During the planning and design phase of the Three Gorges Project, in addition to the feasibility study commissioned by the PRC government, independent feasibility studies conducted by international experts covering environmental impact assessment and relocation also served as important references for the decision-making process of the PRC government. These experts came from leading engineering consultancies, hydropower project operators and government agencies overseeing water resource management. They reviewed existing research results and data, performed independent research and analysis, conducted on-site investigations and surveys and examined the overall benefits of the Three Gorges Project to arrive at a recommendation that meets the project's objectives. The U.S. and Canadian governments also provided technical and training support for the studies on the Three Gorges Project. The involvement of international expertise and cooperation continued throughout the preparation, implementation, completion and operation phases of the Three Gorges Project.

During the construction phase of the Three Gorges Project, significant investment was made in the areas of environmental assessment, monitoring and protection as well as on relocation and resettlement. Since the Three Gorges Project was put into operation, the

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MEP has published an annual Bulletin on Ecological and Environmental Monitoring Results of the Three Gorges Project, and the MLR regularly issues reports on the prevention of geological disasters in the Three Gorges reservoir and adjacent areas. CTG has also issued its annual report on environmental protection since 2005, covering the environmental protection work and environment monitoring results of the Three Gorges Project, the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project.

Regulatory Framework

The Group is subject to environmental laws and regulations in the PRC and other countries where it operates. These laws and regulations govern a broad range of environmental matters. The Group is required to obtain permits from the relevant local governmental authorities and pass relevant environmental assessments. As a power generation company and a state-owned enterprise, the Group is also regulated by various government agencies, including the SERC, the SASAC and the NAO, which regularly inspects the Group's compliance with applicable environmental, quality and safety laws. The Group considers environmental protection to be a priority. The Group believes that its environmental protection systems and power generation facilities comply with applicable national and local environmental protection regulations.

Corporate Sustainability Standards

The Group invests substantial resources and capital each year and formulated internal policies and protocols to achieve its environmental and social responsibility goals. The Group has obtained ISO14001 environmental management system certifications and currently manages its hydropower projects in accordance with such standards. The Group dedicates significant resources to a variety of environmental and social responsibility initiatives such as emission reduction, support of resettlement, preservation of cultural relics and conservation of aquatic animals.

The Group makes significant efforts to protect the quality of water in its reservoirs. When water flows through the hydropower projects, clean water is stored in the reservoirs while muddy water is discharged. Sediment deposition is effectively handled. During the flood season, the Group carries out 24-hour clean-ups to ensure that floating debris is removed from the dams and waste treatment regulations are complied with. By controlling the level of nutritive salt in the water body, cutting off nutrition supply to algae to prevent water blooms, and implementing bioremediation, the Group's reservoirs maintain good water quality.

In addition, the Group provides funding and other support for initiatives aimed at improving the ecological environment and the surrounding communities.

- *Rare fishes:* The Group has sponsored initiatives to simulate flood pulse in the middle reach of the Yangtze River to create favourable water conditions for the natural breeding of the four major Chinese carps. It also makes annual donation to the Chinese Sturgeon Research Institute for research and breeding of the Chinese sturgeon.

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- *Economically important fishes:* The Group implemented a joint ecological dispatch experiment at the Three Gorges Project, the Xiluodu Project and the Xiangjiaba Project to create suitable water flows and water temperatures to increase fish reproduction.
- *Rare plants:* The Group sponsors research projects dedicated to the cultivation and conservation of endangered plants, which helps conserve seeds of rare plants with low-temperature storage technology, migrate the plants to arboretums, and emigrate them to natural environment after artificial propagation.

Further, the Group actively participates in targeted poverty alleviation in the PRC by making donations to improve the infrastructure of its targeted impoverished areas and provide technology and electricity support, and by offering volunteering services for left-behind children, seniors, woman and people with disabilities.

The Group intends to continue to invest substantial resources to meet the challenges brought by increasingly stringent environmental, health and safety standards, its expanded lines of business and its geographical expansion. The Group is committed to promote the IHA Hydropower Sustainability Assessment Protocol as a tool for feasibility studies of hydropower complexes and stations, and to promote its global application in the construction and management of hydropower projects.

HEALTH AND SAFETY COMPLIANCE

The Group's business operations involve risks and hazards that are inherent in power generation activities. The Group conducts annual evaluations to identify sources of occupational hazards and to detect factors leading to occupational diseases. The main types of occupational hazards include noise, exposure to power frequency electric field, and high-temperature during the summer. These risks and hazards could result in property damage, personal injury, business interruption, claims and penalties. In 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group had complied with relevant PRC laws and regulations relating to health and safety in all material aspects; the Group had not encountered any material personal injury incidents or any material business interruption. The Group is certified to the OHSAS18001, ISO9001 and ISO14001 standards. It has established a comprehensive system to manage quality control, environmental protection, occupational health and safety and deployed personnel to oversee these matters.

RESEARCH AND DEVELOPMENT

The Group's research and development efforts are mainly directed towards solving technical issues encountered in its hydropower operations and improving its operational safety and efficiency. For example, the Group independently developed and implemented key inspection and repair technologies in troubleshooting welded gas-insulated transmission lines of the Xiluodu Project. The Group also developed robots specifically designed for hydropower projects, which have been deployed in its operations. In 2019, the Group obtained 260 new patents. The Group's research and development expenses were approximately RMB28.8 million, RMB42.5 million, RMB41.1 million and RMB7.8

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million in 2017, 2018, and 2019 and the six months ended 30 June 2020, respectively. As at 30 June 2020, the Group had 278 employees dedicated to research and development activities, accounting for approximately 6.8% of its total number of employees.

INTELLECTUAL PROPERTY

The Group develops proprietary software programs and own or license patents and other intellectual property rights for its business operations. The Group recognises the importance of protecting and enforcing its intellectual property rights and registers and maintains intellectual property rights that are material to its business operations. As at the Latest Practicable Date, the Company and its major PRC subsidiaries had 902 patents, 244 registered trademarks, 111 software copyright and 30 domain names in the PRC.

LEGAL PROCEEDINGS

The Group may be involved in disputes from time to time arising from the ordinary course of its business with various parties, such as government authorities, contractors and suppliers. Please refer to “Risk Factors—Risks Relating to the Group—The Group may be involved in legal and other proceedings arising out of its operations from time to time and face significant liabilities as a result.”

INSURANCE

The Group maintains property all risks insurance, machinery breakdown insurance and public liability insurance for its assets and employer liability insurance and directors and officers liability insurance for relevant personnel with major insurance companies in the PRC. The Group believes that its insurance coverage is adequate and is consistent with market practice in the PRC power generation industry.

CURRENT TRADING AND PROSPECTS

Mandatory Tender Offer in relation to Luz del Sur

On 24 April 2020, CYPI, a wholly-owned subsidiary of the Company, acquired 83.64% interest in Luz del Sur through its wholly-owned subsidiary, YAHC. Luz del Sur is listed on the Lima Stock Exchange (Bolsa de Valores de Lima) under the symbol LUSURC1. The 16.36% interest in Luz del Sur that was not sold in the transaction represents shares that are held by minority shareholders. The completion of the sale triggered a mandatory tender offer (the “**Mandatory Tender Offer**”) for 13.68% of Luz del Sur’s shares under the Peruvian tender offer regulations. The Group is prepared to make the Mandatory Tender Offer pursuant to the relevant rules and regulations.

The minimum price of the Mandatory Tender Offer will be set by an independent valuation company appointed by the Peruvian Superintendence on Capital Markets, or SMV. The valuation company will consider the price paid for the acquisition that triggered the tender offer, the book value, liquidation value and going concern value of the target as at the date of the acquisition, the average price during the semester before the acquisition and the price of any tender offer occurred during the twelve months before the acquisition. The actual cost of the offer depends on the price determined by the independent valuation

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company as well as the number of shares tendered. The Group intends to fund the Mandatory Tender Offer with a combination of the remaining Syndicated Facility and its internal funds. As at the Latest Practicable Date, the Group had approximately US\$510 million available for draw-down under the Syndicated Facility. After the actual cost of the offer is determined, the Group will decide the exact combination of the two funding sources taking into account the actual cost and the working capital needs at the time. The Group expects that it will have sufficient funding to finance the offer.

The Mandatory Tender Offer has to be launched within four months after the acquisition or five business days after the valuation company issues its report, whichever occurs first. However, due to the COVID-19 pandemic and the prolonged state of emergency in Peru, the Mandatory Tender Offer is delayed. Pursuant to Peruvian regulations, the price of the offer has to be determined by an independent valuation company appointed by the SMV. The Mandatory Tender Offer cannot be launched without the report of said independent valuation company. The Group has requested the SMV to appoint a valuation company, as well as to extend the Mandatory Tender Offer deadline and to grant certain exemptions. As at the Latest Practicable Date, the requests were pending approval by the board of SMV. The Group believes that its request for extension is reasonable. The Group does not expect that the SMV will impose any penalties in relation to delays caused by the pandemic.

Proposed Introduction of Co-Investors by YAHC

To finance the acquisition of Luz del Sur and other assets in Peru, CYPI provided a shareholder loan of US\$3,433 million to YAHC, which is a wholly-owned subsidiary of CYPI and owns 83.64% interest in Luz del Sur. On 28 August 2020, the Company announced that YAHC proposes to introduce three co-investors, namely CYAN Holdings Limited (“CYAN”), MAGENTA Investment Company Limited (“MAGENTA”) and LLAMAS (BVI) Investment Limited (“LLAMAS Investment”), through a capital increase in YAHC and the transfer of the shareholder loan provided by CYPI on a pro-rata basis. The three co-investors will each pay US\$28.53 million to subscribe for shares to be issued by YAHC, while CYPI will waive its pre-emptive subscription right on such shares. In addition, CYPI proposes to transfer to each of CYAN, MAGENTA and LLAMAS Investment, respectively, its rights and obligations under approximately US\$331 million of its shareholder loan against consideration in cash. Upon completion of the proposed transaction, CYPI, CYAN, MAGENTA and LLAMAS Investment will own 70.03%, 9.99%, 9.99% and 9.99% of the share capital of YAHC, respectively. If the transaction is completed prior to the commencement of the Mandatory Tender Offer, each of the co-investors will provide YAHC with a shareholder loan or capital contribution (determined by CYPI based on the estimated funds required for the Mandatory Tender Offer) in proportion to their respective shareholding in YAHC. The shareholder of CYAN and MAGENTA is ACE Investment Fund III LP (“ACE III”). Three Gorges Capital Holdings (HK) Co., Limited, an indirect subsidiary of CTG, is a limited partner of ACE III, holding 50% of the capital of ACE III and 50% of the capital of ACE III’s general partner. LLAMAS Investment is an independent third party of the Group. The transaction has been approved by the Board of Directors on 27 August 2020 and the Company’s shareholders on 16 September 2020. The completion of the transaction is subject to certain conditions precedent.

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Flooding in Yangtze River Basin

Increased rainfall in the Yangtze River basin during the flood season of 2020 has put significant demand on flood control. In the events of large floods, the Group's jointly optimised dispatch and scheduling mechanism plays a key role in flood control and in responding to changing levels of water inflows, balancing its flood control function as well as its electricity generation function.

On the one hand, prior to the flood season, the Group lowers the water level in the cascade reservoirs; during the flood control process, the reservoirs impound incoming floodwater, reaching an elevated water level; and after a flood peak, the Group gradually lowers the water level in preparation for the next flood. In July and August 2020, the Group's cascade hydropower system impounded flood water of approximately 32.7 billion cubic metres, significantly contributing to the flood control efforts.

On the other hand, the Group continue to generate electricity during each of the three stages mentioned above. In addition, elevated water level during the flood control process increases hydraulic head and improves electricity generation. Since June 2020, the Group has recorded increased electricity generation and enhanced average utilisation hours as compared with the corresponding period in the preceding year. In July and August 2020, the total electricity generated by the Group's Three Gorges Project, Gezhouba Project, Xiluodu Project and Xiangjiaba Project amounted to 60.9 TWh, representing an increase of 8.6 TWh, or 16.4%, over the electricity generation during the corresponding period in 2019. For the eight months ended 31 August 2020, the total electricity generated by the aforementioned hydropower projects of the Group amounted to 141.0 TWh, representing an increase of 3.3 TWh, or 2.4%, over the electricity generation during the corresponding period in 2019. Furthermore, the Group benefits from the preferential offtake arrangement which provide assurances for the Group's electricity sales.

The Company believes that the flooding in the Yangtze River basin has not had a material and adverse effect on the Group's electricity offtake or its business, financial condition, results of operations and prospects.

REGULATION

The Group's business operations are subject to the applicable PRC laws, administrative regulations, departmental regulations and other regulatory documents. This section sets out (i) an introduction to the major PRC government authorities with jurisdiction over the Group's current operations; and (ii) a summary of the major laws, regulations and policies to which the Group is subject.

PRINCIPAL REGULATORS

The NDRC and Local Investment Approval Authorities

The NDRC is responsible for (i) formulating and implementing major policies relating to China's economic and social development; (ii) planning the major construction projects and distribution of productive forces; (iii) reviewing and approving investment projects with expenditure exceeding certain amounts or in special industrial sectors, including the power generation sector; and (iv) formulating industrial policies and investment guidelines for all industries.

The competent investment departments of all levels of local governments are responsible for (i) implementing the specific policies formulated by the NDRC; (ii) reviewing and approving investment projects in accordance with the authorisation by the NDRC; and (iii) receiving the filing of other enterprise investment projects that do not require prior approvals.

The National Energy Administration

The National Energy Administration (the "NEA"), which is currently managed by the NDRC, integrated the previous responsibilities of the State Electricity Regulatory Commission (the "SERC"), is responsible for, among other things, (i) formulating regulations, national standards, policies and strategies relating to the development of energy sector; (ii) reviewing and approving investment projects in the energy sector within its authority; (iii) promoting the preservation and comprehensive utilisation of energy and the research, development and innovations relating to the energy sector; (iv) supervising the operation of the electric power market; and (v) overseeing the production safety, reliability and contingency management of the electric power sector.

The SASAC

The State-owned Assets Supervision and Administration Commission of the State Council (the "SASAC") and its local organs are authorised to supervise state-owned assets and act as the shareholder of the state-owned enterprises on behalf of the state.

PRC LAWS AND REGULATIONS RELATING TO SUPERVISION OF STATE-OWNED ASSETS

Under the current administration system for state-owned assets, the State Council and local governments shall, on behalf of the State, perform the shareholder's duties and enjoy the shareholder's rights and interests, and state-owned asset supervision and administration bodies shall support legally independent business operations of the state-owned enterprises, and may not intervene in their production and business activities other than the exercising of shareholder's rights.

REGULATION

According to the Interim Regulations on the Supervision and Administration of State-owned Assets in Enterprises (企業國有資產監督管理暫行條例) promulgated and implemented on 27 May 2003, and last amended on 2 March 2019, the main duties of a state-owned asset supervision and administration body are:

- performing the shareholder's duties for state-owned enterprises under its supervision and safeguarding its shareholder's rights and interests in accordance with the PRC Company Law and other laws and regulations;
- directing and promoting the reform and restructuring of the state-owned enterprises;
- dispatching supervisors to state-owned enterprises under its supervision;
- appointing, removing, and assessing the principals of state-owned enterprises under its supervision according to statutory procedures, and reviewing their performances and providing incentives and penalties based on the review results;
- supervising the preservation and the appreciation of the state-owned assets; and
- performing other duties of shareholders and other matters delegated by the competent authorities at the corresponding level.

The state-owned asset supervision and administration body under the State Council may, apart from performing the duties provided for in the preceding paragraph, set forth the rules and regulations on the supervision and administration of the state-owned assets.

According to the Decision of the First Session of the 13th National People's Congress on the Institutional Reform Plan of the State Council, the SASAC's responsibilities on the audit of economic responsibility of the leaders of state-owned enterprises and on the board of supervisors of key state-owned large-scale enterprises are transferred to the National Audit Office of the PRC. Therefore, SASAC's responsibility to assign board of supervisors to its enterprises under its supervision on behave of the State Council, as provided in the Interim Regulations on the Supervision and Administration of State-owned Assets in Enterprises, has no longer been performed.

PRC LAWS AND REGULATIONS RELATING TO PROJECT REVIEW AND APPROVAL

According to the Catalogue of Investment Projects Subject to Governmental Approval (Version 2016) (政府核准的投資項目目錄(2016年本)), which was promulgated and effected on 12 December 2016, projects of hydropower stations with a per station installed capacity of 500 MW or above built on trans-boundary rivers or on rivers crossing provinces (autonomous regions or municipalities directly under the central government) shall be subject to the approval of competent investment department of the State Council, of which the projects with a per-station installed capacity of 3 GW or above or involving 10,000 displaced residents or above shall be subject to the approval of the State Council. Other projects of hydropower stations shall be subject to the verification and approval by local governments.

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For special requirements on the review and approval for renewable energy projects, see *“PRC Laws and Regulations Relating to the Power Industry—Renewable Energy”*.

PRC LAWS AND REGULATIONS RELATING TO THE POWER INDUSTRY

Power Generation

According to the Electric Power Law of the PRC (中華人民共和國電力法) (the “Electric Power Law”) promulgated on 28 December 1995 and amended on 27 August 2009, 24 April 2015 and 29 December 2018, respectively, the administrative department of the electric power industry under the State Council shall be responsible for the supervision and control of the electric power industry throughout the nation. The departments concerned under the State Council shall be responsible for the supervision and control of the electric power industry within their own limits of authorities. The administrative department of comprehensive economy under the local government at county level or above is the administrative department of electric power within its own administrative region, which shall be responsible for the supervision and control of the electric power industry. Meanwhile, the electricity price shall be based on the principle of unified policy and unified pricing and managed at different levels. One of the principles of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. The Electric Power Law also states that the government encourages domestic and foreign investment in the power industry.

The Electricity Regulatory Ordinance (電力監管條例), which became effective on 1 May 2005, is formulated by the State Council to strengthen the supervision over the electricity industry and improve the electricity supervisory system. It sets forth the regulatory requirements for a number of aspects of the electricity industry, including, among others, the granting of electric power business licence (電力業務許可證), the regulatory inspections of power plants and grid companies and the legal liabilities resulting from violation of the regulatory requirements.

Pursuant to the Administrative Regulations on Power Business Licences (電力業務許可證管理規定) (the “**Power Business Licences Regulations**”) issued by the SERC, which was promulgated on 13 October 2005 and became effective on 1 December 2005 and was amended on 30 May 2015, the PRC power industry adopts the market-access permit system. Pursuant to the Power Business Licences Regulations, unless otherwise provided by the SERC, it shall be illegal in the PRC to engage in any electric power business (including power generation, transmission, dispatch and sales) without obtaining an electric power business licence issued by the SERC.

Applicants for the electric power business licence for power generation business must submit relevant evidence documents in respect of the power project’s construction, generation capacity and environmental compliance. The NEA will issue the electric power business licence to the applicants after the application materials pass the review.

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To apply for a business licence for power generation, the following conditions must be fulfilled:

- construction of the power generation plant has been reviewed and approved or verified by the relevant competent department;
- the power generation facilities have the capability of power generation; and
- the power generation project meets the relevant environmental protection requirements.

According to the Measures on Supervision and Administration of the Work Safety of Electricity Industry (電力安全生產監督管理辦法), promulgated on 17 February 2015 and became effective on 1 March 2015, power generation, operation and supply must comply with the relevant safety requirements by the NEA. In case of abnormal or serious personal injury or death, electric accidents, equipment damage, power plant collapse or fires, power plants are required to report related information in accordance with relevant regulations and commence timely investigation of the safety incidents.

Renewable Energy

According to the Renewable Energy Law of the PRC (中華人民共和國可再生能源法) (the “**Renewable Energy Law**”), which was promulgated on 28 February 2005 and became effective on 1 January 2006 and was amended on 26 December 2009 and became effective on 1 April 2010, renewable energy includes wind power, solar power, hydropower, bioenergy, geothermal energy, ocean energy and other types of non-fossil energy. Pursuant to the Renewable Energy Law, all electricity power generated from clean and renewable energy shall be purchased in full amount, provided that on-grid technical standards have been complied with and the related power generation entities have obtained relevant administrative approvals or been filed for record. A grid company shall purchase the full amount of on-grid electricity generated by approved clean and renewable power plants that meet the grid connection technical standards in the areas covered by the grid company’ power grids.

Pursuant to the Provisions on the Administration of Power Generation from Renewable Energy (可再生能源發電有關管理規定), which became effective on 5 January 2006, the renewable energy power-generating projects shall implement central and local hierarchical management. The NDRC shall make plans for the national renewable energy power-generating projects, develop policies and manage the projects that require the verification and approval or examination and approval of the State. The energy departments of the provincial governments shall manage the renewable energy power-generating projects within the local authority under their jurisdiction.

Pursuant to the Medium and Long-Term Development Plan for Renewable Energy (可再生能源中長期發展規劃) issued by the NDRC on 31 August 2007, China will strive to achieve the goal of 15% of the total energy consumption in the PRC being generated from renewable energy (including hydropower) by 2020. The plan requires that, by 2020, China’s installed hydropower capacity shall reach 300 GW. Moreover, the plan generally establishes that the government will adopt a variety of measures to encourage and

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stimulate the development and use of renewable energy. These include preferential fiscal and tax policies, including specialised funds subsidising the development of renewable energy sources, and the reduction or elimination of taxes for certain qualified renewable energy development activities.

Pursuant to the Energy Development Thirteenth Five-Year Plan (可再生能源發展“十三五”規劃) issued by the NDRC on 10 December 2016, non-fossil energy consumption shall take up 15% and 20% of the total primary energy consumption in the PRC respectively by 2020 and 2030, and China’s installed hydropower capacity shall reach 340 GW by 2020.

Power Dispatch

Pursuant to the Regulations on the Administration of Power Dispatch to Networks and Grids (電網調度管理條例), which was promulgated by the State Council on 29 June 1993 and became effective on 1 November 1993 and was amended and effected on 8 January 2011, the power grid is operated in accordance with the centralised dispatching and grading management principles, and on-grid power plants and power grids shall comply with centralised dispatch orders from dispatching centres. Additionally, on-grid power plants and power grids shall enter into grid connection agreements before the power plant connects to the grid, and shall perform their duties and obligations accordingly. Dispatching centres at lower levels shall defer to the dispatch orders from those at higher levels and the operating units in charge of power plants and substations within the jurisdiction of a dispatching centre shall comply with the dispatch orders from such dispatching centre.

Pursuant to the Implementation Measures for the Administrative Rules on Power Grid Dispatching (電網調度管理條例實施辦法), which became effective on 11 October 1994, dispatching centres are established at five levels: the national dispatching centre, dispatching centres of the interprovincial (autonomous regions and municipalities directly under the central government also included) power grid, the dispatching centres of the provincial-level power grid, the dispatching centres of the power grid of municipalities within provinces and the dispatching centres of the local power grid. Dispatching centres prepare daily power generation curves to be executed by the power plants, indicating the active power, reactive power and voltage for the day, taking into consideration of all relevant factors such as daily power load demand, internal water level, fuel supplies, capacity of power grid equipment and equipment servicing requirements.

Pursuant to the Administrative Measures of Electric Power Planning (電力規劃管理辦法) promulgated by the NEA on 17 May 2016, the NEA is the department in charge of power planning within the PRC, while the provincial energy department in charge of the power planning within the province. These two levels of authorities manage the power planning work at national and provincial levels, respectively.

Pricing

The Electric Power Law of the PRC sets forth the general principles for the pricing of electric tariffs. Electric tariffs are to be formulated based on a costs (and taxes) plus reasonable returns basis, based on the principle of a fair share of costs with the aim to promote the development of the electric power industry. The Power Tariff Reform Plan (電價改革方案) approved by the State Council on 9 July 2003 sets forth a long-term objective for the reform of electric tariff, being to establish a standardised and transparent electric tariff managing mechanism on the basis of consistently deepening the reform of the electricity power system.

On 28 March 2005, the NDRC promulgated the implementation rules of tariff reform, including the Provisional Measures for the Administration of On-grid Tariff (上網電價管理暫行辦法), the Provisional Measures for the Administration of Power Transmission and Distribution Prices (輸配電價管理暫行辦法) and the Provisional Measures for the Administration of Power Selling Prices (銷售電價管理暫行辦法), which specifies the authorities of tariff management and regulates the pricing mechanism of on-grid power, the power transmission and distribution and the sales of power.

Pursuant to the Provisional Measures for the Administration of On-grid Tariff, which became effective on 1 May 2005, for power plants within the local grids that have not implemented competitive bidding mechanisms, on-grid tariffs will be determined by the competent pricing authorities based on production costs plus a reasonable investment return. For power plants within the local grids that have implemented competitive bidding mechanism for tariffs, a two-tier on-grid tariff should be applied, consisting of (i) a capacity tariff determined by the pricing authorities based on the average investment cost of the power plants competing within the same local grid; and (ii) a competitive tariff determined through the competitive bidding processes.

Pursuant to the Circular on Several Issues Concerning the Administration of Electricity Energy Transaction Prices (關於規範電能交易價格管理等有關問題的通知), jointly issued by the NDRC, the SERC and the NEA on 11 October 2009, after the commercial operation of the power generating units, all on-grid power other than the interprovincial or cross-regional electricity energy transactions shall be priced in accordance with the tariffs set by the pricing administration authorities of the government unless otherwise provided by the PRC national government. Before the commercial operation of the power generating units, the on-grid tariffs during the trial operation shall be a certain percentage of the local benchmark on-grid tariff of thermal power, i.e., in the case of hydropower projects, the on-grid tariff during the trial period is 50% of the local benchmark on-grid tariff of thermal power; in the case of other non-hydro renewable power projects, generating units are subject to the on-grid tariff approved by the relevant pricing administration authorities from the date when they begin to transmit electric power to the grid. As to the interprovincial or cross-regional electricity energy transactions, the settlement tariff shall be subject to the state-fixed tariff, or in the absence of state-fixed tariff, be fixed by the supplier and purchaser through consultation with reference to the average on-grid tariff of the dispatching grid and average purchasing tariff of the receiving grid under the guidance of provincial pricing administration authorities and the power supervision and administration departments.

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According to the Notice on Issues Relating to a Proper Adjustment of Tariff (關於適當調整電價有關問題的通知), which became effective on 27 May 2011, the on-grid tariffs of certain hydroelectric power enterprises were verified and adjusted.

The NDRC published the Notice on Improvement of the On-grid Price Policies for Hydropower (關於完善水電上網電價形成機制的通知) in January 2014, reiterating the principle of a more market-oriented pricing regime for hydropower.

According to the Certain Opinions of the CPC Central Committee and the State Council on Further Implementation of System Reform in Electric Power Industry (中共中央、國務院關於進一步深化電力體制改革的若干意見), which became effective on 15 March 2015, except for electricity consumption for public welfare purposes, the determination of selling prices and on-grid tariff for electricity should gradually become market-based. The opinions further state that the on-grid tariff for power generation enterprises that participate in power market trading should be determined independently by the power generation enterprises with the end user or the electricity trading institutions through arms' length negotiations or market bidding. Furthermore, the price of electricity traded on the electricity market consists of three parts, namely, (i) the market tariff; (ii) power transmission and distribution price (including line loss); and (iii) governmental fund contributions. On-grid electricity that does not participate in direct trading and bidding transactions and electricity consumption for residential, agriculture, important public utilities and public welfare purposes shall remain subject to controlled pricing. Pursuant to the Catalogues of Price Set by the Central Government (Order of the NDRC No. 31) (中央定價目錄) issued by the NDRC on 13 March 2020, the sales prices for electricity sold through market-oriented transactions shall be determined by market-based method, and for electricity sold not through market-oriented transactions shall be determined by the NDRC using the existing methods, which will be transitioned to more market-based methods depending on the progress the marketization reform of the power generation industry. Pursuant to the Circular on Relevant Issues Concerning Improving the Tariff Setting Mechanism for Interprovincial or Cross-Regional Power Transaction issued by the NDRC (關於完善跨省跨區電能交易價格形成機制有關問題的通知) on 5 May 2015, the quantity and the tariff for interprovincial or cross-regional power transmission shall be determined through the consultation between the buyer and seller based on the principle of "risk-sharing, benefit-sharing," or determined by market transactions, and corresponding tariff adjustment mechanism shall be established. For the tariff of interprovincial or cross-regional power transaction that has been approved by the government, the buyer and seller may negotiate for and adopt new tariff, which shall be filed with the NDRC and the NEA.

The NDRC and NEA published the Notice on Issuing Supporting Documents for Power System Reform (關於印發電力體制改革配套文件的通知) on 26 November 2015, along with the Implementation Opinions on Promoting the Reform of Transmission and Distribution Prices (關於推進輸配電價改革的實施意見); the Implementation Opinions on Promoting the Construction of Electricity Market (關於推進電力市場建設的實施意見); the Implementation Opinions on the Formation and Standard Operation of Electricity Trading Institutions (關於電力交易機構組建和規範運行的實施意見); the Opinions on the Implementation of the Orderly Opening the Power Generation and Utilization Plan (關於

有序放開發用電計劃的實施意見); the Implementation Opinions on Promoting the Reform of Electricity Sales Side (關於推進售電側改革的實施意見); the Guiding Opinions on Strengthening and Regulating the Supervision and Management of Self-provided Coal-fired Power Plants (關於加強和規範燃煤自備電廠監督管理的指導意見), which further promotes the reform of the electric power industry and provides that the hydropower and other power generated by the clean energy shall have the priority to access the grid.

Mandatory Purchase and Dispatch Priority

Pursuant to the Renewable Energy Law, the Provisions on the Administration of Power Generation from Renewable Energy and the Regulatory Rules for the Full Purchase by Grid Enterprises of Electric Power Generated from Renewable Energies (電網企業全額收購可再生能源電量監管辦法) promulgated by the SERC and became effective as of 1 September 2007, mandatory obligations shall be imposed on grid companies to purchase all the electricity generated from renewable energy projects that are within the coverage of their grids, and to provide grid-connection services. In addition, the NEA and its local branches shall supervise the performance of grid companies on their mandatory purchase obligations and grid-connection obligations under the Renewable Energy Law. Grid companies that fail to fulfil these obligations may be punished. The SERC and NEA may also determine a time limit within which the grid companies must compensate the losses incurred by such renewable energy enterprise due to the grid companies' failure to fulfil their obligations and remedy their failure, otherwise the grid companies may be given a fine not exceeding the amount of the losses suffered by such renewable energy enterprise.

In order to improve the efficiency in the use of natural resources and encourage energy savings to achieve sustainable development, the State Council approved the Measures for the Dispatch of Energy Saving Power Generation (For Trial) (節能發電調度管理辦法) (the “**Measures for Saving Power**”) on 2 August 2007. The Measures for Saving Power apply to all power generating units which have access to the grid. Pursuant to the Measures for Saving Power, power generators are able to enjoy the highest dispatch priority if they generate renewable energy, and the order of the power dispatch priority enjoyed by power generating units shall be as follows: (a) non-adjustable power generating units utilizing renewable energies, including wind energy, solar energy, ocean energy and hydraulic energy; (b) adjustable power generating units utilizing renewable energies, including hydraulic energy, biomass energy, geothermal energy, and waste-to-energy power generating units which satisfy the environmental protection requirements; (c) nuclear power generating units; (d) cogenerating units and comprehensive resource utilization power generating units; (e) gas-fired power generating units; (f) other coal-fired power generating units, including cogenerating units without heat load; and (g) oil-fired power generating units.

Pursuant to the Guiding Opinions on Improving the Electric Power Operation and Adjusting and Promoting More and Full Electricity Generation of Clean Energies (關於改善電力運行調節促進清潔能源多發滿發的指導意見) jointly issued by the NDRC and the NEA on 20 March 2015, the hydropower generation capacity shall be determined based on its historical average water flow and the conditions of the local resources.

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The NDRC issued the Circular on Electric Power Operation Adjustment of 2016 (關於做好2016年電力運行調節工作的通知) on 26 February 2016 (the “**2016 Circular**”), which encouraged local government authorities and power generation enterprises to optimize their allocation of power generation units, increase the proportionality of the use of clean energy in power generation, and promote the direct transactions between power generators and end-user customers. The 2016 Circular also urged local government authorities to work with power generation enterprises to make reasonable power generation and purchase plans based on local market needs and conditions, and to guarantee the power supply to agricultural use, public services and basic home needs.

The Administrative Measures for the Guaranteed Purchase of Renewable Energy-generated Power in Full Amount (可再生能源發電全額保障性收購管理辦法) issued by NDRC on 24 March 2016 provides for details relating to full amount guaranteed purchase of wind power generation, solar power generation, biomass power generation, geothermal power generation, and ocean power generation. Subject to the benchmark on-grid tariff determined by the State (or ascertained power-plant on-grid tariff) and designed average utilization hours, preferential generation system and guaranteed full-amount purchase shall be implemented in hydroelectric generation through various ways, for instance, carrying out long-term agreements on purchases and sales of power, preferentially arranging annual power generation plan and participating in spot market transaction.

The NDRC and the NEA jointly published the Action Plan of Clean Energy Utilisation (2018-2020) (清潔能源消納行動計劃(2018-2020年)) on 30 October 2018, which sets the work target for the national hydropower utilization rate of 95% or more from 2018 to 2020; and the Notice on Establishing the Safeguard Mechanism for the Consumption of Electricity from Renewable Energy (關於建立健全可再生能源電力消納保障機制的通知) on 10 May 2019, which provides that a minimum percentage of the annual electricity consumption by each province shall be generated from renewable energy, further promoting the development of renewable energy.

Regulations on Hydropower Station Dams

The Regulations on Administration of Safety of Reservoir Dams (水庫大壩安全管理條例) promulgated by the State Council on 22 March 1991 and last amended on 19 March 2018, the Regulations on the Administration and Supervision of Safe Operation of Hydropower Station Dams (水電站大壩運行安全管理規定) promulgated by the SERC on 1 December 2004 which was replaced by the Regulations on the Administration and Supervision of Safe Operation of Hydropower Station Dams (水電站大壩運行安全監督管理規定) promulgated by the NDRC on 1 April 2015, and relevant rules issued there under, provide for the regulations on the administration and supervision of the safe operation of large and medium-sized hydropower station dams. The dam operator shall conduct supervision and analysis during the construction period and the first stage of water storage, conduct safety appraisals at the time of water storage and project completion, and file the supervision and analysis documents, safety appraisal report and acceptance report with the Large Dam Safety Supervision Center administered by the NEA (the “**Dam Center**”) for record. The dam operator is responsible for the daily and annual inspection while the Dam Center is responsible for periodic inspections and non-routine inspections. The periodic

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inspection shall be conducted every five years and non-routine inspections shall be conducted upon the occurrence of any large flood, strong earthquake and other unusual circumstances that may affect the safety of the dam.

According to their safety status, dams are classified as normal, defective and dangerous. The defective and dangerous dam shall be reinforced, reconstructed or maintained within a prescribed period, and its operation will be altered, limited or stopped before being reclassified as a normal dam. The dam operator shall file the safety registration with the Dam Center within a prescribed period, which will issue the Certificate of Safety Registration of Power Station Dam based on the safety and management conditions before the dam may be put into use.

PRC LAWS AND REGULATIONS RELATING TO BUSINESS QUALIFICATIONS AND LICENCES

Electric Power Business Licences

According to the Power Business Licences Regulations, an enterprise that engages in any electric power business (including power generation, power transmission and power supply) within the PRC shall obtain an electric power business licence. Unless the otherwise approved by the SERC, it shall be illegal to engage in any electric power business without obtaining an electric power business licence.

Electric power business licences are divided into three categories: power generation, power transmission and power supply, and are valid for twenty years after granting. The holder of the electric power business licence shall reapply for the renewal of the licence within 30 days prior to its expiration.

Water Collection Permit

Key PRC laws and regulations regulating the water collection include (i) Water Law of the PRC (中華人民共和國水法), which was promulgated by the Standing Committee of National People's Congress (the “**NPC Standing Committee**”) on 21 January 1988 and last amended on 2 July 2016; (ii) the Regulations on Administration of Water Collection Permit and Water Collection Charges (取水許可和水資源繳費徵收管理條例), which was promulgated by the State Council on 21 February 2006 and amended on 1 March 2017; and (iii) the Measures on Administration of Water Collection Permit(取水許可管理辦法), which was promulgated by the Ministry of Water Resources on 9 April 2008 and last amended on 22 December 2017. According to these laws and regulations, except for those otherwise not required to apply for water collection licence, any person and entities who directly obtain water resources from rivers, lakes and underground water by water extradition works or facilities shall apply to the water administration departments or water authorities for a water collection permit and pay the water resource charges to collect water. Persons collecting water shall collect water according to the approved annual water collection plan. In the event that the water collected exceeds the limit under the plan, additional water resources charges shall be paid on the exceeding portion. However, according to the Pilot Implementation Measures on Expanding the Reformation on Water Resource Tax (擴大水資源稅改革試點實施辦法) jointly promulgated by the MOF, the State Administration of Taxation and the Ministry of Water Resource on 24 November

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2017 and became effective on 1 December 2017, water collecting persons in nine pilot provinces (including, Beijing, Tianjin, Shanxi, Inner Mongolia, Shandong, Henan, Sichuan, Shaanxi, Ningxia) shall pay water resource taxes instead of water collection charges, which are generally determined by the water volume actually collected multiplying the applicable fee rate. For the water collected and used for hydropower generation, the water resource taxes shall be determined by the amount of electricity actually produced multiplying the applicable fee rate.

Water collection permits are generally valid for five years and usually no more than ten years. Upon expiration, water collection licences can be renewed by submitting renewal applications to the approving authorities within 45 days prior to the expiration.

PRC LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the NPC Standing Committee on 26 December 1989, amended on 24 April 2014 and became effective on 1 January 2015, persons causing environmental pollution and other public hazards shall adopt effective measures to prevent and control the pollution and public hazard. The design, construction and commencement of operation of facilities for prevention and control of pollution shall be conducted at the same time with that of the main body of the operating project that causes such pollution. Facilities for the prevention and control of pollution shall conform to the requirements of the approved documents of the environment impact assessment and shall not be dismantled or left idle without permission.

According to the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法) promulgated on 28 October 2002 and last amended on 29 December 2018 and the Rule on Classification for Environmental Impact Assessment for Construction Projects (建設項目環境影響評價文件分級審批規定) promulgated by the Ministry of Environmental Protection of the PRC on 16 January 2009 and came into effect on 1 March 2009, it is required that the environmental impact of any construction project be assessed and classified based on the degree of environmental impact caused by the project. In the event of significant environmental impact, an environmental impact report shall include a comprehensive appraisal on the possible environmental impact; in the event of slight environmental impact, an environmental impact form shall include a general analysis or appraisal on the environmental impact; and in the event of minimal environmental impact so that it is not necessary to conduct an environmental impact appraisal and an environmental impact registration form shall be filed instead.

According to the Regulation on the Administration of Environmental Protection Measures of Construction Projects (建設項目環境保護管理條例), which was promulgated on 29 November 1998 and amended on 16 July 2017 and became effective on 1 October 2017, for any project for which an environmental impact report or an environmental impact form is required to be prepared, the environmental impact report or environmental impact form shall be submitted by the developer of the project to competent authorities for approval prior to the commencement of the construction of the project. The construction of the project may not start before the environmental impact report or environmental

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impact form is approved. The developer is also required, after the completion of the project development, to prepare an inspection and acceptance report on pollution prevention and control facilities to be operated together with the project.

PRC LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION

Labour Law of the PRC

The Labour Law of the PRC (中華人民共和國勞動法), which was promulgated by the NPC Standing Committee on 5 July 1994 and last amended on 29 December 2018, provides that an employer shall develop and improve its rules and regulations to safeguard the rights and interests of its employees. An employer shall develop and improve labour safety and health procedures, comply with national protocols and standards on labour safety and health, conduct labour safety and health education for its personnel, take measures to prevent labour safety accidents and reduce occupational hazards. Labour safety and health facilities must comply with relevant national standards. Employers must provide employees with the necessary labour protection gear that complies with national standards, as well as provide regular health examinations for workers that are exposed to occupational hazards.

Labour Contract Law of the PRC and its Implementation Rules

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the “**Labour Contract Law**”), which was promulgated by the NPC Standing Committee on 29 June 2007 and amended on 28 December 2012 and the Implementation Rules for the Labour Contract Law of the PRC (中華人民共和國勞動合同法實施條例) which was promulgated and became effective on 18 September 2008 regulate parties to a labour contract, namely the employer and the employee, and contain specific provisions involving the terms and conditions of the labour contract. Pursuant to the Labour Contract Law and its implementation rules, a labour contract must be made in writing. Employers and employees may enter into a fixed-term labour contract, non-fixed term labour contract, or labour contracts that expire upon completion of given tasks. An employer may legally terminate a labour contract and dismiss its employee upon mutual agreement or by fulfilling relevant statutory conditions, including payment of additional compensation.

Laws and Regulations on the Supervision over Social Security and Housing Provident Funds

According to the Temporary Regulations on the Collection and Payment of Social Insurance Premium (社會保險費徵繳暫行條例), which was promulgated by the State Council on 22 January 1999 and amended on 24 March 2019, the Regulations on Workers’ Compensation Insurance (工傷保險條例), which was promulgated by the State Council on 27 April 2003 and amended on 20 December 2010, the Regulations on Unemployment Insurance (失業保險條例), which was promulgated by the State Council and became effective on 22 January 1999 and the Trial Measures on Maternity Insurance for Enterprises Employees (企業職工生育保險試行辦法), which was promulgated by the Ministry of Labour on 14 December 1994 and became effective on 1 January 1995, employers in the PRC are required to pay social security contributions for their employees, including a basic pension plan, unemployment insurance, maternity insurance, workers’ compensation insurance and basic medical insurance. Employers are required to register

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with local social security authorities, and pay and withhold social security contributions for or on behalf of its employees. The Law on Social Security of the PRC (中華人民共和國社會保險法), which was promulgated on 28 October 2010 and amend on 29 December 2018, provides for details on employers' social security obligations and the liabilities for failing to comply.

The Regulation on the Administration of Housing Provident Funds (住房公積金管理條例), which was promulgated by the State Council on 3 April 1999 and last amended on 24 March 2019, provides that employers shall pay, together with each employee, contributions to a housing provident fund. The housing provident fund contributions so paid by the employer and the employee shall belong to the employee.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

The following selected consolidated financial information and other financial data relating to the Group as at and for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 have been extracted from, and should be read in conjunction with, the Historical Financial Information, which is included in the F-pages of this Prospectus. Certain operating data relating to the Group are also set forth below. The following section also includes certain non-PRC GAAP financial information (EBITDA and EBITDA margin) for the periods indicated, which has not been extracted from the Historical Financial Information and has not been prepared in accordance with PRC GAAP. A reconciliation of profit before tax from continuing operations for the period/year to EBITDA and EBITDA margin can be found in “Operating and Financial Review—Key Performance Indicators and Other Financial Metrics”.

The selected consolidated financial information should be read in conjunction with “Operating and Financial Review”.

The following selected consolidated financial information and other financial data relating to the Group as at and for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 have been extracted from, and should be read in conjunction with, the Historical Financial Information, which is included in the F-pages of this Prospectus. Certain operating data relating to the Group are also set forth below.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

SELECTED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Total operating revenue	50,145.5	51,214.0	49,874.1	20,362.8	19,912.5
Including: Operating revenue . . .	50,145.5	51,214.0	49,874.1	20,362.8	19,912.5
Total operating costs	27,266.0	27,015.8	25,959.5	12,172.8	12,043.9
Including: Operating costs	19,453.7	19,005.2	18,697.3	8,756.8	8,748.6
Taxes and surcharges	1,056.0	1,288.5	1,168.8	475.6	402.9
Selling and distribution					
expenses	19.1	25.0	27.8	8.9	38.2
Administrative expenses	811.6	800.6	813.6	260.9	351.5
Research and development					
expenses	28.8	42.5	41.1	12.9	7.8
Financial expenses	5,896.7	5,853.9	5,211.0	2,657.7	2,494.8
Including: Interest expenses . .	6,141.2	5,922.2	5,201.0	2,648.8	2,538.6
Interest income	68.5	76.0	71.6	28.8	43.7
Add: Other income	2,292.0	718.1	2.6	0.3	4.2
Investment income	2,311.7	2,707.0	3,074.8	1,905.8	2,244.8
Including: investment income					
from related enterprises and					
joint ventures	1,142.8	1,448.8	2,077.2	986.1	1,453.7
Add: Fair value gains (losses) . .	(164.3)	36.5	(26.9)	299.5	(377.3)
Credit Impairment losses	—	—	3.3	(4.5)	(4.6)
Asset Impairment losses	(204.6)	(274.9)	(35.6)	—	—
Income from assets disposal . . .	(37.4)	7.1	—	(11.0)	11.0
Operating profit	27,076.9	27,392.1	26,932.7	10,380.1	9,746.7
Add: Non-operating income	0.5	11.9	29.2	0.7	54.3
Less: Non-operating expenses	423.1	396.8	334.9	152.4	292.4
Total profit	26,654.4	27,007.1	26,627.0	10,228.3	9,508.6
Less: Income tax expenses	4,379.8	4,363.6	5,059.6	1,653.0	1,556.0
Net profit	22,274.6	22,643.6	21,567.4	8,575.2	7,952.6
Net profit attributable to owners					
of the parent company	22,260.9	22,610.9	21,543.5	8,572.4	7,902.5
Minority interests income	13.7	32.6	24.0	2.8	50.1

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

SELECTED STATEMENT OF FINANCIAL POSITION

	As at 31 December			As at 30 June
	2017	2018	2019	2020
		(Audited)		(Unaudited)
	(RMB in millions)			
Current assets				
Cash at bank and on hand	5,201.5	5,336.9	7,323.5	7,937.5
Financial assets at fair value through profit or loss	0.0	—	—	—
Notes receivables	77.1	3.7	2.6	4.2
Accounts receivables	3,213.1	2,626.1	2,944.4	6,937.4
Advances to suppliers	30.0	10.2	14.5	34.7
Other receivables	354.3	80.0	68.1	1,283.1
Including: Dividends receivables	159.9	53.2	50.0	1,084.8
Inventories	257.0	219.2	222.4	347.4
Other current assets	1,054.2	1,208.9	459.8	420.2
Total current assets	10,187.2	9,484.9	11,035.1	16,964.5
Non-current assets				
Debt investments	—	—	1,148.3	1,159.3
Available-for-sale financial assets	15,633.0	18,123.0	—	—
Long-term equity investments	16,155.8	21,487.0	40,258.2	45,851.4
Other equity instrument investments	—	—	4,432.4	4,124.6
Other non-current financial assets	—	—	5,812.0	4,288.3
Investment real estates	29.7	28.6	27.6	117.9
Fixed assets	249,701.6	237,911.9	226,292.0	232,267.3
Construction in progress	6,097.0	6,691.7	6,880.6	7,616.3
Intangible assets	169.6	181.1	191.5	265.4
Long-term deferred expenses	—	1.4	1.7	1.6
Deferred income tax assets	168.9	343.7	369.2	420.0
Other non-current assets	1,255.4	1,243.7	34.3	19,642.3
Total non-current assets	289,211.0	286,012.0	285,447.7	315,754.5
Total assets	299,398.2	295,497.0	296,482.9	332,719.0
Current assets				
Current liabilities				
Short-term borrowings	19,005.0	12,700.0	21,308.0	42,792.8
Financial liabilities held for trading	—	—	768.4	670.9
Financial liabilities at fair value through profit or loss	513.9	492.2	—	—
Notes payable	101.0	63.5	18.7	19.3
Accounts payable	87.4	82.6	86.8	874.3
Advances from customers	10.4	9.8	9.2	—
Contract liabilities	—	—	—	75.7
Employee compensation payable	90.2	104.0	120.5	243.8
Taxes payable	2,212.6	2,244.2	2,106.2	2,103.3
Other payables	20,676.1	19,336.9	21,042.3	33,651.0
Including: Interest payable	665.3	685.7	897.1	1,582.2
Dividend payable	—	—	—	15,000.9
Current portion of non-current liabilities	13,507.5	15,297.7	2,499.8	6,198.3
Other current liabilities	3,498.8	6,496.3	7,998.7	6,495.7
Total current liabilities	59,703.0	56,827.2	55,958.5	93,125.0
Non-current liabilities				
Long-term borrowings	31,500.0	26,000.0	24,600.0	22,799.1
Bonds payable	30,151.1	34,265.9	43,794.8	50,937.2
Long-term payables	41,232.9	34,632.9	21,232.9	20,152.7
Estimated liabilities	—	—	—	28.9
Deferred income	—	6.2	5.8	5.8
Deferred income tax liabilities	1,292.3	1,080.2	874.8	2,181.6
Total non-current liabilities	104,176.4	95,985.2	90,508.4	96,105.4

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

	As at 31 December			As at 30 June
	2017	2018	2019	2020
	(Audited)			(Unaudited)
	(RMB in millions)			
Total liabilities	163,879.4	152,812.4	146,466.9	189,230.5
Owners' equity				
Capital stock	22,000.0	22,000.0	22,000.0	22,000.0
Capital reserves	44,322.9	44,295.5	44,364.3	44,335.4
Other comprehensive income	3,699.0	3,187.9	2,352.4	1,709.8
Surplus reserves	21,790.5	24,319.5	24,319.5	24,319.5
Undistributed profits	43,289.1	48,400.5	56,473.9	49,419.3
Total shareholders' equity attributable to parent company	135,101.5	142,203.4	149,510.2	141,784.0
Minority interests	417.4	481.1	505.8	1,704.5
Total stockholders' equity	135,518.8	142,684.6	150,016.0	143,488.5
Total liabilities and stockholders' equity	299,398.2	295,497.0	296,482.9	332,719.0

SELECTED CASH FLOW STATEMENT

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(Audited)			(Unaudited)	
	(RMB in millions)				
Net cash flows from operating activities	39,693.2	39,736.7	36,464.4	13,828.0	12,066.4
Net cash flows from investing activities	(9,795.2)	(9,226.1)	(6,631.5)	(3,504.9)	(32,334.4)
Net cash flows from financing activities	(28,032.5)	(30,473.3)	(27,873.6)	(8,349.0)	20,593.0
Effects from change of exchange rate to cash and cash equivalents	(35.0)	96.9	24.1	6.1	289.0
Cash and cash equivalents at the beginning of the year/period . . .	3,369.8	5,200.2	5,334.5	5,334.5	7,317.9
Cash and cash equivalents at the end of the year/period	5,200.2	5,334.5	7,317.9	7,314.7	7,932.0

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

SEGMENTAL INFORMATION

The following table sets forth a breakdown of the Group's operating revenue by segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage	Operating revenue	Percentage
		(%)		(%)		(%)		(%)		(%)
	Audited						Unaudited			
(RMB in millions, except percentages)										
Primary Business ⁽¹⁾	50,107.4	99.9	51,137.5	99.9	49,793.4	99.8	20,345.1	99.9	19,752.7	99.2
Others ⁽²⁾	38.1	0.1	76.5	0.1	80.7	0.2	17.7	0.1	159.9	0.8
Total	<u>50,145.5</u>	<u>100.0</u>	<u>51,214.0</u>	<u>100.0</u>	<u>49,874.1</u>	<u>100.0</u>	<u>20,362.8</u>	<u>100.0</u>	<u>19,912.5</u>	<u>100.0</u>

Notes:

- (1) Consists of revenue generated by hydropower generation business, overseas business, electricity distribution and sales business and other related businesses.
- (2) Consists of rental income and income from disposal of spare parts, and since 2020, the Group has derived income from commissioned operation of certain hydropower projects.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's operating and financial results is based on, and should be read in conjunction with, the Financial Statements. Investors should read the following discussion together with the whole of this Prospectus, including "Risk Factors", "Selected Consolidated Financial Information and Other Financial Data" and the Financial Statements (including the related notes), and should not rely solely on the information set out in this section.

The following discussion includes certain forward-looking statements that, although based on assumptions that the Group considers to be reasonable, are subject to risks and uncertainties that could cause actual events or conditions to differ materially from those expressed or implied in this Prospectus. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements are those factors that are discussed in "Forward-Looking Statements" and "Risk Factors" in this Prospectus. All statements, other than statements of historical fact, such as statements regarding the Group's future financial position and risks and uncertainties related to the Group's business, plans and objectives for future operations, are forward-looking statements.

OVERVIEW

The Group is primarily engaged in hydropower generation in the PRC. As at the Latest Practicable Date, the Group owned and operated four hydropower projects located along the upper and midstream of the Yangtze River, namely the Three Gorges Project, the Gezhouba Project, the Xiluodu Project and the Xiangjiaba Project. The Group's four hydropower projects in operation form an integral cascade hydropower system. The Group implements a joint cascade dispatch and scheduling system, which coordinates and adjusts the reservoir storage of the four hydropower projects according to the prevailing hydrological conditions to regulate water flow and maximise hydropower generation efficiency. As at 30 June 2020, the four projects have a total cascade reservoir capacity of approximately 63,858 million cubic metres. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the total installed capacity of the Group's four hydropower projects remained to be 45,495 MW. In 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the total amount of electricity generated by the Group's four hydropower projects was 210.9 TWh, 215.5 TWh, 210.5 TWh, 85.4 TWh and 80.1 TWh, respectively.

In the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 the Group's operating revenue was RMB50,145.5 million, RMB51,214.0 million, RMB49,874.1 million, RMB20,362.8 million and RMB19,912.5 million, respectively, and the Group's net profit was RMB22,274.6 million, RMB22,643.6 million, RMB21,567.4 million, RMB8,575.2 million and RMB7,952.6 million, respectively.

OPERATING AND FINANCIAL REVIEW

BASIS OF PRESENTATION

The Group's consolidated financial information in 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 has been prepared in accordance with PRC GAAP. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at their fair value. The consolidated financial statements are presented in Renminbi.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Where the Group has control over an investee, it is classified as a subsidiary. Control is achieved when the Group has power over the investee, is exposed to variable returns from the investee, and has the ability to affect those variable returns through its power over the investee. All material intra-group transactions and balances have been eliminated on consolidation.

On April 24, 2020, CYPI, a wholly-owned subsidiary of the Company, acquired 100% of the equity interests in Sempra Americas Bermuda Ltd., which has been renamed to Andes Bermuda Ltd. ("AB"), and approximately 50.00000069% of the equity interests in Peruvian Opportunity Company S.A.C. ("POC"). The remaining approximately 49.99999931% interest of POC is held by AB. As a result of this transaction, the Group acquired 83.64% interest in Luz del Sur. As at 30 June 2020, the audit and evaluation of the book value and fair value of the identifiable net assets on the purchase date of the acquirees are still in progress, and the goodwill created in connection with the acquisition will be decided within 12 months after the completion of the acquisition.

KEY FACTORS AFFECTING GROUP'S RESULTS OF OPERATIONS

The following factors are the principal factors that have affected and, as the Group expects, will continue to affect the Group's business, financial condition, results of operations and prospects.

Water inflow from and hydrological conditions of the Yangtze River

The Group owns four large-scale hydropower projects located in the upper and midstream of the Yangtze River. Hydropower generation at the Group's hydropower projects is dependent on water inflow from the Yangtze River to the Group's reservoirs. The majority of the Group's power generation occurs during times of high precipitation and snowmelt, which result in an increase in water inflow from the Yangtze River, primarily from June to September each year. Water inflow from the Yangtze River to the Group's hydropower projects has a significant impact on the Group's power generation and operating performance. For example, the Group's operating revenue from its primary business decreased by 2.6% from RMB51,137.5 million in the year ended 31 December 2018 to RMB49,793.4 million in the year ended 31 December 2019, primarily due to the relatively low level of water inflow from the Yangtze River in 2019 resulting in a decrease in power generated by the Group. In contrast, the Group's operating revenue from its primary business increased by 2.1% from RMB50,107.4 million in the year ended 31 December 2017 to RMB51,137.5 million in the year ended 31 December 2018, primarily due to an increase in the water inflow from the Yangtze River in the year ended 31 December 2018 and the Group's optimised cascade control capability, which led to an

OPERATING AND FINANCIAL REVIEW

increase in electricity generation. The Group pays close attention to the influence of meteorological changes to water inflow from the Yangtze River and the rainfall regimen in the region and maintains strong cooperative relationships with flood control authorities and power grid dispatching organisations. Through continuously collecting and analyzing data on water inflow and the rainfall regimen around the Yangtze River, the Group is able to adopt measures for flood control and water replenishment and to deal with changes in demand for power generation and transmission.

On-grid Tariffs

The Group generates a significant majority of its revenue from on-grid tariffs collected upon sales of electricity. The Group's on-grid tariffs are generally set using the following methods:

- (1) *Local price backward pricing*: On-grid tariff is determined with reference to the local price (including price based on regulatory guidance and market-based price) at the electricity demand side, after deducting the transmission price charged by grid companies.
- (2) *Individual project pricing*: On-grid tariff is determined by the relevant pricing authority on a case-by-case basis. One of the key considerations is the construction and operating costs and the rate of return of the projects.

The on-grid tariffs for the Three Georges Project are determined using the local price backward pricing method with reference to the local prices based on regulatory guidance. The tariffs for the Gezhouba Project are determined using the individual project pricing method. The on-grid tariffs for the Xiluodu Project and the Xiangjiaba Project are determined using the local price backward pricing method. Their electricity prices primarily refer to local prices based on regulatory guidance and, since 2016, the two projects also set some of their electricity prices with reference to market-based local prices.

In the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's VAT-inclusive on-grid tariffs per MWh, which are calculated as the total settlement amount from the sale of electricity divided by total electricity on-grid, were RMB276.8, RMB276.9, RMB270.1, RMB273.2 and RMB264.3. In the years ended 31 December 2017, 2018 and 2019, the Group sold 16.5 TWh, 23.6 TWh and 29.0 TWh of electricity in marketised transactions, representing 7.9%, 11.0% and 13.9% of the Group's total electricity generation for those periods. The proportion of electricity sold through market-oriented transactions in the power generation industry is expected to increase in the future.

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Electricity Sale and Consumption

The Group's hydropower projects in China sell electricity to three power receiving areas covering 12 power receiving provinces and cities.

According to regulatory guidance promulgated by the PRC government, the Group enters PPAs with grid companies:

- (1) *The Three Gorges Project*: In 2017, the Group entered into a master agreement for electricity sales with State Grid as the purchaser for the years from 2017 to 2020, which relates to the regions where State Grid operates. In the same year, the Group entered into a master agreement for electricity sales and transmission with Southern Grid as the purchaser and State Grid as the grid provider for the years from 2017 to 2020, which relates to the region where South China operates, namely the Guangdong Province. The Group also signs annual supplemental PPAs with the two grid companies.
- (2) *The Gezhouba Project*: The Group enters into annual PPAs with State Grid as the purchaser.
- (3) *The Xiangjiaba Project*: The Group enters into annual PPAs with State Grid as the purchaser.
- (4) *The Xiluodu Project*: The Group enters into annual PPAs with State Grid as the purchaser in respect of the left bank of the project. It enters into annual PPAs with South Grid as the purchaser in respect of the right bank of the project.

The master agreements and PPAs set out the major terms for electricity sales. If any of the agreements is not renewed prior to its expiration, the Group and the relevant grid company normally will continue the electricity purchase and sale arrangement pursuant to the terms of the expired agreement until a new agreement is signed.

In 2019, the annual contracted electricity of the Three Gorges Project, Gezhouba Project, Xiangjiaba Project, Xiluodu left bank, and Xiluodu right bank power stations were 90.6 TWh, 17.7 TWh, 32.8 TWh, 28.5 TWh, and 30.5 TWh, totaling about 200.1 TWh, which accounted for 95.6% of the on-grid electricity generated by the Group in 2019.

The Group's revenue and profit are driven by the volume of electrical output dispatched from the Group's hydropower projects. The demand for electricity in power receiving regions the Group serves directly impacts the total electrical output dispatched from its hydropower projects. Energy consumption in the regions served by the Group's hydropower projects is subject to change as a result of various factors including varying load demands and transmission channels. A decline in electricity consumption could have an adverse effect on the Group's results of operations and financial condition. The Group monitors the dispatch, delivery and consumption of electricity generated at its hydropower projects and communicates closely with power grid companies and power receiving provinces and cities in order to respond to changes in power consumption in a timely manner.

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For many other power plants, the actual amount of power supplied and sold is limited by the consumption levels of downstream grids and the power plants' ability to compete effectively with other market participants to sell their electricity to power grids. Under the regulatory scheme, however, the vast majority of power generated by the Group is already allocated for supply to specific power receiving regions at a fixed price, which allows the Group to benefit from more predictable and consistent revenue streams from its power generation business.

Operational Efficiency

As at 30 June 2020, the consolidated installed capacity of the Group's Three Gorges Project, Gezhouba Project, Xiluodu Project and Xiangjiaba Project was 22,500 MW, 2,735 MW, 13,860 MW and 6,400 MW, respectively. The Group measures its operational efficiency using two metrics: the average utilisation hours of electricity generated and the amount of electricity generated by the Group's hydropower projects. Despite year-to-year fluctuations in water inflow in the Yangtze river, the total amount of electricity generated by the Group's four hydropower projects remained relatively stable and amounted to 210.9 TWh, 215.5 TWh, 210.5 TWh, 85.4 TWh and 80.1 TWh, respectively, for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020. The Group's four hydropower projects form an integral cascade hydropower system, which coordinates and adjusts the reservoir storage of the four hydropower projects according to prevailing hydrological conditions to regulate water flow and maximise hydropower generation efficiency. Through cascade control, the Group reduces unutilised water inflow by retaining excess water in each project's reservoir during flood seasons and discharging water to downstream projects during non-flood seasons. This process enhances power generation efficiency and ensures stable power generation. Please see "*Business—Hydropower Generation*" and "*Business—Cascade Hydropower System*".

The Group's operational efficiency is also evidenced by the average utilisation hours of each of its hydropower projects. Assuming all other factors that may impact the Group's performance remain the same, a decrease in average utilisation hours of the Group's hydropower projects would result in a decrease in the Group's operating revenue. The average utilisation hours of the Group's hydropower projects have remained consistently high in the past three years and in the six months ended 30 June 2019 and 2020. The following tables set forth the amount of electricity generated and average utilisation hours of the Group's four hydropower projects in the PRC for the periods indicated:

Electricity Generated

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(TWh)				
Hydropower Project					
Three Gorges Project	97.6	101.6	96.9	40.8	38.8
Gezhouba Project	19.1	18.3	19.1	8.7	8.4
Xiluodu Project	61.4	62.5	60.8	22.8	20.9
Xiangjiaba Project	32.8	33.1	33.7	13.0	12.0

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Generation Equipment Average Utilisation Hours

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
Hydropower Project					
Three Gorges Project	4,398.8	4,541.3	4,337.3	1,817.0	1,725.8
Gezhouba Project	7,343.8	7,118.1	7,369.0	3,140.3	3,025.2
Xiluodu Project	4,889.1	5,223.6	5,073.3	1,812.3	1,658.3
Xiangjiaba Project	5,482.0	5,521.0	5,857.6	2,171.0	2,010.8

Overseas Projects and Assets and International Technical Advisory Services

Against the backdrop of global economic growth slowing down and reforms to the domestic PRC economy, the Group continues to pursue opportunities to invest in foreign assets and projects. Any investment income generated by such foreign investments will depend on numerous factors, including international and domestic political conditions, economic conditions, industry conditions, changes to international and domestic capital markets and the occurrence of natural disasters. Investments and acquisitions can have a direct impact on the Group's results of operations and financial condition, depending on the amounts of investment involved and the subsequent performance of the business in which the Group invests or which it acquires. Most recently, in April 2020, the Group acquired the Acquired Companies, which in aggregate hold 83.6% of the equity interests in Luz del Sur, a leading electricity distribution company in Peru. The Group's ability to identify strategic foreign projects and assets and investments may affect future growth and the direction of its business.

In addition to direct investments, the Group also provides technical advisory services to hydropower projects in other countries including Brazil, Pakistan, Malaysia and Uganda. These services include providing technical support for the operation and management of hydropower projects, providing project management services and providing consulting services, including consulting on the operation and maintenance of hydropower projects.

Financing Costs

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		Audited			Unaudited
		(RMB in million)			
Interest Expenses	6,141.2	5,922.2	5,201.0	2,648.8	2,538.6

As at 30 June 2020, the Group had indebtedness of RMB149,375.9 million. In the three years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020, the Group incurred interest expenses of RMB6,141.2 million, RMB5,922.2 million, RMB5,201.0 million, RMB2,648.8 million and RMB2,538.6 million, respectively. Since the Group's asset reorganization in 2016, the Group has gradually lowered its indebtedness and reduced financing costs. The Group's financial expenses, which include interest expenses less interest income and add exchange gains (losses), were RMB5,896.7 million, RMB5,853.9 million, RMB5,211.0 million, RMB2,657.7 million and RMB2,494.8 million, respectively, for the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020. The Group's indebtedness consist of loans and

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bonds. The Group is able to leverage on its consistently strong credit rating to launch bond offerings and obtain loans from commercial banks at generally low interest rates and in the past. Neither the Group nor any of its subsidiaries has experienced any difficulties in obtaining loans under loan commitments made by commercial banks in China. However, in the event that interest rates increase, the Group may be adversely affected by higher costs of capital. The level of the Group's borrowings and its ability to obtain additional financing on favorable terms may also have a material effect on its financing costs and financial condition.

Preferential Tax Treatment

Preferential tax treatment is given in the PRC to renewable energy companies. In the past, the Group has benefitted from tax incentives including preferential EIT rates and VAT rebates. Any reduction, discontinuation or unfavourable application of such preferential treatments could adversely affect the Group's results of operations.

Preferential EIT rates

The Group benefits from the following preferential enterprise income tax rates ("EIT"):

- (i) *Three Gorges High-tech Information Technology Co., Ltd.* On 30 November 2018, pursuant to the relevant provisions of the Measures for the Recognition and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 32) and the Guidelines for the Recognition and Management of High-tech Enterprises (Guo Ke Fa Huo (2016) No. 195), the Group's subsidiary, Three Gorges Hi-Tech Information Technology Co., Ltd., was recognised as a 'High and New Technology Enterprise'. Three Gorges Hi-Tech Information Technology Co., Ltd. is eligible for a preferential EIT rate of 15% for three years.
- (ii) *Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.* Pursuant to certain tax regulations, including the SAT's "Announcement of the State Administration of Taxation on Issues of Enterprise Income Tax Concerning In-depth Implementation of Western Region Development Strategy (Announcement No. 12)", the Group's subsidiary, Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. qualifies for preferential tax treatment relating to the development of the Western region and enjoys a reduced EIT rate of 15%. Pursuant to the SAT's "Announcement of the State Administration of Taxation on Issues of Enterprise Income Tax Concerning Public Infrastructure Projects with Great Support from the State (Announcement No. 80)", Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. was exempt from EIT from 2013 to 2015, was subject to a preferential EIT rate of 7.5% from 2016 and 2018 and will be eligible for a preferential EIT rate of 15% from 2019 onwards.

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VAT rebate

The Group's sales of electricity from 2017 to 2019 were subject to a VAT rate in the PRC ranging from 13% to 17%. Historically, the Group received refunds for the portion of its VAT burden that is in excess of a certain percentage of the Group's actual VAT burden for sales of electricity generated by its hydropower projects. From 1 January 2016 to 31 December 2017, the Group was eligible to receive refunds for the portion of its VAT burden in excess of 12% of its actual VAT burden. The Group ceased to be eligible for VAT refunds in 2018. All outstanding VAT refunds that the Group was eligible to receive were received in the year ended 31 December 2018.

PRINCIPAL COMPONENTS OF CONSOLIDATED INCOME STATEMENTS

Operating Revenue

The Group derives substantially all of its operating revenue from sales of electricity to power grids. In the three years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, substantially all of the Group's operating revenue was generated from its four large-scale hydropower projects along the middle and upper reaches of the Yangtze River. The following table sets forth a breakdown of the Group's operating revenue by segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)	Operating revenue	Percentage (%)
	Audited						Unaudited			
(RMB in millions, except percentages)										
Primary Business ⁽¹⁾	50,107.4	99.9	51,137.5	99.9	49,793.4	99.8	20,345.1	99.9	19,752.7	99.2
Others ⁽²⁾	38.1	0.1	76.5	0.1	80.7	0.2	17.7	0.1	159.9	0.8
Total	50,145.5	100.0	51,214.0	100.0	49,874.1	100.0	20,362.8	100.0	19,912.5	100.0

Notes:

- (1) Consists of revenue generated by hydropower generation business, overseas business, electricity distribution and sales business and other related businesses.
- (2) Consists of rental income and income from disposal of spare parts, and since 2020, the Group has derived income from commissioned operation of certain hydropower projects.

Total Operating Costs

The Group's total operating costs primarily consist of operating costs, taxes and surcharges, selling and distribution expenses, administrative expenses, research and development expenses and financial expenses.

Operating costs

The Group's operating costs mainly consist of depreciation costs of fixed assets. As a hydropower company, the Group's operating costs remain relatively stable from year to year.

OPERATING AND FINANCIAL REVIEW

The following table sets forth the Group's operating costs by segment for the periods indicated:

	Year ended 31 December						Six months ended 30 June				
	2017		2018		2019		2019		2020		
	Operating costs	Percentage of Operating costs	Operating costs	Percentage of Operating costs	Operating costs	Percentage of Operating costs	Operating costs	Percentage of Operating costs	Operating costs	Percentage of Operating costs	
Audited						Unaudited					
(RMB in millions, except percentages)											
Primary Business ⁽¹⁾	19,448.1	100.0	18,999.9	100.0	18,691.9	100.0	8,755.8	100.0	8,632.9	98.7	
Others ⁽²⁾	5.7	–	5.2	–	5.4	–	1.0	–	115.7	1.3	
Total	<u>19,453.7</u>	<u>100.0</u>	<u>19,005.2</u>	<u>100.0</u>	<u>18,697.3</u>	<u>100.0</u>	<u>8,756.8</u>	<u>100.0</u>	<u>8,748.6</u>	<u>100.0</u>	

Notes:

- (1) Consists of operating costs relating to hydropower generation business, overseas business, electricity distribution and sales business and other related businesses.
- (2) Consists of depreciation of real estate assets, which primarily generate rental income, and since 2020, the Group has started to incur costs associated with commissioned operation of certain hydropower projects.

Taxes and surcharges

In the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020, the Group's taxes and surcharges were RMB1,056.0 million, RMB1,288.5 million, RMB1,168.8 million, RMB475.6 million and RMB402.9 million, respectively. The Group's taxes and surcharges represent business tax, city maintenance and construction tax, education surcharges, local education surcharges, property tax, stamp tax and water resources tax.

Selling and distribution expenses

The Group's selling and distribution expenses mainly include employee wages and other benefits, travelling expenses and electricity transaction fees. The table below sets forth a breakdown of the Group's selling and distribution expenses by nature for the periods indicated:

	Year ended 31 December						Six months ended 30 June				
	2017		2018		2019		2019		2020		
	Selling and distribution expenses	Percentage	Selling and distribution expenses	Percentage	Selling and distribution expenses	Percentage	Selling and distribution expenses	Percentage	Selling and distribution expenses	Percentage	
		of selling expenses		of selling expenses		of selling expenses		of selling expenses		of selling expenses	of selling expenses
		(%)		(%)		(%)		(%)		(%)	(%)
Audited						Unaudited					
(RMB in millions, except percentages)											
Employee wages and other benefits	12.7	66.5	14.6	58.4	17.0	61.2	5.4	60.7	24.4	63.9	
Travelling expenses	2.4	12.6	2.8	11.2	2.8	10.1	1.3	14.6	0.4	1.0	
Electricity transaction fees	3.2	16.8	5.8	23.2	5.0	18.0	1.5	16.9	1.8	4.7	
Other expenses	0.9	4.7	1.8	7.2	3.0	10.8	0.7	7.9	11.6	30.4	
Total	19.1	100.0	25.0	100.0	27.8	100.0	8.9	100.0	38.2	100.0	

OPERATING AND FINANCIAL REVIEW

Administrative Expenses

The Group's administrative expenses mainly includes employee wages and other benefits, depreciation of fixed assets, amortisation of intangible assets and low value consumables, navigation and waterway expenses, repair and maintenance expenses and various miscellaneous and other expenses. The table below sets forth a breakdown of the Group's administrative expenses by nature for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Percentage of		Percentage of		Percentage of		Percentage of		Percentage of	
Administrative	Administrative	Administrative	Administrative	Administrative	Administrative	Administrative	Administrative	Administrative	Administrative	
Expenses	Expenses (%)	Expenses	Expenses (%)	Expenses	Expenses (%)	Expenses	Expenses (%)	Expenses	Expenses (%)	
	Audited				Unaudited					
	(RMB in millions, except percentages)									
Employee wages and other										
benefits	224.0	27.6	200.6	25.1	222.0	27.3	75.7	29.0	88.4	25.1
Depreciation of fixed assets	157.6	19.4	138.0	17.2	66.0	8.1	34.3	13.1	45.0	12.8
Amortisation of intangible assets										
and low value consumables ...	12.9	1.6	15.5	1.9	21.8	2.7	9.5	3.6	14.0	4.0
Navigation and waterway										
expenses	69.7	8.6	52.4	6.5	54.9	6.7	26.5	10.2	28.2	8.0
Repair and maintenance										
expenses	155.9	19.2	246.3	30.8	265.9	32.7	58.6	22.5	85.5	24.3
Miscellaneous Expenses ⁽¹⁾	117.8	14.5	110.6	13.8	116.5	14.3	41.1	15.8	68.2	19.4
Others	73.7	9.1	37.3	4.7	66.6	8.2	15.3	5.9	22.2	6.3
Total	811.6	100.0	800.6	100.0	813.6	100.0	260.9	100.0	351.5	100.0

Note:

- (1) Consists of traveling expenses, property insurance expenses, property management expenses, agency fees, consultation expenses, office expenses and rental expenses.

Research and Development Expenses

The Group's research and development expenses mainly consists of employee wages and other benefits, depreciation and various miscellaneous and other expenses. The table below sets forth a breakdown of the Group's research and development expenses by nature for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Percentage of		Percentage of		Percentage of		Percentage of		Percentage of	
Research and Development Expenses	Research and Development Expenses (%)	Research and Development Expenses	Research and Development Expenses (%)	Research and Development Expenses	Research and Development Expenses (%)	Research and Development Expenses	Research and Development Expenses (%)	Research and Development Expenses	Research and Development Expenses (%)	
			Audited					Unaudited		

Note:

- (1) Consists of consulting expenses and project costs relating to research and development activities.

OPERATING AND FINANCIAL REVIEW

Financial Expenses

In the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 the Group's financial expenses were RMB5,896.7 million, RMB5,853.9 million, RMB5,211.0 million, RMB2,657.7 million and RMB2,494.8 million, respectively. The Group's financial expenses primarily consist of interest expenses relating to indebtedness and currency exchange gains or losses. The table below sets forth a breakdown of the Group's financial expenses by nature for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Interest Expenses	6,141.2	5,922.2	5,201.0	2,648.8	2,538.6
Less: Interest Income	68.5	76.0	71.6	28.8	43.7
Add: Exchange gains					
(losses)	(198.7)	(25.8)	36.2	17.9	(47.3)
Other Expenditures	22.7	33.5	45.3	19.9	47.2
Total	5,896.7	5,853.9	5,211.0	2,657.7	2,494.8

Fair Value Gains (Losses)

In the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 the Group had fair value losses of RMB164.3 million, fair value gains of RMB36.5 million, fair value losses of RMB26.9 million, fair value gains of RMB299.5 million and fair value losses of RMB377.3 million, respectively. The table below sets forth a breakdown of the Group's fair value gains (losses) by nature for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Other non-current financial assets	—	—	242.4	145.7	(485.6)
Financial assets measured at fair value and with their changes included in the current year profits and losses	(0.1)	—	—	—	—
Financial liabilities held for trading	—	—	(269.4)	153.8	108.3
Financial liabilities measured at fair value with their changes included in the current year profits and losses . . .	(164.3)	36.5	—	—	—
Total	(164.3)	36.5	(26.9)	299.5	(377.3)

OPERATING AND FINANCIAL REVIEW

Asset Impairment Losses

The following table sets forth a breakdown of the Group's asset impairment losses for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Bad debts provision ⁽¹⁾	7.9	(0.8)	—	—	—
Impairment of inventories ..	196.7	33.3	35.6	—	—
Impairment of financial assets available-for-sale ..	—	242.4	—	—	—
Total	204.6	274.9	35.6	—	—

Note:

- (1) Bad debts provision was recategorised as credit impairment losses instead of asset impairment losses due to adoption of new accounting policies beginning on 1 January 2019.

Other Income

The following table sets forth a breakdown of the Group's other income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
VAT refund for electricity sales ⁽¹⁾	2,290.6	716.6	—	—	—
VAT deduction	—	—	0.3	0.1	0.6
Return of withholding of individual income tax . . .	1.3	1.5	1.6	—	3.5
Yichang Taipingxi Port Shore Power Project	—	—	0.1	—	—
Guangxi North Gulf Port (Fangchenggang District, Qinzhou Dalanping Bonded Port District)					
Shore Power Project	—	—	0.3	0.2	0.1
Rental Subsidies	—	—	0.3	—	—
Exemption from VAT	—	—	—	—	—
Total	<u>2,292.0</u>	<u>718.1</u>	<u>2.6</u>	<u>0.3</u>	<u>4.2</u>

Note:

- (1) The Group was eligible for VAT refunds on its electricity sales until the end of the year ended 31 December 2017. In the year ended 31 December 2018, the Group continued to receive VAT refunds because certain VAT refunds that the Group was eligible to receive in 2017 were received in the year ended 31 December 2018.

OPERATING AND FINANCIAL REVIEW

Investment Income

In the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 the Group's investment income was RMB2,311.7 million, RMB2,707.0 million, RMB3,074.8 million, RMB1,905.8 million and RMB2,244.8 million, respectively. The following table sets forth a breakdown of the Group's investment income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(Audited)			(Unaudited)	
	(RMB in millions, except percentages)				
Long-term equity investments income under the equity method ⁽¹⁾	1,142.8	1,448.8	2,077.2	986.1	1,453.7
Investment income of disposal of long-term equity investments	646.3	(0.3)	—	—	—
Investment income from holding other non-current financial assets	—	—	96.3	80.2	218.4
Investment income of disposal of other non-current financial assets	—	—	488.8	486.8	103.5
Dividend income from investments in other equity instruments during the holding period	—	—	283.5	283.1	228.7
Investment income from available-for-sale financial assets during the holding period	395.3	448.7	—	—	—
Investment income of disposal of available-for-sale financial assets	12.9	763.5	—	—	—
Interest income from debts investments during the holding period	—	—	114.5	59.9	30.3
Investment income from financial assets measured at fair value and with the changes in fair value to be included to profit or loss during the holding period	—	—	—	—	—
Investment income of disposal of financial assets at fair value through profit or loss	0.3	0.1	—	—	—
Investment incomes from entrusted loans	8.2	—	—	—	—
Others	105.8	46.3	14.5	9.7	210.2
Total	2,311.7	2,707.0	3,074.8	1,905.8	2,244.8

Note:

- (1) Represents investment income from the Group's equity investments in related enterprises and joint ventures under the equity method.

OPERATING AND FINANCIAL REVIEW

Non-Operating Income

The Group's non-operating income primarily consists of government subsidies not related to ordinary activities of the Group. The following table sets forth a breakdown of the Group's non-operating income for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(Audited)			(Unaudited)	
	(RMB in millions)				
Government subsidies not related to ordinary activities of the Group	0.2	0.2	28.7	—	—
Others	0.3	11.7	0.5	0.7	54.3
Total	0.5	11.9	29.2	0.7	54.3

Income Tax Expense

The Group's income tax expenses consist of current income tax and deferred income tax. The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which the Group and its subsidiaries are domiciled or operate.

The Group and its subsidiaries located in China have been subject to EIT at a statutory tax rate of 25%, except that some of the subsidiaries and their projects were entitled to preferential tax treatments, mainly including the following:

- (i) Three Gorges Hi-Tech Information Technology Co., Ltd. qualifies for a preferential EIT rate of 15% for three years beginning on 1 January 2018 as a 'High and New Technology Enterprise'; and
- (ii) Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. qualified for a preferential EIT rate of 7.5% from 2016 to 2018 and will be eligible for a preferential EIT rate of 15% from 2019 onwards.

In the years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020, the Group's effective tax rate, which was calculated by dividing the income tax expenses by total profit was 16.4%, 16.2%, 19.0%, 16.2% and 16.4%, respectively. The Group's subsidiary, CYPI, is subject to a Hong Kong profit tax rate of 16.5%. The Acquired Companies are subject to a Peruvian income tax of 29.5%.

OPERATING AND FINANCIAL REVIEW

RESULTS OF OPERATIONS

The following table summarises the Group's results of operations for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(Audited)			(Unaudited)	
	(RMB in millions)				
Total operating revenue	50,145.5	51,214.0	49,874.1	20,362.8	19,912.5
Including: Operating revenue	50,145.5	51,214.0	49,874.1	20,362.8	19,912.5
Total operating costs	27,266.0	27,015.8	25,959.5	12,172.8	12,043.9
Including: Operating costs	19,453.7	19,005.2	18,697.3	8,756.8	8,748.6
Taxes and surcharges	1,056.0	1,288.5	1,168.8	475.6	402.9
Selling and distribution expenses	19.1	25.0	27.8	8.9	38.2
Administrative expenses	811.6	800.6	813.6	260.9	351.5
Research and development expenses	28.8	42.5	41.1	12.9	7.8
Financial expenses	5,896.7	5,853.9	5,211.0	2,657.7	2,494.8
Including: Interest expenses	6,141.2	5,922.2	5,201.0	2,648.8	2,538.6
Interest income	68.5	76.0	71.6	28.8	43.7
Add: Other income	2,292.0	718.1	2.6	0.3	4.2
Investment income	2,311.7	2,707.0	3,074.8	1,905.8	2,244.8
Including: investment income from related enterprises and joint ventures	1,142.8	1,448.8	2,077.2	986.1	1,453.7
Fair value gains (losses)	(164.3)	36.5	(26.9)	299.5	(377.3)
Credit Impairment losses	—	—	3.3	(4.5)	(4.6)
Asset Impairment losses ⁽¹⁾	(204.6)	(274.9)	(35.6)	—	—
Income from assets disposal	(37.4)	7.1	—	(11.0)	11.0
Operating profit	27,076.9	27,392.1	26,932.7	10,380.1	9,746.7
Add: Non-operating income	0.5	11.9	29.2	0.7	54.3
Less: Non-operating expenses	423.1	396.8	334.9	152.4	292.4
Total profit	26,654.4	27,007.1	26,627.0	10,228.3	9,508.6
Less: Income tax expenses	4,379.8	4,363.6	5,059.6	1,653.0	1,556.0
Net profit	22,274.6	22,643.6	21,567.4	8,575.2	7,952.6
Net profit attributable to owners of the parent company	22,260.9	22,610.9	21,543.5	8,572.4	7,902.5
Minority interests income	13.7	32.6	24.0	2.8	50.1

Note:

- (1) Bad debts provision previously recorded under asset impairment losses was recategorised as credit impairment losses beginning in the year ended 31 December 2019.

OPERATING AND FINANCIAL REVIEW

The following discussion compares the major components of the Group's operating results in the three years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020.

Comparisons between the six months ended 30 June 2020 and 2019

Operating Revenue

The Group's total operating revenue decreased by 2.2% from RMB20,362.8 million in the six months ended 30 June 2019 to RMB19,912.5 million in the same period of 2020, primarily due to a decrease in operating revenue from the Group's primary business.

Operating revenue from the Group's primary business decreased by 2.9% from RMB20,345.1 million in the six months ended 30 June 2019 to RMB19,752.7 million in the same period of 2020, primarily because the water inflow from the Yangtze River in the six months ended 30 June 2019 was high and the water inflow in the same period of 2020 was slightly lower, which resulted in a decrease in electricity generated in the six months ended 30 June 2020 comparing to the same period in 2019.

The Group's operating revenue from its other business increased by 803.4% from RMB17.7 million in the six months ended 30 June 2019 to RMB159.9 million in the same period of 2020, primarily because the Group derived revenue from commissioned operation of hydropower projects.

Total Operating Costs

The Group's total operating costs decreased by 1.1% from RMB12,172.8 million in the six months ended 30 June 2019 to RMB12,043.9 million in the same period of 2020.

Operating Costs

Operating costs relating to the Group's primary business decreased by 1.4% from RMB8,755.8 million in the six months ended 30 June 2019 to RMB8,632.9 million in the same period of 2020.

Operating costs relating to the Group's other business increased by 11,470.0% from RMB1.0 million in the six months ended 30 June 2019 to RMB115.7 million in the same period of 2020, primarily because the Group has started to incur costs associated with commissioned operation of hydropower projects.

Taxes and Surcharges

The Group's taxes and surcharges decreased by 15.3% from RMB475.6 million in the six months ended 30 June 2019 to RMB402.9 million in the same period of 2020, primarily due to a decrease in city maintenance and construction tax, educational surcharge, property tax and water resources tax.

OPERATING AND FINANCIAL REVIEW

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 329.2% from RMB8.9 million in the six months ended 30 June 2019 to RMB38.2 million in the same period of 2020, primarily due to the Group's acquisition and consolidation of the Acquired Companies.

Administrative Expenses

The Group's administrative expenses increased by 34.7% from RMB260.9 million in the six months ended 30 June 2019 to RMB351.5 million in the same period of 2020, primarily due to the Group's acquisition and consolidation of the Acquired Companies.

Research and Development Expenses

The Group's research and development expenses decreased by 39.5% from RMB12.9 million in the six months ended 30 June 2019 to RMB7.8 million in the same period of 2020, primarily due to a decrease in the number of research and development projects undertaken by the Group.

Financial Expenses

The Group's financial expenses decreased by 6.1% from RMB2,657.7 million in the six months ended 30 June 2019 to RMB2,494.8 million in the same period of 2020, primarily because the interest rate of the Group's indebtedness decreased comparing to the same period last year, which lowered the Group's financial costs.

Fair Value Gains (Losses)

The Group recorded fair value losses of RMB377.3 million for the six months ended 30 June 2020 compared to fair value gains of RMB299.5 million in the same period in 2019, primarily due to losses as a result of changes of fair value of certain financial assets.

Asset Impairment Losses

The Group's asset impairment losses was nil for the six months ended 30 June 2020, and nil for the same period in 2019.

Other Income

The Group's other income increased by 1,300.0% from RMB0.3 million in the six months ended 30 June 2019 to RMB4.2 million in the same period of 2020.

Investment Income

The Group's investment income increased by 17.8% from RMB1,905.8 million in the six months ended 30 June 2019 to RMB2,244.8 million in the same period of 2020, primarily due to increases in income from long-term equity investment under the equity method.

OPERATING AND FINANCIAL REVIEW

Income from Assets Disposal

The Group's income from assets disposal increased by 200.0% from a loss of RMB11.0 million in the six months ended 30 June 2019 to a gain of RMB11.0 million in the same period of 2020, primarily due to disposal of certain fixed assets at profit.

Non-Operating Expenses

The Group's non-operating expenses increased by 91.9% from RMB152.4 million in the six months ended 30 June 2019 to RMB292.4 million in the same period of 2020, primarily due to an increase in charity donations.

Income Tax Expenses

The Group's income tax expenses decreased by 5.9% from RMB1,653.0 million in the six months ended 30 June 2019 to RMB1,556.0 million in the same period of 2020.

Net Profit

As a result of the foregoing, the Group's net profit decreased by 7.3% from RMB8,575.2 million in the six months ended 30 June 2019 to RMB7,952.6 million in the same period of 2020.

Comparisons between the years ended 31 December 2019 and 2018

Operating Revenue

The Group's total operating revenue decreased by 2.6% from RMB51,214.0 million in the year ended 31 December 2018 to RMB49,874.1 million in the year ended 31 December 2019, primarily due to a decrease in operating revenue from the Group's primary business.

Operating revenue from the Group's primary business decreased by 2.6% from RMB51,137.5 million in the year ended 31 December 2018 to RMB49,793.4 million in the year ended 31 December 2019, primarily due to the relatively low level of water inflow from the Yangtze River, which resulted in a decrease in electricity generated in the year ended 31 December 2019.

The Group's operating revenue from its other business increased by 5.5% from RMB76.5 million in the year ended 31 December 2018 to RMB80.7 million in the year ended 31 December 2019.

Total Operating Costs

The Group's total operating costs decreased by 3.9% from RMB27,015.8 million in the year ended 31 December 2018 to RMB25,959.5 million in the year ended 31 December 2019.

OPERATING AND FINANCIAL REVIEW

Operating Costs

Operating costs from the Group's primary business decreased by 1.6% from RMB18,999.9 million in the year ended 31 December 2018 to RMB18,691.9 million in the year ended 31 December 2019, primarily due to a decrease in electricity generated and related costs as a result of Yangtze River's relatively low water inflow in that year.

Operating costs from the Group's other business increased by 3.8% from RMB5.2 million in the year ended 31 December 2018 to RMB5.4 million in the year ended 31 December 2019.

Taxes and Surcharges

The Group's taxes and surcharges decreased by 9.3% from RMB1,288.5 million in the year ended 31 December 2018 to RMB1,168.8 million in the year ended 31 December 2019, primarily due to a decrease in city maintenance and construction tax and education surcharges.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 11.2% from RMB25.0 million in the year ended 31 December 2018 to RMB27.8 million in the year ended 31 December 2019, primarily due to an increase in employee compensation costs.

Administrative Expenses

The Group's administrative expenses generally remained stable and increased by 1.6% from RMB800.6 million in the year ended 31 December 2018 to RMB813.6 million in the year ended 31 December 2019.

Research and Development Expenses

The Group's research and development expenses decreased by 3.3% from RMB42.5 million in the year ended 31 December 2018 to RMB41.1 million in the year ended 31 December 2019, primarily due to a decrease in the number of research and development projects undertaken by the Group.

Financial Expenses

The Group's financial expenses decreased by 11.0% from RMB5,853.9 million in the year ended 31 December 2018 to RMB5,211.0 million in the year ended 31 December 2019, primarily because the Group continued to reduce its indebtedness and lower financial costs in that year.

OPERATING AND FINANCIAL REVIEW

Fair Value Gains (Losses)

The Group recorded fair value gains of RMB36.5 million in the year ended 31 December 2018 compared to fair value losses of RMB26.9 million in the year ended 31 December 2019, primarily due to a change in the fair value of the conversion option of the exchangeable bonds issued by the Group and an accounting policy change, which resulted in the changes in the fair value of certain financial assets being categorised as fair value gains (losses).

Asset Impairment Losses

The Group's asset impairment losses decreased by 87.0% from RMB274.9 million in the year ended 31 December 2018 to RMB35.6 million in the year ended 31 December 2019, primarily because the Group made provisions for losses in fair value of certain financial assets available for sale in 2018. Beginning in the year ended 31 December 2019, asset impairment losses relating to bad debt were recategorised and recorded under credit impairment losses rather than asset impairment losses. As a result, the Group recognised RMB3.3 million of credit impairment losses in the year ended 31 December 2019.

Other Income

The Group's other income decreased by 99.6% from RMB718.1 million in the year ended 31 December 2018 to RMB2.6 million in the year ended 31 December 2019, primarily due to a decrease in VAT return on electricity sales because the Group ceased to be eligible for certain VAT refunds in 2018, and certain VAT refunds that the Group was eligible to receive in 2017 were received in the year ended 31 December 2018.

Investment Income

The Group's investment income increased by 13.6% from RMB2,707.0 million in the year ended 31 December 2018 to RMB3,074.8 million in the year ended 31 December 2019, primarily due to an increase in income from long-term equity investment under the equity method.

Income from Assets Disposal

The Group's income from assets disposal decreased by 99.6% from RMB7.1 million in the year ended 31 December 2018 to RMB26,792.1 in the year ended 31 December 2019, as a result of minimal disposals of assets in the year ended 31 December 2019 as compared to assets disposal made in the year ended 31 December 2018.

Non-Operating Income

The Group's non-operating income increased by 145.4% from RMB11.9 million in the year ended 31 December 2018 to RMB29.2 million in the year ended 31 December 2019, primarily due to an increase in a government grant received in the year ended 31 December 2019.

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Non-Operating Expenses

The Group's non-operating expenses decreased by 15.6% from RMB396.8 million in the year ended 31 December 2018 to RMB334.9 million in the year ended 31 December 2019, primarily due to a decrease in charity donations.

Income Tax Expenses

The Group's income tax expenses increased by 16.0% from RMB4,363.6 million in the year ended 31 December 2018 to RMB5,059.6 million in the year ended 31 December 2019 primarily due to the increase in the preferential EIT rate paid by Group's subsidiary, Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. from 7.5% in 2018 to 15% beginning in 2019.

Net Profit

As a result of the foregoing, the Group's net profit decreased by 4.8% from RMB22,643.6 million in the year ended 31 December 2018 to RMB21,567.4 million in the year ended 31 December 2019.

Comparisons between the years ended 31 December 2018 and 2017

Operating Revenue

The Group's total operating revenue increased by 2.1% from RMB50,145.5 million in the year ended 31 December 2017 to RMB51,214.0 million in the year ended 31 December 2018, primarily due to an increase in operating revenue from the Group's primary business.

Operating revenue from the Group's primary business increased by 2.1% from RMB50,107.4 million in the year ended 31 December 2017 to RMB51,137.5 million in the year ended 31 December 2018, primarily due to an increase in the water inflow from the Yangtze River in the year ended 31 December 2018 and the Group's optimised cascade control capability, which led to an increase in electricity generation.

The Group's operating revenue from its other business increased by 100.8% from RMB38.1 million in the year ended 31 December 2017 to RMB76.5 million in the year ended 31 December 2018.

Total Operating Costs

The Group's total operating costs generally remained stable and decreased by 0.9% from RMB27,266.0 million in the year ended 31 December 2017 to RMB27,015.8 million in the year ended 31 December 2018.

Operating Costs

Operating costs from the Group's primary business decreased by 2.3% from RMB19,448.1 million in the year ended 31 December 2017 to RMB18,999.9 million in the year ended 31 December 2018.

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Operating costs from the Group's other business decreased by 8.8% from RMB5.7 million in the year ended 31 December 2017 to RMB5.2 million in the year ended 31 December 2018.

Taxes and Surcharges

The Group's taxes and surcharges increased by 22.0% from RMB1,056.0 million in the year ended 31 December 2017 to RMB1,288.5 million in the year ended 31 December 2018, primarily due to an increase in water resources tax as a result of a tax reform implemented pursuant to the "Pilot Implementation Measures for Expanding Water Resources Tax Reform" jointly issued by the MOF, the SAT and the Ministry of Water Resources. Under the new water resources tax regime which is primarily implemented in the Sichuan Province, certain water resources expenses previously recorded under operating costs are to be categorised as water resources tax.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 30.9% from RMB19.1 million in the year ended 31 December 2017 to RMB25.0 million in the year ended 31 December 2018, primarily due to an increase in employee compensation.

Administrative Expenses

The Group's administrative expenses generally remained stable and decreased by 1.4% from RMB811.6 million in the year ended 31 December 2017 to RMB800.6 million in the year ended 31 December 2018.

Research and Development Expenses

The Group's research and development expenses increased by 47.6% from RMB28.8 million in the year ended 31 December 2017 to RMB42.5 million in the year ended 31 December 2018, primarily due to an increase in the number of research and development projects undertaken by the Group.

Financial Expenses

The Group's financial expenses decreased by 0.7% from RMB5,896.7 million in the year ended 31 December 2017 to RMB5,853.9 million in the year ended 31 December 2018, primarily because the Group continued to reduce its indebtedness and lower financial costs in that year.

Fair Value Gains (Losses)

The Group's fair value losses of RMB164.3 million in the year ended 31 December 2017 became fair value gain of RMB36.5 million in the year ended 31 December 2018, primarily due to a change in the fair value of the conversion option of the exchangeable bonds issued by the Group.

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Asset Impairment Losses

The Group's impairment losses increased by 34.4% from RMB204.6 million in the year ended 31 December 2017 to RMB274.9 million in the year ended 31 December 2018, primarily because the Group made provisions for losses in fair value of certain financial assets available for sale in the year ended 31 December 2018.

Other Income

The Group's other income decreased by 68.7% from RMB2,292.0 million in the year ended 31 December 2017 to RMB718.1 million in the year ended 31 December 2018, primarily due to a decrease in VAT returns on electricity sales as certain preferential tax treatment expired.

Investment Income

The Group's investment income increased by 17.1% from RMB2,311.7 million in the year ended 31 December 2017 to RMB2,707.0 million in the year ended 31 December 2018, primarily due to an increase in long-term equity investment income under the equity method.

Income from Assets Disposal

The Group had a gain of income from assets disposal of RMB7.1 million in the year ended 31 December 2018 as compared to a loss of RMB37.4 million in the year ended 31 December 2017, primarily due to the sale of assets at a net gain in 2018 as compared to the sale of assets at a net loss in 2017.

Non-Operating Income

The Group recorded RMB11.9 million of non-operating income in the year ended 31 December 2018, as compared to RMB0.5 million in the year ended 31 December 2017.

Non-Operating Expenses

The Group's non-operating expenses decreased by 6.2% from RMB423.1 million in the year ended 31 December 2017 to RMB396.8 million in the year ended 31 December 2018, primarily due to the greater amount of charity donations made by the Group in 2017 as compared to 2018.

Income Tax Expenses

The Group's income tax expenses decreased by 0.4% from RMB4,379.8 million in the year ended 31 December 2017 to RMB4,363.6 million in the year ended 31 December 2018.

Net Profit

As a result of the foregoing, the Group's net profit increased by 1.7% from RMB22,274.6 million in the year ended 31 December 2017 to RMB22,643.6 million in the year ended 31 December 2018.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

The Group's primary source of liquidity for its operations is cash generated from its operating activities, borrowings and bond issuances. The Group's cash requirements primarily relate to the operation and maintenance of the Group's hydropower projects, its investment activities, payment of debt and interests and payment of dividends. The residual amount of cash and cash equivalents at the end of each period is mainly used to finance the Group's day-to-day operations, meet the Group's debt obligations and other needs.

Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
		(Audited)		(Unaudited)	
	(RMB in millions)				
Net cash flows from operating activities . . .	39,693.2	39,736.7	36,464.4	13,828.0	12,066.4
Net cash flows from investing activities . . .	(9,795.2)	(9,226.1)	(6,631.5)	(3,504.9)	(32,334.4)
Net cash flows from financing activities . . .	(28,032.5)	(30,473.3)	(27,873.6)	(8,349.0)	20,593.0
Effects from change of exchange rate to					
cash and cash equivalents	(35.0)	96.9	24.1	6.1	289.0
Cash and cash equivalents at the beginning					
of the year/period	3,369.8	5,200.2	5,334.5	5,334.5	7,317.9
Cash equivalents at the end of the					
year/period	5,200.2	5,334.5	7,317.9	7,314.7	7,932.0

Operating activities

The Group's cash flow from operating activities reflects (i) cash received from sales of goods or rendering of services; (ii) the effects of movements in cash paid to and for employees' wages and salaries, cash paid for taxes and cash paid relating to other operating activities; and (iii) other cash items such as other cash received relating to operating activities and cash paid for goods and services.

In the six months ended 30 June 2020, the Group had net cash inflow from operating activities of RMB12,066.4 million, resulting from cash received from sales of goods or rendering of services of RMB19,809.5 million and RMB68.2 million in other cash received relating to operating activities primarily in connection with transaction payments, which are cash received from ordinary course business transactions, and interest income. The cash inflows were partially offset by (i) RMB2,056.7 million of cash paid for purchasing goods and services in the ordinary course of business; (ii) RMB717.0 million of cash paid for employees' wages and salaries; (iii) RMB4,654.2 million of cash paid for taxes; and (iv) RMB383.5 million of cash paid relating to other operating activities, primarily consists of administrative expenses and charity donations.

In the year ended 31 December 2019, the Group had net cash inflow from operating activities of RMB36,464.4 million, resulting from cash received from sales of goods or rendering of services of RMB56,423.1 million and RMB196.1 million in other cash received relating to operating activities primarily in connection with transaction payments, which are cash received from ordinary course business transactions, and interest income. The cash inflows were partially offset by (i) RMB4,970.9 million of cash paid for

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purchasing goods and services in the ordinary course of business; (ii) RMB1,681.9 million of cash paid to and for employees' wages and salaries; (iii) RMB12,971.2 million of cash paid for taxes; and (iv) RMB530.7 million of cash paid relating to other operating activities, primarily consists of administrative expenses and charity donations.

In the year ended 31 December 2018, the Group had net cash inflow from operating activities of RMB39,736.7 million, resulting from cash received from sales of goods or rendering of services of RMB60,109.7 million, a refund of taxes of RMB598.3 million and RMB132.3 million in other cash received relating to operating activities primarily in connection with transaction payments, which are cash received from ordinary course business transactions, and interest income. The cash inflows were partially offset by (i) RMB5,415.2 million of cash paid for purchasing goods and services in the ordinary course of business; (ii) RMB1,550.4 million of cash paid to and for employees' wages and salaries; (iii) RMB13,430.7 million of cash paid for taxes; and (iv) RMB707.4 million of cash paid relating to other operating activities, primarily consists of administrative expenses and charity donations.

In the year ended 31 December 2017, the Group had net cash inflow from operating activities of RMB39,693.2 million, resulting from cash received from sales of goods or rendering of services of RMB58,277.2 million, a refund of taxes of RMB2,290.6 million and RMB145.8 million in other cash received relating to operating activities primarily in connection with transaction payments, which are cash received from ordinary course business transactions, and interest income. The cash inflows were partially offset by (i) RMB5,587.3 million of cash paid for purchasing goods and services in the ordinary course of business; (ii) RMB1,781.0 million of cash paid to and for employees' wages and salaries; (iii) RMB13,288.2 million of cash paid for taxes; and (iv) RMB363.9 million of cash paid relating to other operating activities, primarily consists of administrative expenses and charity donations.

Investing activities

The Group's cash outflows from investing activities primarily consist of cash paid for purchasing fixed assets, intangible assets and other long-term assets and cash paid for investments. The Group's cash inflows from investing activities primarily consist of cash received from return of investment and cash received from investment income.

In the six months ended 30 June 2020, the Group had net cash outflow from investing activities of RMB32,334.4 million, primarily due to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB1,625.3 million, (ii) cash paid in acquisition of subsidiaries of RMB24,919.8 million and (iii) cash paid for acquisition of investments of RMB49,825.9 million, mainly consisting of investment in minority interests in various entities and short-term investment. Such outflows were partially offset by cash inflows from investing activities of RMB44,036.5 million, mainly relating to cash received from disposal of certain investments and dividends received from the Group's minority interests.

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In the year ended 31 December 2019, the Group had net cash outflow from investing activities of RMB6,631.5 million, primarily due to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB2,716.8 million and (ii) cash paid for acquisition of investments of RMB79,807.6 million, mainly consisting of investment in minority interests in various entities and short-term investment. Such outflows were partially offset by cash inflows from investing activities of RMB75,893.0 million, mainly relating to cash received from disposal of certain investments and dividends received from the Group's minority interests.

In the year ended 31 December 2018, the Group had net cash outflow from investing activities of RMB9,226.1 million, primarily due to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB3,118.9 million and (ii) cash paid for acquisition of investments of RMB64,948.9 million, mainly consisting of investment in minority interests in various entities and short-term investments. Such outflows were partially offset by cash inflows from investing activities of RMB58,841.7 million, mainly relating to disposal of certain investments and dividends received from the Group's minority interests.

In the year ended 31 December 2017, the Group had net cash outflow from investing activities of RMB9,795.2 million, primarily due to (i) cash paid for acquisition of fixed assets, intangible assets and other long-term assets of RMB2,556.3 million and (ii) cash paid for acquisition of investments of RMB78,018.2 million, mainly consisting of investment in minority interests in various entities and short-term investment. Such outflows were partially offset by cash inflows from investment activities of RMB71,059.6 million, mainly relating to disposal of certain investments and dividends received from the Group's minority interests.

Financing activities

The Group's financing activities primarily include the issuance of bonds, obtaining loans and other borrowings, making debt repayments and interest payments and the distribution of dividends to shareholders.

In the six months ended 30 June 2020, the Group had net cash inflow from financing activities of RMB20,593.0 million, primarily due to RMB56,312.0 million of cash proceeds received from loans in the six months ended 30 June 2020, which was partially offset by (i) RMB32,684.0 million of cash used for debt repayment, (ii) RMB1,402.6 million of cash used for distributing dividends and profits or paying interest, and (iii) RMB1,632.4 million of cash used for payments relating to other financing activities for the same period.

In the year ended 31 December 2019, the Group had net cash outflow from financing activities of RMB27,873.6 million, primarily due to (i) RMB81,704.1 million of cash used for debt repayment, (ii) RMB18,643.8 million of cash used for distributing dividends and profits or paying interest, and (iii) RMB14,648.7 million of cash used for payments relating to other financing activities, which primarily consists of RMB14,604.5 million of

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cash used for payment of long-term payables and interests. The total cash outflows from financing activities was partially offset by RMB87,123.0 million of cash received from proceeds received from loans in the year ended 31 December 2019.

In the year ended 31 December 2018, the Group had net cash outflow from financing activities of RMB30,473.3 million, primarily due to (i) RMB73,156.6 million of cash used for debt repayment, (ii) RMB18,946.8 million of cash used for distributing dividends and profits or paying interest, and (iii) RMB11,493.6 million of cash used for payments relating to other financing activities, which primarily consist of RMB11,468.0 million of cash used for payment of long-term payables and interests. The total cash outflows from financing activities was partially offset by RMB27.5 million of cash received from subsidiaries of the Group absorbing minority shareholder investments and RMB73,096.2 million of cash received from proceeds received from loans in the year ended 31 December 2018.

In the year ended 31 December 2017, the Group had net cash outflow from financing activities of RMB28,032.5 million, primarily due to (i) RMB64,931.2 million of cash used for debt repayment, (ii) RMB19,591.3 million of cash used for distributing dividends and profits or paying interest, and (iii) RMB13,718.2 million of cash used for payments relating to other financing activities, which primarily consists of RMB13,663.6 million of cash used for payment of long-term payables and interests. The total cash outflows from financing activities was partially offset by RMB88.2 million of cash received from subsidiaries of the Group absorbing minority shareholder investments and RMB70,120.0 million of cash received from proceeds received from loans in the year ended 31 December 2017.

Indebtedness

The Group's indebtedness mainly consists of loans and bonds. The table below sets forth the Group's indebtedness as at the dates indicated:

	As at 31 December			As at 30 June
	2017	2018	2019	2020
		(Audited)		(Unaudited)
		(RMB in millions)		
Loans	105,245.5	85,132.9	67,140.9	86,290.4
Bonds	33,649.9	44,259.9	54,293.2	63,085.5
Total Indebtedness	138,895.4	129,392.8	121,434.2	149,375.9

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Loans

The following table sets forth the breakdown of the Group's loans as at the dates indicated:

	As at 31 December			As at 30 June
	2017	2018 (Audited) (RMB in millions)	2019	2020 (Unaudited)
Long-term loans				
Long-term borrowings	31,500.0	26,000.0	24,600.0	22,799.1
Long-term payables	41,232.9	34,632.9	21,232.9	20,152.7
Subtotal	<u>72,732.9</u>	<u>60,632.9</u>	<u>45,832.9</u>	<u>42,951.8</u>
Short-term loans				
Short-term borrowings	19,005.0	12,700.0	21,308.0	42,792.8
Long-term borrowings due within one year	10,551.7	11,800.0	—	543.0
Long-term payables due within one year	2,955.8	—	—	2.7
Subtotal	<u>32,512.5</u>	<u>24,500.0</u>	<u>21,308.0</u>	<u>43,338.5</u>
Total	<u>105,245.5</u>	<u>85,132.9</u>	<u>67,140.9</u>	<u>86,290.4</u>

As at 31 December 2017, 2018 and 2019, none of the Group's loans were secured, and a substantial amount of the Group's loans were from related parties. As at 30 June 2020, RMB3.7 million out of the total outstanding loans in the amount of RMB86,290.4 million is secured, and a substantial amount of the Group's loans were from related parties.

Long-term loans

The Group incurs long-term loans for the purpose of funding its business expansion and capital requirements. As at 30 June 2020, the interest rate of the Group's (excluding the Acquired Companies) long-term loans was 4.5125% and that of substantially all of the Acquired Companies' long-term loans range from 4.30% to 8.58% per annum. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's long-term loans were RMB72,732.9 million, RMB60,632.9 million, RMB45,832.9 million and RMB42,951.8 million, respectively.

Short-term loans

The Group incurs short-term loans for the purpose of funding its daily working capital and repaying its current loans. As at 30 June 2020, the Group's (excluding the Acquired Companies) short-term borrowings had interest rates varying from 1.78% to 4.13% and that of the Acquired Companies' short-term borrowings range from 1.40% to 4.58% per annum. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's short-term loans were RMB32,512.5 million, RMB24,500.0 million, RMB21,308.0 million and RMB43,338.5 million, respectively.

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Bonds

The Group's bonds issued include bonds payable and commercial papers. Bonds payable include corporate bonds, zero-coupon exchangeable bonds and medium-term notes. Commercial papers include short-term commercial papers and super short-term commercial papers. The exchangeable bonds issued by the Group are exchangeable for shares of China Construction Bank Corporation and are subject to prevailing terms and conditions, which contain a number of covenants, including negative pledge, among others. The Group issues bonds payable to finance its long-term business expansion, to repay its existing debt and for general corporate purposes. The Group also manages short-term liquidity by issuing short-term commercial papers with maturities of one year and super short-term commercial paper with maturities of less than a year.

	As at 31 December			As at 30 June
	2017	2018	2019	2020
		(Audited)		(Unaudited)
		(RMB in millions)		
Bonds payable	30,151.1	34,265.9	43,794.8	50,937.2
Portion of the bonds payable due				
within one year	—	3,497.7	2,499.8	5,652.6
Commercial papers ⁽¹⁾	3,498.8	6,496.3	7,998.7	6,495.7
Total	<u>33,649.9</u>	<u>44,259.9</u>	<u>54,293.2</u>	<u>63,085.5</u>

Note:

(1) Reflected as "other current liabilities" in Historical Financial Information.

Bonds payable

As at 30 June 2020, the aggregate balance of the Group's bonds payable (excluding the portion of bonds payable that is payable within one year) is RMB50,937.2 million, and except for the zero-coupon exchangeable bonds, the interest rates of the Group's (excluding the Acquired Companies) bonds payable range from 2.95% to 4.86% per annum, and that of the Acquired Companies' bonds payable range from 4.75% to 8.75% per annum. The following table sets forth certain details of the Group's outstanding bonds payable as at 30 June 2020:

Bond Issue	Principal Amount (in millions)	Date of issuance	Bond term
02 CTG bond	RMB5,000.00	2002-09-21	20 years
03 CTG bond	RMB3,000.00	2003-08-01	30 years
15 CYPC MTN001	RMB3,000.00	2015-09-14	10 years
16 CYPC MTN001 ⁽¹⁾	RMB3,000.00	2016-01-13	5 years
16 CYPC MTN002	RMB4,000.00	2016-08-01	5 years
18 CYPC MTN001	RMB2,000.00	2018-12-03	5 years
19 CYPC MTN001	RMB3,000.00	2019-03-13	5 years
19 CYPC MTN002	RMB2,000.00	2019-08-07	5 years
16 CYPC bond 01	RMB3,000.00	2016-10-17	10 years
17 CYPC bond 01 ⁽²⁾	RMB2,500.00	2017-07-11	3 years
18 CYPC bond 01	RMB2,500.00	2018-07-26	3 years
18 CYPC bond 02	RMB3,000.00	2018-09-27	3 years
19 CYPC bond 01	RMB3,000.00	2019-02-19	3 years
19 CYPC bond 02	RMB2,000.00	2019-09-04	5 years
19 CYPC bond 03	RMB2,000.00	2019-12-06	3 years
20 CYPC bond 01	RMB1,500.00	2020-01-08	3 years

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Bond Issue	Principal Amount (in millions)	Date of issuance	Bond term
20 CYPC bond 02	RMB500.00	2020-01-08	5 years
20 CYPC COVID-19 MTN001	RMB2,500.00	2020-03-12	3 years
20 CYPC MTN002	RMB2,500.00	2020-04-13	5 years
CYPIBV11 N2111 ⁽³⁾	USD300.00	2016-11-09	5 years
CYPIBV12 N2111 ⁽⁴⁾	EUR200.00	2016-11-09	5 years
B.C.LUZ DEL SUR 2P 2EM S-U-SECOND ...	PEN27.21	2011-10-26	10 years
B.C.LUZ DEL SUR 2P 6EM S-U-SECOND ...	PEN77.58	2012-10-29	10 years
B.C.LUZ DEL SUR 2P 7EM S-U-SECOND ⁽⁵⁾ ...	PEN77.10	2012-12-14	8 years
B.C.LUZ DEL SUR 2P 9EM S-U-SECOND ...	PEN83.46	2013-12-20	8 years
B.C.LUZ DEL SUR 2P 10EM S-U-SECOND ...	PEN84.57	2014-02-12	8 years
B.C.LUZ DEL SUR 3P1EM S-A-THIRD	PEN138.95	2014-06-05	10 years
B.C.LUZ DEL SUR 3P2EM S-A-THIRD	PEN81.18	2015-09-03	11 years
B.C.LUZ DEL SUR 3P3EM S-A-THIRD	PEN143.15	2014-09-22	15 years
B.C.LUZ DEL SUR 3P4EM S-A-THIRD	PEN164.10	2016-07-14	9 years
B.C.LUZ DEL SUR 3P5EM S-A-THIRD	PEN162.45	2017-02-07	6 years
B.C.LUZ DEL SUR 3P6EM S-A-THIRD	PEN161.80	2017-12-14	10 years
B.C.LUZ DEL SUR 3P7EM S-A-THIRD	PEN167.35	2018-10-30	10 years
B.C.LUZ DEL SUR 3P8EM S-A-THIRD	PEN82.80	2019-04-03	7 years
B.C.LUZ DEL SUR 4P1EM S-A-FOURTH ...	PEN168.50	2019-10-17	15 years

Notes:

- (1) 16 CYPC MTN001 is due within one year as at 30 June 2020.
- (2) 17 CYPC bond 01 is due within one year as at 30 June 2020.
- (3) Zero-coupon exchangeable bonds issued by China Yangtze Power International (British Virgin Islands) 1 Co., Ltd.
- (4) Zero-coupon exchangeable bonds issued by China Yangtze Power International (British Virgin Islands) 2 Co., Ltd.
- (5) B.C.LUZ DEL SUR 2P 7EM S-U-SECOND is due within one year as at 30 June 2020.

Commercial Papers

As at 30 June 2020, the aggregate outstanding balance of the Group's commercial papers was RMB6,495.7 million. The Group's commercial papers that are outstanding as at 30 June 2020, have an interest rate ranging from 1.75% to 3.19% per annum.

Bond Issue	Principal Amount (in millions)	Date of issuance	Bond term
Third batch of the Short-term Commercial Paper 2019	RMB3,000.00	2019-12-05	1 year
First batch of the Super and Short-term Commercial Paper 2020	RMB1,000.00	2020-01-08	245 days
First batch of the Short-term Commercial Paper 2020	RMB2,500.00	2020-05-14	1 year

CAPITAL EXPENDITURES

The Group's capital expenditures related to fixed assets investments, which include purchase of fixed assets and investment in infrastructure, stayed relatively stable over the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020.

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In the year ended December 31, 2019, the Group's capital expenditures related to fixed assets investments were RMB613 million, which included RMB76 million in purchases of fixed assets and RMB537 million in investment in infrastructure.

In the year ended December 31, 2018, the Group's capital expenditures related to fixed assets investments were RMB972 million, which included RMB65 million in purchases of fixed assets and RMB907 million in investment in infrastructure.

In the year ended December 31, 2017, the Group's capital expenditures related to fixed assets investments was RMB655 million, which included RMB46 million in purchases of fixed assets and RMB609 million in investment in infrastructure.

The Group expects to continue to incur significant capital expenditures related to fixed assets investments for similar purchases of fixed assets and investments in infrastructure in the future. The Group's anticipated capital expenditures are subject to changes from time to time, and are based on the reassessment of its business plan, including, but not limited to, the progress of its projects under construction and pipeline projects, prevailing market conditions, regulatory environment and outlook of its future results of operations. In addition, if the Group fails to obtain adequate financing, its ability to expand its business may be hindered and the prospects of the Group's future operations may be materially and adversely affected.

CAPITAL COMMITMENTS AND CONTINGENCIES

Capital Commitments

As at 30 June 2020, the Group has contracted for capital commitments for purchases of assets of RMB52.2 million.

Contingencies

From 2017 to 2019, the Group had contingencies in connection with guarantees provided for loans borrowed by Hunan Taohua River Nuclear Power Co., Ltd. and Shanghai Electric Power Co., Ltd.

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group had outstanding contingencies of RMB275.5 million, RMB267.5 million, RMB259.5 million and RMB255.5 million, respectively in connection with a guarantee for a loan borrowed by Hunan Taohua River Nuclear Power Co., Ltd., of which the Group held approximately 19.4% of total outstanding shares.

As at 31 December 2017, the Group had outstanding contingencies of EUR1.3 million in connection with a guarantee provided for a portion of a loan borrowed by Shanghai Electric Power Co., Ltd. from Export-Import Bank of China, which was repaid in full in 2018.

OPERATING AND FINANCIAL REVIEW

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, the Group did not have any outstanding off-balance sheet arrangements.

KEY PERFORMANCE INDICATORS AND OTHER FINANCIAL METRICS

The following table sets forth certain key measurements of the Group's profitability:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(RMB in millions, except percentages and ratios)				
EBITDA ⁽¹⁾	45,093.9	45,152.5	43,887.0	18,948.8	17,734.5
EBITDA margin ⁽²⁾	89.9%	88.2%	88.0%	93.1%	89.1%
Gross profit margin ⁽³⁾	61.2%	62.9%	62.5%	57.0%	56.1%
Interest expenses	6,141.2	5,922.2	5,201.0	2,648.8	2,538.6
EBITDA/Interest expenses	7.3	7.6	8.4	7.2	7.0
Total liabilities/Total assets	54.7%	51.7%	49.4%	54.2%	56.9%
Net profit	22,274.6	22,643.6	21,567.4	8,575.2	7,952.6
Net profit margin ⁽⁴⁾	44.4%	44.2%	43.2%	42.1%	39.9%

Notes:

- (1) EBITDA for any period is calculated as total profit, depreciation, amortisation of intangible assets and interest expenses.
- (2) EBITDA margin is calculated as EBITDA divided by operating revenue.
- (3) Gross profit margin is calculated as gross profit (operating revenue less operating costs) divided by operating revenue.
- (4) Net profit margin is calculated as net profit divided by operating revenue.

EBITDA and EBITDA margin are not PRC GAAP measures and should not be considered as an alternative to net profit, net margin or any other performance measures derived in accordance with PRC GAAP or as an alternative to cash flow from operating activities or as a measure of the Group's liquidity. The Group believes that inclusion of EBITDA and EBITDA margin is appropriate to provide additional information about the Group's operating performance and to provide a measure of operating results unaffected by differences in capital structures, capital investment cycles and ages of related assets among otherwise comparable companies. EBITDA and EBITDA margin have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analysis of the Group's operating results as reported under PRC GAAP.

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The following table sets forth a reconciliation of profit before income tax from continuing operations for the applicable period or year to EBITDA and EBITDA for the periods indicated:

	Year ended 31 December			Six months ended 30 June	
	2017	2018	2019	2019	2020
	(Audited)			(Unaudited)	
	(RMB in millions, except percentages and ratios)				
Total profit	26,654.4	27,007.1	26,627.0	10,228.3	9,508.6
Interest expenses	6,141.2	5,922.2	5,201.0	2,648.8	2,538.6
Depreciation	12,287.3	12,210.0	12,038.7	6,062.2	5,672.8
Amortisation of intangible assets	11.1	13.1	20.3	9.5	14.4
EBITDA	45,093.9	45,152.5	43,887.0	18,948.8	17,734.5
Operating revenue	50,145.5	51,214.0	49,874.1	20,362.8	19,912.5
EBITDA margin	89.9%	88.2%	88.0%	93.1%	89.1%

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The Group has identified certain accounting policies and estimates significant to the preparation of the financial information in accordance with PRC GAAP. The audited consolidated financial statements in F-pages to this Prospectus set forth these significant accounting policies in note IV, which are important for an understanding of the Group's financial condition and results of operations.

Some of the Group's accounting policies involve subjective assumptions, estimates and judgments that are discussed in note IV to the audited consolidated financial statements in F-pages to this Prospectus. In the application of its accounting policies, the Group's management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Group's estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The Group's estimates and underlying assumptions are reviewed by its management on an ongoing basis.

The Group's management has identified below the accounting policies, estimates and judgements that they believe are critical to the preparation of the financial information.

Critical Accounting Policies

Revenue recognition—Policy applicable before 1 January 2020

The operating income of the Group is mainly derived from sale of goods, transfer of the right-of-use assets and rendering of services.

The revenue from commodity sales is recognised under the following conditions:

- (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (2) the Group retains neither continuing managerial involvement to the degree Usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;

OPERATING AND FINANCIAL REVIEW

- (3) it is probable that the associated economic benefits will flow to the Group; and
- (4) the associated costs incurred or to be incurred can be measured reliably.

If the amount provided in a financing contract or agreement shall be collected in a deferred manner, the income amount of selling goods shall be recognised according to the fair value of the amount received or receivable that is provided in the contract or agreement.

When economic benefits relating to transaction may flow to the enterprise and the amount of the income can be measured in a reliable way, the Group shall determine the income amount from transfer the right-of-use assets according to conditions below:

- (1) interest income shall be calculated and confirmed in accordance with the length of time for which the enterprise's monetary fund is used by others and the effective interest rate; and
- (2) royalty income shall be calculated and confirmed in accordance with the charging time and method specified in relevant contract or agreement.

Service revenue is recognised using percentage of completion method when the outcome of the transaction involving rendering of services can be estimated reliably on the balance sheet date. The stage of completion of a transaction concerning the provision of labour services is determined based on measurement of completed part, the proportion of services provided to the total estimated services and the proportion of the costs incurred to the total estimated costs. The outcome of the rendering of services can be estimated reliably and revenue from rendering of services is recognised when:

- (1) the amount of revenue can be measured reliably;
- (2) it is probable that the associated economic benefits will flow to the enterprise;
- (3) the stage of completion of the transaction can be determined reliably; and
- (4) the associated costs incurred or to be incurred can be measured reliably.

The total service revenue shall be confirmed according to the contract or agreed price.

When the outcome of the transaction involving rendering of services cannot be estimated reliably on the balance sheet date, the following conditions shall be considered:

- (1) where it is expected that the incurred service cost can be compensated, the revenue concerning rendering of service will be recognised based on incurred service cost and the service cost can be carried forward in the same amount.
- (2) where it is expected that the incurred service cost cannot be compensated, the incurred service cost will be included in the current profit and loss and the service income will not be recognised.

OPERATING AND FINANCIAL REVIEW

Revenue recognition—Policy applicable from 1 January 2020

Revenue is recognised when Company has fulfilled the performance obligation in the contract, that is, when the customer obtains the control right of the relevant goods or services.

If the contract contains two or more performance obligations, the Company shall, at the beginning date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

Unless the Company will perform the performance obligations over a period of time, it will perform the performance obligations at a time point.

The Company will perform the performance obligations over a period of time, if:

- (1) the customer obtains and consumes the economic benefits brought by the performance of the contract by the Company at the same time;
- (2) the customer can control the goods under construction during the Company's performance; or
- (3) the goods generated during the performance of the Company are irreplaceable, and the Company is entitled to receive payment for the actual performance throughout the term of the contract.

For the performance obligations performed over a certain period of time, the Company shall recognise the revenue over that period according to the performance progress. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Company can be expected to be compensated, the incomes shall be recognised according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company shall confirm the revenue at the time point when the customer gains control rights of the relevant commodities or services. In determining whether a customer has obtained the control rights of the goods or services, the Group shall take the following indications into consideration:

- (1) the Company enjoys the current collection right in regard to such goods or services;
- (2) the Company has transferred the physical goods to the customer;
- (3) The Company has transferred the legal ownership of such goods or the main risks and rewards in terms of ownership to the customer; and
- (4) The customer has accepted such goods or services, etc.

OPERATING AND FINANCIAL REVIEW

Government subsidy

Government subsidies consist of monetary or non-monetary assets the Group receives from the government, excluding the contributed capital from the government investor and are classified as the asset-related government subsidy and revenue-related government subsidy.

The asset-related government subsidies refer to those subsidies obtained by the Group and used for the acquisition or construction of long-term assets or obtainment of such assets by other forms. The revenue-related government subsidies refer to those other than the asset-related government subsidies. If no assistance object is specified in the government documents, the Group shall determine the nature of the government subsidy based on the above identifying principles. For those government subsidies that cannot be identified, the Group will classify them as income-related government subsidy.

Where the government subsidy is monetary asset, it shall be measured at the amount received; for subsidy granted as per the fixed quota standard, when there are unambiguous evidences showing that related conditions as stipulated in the financial supporting policies are met and it is expected that the financial supporting assets can be obtained, such subsidy shall be measured as per the receivable amount; where the government subsidy is non-monetary asset, it shall be measured at the fair value; if the fair value cannot be obtained, then it shall be measured at its nominal amount (RMB 1).

Government subsidies related to assets are used to offset the book value of the related assets or are recognised as deferred incomes. Asset-related government subsidies shall be recognised as deferred incomes, and it shall be distributed with a reasonable and systematic method within the service life of related assets and included in profits and losses. When the related assets are sold, assigned, scrapped or damaged before the end of service life, all the undistributed deferred incomes shall be transferred to the profit or loss of the current period of assets disposal.

The revenue-related government subsidies used to compensate for the related charges or losses of future period shall be included in the deferred incomes, and shall be included in the current profits or losses or offset relevant costs during the period when they are recognised. The government subsidies related to daily activities shall be included in other incomes or offset relevant costs based on the substance of business transactions. The government subsidies not related to daily activities shall be included in the non-operating incomes and expenses.

If any government subsidy recognised by the Group is required to be returned, the accounting treatments shall be as follows:

- (1) if the government subsidy is utilised to offset the carrying value of the relevant assets at initial recognition, the carrying value of the assets shall be adjusted;
- (2) any deferred income is utilised to offset the book balance of the relevant deferred income and any excess is included in profit or loss for the current period; and
- (3) under any other circumstances, they are directly included in profit for loss for the current period.

OPERATING AND FINANCIAL REVIEW

Deferred income tax assets and liabilities

The deferred income tax assets and deferred income tax liabilities of the Group shall be calculated and recognised based on the taxation base of assets and liabilities and the balance of their book values (temporary balance). For the deductible loss of taxable income that can be deducted in the future years as specified by tax laws, corresponding deferred income tax assets shall be recognised. For temporary difference from initial recognition of goodwill, relevant deferred income tax liabilities shall not be recognised. For the temporary difference with respect to initial recognition of assets or liabilities incurred in transaction which is not business merger and the occurrence of which has no impact on the accounting profits and the taxable income (or deductible losses), relevant deferred income tax assets and liabilities shall not be recognised. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The deferred income tax assets shall be recognised to the extent that the future taxable income is likely to be obtained for deducting deductible temporary difference, deductible loss, and tax deduction by the Group.

Fixed assets

Fixed assets are high unit value tangible assets with a service life in excess of one year held for the purpose of producing goods, rendering services or leasing or for daily operation. The fixed assets shall be recognised only when the related economic benefits are likely to flow into the Group and the costs can be measured reliably. The Group's fixed assets primarily include water-retaining structures, premises and buildings, machinery and equipment, transportation equipment, electronic equipment, certain parcels of land in Peru, and others.

Apart from fixed assets which are provided in full and continue to be in use and the land that is separately evaluated and recorded, the Group recognises depreciation for all its fixed assets. The Group recognises depreciation for its water-retaining structures, premises and buildings, machinery and equipment, transportation equipment, electronic equipment and others using straight-line method and is separately included in the costs of relevant assets or current expenses according to the purpose. The service life, estimated residual value ratio and depreciation rate of fixed assets of the Group are categorised as below:

Category	Maximum economic life	Estimated residual rate	Annual rate of depreciation
	Year	%	%
Water-retaining structures ⁽¹⁾	40-60	—	1.67-2.50
Premises and buildings	8-50	0-3	1.94-12.50
Machinery and equipment	5-32	0-3	3.03-20.00
Transportation equipment	3-10	0-3	9.70-33.33
Electronic equipment and others	3-12	0-3	8.08-33.33

Note:

(1) Water-retaining structures include Gezhouba Dam, Three Gorges Dam, Xiangjiaba Dam, Xiluodu Dam and others.

OPERATING AND FINANCIAL REVIEW

The Group reviews the expected service life, expected net salvage and depreciation method of the fixed assets at the end of each year. Any change shall be handled as changes in accounting estimates.

Financial assets—Policy applicable before 1 January 2019

An item of financial asset or financial liability is recognised when the Company becomes a party to the contract of the financial instruments.

Classification, recognition and measurement of financial assets

Financial assets are classified by the Company into the following categories according to investment purposes and economic essence: financial assets at fair value through profit or loss, held-to-maturity investments, receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss include trading financial assets and those directly designated at the time of initial recognition as financial assets at fair value through profit or loss.

Non-derivative financial assets with fixed or determinable recovery amount and fixed maturity are classified as held-to-maturity when the Company has the clear intention and ability to hold to maturity.

Receivables are non-derivative financial assets with fixed or determinable recovery amount that are not quoted in an active market.

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available-for-sale and other financial assets which do not fall into any of the above categories.

Recognition and measurement for transfer of financial assets

A financial asset is derecognised when any one of the following conditions is satisfied: (1) the rights to receive cash flows from the asset expire, (2) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, (3) the financial asset has been transferred to the transferee, and the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset. Upon derecognition, the difference between the book value of transferred financial assets and the consideration received from the transfer together with previously recognised accumulated amount of changes in fair value should be included in current profits and losses.

Testing of impairment of financial assets and accounting method

The Group assesses the book value of financial assets, expect for the financial assets at fair value through profit or loss, on the balance sheet date. If there is objective evidence showing impairment of any financial asset item, the impairment provision shall be made.

OPERATING AND FINANCIAL REVIEW

Financial assets—Policy applicable from 1 January 2019

Classification, recognition and measurement of financial assets

The Group classifies financial assets into financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss. Financial assets are measured in amortised cost if (1) the goal of for managing the financial assets is to collect contractual cash flows; and (2) the contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of unpaid principal. Such financial assets, including cash at bank and on hand, notes receivables and accounts receivables, other receivables and debt investments, etc., are initially measured at fair value, and relevant transaction costs are included in the initial recognition amount. Except for hedging items, the difference between the initial amount and the due amount shall be amortised according to the effective interest rate method, and the amortisation, impairment, exchange gains and losses as well as gains or losses arising from derecognition shall be included in the current profits and losses.

Non-trading equity instrument investments are designated as financial assets at fair value through other comprehensive income, which shall be initially measured at the fair value, and the relevant transaction costs shall be included in the initially recognised amount. Except for the dividends received (except for investment cost recovered), which shall be recognised in the current profits and losses, other relevant gains and losses (including the exchange gains or losses) shall be included in other comprehensive income and shall not be transferred into the current profits and losses subsequently. When its recognition is terminated, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred under the retained earnings.

Financial assets other than the above are classified as financial assets measured at fair value through profit or loss, which are initially measured at the fair value, and the relevant transaction expenses shall be directly included in the current profits and losses. The gains or losses of such financial assets shall be included in the current profits and losses.

Recognition and measurement for transfer of financial assets

Financial assets shall be derecognised where any of the following conditions is met: (1) the contractual right to acquire cash flow of the financial assets is terminated; (2) the financial assets and substantially all the risks and rewards of ownership of the financial assets have been transferred; or (3) the financial assets have been transferred, and the Group has not retained its control over the financial assets, despite that the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets. Upon derecognition, the difference between the book value of transferred financial assets and the consideration received from the transfer together with previously recognised accumulated amount of changes in fair value should be included in current profits and losses.

OPERATING AND FINANCIAL REVIEW

Impairment

The Group recognises loss allowance for financial assets measured at amortised cost, debt instruments investment measured at fair value through other comprehensive income and loan commitment based on their expected credit losses.

The Group considers reasonable and reliable information about past events, current situation and forecast of future economic situation and takes into consideration the risk of default, the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received when recognising the expected credit loss.

For accounts receivables with objective evidence indicating impairment and other accounts receivables applicable for individual assessment, impairment test is conducted individually to recognise expected credit loss and provision for impairment. For accounts receivables without objective evidence of impairment or when information of the expected credit loss for an individual financial asset cannot be evaluated at a reasonable cost, the Group classifies receivables into certain groupings based on their credit risk characteristics and calculated expected credit loss based on such grouping.

The Group recognises provision or reversal of losses in profit or loss for the current period. For debt instruments at fair value through other comprehensive income, the Group recognises impairment losses or gains into profit or loss for the current period and adjusts other comprehensive income.

Long-term equity investments

The Group's long-term equity investments mainly consist of investments in subsidiaries, associates and joint ventures.

When investee is controlled by the Group, it is considered as the Group's subsidiary. The investment cost for long-term equity investments acquired through business combinations under common control is the carrying value of the share of equity at the combination date in the acquired company. The investment cost is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

Apart from the long-term equity investments acquired through business combinations, long-term equity investments acquired by cash payment are recorded as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Group by an investor, the investment cost is the agreed consideration as specified in the contract or agreement. If the Group has long-term equity investment acquired through debt restructuring and exchange of non-monetary assets, the method of determining investment cost shall be disclosed as per relevant accounting rules of enterprises and considering actual conditions of the Group.

Investments in subsidiaries are accounted for using the cost method, while investments in the associates and joint ventures are accounted for under the equity method.

OPERATING AND FINANCIAL REVIEW

For long-term equity investments for which the subsequent measure is accounted for using cost method, the amount of cash dividend or profit that the Group is entitled to receive shall be recognised as investment income for current period.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, the carrying value of long-term equity investment shall be increased or decreased accordingly based on the changes in the shareholders' equity of the investee.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognised as investment income for the current period. For long-term equity investments accounted for under equity method, if a portion of such investment is disposed, the movements of shareholder's equity, other than the net profit or loss, of the investee, previously recorded in the shareholder's equity of the Group shall be transferred to the current year profits and losses on disposal based on the portion so disposed.

Recently issued accounting pronouncements

A list of recently issued accounting pronouncements that are relevant to the Group is included in note IV (27) to the audited consolidated financial statements in the F-pages to this Prospectus.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Group has designed a risk management and control system to measure, monitor and manage financial risks arising in the ordinary course of business. See note IX to the audited consolidated financial statements in the F-pages to this Prospectus for an overview of the risk management processes related to financial instruments. The main financial risks the Group faces in the ordinary course of business are credit risk, liquidity risk, currency exchange rate risk, interest rate risk and price risk. As the Group expands its business by offering new products and services, doing business with individuals and entities that are not within its traditional clients and counterparty base, and entering new geographical markets, the Group is exposed to new regulatory and business challenges and risks, and the complexity of the risks the Group faces increases. The following discussion of the main financial risks and the estimated amounts of the risk exposure generated by the Group's risk measurement models involve forward-looking statements. These analyses and the results of the Group's risk measurement models are not, however, predictions of future events, and the actual results may be significantly different from the analyses and results due to events in the global economy or the markets where the Group operates, as well as other factors described below.

Credit risk

The Group's credit risk mainly arises from monetary funds, notes receivables, accounts receivables, other receivables, other non-current financial assets and available-for-sale financial assets, among which accounts receivables account for most of the Group's credit risk exposure. The Group's has developed credit policies regularly monitors and assesses the Group's exposure to these credit risks.

OPERATING AND FINANCIAL REVIEW

The Group's accounts receivables as at 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 were RMB3,213.1 million, RMB2,626.1 million, RMB2,944.4 million, RMB4,715.0 million and RMB6,937.4 million, respectively. The Group's accounts receivables decreased by 18.3% between 31 December 2017 and 2018 due to a decrease in electricity generated in December 2018 as compared to December 2017. The Group's accounts receivables increased by 12.1% between 31 December 2018 and 2019 due to the increase in electricity generated by the Group in December 2019 as compared to December 2018. The Group's accounts receivables increased by 135.6% from 31 December 2019 to 30 June 2020 due to an increase in electricity generated by the Group in flood season and the Group's acquisition of the Acquired Companies.

The Group's bank deposits are primarily held at state-controlled banks and other medium or large-scale commercial banks and other financial institutions. The Group believes that these commercial banks are of high credit quality and minimum credit risk. The Group does not expect any material losses from non-performance by such financial institutions.

The Group also maintains credit policies to limit its credit exposure in relation to accounts receivables. The Group assesses the creditability of customers and sets credit periods based on the customer's financial situation, the availability of guarantees from third parties, the customer's credit history and other factors such as current market conditions. For those customers with poor credit record, the Group will take measures, such as issuance of debts collection letter, shortening credit period or canceling the credit period to ensure that the overall credit risk is manageable. As at 30 June 2020, the receivables due from the Group's top 5 customers represent 79.1% of its total accounts receivables.

Liquidity risk

Liquidity risk is the risk that the Group is unable to obtain timely and adequate funding to finance its business development, repay indebtedness and satisfy other payment obligations. The Group's finance department continuously monitors its short-term and long-term funding needs to ensure that it maintains sufficient cash reserves and continues to comply with loan agreements to obtain adequate alternate funding commitments from major financial institutions to meet short-term and long-term funding requirements.

The following table sets forth the Group's contractual maturities (representing undiscounted contractual cash-flows) of the Group's financial liabilities and assets as at 30 June 2020:

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
	RMB in millions				
Short-term borrowings	42,792.8	–	–	–	42,792.8
Payables	34,544.6	–	–	–	34,544.6
Current portion of non-					
current liabilities	6,198.3	–	–	–	6,198.3
Other current liabilities	6,495.7	–	–	–	6,495.7
Long-term borrowings	–	15,799.1	7,000.0	–	22,799.1
Long-term payables	–	0.2	0.7	20,151.9	20,152.7
Bonds payable	–	16,301.7	23,725.1	10,910.4	50,937.2

OPERATING AND FINANCIAL REVIEW

Currency exchange rate risk

The Group's business is primarily located in China and most of the Group's transactions are settled in RMB. However, the Group is exposed to currency exchange rate risk through certain foreign currency assets and liabilities, most of which are denominated in US dollars, Hong Kong dollars, Euros, Pakistani rupee and Peruvian Sol. The Group regularly monitors the scale of its foreign currency transactions and foreign currency assets and liabilities to minimise its exposure to currency exchange rate risk. As at 30 June 2020, the Group had the following foreign currency assets and liabilities:

Item	USD items	HKD items	EUR items	PKR items	PEN items	Total
RMB (in millions)						
Foreign currency financial assets:						
Cash at bank and on hand	315.1	2,671.3	43.1	6.5	1,050.7	4,086.7
Accounts receivables	–	–	–	21.9	1,391.4	1,413.3
Other receivables	–	–	–	–	129.3	129.3
Other non-current financial assets	–	685.3	–	–	–	685.3
Other equity instrument investments	–	4,124.6	–	–	–	4,124.6
Long-term equity investments	–	–	145.9	–	–	145.9
Debt investments	–	–	1,159.3	–	–	1,159.3
Subtotal						<u>11,744.4</u>
Foreign currency financial liabilities:						
Short-term borrowings	24,353.5	–	–	–	1,235.6	25,589.0
Accounts payable	–	–	–	–	792.3	792.3
Interest payable	89.4	–	–	–	69.4	158.7
Dividends payable	–	–	–	–	37.6	37.6
Financial liabilities held for trading	406.4	–	264.5	–	–	670.9
Other payables	–	–	–	8.9	22.8	31.7
Current portion of non-current liabilities	–	–	–	–	699.9	699.9
Long-term borrowings	–	–	–	–	199.1	199.1
Bonds payable	1,963.9	–	1,448.6	–	3,085.1	6,497.6
Long-term payables	–	–	–	–	19.8	19.8
Subtotal						<u>34,696.7</u>

Interest rate risk

The Group's interest rate risk arises from long-term borrowings, long-term payables and bonds payable. Floating rate financial liabilities expose the Group to cash flow interest rate risk while fixed-rate financial liabilities expose the Group to fair value interest rate risk. The Group adjusts the relative proportion of its fixed-rate and floating rate contracts according to prevailing market conditions. The Group's finance department continuously monitors the Group's relevant interest rates. An increase in interest rates would increase the Group's financing costs and may adversely affect the Group's financial results.

OPERATING AND FINANCIAL REVIEW

As at 30 June 2020, if the interest rate on the Group's floating rate borrowings increased or decreased by 50 basis points, while other factors remain unchanged, the Group's net profit would have decreased or increased by approximately RMB174.5 million.

Price risk

The Group's price risk primarily arises from the price fluctuations of the fair value of the equity financial instruments held by the Group due to change of market price factors except for market rate and foreign exchange rate. The Group invests in stocks and funds listed on stock exchanges, and the market price risk of such investments is determined by their fair value.

The fair value of equity financial instruments held by the Group as at 31 December 2017, 2018 and 2019 and 30 June 2019 and 2020 were RMB12,790.4 million, RMB17,837.1 million and RMB10,244.4 million, RMB8,564.7 million and RMB8,412.8, respectively.

As at 30 June 2020, the Group held equity financial instruments with a fair value of RMB8,412.8 million. As at 30 June 2020, if the fair value of such investments increased or decreased by 10%, while all other variables remain unchanged, the Group's other comprehensive income would increase or decrease by approximately RMB320.9 million and the net profit would increase or decrease by approximately RMB337.8 million.

RECENT DEVELOPMENTS

Impact of the COVID-19 Pandemic

Since it began in December 2019, the COVID-19 pandemic has caused substantial disruption in international economies and markets, including the PRC. While the PRC domestic economy has remained generally stable in recent years, it is facing mounting downward pressure, especially due to the sudden outbreak of COVID-19, and is expected to experience substantially lower economic growth in 2020. China's first quarter GDP has contracted by 6.8% in 2020 as compared to the first quarter of 2019, largely as a result of the impact of the COVID-19 outbreak. As the negative effect of COVID-19 tapered off in the second quarter in 2020, the GDP of China for that quarter grew by 3.2% as compared to the second quarter in 2019. Overall, the GDP of China for the six months ended 30 June 2020 contracted by 1.6% comparing to the same period in 2019. As the demand for electricity is impacted by general economic conditions, a prolonged economic slowdown or recession may have an adverse impact on our business and results of operations.

As part of the PRC government's efforts to curb the spread of COVID-19, the public was advised or required to stay at home or stay in quarantine and refrain from going to public spaces. As a result, many factories, schools, government agencies, offices, recreational facilities, shops and other facilities were temporarily or permanently shut down, resulting in a general decrease in demand for electricity. Although the lock-down policies have gradually been eased, and societal activities have continued to normalise, it is unclear whether demand for electricity will recover to its previous level before the COVID-19 outbreak or at all. As many countries in the world continue to struggle to curb

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the spread of COVID-19, there is no guarantee that there will not be a second outbreak in China, and consequently, any recovery in economic growth and electricity demand may not be sustained at the current level or at all.

The Group has promptly adopted measures to ensure the safety of its employees and the normal operation of its hydropower projects. During the COVID-19 outbreak, all of the Group's hydropower projects were in normal operation and continued to supply electricity to the regions served by the Group, which ensured that the Group's operating revenue from hydropower generation remained stable. The electricity generated by the Group's hydropower projects is distributed pursuant to annual contracts with State Grid and Southern Grid, and the Group benefits from certain preferential offtake arrangement with such grid companies. In general, the Group has not been materially and adversely affected by the COVID-19 pandemic.

Electricity Generation during the Flood Season of 2020

Due to increased rainfall in the Yangtze River basin during the flood season of 2020, since June 2020, the Group has recorded increased electricity generation as compared with the corresponding period in the preceding year. In July and August 2020, the total electricity generated by the Group's Three Gorges Project, Gezhouba Project, Xiluodu Project and Xiangjiaba Project amounted to 60.9 TWh, representing an increase of 8.6 TWh, or 16.4%, over the electricity generation during the corresponding period in 2019. For the eight months ended 31 August 2020, the total electricity generated by the aforementioned hydropower projects of the Group amounted to 141.0 TWh, representing an increase of 3.3 TWh, or 2.4%, over the electricity generation during the corresponding period in 2019.

OVERVIEW

The Company is principally governed by the general meeting of its shareholders (the “general meeting”), the Board of Directors, the Supervisory Committee and senior management. The Articles of Association were approved at the first extraordinary general meeting for the year 2020 on 30 June 2020.

A brief description of the general meeting, the Board of Directors, the Supervisory Committee and senior management of the Company is set out below.

GENERAL MEETING

The general meeting is the governing authority of the Company. General meetings include annual general meetings and extraordinary general meetings. An annual general meeting is required to be called once a year, within six months following the end of the previous fiscal year. An extraordinary general meeting is required to be called within two months from the date of the occurrence of any of the following circumstances:

- the number of Directors is fewer than five or two-thirds of the number of Directors as specified in the Articles of Association;
- the losses of the Company that have not been made up reach one third of its total paid-up share capital;
- shareholders that hold, individually or collectively, 10% or more of the shares of the Company request to hold such a meeting;
- the Board of Directors considers it necessary;
- the Supervisory Committee proposes to hold such a meeting; or
- other circumstances as provided by relevant laws, administrative regulations, departmental rules or the Articles of Association.

The general meeting shall have the following functions and powers in accordance with PRC law:

- to decide on the business and investment plans of the Company;
- to elect and replace a Director or Supervisor who is not an employee representative, and decide on the amount and payment method of his or her remuneration;
- to consider and approve the report of the Board of Directors;
- to consider and approve the report of the Supervisory Committee;
- to consider and approve the annual financial budgets and the final accounts of the Company;
- to consider and approve the profit distribution plans and the plans for making up losses of the Company;
- to pass resolutions on any increase or decrease of the Company’s registered capital;

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- to pass resolutions on the issue of corporate bonds;
- to pass resolutions on the merger, division, dissolution, liquidation, or change in corporate form of the Company;
- to amend the Articles of Association;
- to pass resolutions on the engagement, dismissal or non-renewal of the appointment of any accounting firm by the Company;
- to consider and approve the following matters:
 - any guarantees provided after the cumulative amount of external guarantees provided by the Company and its subsidiaries reaches or exceeds 50% of the audited net assets of the Group as at the end of its most recent financial period;
 - any guarantees provided after the amount of the guarantees, calculated by aggregating all guarantees in the past 12 months, reaches or exceeds 30% of the audited total assets of the Group as at the end of its most recent financial period;
 - guarantees provided for the benefit of any obligator whose liability-to-asset ratio exceeds 70%;
 - a single guarantee that exceeds 10% of the audited net assets of the Group as at the end of its most recent financial period; and
 - guarantees provided for the benefit of the Company's actual controller, shareholders and their related parties;
- to consider and approve matters relating to the purchase and/or sales by the Company of material assets within one year with an aggregate value of 30% or more of the Company's audited total assets of the Company as at the end of its most recent financial period;
- to consider and approve any change in the use of proceeds from offerings of securities;
- to consider and approve any share incentive scheme;
- to deliberate on proposals put forward by shareholders representing 3% or more of the Company's voting shares; and
- to examine and approve other matters as required by laws, administrative regulations, departmental rules, or the Articles of Association to be approved at a general meeting.

BOARD OF DIRECTORS

The Board of Directors is responsible for the general management of the Company and is accountable to the general meeting. Board meetings include routine board meetings and extraordinary board meetings. A routine board meeting is required to be called twice a year. An extraordinary board meeting may be called upon demand.

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The Board of Directors has the following functions and powers:

- to convene general meetings and report to general meetings;
- to implement resolutions of general meetings;
- to determine on the Company's business plans and investment plans;
- to formulate the annual financial budgets and final accounting plans of the Company;
- to prepare the profit distribution plans and the loss make-up plan of the Company;
- to formulate proposals in respect of any increase or reduction of registered capital or issuance of bonds of the Company;
- to formulate proposals in respect of issuance of other securities of the Company and the listing of the Company's securities;
- to formulate plans for material acquisitions of the Company;
- to formulate plans for merger, division or dissolution of the Company;
- to formulate plans for change in corporate form of the Company;
- to formulate plans for share buy backs under the circumstances of reduction of registered capital of the Company or merger with another company that holds the Company's shares;
- to decide on share buy backs under the circumstances of stock ownership plan or equity incentive plan or conversion of convertible bonds issued by the Company or other circumstances when it is necessary to preserve the Company's value and protect the rights and interests of its shareholders;
- to decide on matters relating to provision of guarantees within the authority granted by the general meeting;
- to decide on matters relating to investments, acquisitions and/or sales of assets, pledges of assets, related party transactions and incurrence of indebtedness within the authority granted by the general meeting;
- to decide on the establishment of the internal management structure of the Company;
- to appoint or dismiss the general manager and the secretary to the Board of Directors of the Company and to appoint or dismiss senior managers including deputy general manager(s) and the persons in charge of finance, technology and legal matters of the Company in accordance with the nominations by the general manager, and to determine their remunerations, rewards and penalties;
- to set up the basic management regime of the Company;
- to formulate the proposals for any amendment to the Articles of Association;
- to manage information disclosure of the Company;
- to propose to the general meeting the appointment or replacement of the accounting firms which provide auditing services to the Company;

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- to receive reports from the general manager and review his or her work; and
- to exercise other functions and powers as stipulated by laws, administrative regulations, departmental rules and the Articles of Association or as granted by the general meeting.

The Company's Board of Directors currently consists of 15 Directors, including five independent non-executive Directors. A Director serves a term of three years and may seek re-election upon expiry of the said term. Independent Directors cannot serve more than two terms consecutively.

The membership of the Board of Directors of the Company is as set out below.

Name	Age	Current Position	Since
Mr. LEI Mingshan	58	Chairman of the Board of Directors	2018
Mr. MA Zhenbo	56	Vice Chairman of the Board of Directors	2018
Mr. CHEN Guoqing	55	Director	2018
Mr. HE Hongxin	49	Director	2018
Mr. HONG Wenhao	56	Director	2016
Mr. ZONG Renhuai	55	Director	2016
Ms. LI Qinghua	50	Director	2020
Mr. ZHOU Chuangen	54	Director	2016
Ms. ZHAO Yan	50	Director	2016
Mr. ZHAO Qiang	54	Director	2018
Mr. ZHANG Chongjiu	67	Independent Director	2015
Mr. LV Zhenyong	73	Independent Director	2015
Mr. ZHANG Biyi	66	Independent Director	2017
Mr. WEN Bingyou	66	Independent Director	2017
Mr. YAN Hua	66	Independent Director	2017

The biographies of the members of the Board of Directors of the Company are set out below. The business address of the office of the Board of Directors is B22, Focus Place, No. 19 Financial Street, Xicheng District, Beijing, People's Republic of China.

Mr. LEI Mingshan is the Chairman of the Board of Directors of the Company. He holds a master's degree and a title of senior economist. He served successively as deputy director of the second project bureau of the economic and legal department of China International Engineering Consulting Corporation (中國國際工程諮詢公司) from July 1991 to December 1992, deputy manager of China Assets Appraisal Office (中諮資產評估事務所) of China International Engineering Consulting Corporation (中國國際工程諮詢公司) from December 1992 to August 1993, assistant of general manager of China International Engineering Consulting Corporation (中國國際工程諮詢公司) from August 1993 to June 1995, and deputy general manager and party committee member of China International Engineering Consulting Corporation (中國國際工程諮詢公司) from June 1995 to December 1998. He served successively in the State Council Three Gorges Project Construction Committee Executive Office (國務院三峽工程建設委員會辦公室) as deputy director of the inspection department and director of the fund planning department from April 2002 to December 2011. He also served as deputy head and party committee member in the State Council Three Gorges Project Construction Committee Executive Office (國務院三峽工程建設委員會辦公室) from December 2011 to March 2018. He previously served as deputy minister of the Ministry of Water Resources of the PRC from March 2018 to August 2018. He has been the party secretary and chairman of the board of directors of CTG since August 2018. He has been the Chairman of the Board of Directors since December 2018 with a current term of office from December 2018 to December 2021.

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Mr. MA Zhenbo is the Vice Chairman of the Board of Directors of the Company. He holds a master's degree in engineering and is a professor-level senior engineer. He served in Gezhouba Power Plant (葛洲壩電廠) of the Company as the plant manager and party secretary from November 2002 to February 2005. He served as the plant manager and party secretary of Three Gorges Power Plant (三峽電廠) of the Company from February 2005 to March 2006 and deputy general manager and party secretary of the Company from March 2006 to May 2015. He served as director of human resources department and director of the retired staff management office of CTG from May 2015 to June 2018. He has been party secretary of the Company since June 2018 and the principal of the Company's School of Communist Party of China since August 2018. He has been the Vice Chairman of the Board of Directors since July 2018 with a current term of office from December 2018 to December 2021.

Mr. CHEN Guoqing is a director and deputy party secretary of the Company. He holds a doctoral degree in engineering and is a professor-level senior engineer. He served as a party committee member and the chief engineer from April 2008 to July 2011, the head of Jinshajiang power production planning division the Company from April 2008 to May 2009, and production preparatory office director of Xiangjiaba Power Plant (向家壩電廠) and Xiluodu Power Plant (溪洛渡電廠) from May 2009 to July 2011. He also served as deputy general manager of the Company from July 2011 to August 2015, party secretary and deputy general manager of the Company from August 2015 to June 2018, and the principal of the Company's School of Communist Party of China from January 2017 to August 2018. He also served as general manager of the Company from June 2018 to August 2020. He has been the president of Yangtze Power College of the Company since August 2018. He has been deputy party secretary of the Company since June 2018. He has been a director of the Company since July 2018 with a current term of office from July 2018 to July 2021.

Mr. HE Hongxin is a director of the Company. He holds a master's degree in business administration and is a senior accountant. He served in CTG as deputy director of the capital operation department from April 2011 to October 2014. He served as the executive director, chief executive officer of China Power Clean Energy Development Company Limited (中國電力新能源發展有限公司) and the principal person in charge of China Power International New Energy Holdings Co., Ltd. (中電國際新能源控股有限公司) from August 2014 to April 2016. He served as deputy general manager of China Three Gorges New Energy Co., Ltd. (中國三峽新能源有限公司) from April 2016 to December 2016. He also served successively as deputy director and director of the asset and finance department of CTG from December 2016 to November 2018. He has been deputy chief accountant and director of the asset finance department of CTG since November 2018. He has been a director of the Company since December 2018 with a current term of office from December 2018 to December 2021.

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Mr. HONG Wenhao is a director of the Company. He holds a master's degree in engineering and is a professor-level senior engineer. He served in CTG as a director of construction management department and deputy party secretary from December 2014 to July 2015. He served in China Three Gorges Projects Development Co., Ltd. (中國三峽建設管理有限公司) as an executive director, general manager, director and deputy party secretary of construction management department from July 2015 to December 2015. He also served in China Three Gorges Projects Development Co., Ltd. (中國三峽建設管理有限公司) as a director, general manager and deputy party secretary from December 2015 to March 2018, as a director and deputy party secretary of construction management department from December 2015 to March 2016, and as chairman of the board of directors, general manager and party secretary from March 2018 to September 2018. He has been the chairman of the board of directors and party secretary of China Three Gorges Projects Development Co., Ltd. (中國三峽建設管理有限公司) since September 2018. He has been a director of the Company since May 2016 with a current term of office from December 2018 to December 2021.

Mr. ZONG Renhuai is a director of the Company. He holds master's degrees in engineer and business administration and is a professor-level senior engineer. He served as deputy general manager and general manager of Panzhihua Huarun Hydropower Development Co., Ltd. (攀枝花華潤水電開發有限公司) from September 2007 to February 2011. He worked in Sichuan Energy Industry Investment Group Co., Ltd. (四川省能源投資集團有限責任公司) taking charge of power supply development and other work from February 2011 to August 2011. He also served as party secretary, director, and chairman of the board of directors of Sichuan Energy Investment Distributed Energy Systems Co., Ltd. (四川能投分佈式能源有限公司) from May 2013 to May 2016. He has been the deputy general manager of Sichuan Energy Industry Investment Group Co., Ltd. (四川省能源投資集團有限責任公司) since August 2011. He has been a director of the Company since May 2016 with a current term of office from December 2018 to December 2021.

Ms. LI Qinghua is a director of the Company. She holds a bachelor's degree and is a senior accountant, certified public accountant, certified public valuer and certified tax agent. She served successively in Yunnan Provincial Energy Investment Group Co., Ltd. (雲南省能源投資集團有限公司) as deputy general manager of financial management department, deputy general manager of strategic development department and deputy general manager and general manager of securities management department from November 2012 to January 2017. She has been the general manager of capital management center of Yunnan Energy Investment Group Co., Ltd. since January 2017. She has been a director of the Company since May 2020 with a current term of office from May 2020 to December 2021.

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Mr. ZHOU Chuangen is a director of the Company. He holds a master's degree in business administration and is a Certified Financial Analyst ("CFA"). He served as deputy division head of management inspection division of the State Administration of Foreign Exchange from October 1994 to October 1999, senior analyst of Societe Generale Securities Asia Co., Ltd. (法國興業證券亞洲有限公司) from April 2001 to January 2003, and director of research department of Guotai Asset Management Co., Ltd. (國泰基金管理有限公司) from January 2003 to November 2008. He served as director of research department, assistant of general manager and deputy general manager of Ping An Asset Management Co. Ltd (平安資產管理有限公司) from November 2008 to March 2020. He has been a deputy general manager of Ping An Annuity Insurance Co., Ltd. (平安養老保險股份有限公司) since March 2020. He has been a director of the Company since May 2016 with a current term of office from December 2018 to December 2021.

Ms. ZHAO Yan is a director of the Company. She holds master's degrees in science and business administration and is a Financial Risk Manager ("FRM"). She served as portfolio manager of Taikang Asset Management Co. Ltd. (泰康資產管理股份有限公司) from September 2002 to September 2006, manager of Deloitte Consulting LLP from September 2006 to September 2007, general manager of asset management centre of Sunshine Insurance Group Co., Ltd. (陽光保險集團股份有限公司) from September 2007 to March 2013, and assistant of general manager and chief risk officer of Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司) from March 2013 to January 2015. She has been the deputy general manager of Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司) since January 2015, director of Sunshine Asset Management Corporation Limited (陽光資產管理股份有限公司) since February 2015, and director of Sunshine Life Insurance Co., Ltd. (陽光人壽保險股份有限公司) since July 2015. She has been a director of the Company since May 2016 with a current term of office from December 2018 to December 2021.

Mr. ZHAO Qiang is a director of the Company. He holds a master's degree and is a senior accountant. He served in China National Nuclear Corporation (中國核工業集團公司) as director of the budget office of the finance department from June 2005 to January 2010 and director of the fund office of the financial department from February 2010 to December 2010. He served in Jiangsu Nuclear Power Co., Ltd. (江蘇核電有限公司) as chief accountant from January 2011 to February 2014 and chief legal counsel from December 2012 to February 2014. He also served in China National Nuclear Corporation (中國核工業集團公司) as deputy director of finance department from February 2014 to June 2015 and director of finance department from June 2015 to July 2018. He has been the director of finance and capital operation department of China National Nuclear Industrial Group Co., Ltd. (中國核工業集團有限公司) since August 2018. He has been a director of the Company since July 2018 with a current term of office from December 2018 to December 2021.

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Mr. ZHANG Chongjiu is an independent director of the Company. He holds a doctoral degree in management and is a senior economist. He has served as a party committee member, deputy general manager and chief legal counsel of China Gezhouba Group Co., Ltd. (中國葛洲壩集團股份有限公司) from June 2001 to September 2011. He also served as a member of strategic advisory committee of China Energy Construction Group Co., Ltd. (中國能源建設集團有限公司) and a member of the advisory committee of China Gezhouba Group Co., Ltd. (中國葛洲壩集團股份有限公司) from September 2011 to December 2012. He has been an independent director of the Company since May 2015 with a current term of office from December 2018 to December 2021.

Mr. LV Zhenyong is an independent director of the Company. He holds a bachelor's degree and is a senior economist. He served in the Ministry of Electric Industry of the PRC as deputy director and director of the Political and Legal Bureau from June 1995 to July 1997. He served in State Power Corporation of China (國家電力有限公司) as the chief legal counsel and director of the legal department from July 1997 to November 2000. He also served in State Grid Corporation of China (國家電網有限公司) as the chief legal counsel and advisor from November 2000 to April 2012. He has been an independent director of the Company since October 2015 with a current term of office from December 2018 to December 2021.

Mr. ZHANG Biyi is an independent director of the Company. He holds a bachelor's degree and is a senior accountant. He served in China State Shipbuilding Corporation (中國船舶工業集團公司) as deputy general manager, chief accountant and party committee member from January 2010 to February 2014. He has been an independent director of the Company since March 2017 with a current term of office from December 2018 to December 2021.

Mr. WEN Bingyou is an independent director of the Company. He holds a bachelor's degree and is a senior engineer. He served in Dongfang Boiler Group Co., Ltd. (東方鍋爐(集團)股份有限公司) as vice chairman of the board of directors and general manager from July 1997 to June 2004. He served in Dongfang Electric Corporation (中國東方電氣集團有限公司) as chief economist from June 2004 to April 2006, head of disciplinary board from January 2006 to July 2015, director from April 2008 to June 2014 and party committee member from January 2006 to November 2015. He has been an independent director of the Company since March 2017 with a current term of office from December 2018 to December 2021.

Mr. YAN Hua is an independent director of the Company. He holds a master's degree in Economics and Management and is a senior economist. He served in China Commercial Aircraft Co., Ltd. (中國商用飛機有限責任公司) as a party committee member, assistant of general manager and deputy party secretary from October 2012 to March 2015. He has been an independent director of the Company since November 2017 with a current term of office from December 2018 to December 2021.

SUPERVISORY COMMITTEE

The Supervisory Committee conducts independent supervision and inspection of the finance and accounting work of the Company and the performance of the duties of the Directors and senior managers. The Supervisory Committee is accountable to the general meeting. A routine supervisory committee meeting is required to be called semi-annually.

The Supervisory Committee has the following functions and powers in accordance with PRC law:

- to review the periodic reports of the Company prepared by the Board and prepare written review opinions thereon;
- to inspect the finances of the Company;
- to review profit distribution plans of the Company;
- to monitor the Directors and senior managers' violation of laws, administrative regulations or the Article of Association in their performance of their duties, and propose the dismissal of Directors and senior managers who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;
- to require Directors and senior managers to correct their actions which are harmful to the interests of the Company;
- to review financial materials including financial reports, operating reports and profit distribution plans submitted by the Board of Directors to the general meeting, and to engage certified public accountants or professional auditors to review such materials on behalf of the Company if in doubt;
- to propose the convening of extraordinary general meetings, and to convene and preside over the general meetings, if the Board fails to perform its duties to convene and preside over the general meetings in accordance with the PRC Company Law;
- to make proposals to be considered at a general meeting;
- to attend the Board meetings;
- to communicate with the Directors on behalf of the Company or to bring legal actions against Directors and senior managers in accordance with the PRC Company Law; and
- to conduct investigations in relation to any operational abnormality of the Company, and engage accounting firms, law firms or other professional agencies to assist with such investigation.

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The Company's Supervisory Committee currently consists of eight Supervisors, including the chairman of the Supervisory Committee. The term of office of each Supervisor shall be three years per session. Upon expiry of the term, a Supervisor may be reappointed upon re-election. The Chairman of the Supervisory Committee shall be elected by the Supervisory Committee.

The membership of the Supervisory Committee of the Company is as set out below.

Name	Age	Current Position	Since
Mr. YANG Xingshi	55	Chairman of the Supervisory Committee	2018
Mr. MO Jinhe	55	Supervisor	2015
Ms. XIA Ying	51	Supervisor	2017
Mr. TENG Weiheng	38	Supervisor	2019
Mr. SHENG Xiang	56	Supervisor	2018
Ms. HU Yang	53	Employee Representative Supervisor	2019
Mr. CHEN Yanshan	47	Employee Representative Supervisor	2019
Mr. YANG Xingbin	58	Employee Representative Supervisor	2018

The biographies of the members of the Supervisory Committee of the Company are set out below. The business address of the office of the Supervisory Committee is B22, Focus Place, No. 19 Financial Street, Xicheng District, Beijing, People's Republic of China.

Mr. YANG Xingshi is the Chairman of the Board of Supervisors of the Company. He holds a doctoral degree and a title of senior accountant. He served in the Ministry of Transport of the PRC as deputy division head of the enterprise finance division of the finance accounting department from March 1995 to October 1997, division head of the business finance division from October 1997 to July 1998, as assistant of director of the finance accounting department from July 1998 to December 2000 and deputy director of the finance accounting department from December 2000 to December 2006, deputy director of the maritime bureau from December 2006 to April 2009 and director of the finance department from April 2009 to November 2010. He served as deputy secretary of Zhenjiang Municipal Committee of the Communist Party of Jiangsu province from November 2010 to January 2011. He served as deputy secretary of Lianyungang Municipal Committee of the Communist Party of Jiangsu province, the city's acting mayor and mayor from January 2011 to April 2013. He also served as secretary of Zhenjiang Municipal Committee of the Communist Party of Jiangsu province and principal of Standing Committee of Zhenjiang Municipal People's Congress from April 2013 to September 2014. He served as secretary of Lianyungang Municipal Committee of the Communist Party of Jiangsu province and principal of Standing Committee of Lianyungang Municipal People's Congress successively from September 2014 to February 2018. He served as secretary of Party group and director of the department of finance of Jiangsu province and secretary of Party group of the tax bureau from February 2018 to July 2018. He has been appointed as party committee member, deputy general manager and chief accountant of CTG since July 2018. He is also a representative of the 19th National Congress of the Communist Party of China. He has been the Chairman of the Board of Supervisors of the Company since December 2018 with a current term of office from December 2018 to December 2021.

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Mr. MO Jinhe is a supervisor of the Company and holds a bachelor's degree in accounting. He is a senior auditor and international registered internal auditor. He served as chief accountant of Hainan Power Grid Corporation (海南電網公司) from February 2009 to January 2011. He also served as deputy director of the finance department of China Southern Power Grid Co., Ltd. (中國南方電網有限責任公司) from January 2011 to December 2011. He has been director, deputy general manager, party committee member and chief accountant of Guangdong Power Grid Co., Ltd (廣東電網有限責任公司) since December 2011. He has been a supervisor of the Company since May 2015 with a current term of office from December 2018 to December 2021.

Ms. XIA Ying is a supervisor of the Company and holds a bachelor's degree. She is a senior engineer. She served in China National Petroleum Corporation Co., Ltd. (中國石油天然氣集團有限公司) as a deputy director of the capital markets division of the capital operations department from February 2008 to February 2016, and director of capital markets division of the capital operations department from February 2016 to March 2017. She has been a full-time director/supervisor of the affiliates of China National Petroleum Corporation Co., Ltd. (中國石油天然氣集團有限公司) since April 2017. She has been a supervisor of the Company since May 2017 with a current term of office from December 2018 to December 2021.

Mr. TENG Weiheng is a supervisor of the Company and holds a master's degree in economics. He has served as deputy director officer of the channel management department of Postal Saving Bank of China Co., Ltd. (中國郵政儲蓄銀行有限責任公司) from July 2007 to December 2009, manager of the investment department of Anhui Guofu Industrial Investment Fund Management Co., Ltd. (安徽國富產業投資基金管理有限公司) from December 2009 to July 2012 and head of the institutional business department of Yunnan branch of Essence Securities Co., Ltd. (安信證券股份有限公司) from March 2015 to June 2017. He has been the deputy general manager of the capital management centre of Yunnan Provincial Energy Investment Group Co., Ltd. (雲南省能源投資集團有限公司) since June 2017. He has been a supervisor of the Company since August 2019 with a current term of office from August 2019 to December 2021.

Mr. SHENG Xiang is a supervisor of the Company and holds a bachelor's degree. He is a senior accountant. He served as deputy director of the finance division and director of the finance department of Sichuan Tianhua Co., Ltd. (四川天華股份有限公司) from June 2000 to January 2007. He has been a director of the asset finance department of Sichuan Chemical Industry Holding (Group) Co., Ltd. (四川化工控股(集團)有限責任公司) since January 2007 and the director of finance management department of Sichuan Energy Industry Investment Group Co., Ltd. (四川能源投資集團有限責任公司) since August 2018. He has been a supervisor of the Company since December 2018 with a current term of office from December 2018 to December 2021.

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Ms. HU Yang is an employee representative supervisor of the Company. She holds a master's degree in economics and is a senior economist and in-house counsel. She served in China Water Investment Co., Ltd. (中國水利投資集團公司) as director of the operation management department from May 2009 to July 2010. She served successively in China Three Gorges New Energy Co., Ltd. (中國三峽新能源有限公司) as director of the operation management department, director of corporate management and legal affairs department, chief economist and chief legal counsel from July 2010 to October 2015. She served as deputy director of the corporate management department of CTG from October 2015 to July 2019. She has been the secretary of the Company's discipline committee since July 2019 and an employee supervisor of the Company since August 2019 with a current term of office from August 2019 to December 2021.

Mr. CHEN Yanshan is an employee representative supervisor of the Company. He holds a master's degree in business administration and is a senior political engineer. He served successively in the general manager work office of the Company as administrative director and assistant of manager of general manager work office (party affairs department) from August 2006 to October 2011, deputy manager and manager of the general manager work office (legal affairs office) from October 2011 to August 2017, and director of the general manager work office from August 2017 to March 2019. He has been the party secretary and deputy general manager of the Maintenance Plant since March 2019. He has been an employee supervisor of the Company since August 2019 with a current term of office from August 2019 to December 2021.

Mr. YANG Xingbin is an employee representative supervisor of the Company. He holds a doctoral degree in engineering and is a professor-level senior engineer. He served successively in Gezhouba Power Plant (葛洲壩電廠) of the Company as deputy chief engineer, chief engineer and deputy general manager of the Dajiang branch from September 1995 to January 2003, director and deputy chief engineer of the electrical maintenance department from January 2003 to April 2007. He served in Three Gorges Power Plant (三峽電廠) of the Company as assistant of chief engineer from April 2007 to April 2008, technical head of the Jinshajiang power production preparatory working group and assistant of plant manager of the Three Gorges Power Plant (三峽電站) from April 2008 to May 2009. He served successively in Xiluodu Power Plant preparatory department (溪洛渡電廠籌建處) as head of the production management department and deputy director from May 2009 to November 2012 and deputy plant manager of Xiluodu Power Plant (溪洛渡電廠) from November 2012 to July 2018. He has been the deputy general manager of Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. (三峽金沙江川雲水電開發有限公司) since July 2018. He has been an employee supervisor of the Company since December 2018 with a current term of office from December 2018 to December 2021.

MANAGEMENT AND CORPORATE GOVERNANCE

SENIOR MANAGERS

The senior managers, by function, of the Company are as set out below to the extent that not all of them are members of the Board of Directors. All senior managers have a current term of office of three years.

Name	Age	Current Position	Since
Mr. XUE Fuwen	56	Deputy General Manager	2015
Mr. LI Pingshi	57	Deputy General Manager	2015
Mr. ZHAN Pingyuan	47	CFO and Chief Legal Counsel	2019
Mr. GUAN Jieli	56	Deputy General Manager	2015
Mr. LI Shaoping	56	Secretary of the Board of Directors	2016

The biographies of the senior managers of the Company are set out below. The business address of the senior management is B22, Focus Place, No. 19 Financial Street, Xicheng District, Beijing, People's Republic of China.

Due to job transfers, Mr. CHEN Guoqing and Mr. XIE Feng who acted as general manager and deputy general manager of the Company, respectively, have resigned from their respective positions as at 24 August 2020. The senior management of the Company is responsible for the management and operations of the Company. The Company expects that its daily operations will not be materially and adversely impacted by such job transfers.

Mr. XUE Fuwen is a deputy general manager of the Company. He holds a master's degree in engineering and is a professor-level senior engineer. He served successively as deputy plant manager of the Three Gorges Power Plant (三峽電廠) of the Company from November 2002 to February 2005 and plant manager as well as party secretary of the Maintenance Plant from February 2005 to July 2011. He also served as chief legal counsel of the Company from October 2016 to October 2019. He has been a deputy general manager of the Company since July 2011.

Mr. LI Pingshi is a deputy general manager of the Company. He holds a master's degree in engineering and is a professor-level senior engineer. He served in the Company successively as manager of the production planning department and deputy chief engineer from December 2002 to January 2007. He also served as plant manager as well as party secretary of Gezhouba Power Plant (葛洲壩電廠) of the Company from January 2007 to June 2011. He served as party secretary and plant manager of Three Gorges Power Plant (三峽電廠) of the Company from July 2011 to April 2016, and the president of union from December 2015 to December 2019. He has been a deputy general manager of the Company since September 2015.

Mr. ZHAN Pingyuan is the chief financial officer and chief legal counsel of the Company. He holds a bachelor's degree in accounting and a doctoral degree in management science and engineering. He is a professor-level senior accountant and a senior international financial manager. He served as director of the asset finance department of CWE Investment Corporation (中水電國際投資有限公司) from July 2012 to April 2015. He also served in China Three Gorges International Corporation (三峽國際能

MANAGEMENT AND CORPORATE GOVERNANCE

源投資集團有限公司) as director of the asset finance department, chief accountant and union president from August 2015 to March 2019. He has been the chief financial officer of the Company since March 2019 and chief legal counsel since October 2019.

Mr. GUAN Jielin is a deputy general manager of the Company. He holds a master's degree in engineering and is a professor-level senior engineer. He served in Three Gorges Power Plant (三峽電廠) of the Company as chief engineer and deputy plant manager from April 2006 to April 2008. He also served as deputy group leader of the Jinshajiang power production preparatory working group of the Company from April 2008 to May 2009. He served successively as deputy director and director of the production preparatory office of Xiluodu Power Plant (溪洛渡電廠) of the Company from May 2009 to November 2012. He also served as plant manager as well as party secretary of Xiluodu Power Plant (溪洛渡電廠) of the Company from November 2012 to April 2016. He has been a deputy general manager of the Company since September 2015.

Mr. LI Shaoping is the secretary of the Board of Directors. He holds a bachelor's degree in economics and is a senior accountant. He served in the Company as manager of the finance department from June 2007 to September 2015, assistant of general manager, secretary of the board of directors as well as manager of the strategic investment department from September 2015 to November 2018. He has been the secretary of the Board of Directors since August 2016.

OTHER DIRECTORSHIPS

In addition to their directorships of the Company and certain subsidiaries, the Directors, Supervisors and senior managers have held or hold the following directorships or have been or are members of the following partnerships, within the past five years.

Name	Current Directorships/Partnerships	Previous Directorships/Partnerships
LEI Mingshan	• CTG	—
MA Zhenbo		• CYPC Capital Holding Co., Ltd.
CHEN Guoqin	• China Nuclear Power Co., Ltd.	• Three Gorges Hi-tech Information Technology Co. Ltd. • CYPC Capital Holding Co., Ltd. • Three Gorges Electric Power Co., Ltd. • China Yangtze Power International (Hongkong) Co., Limited
HE Hongxin	• Bank of Beijing • China Power New Energy Co., Ltd. • China Power New Energy Development Co., Ltd.	

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Name	Current Directorships/Partnerships	Previous Directorships/Partnerships
HONG Wenhao	• China Three Gorges Projects Development Co., Ltd. • Zhejiang Changlong Mountain Pump Storage Power Co. Ltd.	
ZONG Renhuai	• Huading Guolian Power Battery Co., Ltd. • Huading Guolian Battery Materials Co., Ltd. • Huading Guolian Sichuan Power Battery Co., Ltd. • Huading Guolian Sichuan Battery Materials Co., Ltd.	• Sichuan Xinli Light Source Co., Ltd. • Sichuan Energy Investment Distributed Energy Systems Co., Ltd.
LI Qinghua	• Huaneng Lancang River Hydropower Co., Ltd.	• Yunnan Energy Investment Co., Ltd. • Yunnan Energy Investment Hydropower New Technology Engineering Co., Ltd. • Yunnan Metallurgy Group Co., Ltd. • Hong Kong Yunnan Energy International Investment Co., Ltd.
ZHAO Yan	• Sunshine Life Insurance Co., Ltd. • Sunshine Asset Management Corporation Limited	—
ZHAO Qiang	• China Nuclear Finance Co., Ltd.	• China Nuclear Finance Leasing Co., Ltd. • State Nuclear Power Technology Corporation
WEN Bingyou		• Dongfang Electric Corporation
ZHANG Biyi	• PetroChina Company Limited	—
YAN Hua	• China Shipping Group Co., Ltd. • Angang Group Co., Ltd.	• Chengdu Airlines Co., Ltd.
MO Jinhe	• Guangdong Power Grid Co., Ltd.	—
XIA Ying	• Affiliates of China National Petroleum Corporation Co., Ltd.	—
TENG Weiheng	• Yunnan Energy Investment Co., Ltd. • Yunnan Yunwei Co., Ltd.	—

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Name	Current Directorships/Partnerships	Previous Directorships/Partnerships
SHENG Xiang	• Sichuan Natural Gas Investment Co., Ltd. • Sichuan Chemical Co., Ltd.	—
HU Yang		• Hunan Zhongshui Investment Co., Ltd.
CHEN Yanshan	• Three Gorges Base Development Co., Ltd.	—
XUE Fuwen		• CYPC Capital Holding Co., Ltd. • TGEE • Yangtze Three Gorges Nengshida Electric Co., Ltd.
LI Pingshi	• Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. • Midstream Jinsha • Yangtze Electric Power Sales Co., Ltd.	• CYPC Capital Holding Co., Ltd.
ZHAN Pingyuan	• SDIC Power Holdings Co., Ltd. • CYPC Capital Holding Co., Ltd.	• Yangtze Andes Holdings Co., Limited • China Three Gorges South Asia Investment Co., Ltd. • China Three Gorges (Brazil) Co., Ltd. • China Three Gorges (Hong Kong) Co., Ltd. • China Three Gorges Gangyuan Investment Co., Ltd. • ACE MANCO
GUAN Jielin	• China Three Gorges International Power Operations Co., Ltd. • Three Gorges Electrical and Mechanical Technology Engineering Co., Ltd.	• CYPC Capital Holding Co., Ltd. • China Yangtze Power International (Hongkong) Co., Limited • Hubei Energy Group Co., Ltd. • Three Gorges Hi-tech Information Technology Co. Ltd.
LI Shaoping	• China Yangtze Power International (Hongkong) Co., Limited • TGEE • Hunan Taohuajiang Nuclear Power Co., Ltd. • Beijing Changjiang Juyuan Investment Management Co., Ltd. • Chongqing Changdian United Energy Co., Ltd.	• Jianyin International Medical Health Care Equity Investment Management (Tianjin) Co., Ltd.

CONFLICTS OF INTEREST AND OTHER MATTERS

There are no potential conflicts of interest between any duties owed by the Directors, Supervisors or senior managers to the Company and their private interests and/or other duties. There are no interests, including conflicting interests that are material to the Offering.

None of the Directors, Supervisors or senior managers are related to one another for the purposes of the Prospectus Regulation Rules.

As at the date of this Prospectus, none of the Directors, Supervisors or senior managers has in the previous five years:

- had any convictions in relation to fraudulent offences;
- been a member of the administrative, management or supervisory bodies of any company, or been a partner in any partnership, at the time of or preceding any bankruptcy, receivership, liquidation or placement into administration; or
- been subject to official public incrimination or sanction by a statutory or regulatory authority (including a professional body) nor ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of a company.

None of the Directors, Supervisors or senior managers of the Company have agreed to any lock-up restrictions on the disposal of any Shares or GDRs that they may hold in the Company.

CORPORATE GOVERNANCE

At the date of this Prospectus, the Company is in compliance with the corporate governance requirements applicable to it as a PRC public company listed on the Shanghai Stock Exchange in all material aspects.

The Company operates within a comprehensive governance framework, which aims to add value to shareholders through the adoption of international best practice. Certain responsibilities of the Board of Directors are delegated to the specialised committees to assist the Board with carrying out its functions and to ensure independent oversight of internal control and risk management. The three principal specialised committees (the Strategy and Environment Committee, the Audit Committee and the Remuneration and Appraisal Committee) play an essential role in supporting the Board of Directors in fulfilling its responsibilities and ensuring that the highest standards of corporate governance are maintained throughout the Company. All the specialised committees are accountable to, and submit working reports to, the Board of Directors, which shall consider the opinions of the specialised committees before making any decisions on matters related to the duties of the specialised committees.

Strategy and Environment Committee

The Strategy and Environment Committee is mainly responsible for studying and giving suggestions on the Company's development strategies, major investment decisions, major environmental protection issues and construction of rule of law-related work. The specific duties of the Strategy and Environment Committee include: (i) studying and giving suggestions on the Company's development strategies; (ii) studying and giving suggestions on environmental protection issues of the Company; (iii) studying and giving suggestions on the Company's major investment decisions which are subject to the approval of the Board of Directors; (iv) studying and giving suggestions on construction of rule of law-related work of the Company; (v) studying and giving suggestions on other major issues affecting the development of the Company; and (vi) other matters authorised by the Board of Directors. Meetings of the Strategy and Environment Committee shall be convened by the chairman of the Board of Directors of the Company. The Strategy and Environment Committee is chaired by Mr. LEI Mingshan and consists of Mr. LEI Mingshan, Mr. MA Zhenbo, Mr. CHEN Guoqing, Mr. HE Hongxin, Mr. ZHANG Chongjiu, Mr. LV Zhenyong and Mr. ZHANG Biyi.

Audit Committee

The Audit Committee assists the Board of Directors with, amongst the other matters: (i) making proposals on the engagement or change of the Company's external auditors; (ii) supervising the Company's internal controls; (iii) monitoring the Company's internal audit policy and its implementation; (iv) monitoring and evaluating the effectiveness of the Company's internal controls; (v) coordinating the Company's internal controls, audit work and related matters; (vi) reviewing the financial statements and relevant disclosure of the Company; (vii) supervising the Company's related party transaction control and operational management; and (viii) other matters authorised by the Board of Directors. The Audit Committee is chaired by Mr. ZHANG Biyi and consists of Mr. ZHANG Biyi, Mr. HE Hongxin, Mr. LV Zhenyong, Mr. WEN Bingyou and Mr. YAN Hua.

Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee assists the Board of Directors with, amongst other: (i) studying the appraisal standards for Directors and senior management; (ii) formulating remuneration plans or schemes for Directors and senior management based on the coverage, responsibility and significance of their management role with reference to the remuneration of relevant positions in other relevant enterprises; the remuneration plans or schemes mainly include but are not limited to the performance appraisal standard, procedure and the main appraisal system, the main plan and the system for rewards and penalties, etc.; (iii) reviewing the performance of the Directors (excluding the Independent Directors) and senior managers and conducting periodic performance appraisals; (iv) supervising the implementation of the remuneration system for Directors and senior management; and (v) other matters authorised by the Board of Directors. The Remuneration and Appraisal Committee, chaired by Mr. ZHANG Chongjiu, consists of Mr. ZHANG Chongjiu, Mr. WEN Bingyou and Mr. YAN Hua.

MANAGEMENT AND CORPORATE GOVERNANCE

REMUNERATION

The aggregate amount of total pre-tax remuneration and pension, retirement and other similar benefits received from the Company by the current Directors, Supervisors and senior managers for services in all capacities provided to the Company in 2019 was RMB6.9 million.

The following table sets forth some details of the pre-tax remuneration and pension, retirement and other similar benefits received from the Company by each of the Company's current Directors, Supervisors and senior managers in 2019:

Name	Pre-tax remuneration and pension, retirement and other similar benefits received from the Company in 2019 (RMB in thousands)
Mr. LEI Mingshan	— ⁽¹⁾
Mr. MA Zhenbo	764.6
Mr. CHEN Guoqing	837.6
Mr. HE Hongxin	— ⁽¹⁾
Mr. HONG Wenhao	— ⁽¹⁾
Mr. ZONG Renhuai	— ⁽¹⁾
Ms. LI Qinghua	— ⁽¹⁾
Mr. ZHOU Chuangen	— ⁽¹⁾
Ms. ZHAO Yan	— ⁽¹⁾
Mr. ZHAO Qiang	— ⁽¹⁾
Mr. ZHANG Chongjiu	137.5
Mr. LV Zhenyong	137.5
Mr. ZHANG Biyi	137.5
Mr. WEN Bingyou	137.5
Mr. YAN Hua	137.5
Mr. YANG Xingshi	— ⁽¹⁾
Mr. MO Jinhe	— ⁽¹⁾
Ms. XIA Ying	— ⁽¹⁾
Mr. SHENG Xiang	— ⁽¹⁾
Mr. TENG Weiheng	— ⁽¹⁾
Ms. HU Yang	241.9
Mr. CHEN Yanshan	672.8
Mr. YANG Xingbin	523.5
Mr. XUE Fuwen	687.8
Mr. LI Pingshi	687.8
Mr. ZHAN Pingyuan	386.2
Mr. GUAN Jielin	702.8
Mr. LI Shaoping	673.8

(1) These directors are nominated by the Company's shareholders. They hold positions at the respective shareholders and receive remuneration from them.

EMPLOYMENT CONTRACTS WITH THE DIRECTORS, SUPERVISORS AND SENIOR MANAGERS

As a general rule, employment contracts in PRC include fixed-term employment contracts and open-ended employment contracts where the Company and the employee have agreed not to stipulate a definite termination date.

Pursuant to the Chinese Labour Contract Law, an employment contract is terminated upon the occurrence of any of the following events: (i) the employment contract expires; (ii) the employee has commenced receiving basic pension insurance; (iii) the employee dies, or is declared dead or missing by a People's Court; (iv) the Company is announced as bankrupt according to law; (v) the Company has its business licence revoked, is ordered to be closed or cancelled, or the Company decides to be dissolved; and (vi) other grounds as stated in laws or administrative regulations.

The Company may terminate an employment contract for cause if the employee: (i) proves to be incompetent during the probation period; (ii) grossly violates the internal policies of the Company; (iii) engages in gross misconduct which causes material damage to the Company; (iv) enters into an employment arrangement with another employer that would affect his or her ability to perform his or her duties to the Company, and refuses to terminate such arrangement following the Company's request to do so; (v) engages in fraud or coercion to induce the Company to enter into the employment contract, or (vi) is convicted of a criminal offence.

The Company may terminate the employment contract if it notifies the employee in writing 30 days in advance or after it pays the employee an extra month's compensation, under the following circumstances: (i) the employee is unable to undertake full working responsibility, in his or her original position or the new position arranged by the Company after medical treatment, due to illness or non work-related injury; or (ii) the employee is not qualified for the work, even after being trained in or adjusted to different positions; or (iii) there has been a significant change in circumstances on which the employment was based, and the employment contract cannot be performed. None of the Directors, Supervisors or senior managers would receive severance pay upon termination of their term of office.

Where an employer pays training expenses for the special technical training of its employees, the employer may enter an agreement with its employees which specifies their service period. Under the Chinese legal system, a service period is a concept different from the term of an employment contract. Directors, supervisors and senior managers shall pay damages if they voluntarily resign or are dismissed and which results in the service period being terminated in advance.

MANAGEMENT AND CORPORATE GOVERNANCE

INTERESTS OF BOARD OF DIRECTORS, SUPERVISORS AND SENIOR MANAGERS

The table below sets out the interests of the Directors, Supervisors and senior managers in the Company's share capital as at the Latest Practicable Date, unless stated otherwise, and after completion of the Offering and Admission.

Name of Director, Supervisor or senior manager	A Shares held as at the Latest Practicable Date		A Shares immediately following completion of the Offering ⁽¹⁾ and Admission	
	Number of A Shares	% of total share capital	Number of A Shares	% of total share capital
CHEN Guoqing	30,000	0.00014	30,000	0.00013

(1): Assuming 760,000,000 new A Shares (assuming full exercise of the Over-allotment Option) are issued by the Company in connection with the Offering and the shareholdings of CTG and Hong Kong Securities Clearing Co., Ltd do not change during the period from the Latest Practicable Date to completion of the Offering.

Save as disclosed above, none of the Directors, Supervisors or senior managers of the Company holds any interest in the Company's share capital.

None of the Directors, Supervisors or senior managers of the Company holds options in respect of the Company's shares.

As far as the Company is aware, as at the date of this Prospectus, none of the Directors, Supervisors or the senior managers of the Company intend to subscribe in the Offering.

PRINCIPAL SHAREHOLDERS

As at the Latest Practicable Date, the Company had issued a total of 22,000 million A Shares with a par value of RMB1.00 per A Share. No shareholder has different voting rights attached to the A Shares to any other shareholder. The Company is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

As far as the Company is aware, as at the date of this Prospectus, no major shareholder intends to subscribe in the Offering and no other person intends to subscribe for more than 5% of the Offering.

The Administrative Measures for the Disclosure of Information of Listed Companies of the PRC and the relevant guidelines require that an annual report and a semi-annual report of a listed company shall include, among other things, information about the top 10 shareholders and shareholders holding 5% or more of the shares.

SHAREHOLDERS HOLDING 5% OR MORE

The table below sets forth certain information regarding those shareholders of the Company which, as at the Latest Practicable Date and immediately following completion of the Offering and Admission (assuming the Over-allotment Option is exercised in full and 76,000,000 GDRs (including the Over-allotment GDRs) representing 760,000,000 A Shares are sold in the Offering), hold or will hold 5% or more of the A Shares of the Company:

Shareholder	A Shares held as at the Latest Practicable Date		A Shares immediately following completion of the Offering ⁽¹⁾ and Admission	
	Number of A Shares (million)	% of total share capital	Number of A Shares (million)	% of total share capital
CTG	12,742.22	57.92	12,742.22	55.99
Hong Kong Securities Clearing Co., Ltd	1,298.78	5.90	1,298.78	5.71

Note:

- (1) Assuming 760,000,000 new A Shares (assuming full exercise of the Over-allotment Option) are issued by the Company in connection with the Offering and the shareholdings of CTG and Hong Kong Securities Clearing Co., Ltd do not change during the period from the Latest Practicable Date to completion of the Offering.

PRINCIPAL SHAREHOLDERS

TOP 10 SHAREHOLDERS

The table below identifies the top 10 shareholders of the Company's A Shares, based on the A Shares outstanding as at 30 June 2020. No shareholder has different voting rights attached to the A Shares to any other shareholder.

Name of Shareholder	Percentage
CTG	57.92
Hong Kong Securities Clearing Co., Ltd	5.94
Ping An Life Insurance Company of China, Ltd.	4.49
Yunnan Provincial Energy Investment Group Co., Ltd.	4.30
China Three Gorges Projects Development Co., Ltd ⁽¹⁾	4.00
Sichuan Energy Industry Investment Group Co., Ltd	4.00
China Securities Finance Corporation Limited	2.99
Sunshine Life Insurance Co., Ltd. (endowment insurance products)	1.91
China National Nuclear Corporation	1.19
Sunshine Life Insurance Co., Ltd. (universal life insurance products)	1.14

Note:

(1) China Three Gorges Projects Development Co., Ltd is a wholly-owned subsidiary of CTG.

As at the Latest Practicable Date, CTG is the controlling shareholder of the Company.

As at the Latest Practicable Date, CTG directly held 57.92% of the Company's Shares. Upon the completion of the Offering, CTG will hold an aggregate of between 56.16% of the Company's Shares (assuming the Over-allotment Option is not exercised) and 55.99% of the Company's Shares (if the Over-allotment Option is exercised in full). Therefore, CTG may, by voting its shareholding at general meetings of shareholders, have the ability to influence the Company's major policy decisions. To increase independence of corporate governance, the Company has established the Audit Committee in accordance with the applicable regulatory requirements, which, pursuant to relevant regulations issued by the CSRC, is chaired by an independent Director and all of its members are independent Directors except for Mr. HE Hongxin. Moreover, the Company has established the Remuneration and Appraisal Committee, which is chaired by an independent Director, and all of its members are independent Directors. The Company also engages independent auditors to audit the Company's annual financial statements and review its internal financial controls. In addition, the Company has implemented internal rules on related party transactions, pursuant to the relevant rules of the Shanghai Stock Exchange, such as requiring Directors nominated by CTG to recuse themselves from relevant approval procedures, where CTG is the transaction counter-party.

RELATED PARTY TRANSACTIONS

For the purposes of the Historical Financial Information, parties are considered to be related in line with the requirements of CAS 36. CAS 36 “Related Party Transactions” contains a definition of related parties, which are, broadly, parties under common control or one party controlling the other party or capable of exercise of significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

CTG is the controlling shareholder of the Company. Accordingly, entities directly or indirectly controlled by CTG and joint ventures of CTG outside the Group are regarded as related parties of the Group. As presented in the Annual Historical Financial Information as at and for the years ended 31 December 2017, 2018 and 2019, the 2019 Half Year Historical Financial Information as at and for the six months ended 30 June 2019 and the 2020 Half Year Historical Financial Information as at and for the six months ended 30 June 2020, the Group entered into transactions with these related parties in the ordinary course of its business, mainly relating to (i) purchasing or selling goods and rendering or receiving services; (ii) leasing of property; (iii) related party guarantees; (iv) capital borrowing or lending between related parties; (v) asset transfer and debt restructuring; and (vi) other related transactions. As at 30 June 2020, the Group provided a guarantee of RMB255.5 million to its associate on its debts in conformity with the Articles of Association of the Company, which is also considered as related party transactions. These related party transactions were conducted on an arm’s length basis and with normal commercial terms between the relevant parties.

For further details, see note XI to the audited consolidated financial statements in F-pages to this Prospectus as at and for the years ended 31 December 2017, 2018 and 2019. The Group is expected to continue to enter into contracts for related party transactions of the foregoing nature as part of its ordinary business from time to time.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

GENERAL

The Company was founded in the form of a joint stock company with limited liabilities in accordance with the PRC Company Law, the PRC Securities Law and other applicable regulations, and it has conducted business since its incorporation in conformity with its Articles of Association and the aforesaid laws and regulations. In the event that the Offering proceeds and the Offer GDRs are admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, the Company will also be subject to certain provisions of the London Stock Exchange's Admission and Disclosure Standards, the Listing Rules and the Disclosure Guidance and Transparency Rules, as well as other applicable capital markets regulations.

The PRC Company Law establishes the main rules relating to the registration, operation, merger, spin-off and winding-up of PRC companies. Listed companies on the London Stock Exchange must also comply with additional rules provided, inter alia, by the EU Market Abuse Regulation.

OBJECTIVES AND SCOPE OF BUSINESS

Pursuant to Chapter II of the Articles of Association, the operational objectives of the Company are to develop, operate, acquire and invest in large-sized hydropower projects and high-quality power generation assets, and gradually build the Company into a leading clean energy company in the world.

The scope of business of the Company includes electricity generation, operation and investment, advisory services of electricity generation technology, and maintenance of hydropower projects.

ISSUED SHARE CAPITAL

As at the Latest Practicable Date:

- (i) the Company had a total share capital of 22,000 million A Shares that amounted to RMB22,000 million, which is listed on the Shanghai Stock Exchange with the stock name and code as 長江電力 and 600900;
- (ii) each share of the Company has a par value of RMB1.00, and the shares of the Company have been issued by the Company in registered form;
- (iii) there are no shares of the Company held by or on behalf of the Company itself or by the subsidiaries of the Company;
- (iv) neither the Company nor any of its subsidiaries has any outstanding convertible securities, exchangeable securities or securities with warrants or any relevant acquisition rights or obligations over the Company's or its subsidiaries' authorised but unissued capital or undertakings to increase its issued share capital;
- (v) there are no acquisition rights and or obligations over authorised but unissued capital in existence, nor any undertakings to increase the capital; and
- (vi) no capital of any member of the Group is under option or agreed conditionally or unconditionally to be put under option.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

EVOLUTION OF CHANGES IN THE COMPANY'S SHARE CAPITAL

The table below sets out the Company's share capital as at the Latest Practicable Date and as at 30 June 2020, 31 December 2019, 2018 and 2017:

Date	Number of A Shares	Share Capital Value
	(million)	(RMB in millions)
31 December 2017	22,000	22,000
31 December 2018	22,000	22,000
31 December 2019	22,000	22,000
30 June 2020	22,000	22,000
As at the Latest Practicable Date	22,000	22,000

Pursuant to special resolutions dated 30 June 2020, the shareholders of the Company approved the issuance of no more than 1,100,000,000 new A Shares by the Company to the Depositary in connection with the Offering.

RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO EXISTING SHARES

Shareholders of the Company shall enjoy rights and bear obligations according to the class and quantity of their Shares. Holders of the same class of Shares shall enjoy the same rights and bear the same obligations.

Voting rights

A shareholder (including its proxy) shall vote based on the number of its voting Shares, with one Share representing one vote. The Company's Shares which are held by the Company do not carry any voting rights and shall not be counted in the total number of voting Shares represented by shareholders attending a general meeting.

When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The results of such separate votes shall be disclosed publicly in a timely manner following such general meeting.

When a related-party transaction is considered at a general meeting, related shareholder(s) are not permitted to vote, and the voting Shares held by such shareholder(s) shall not be counted in the total number of Shares with voting rights. The announcement of the resolutions of the general meeting shall fully disclose the voting of non-related shareholders.

Rights to dividends

The Company may dividends primarily in the form of cash, but may also distribute dividends in the form of stocks. Any proposed distribution of dividends shall be formulated by the Board of Directors of the Company and will be subject to the shareholders' approval.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

According to the applicable PRC laws and the Articles of Association, the Company will pay dividends out of its after-tax profit only after it has made the following allocations:

- recovery of accumulated losses, if any;
- allocations to the statutory reserve fund equivalent to 10% of its after-tax profit, and, when the statutory reserve fund reaches and is maintained at or above 50% of the Company's registered capital, no further allocations to this statutory reserve fund will be required; and
- allocation, if any, to a discretionary common reserve fund an amount approved by the shareholders of the Company in a shareholders' meeting.

Subject to the aforesaid allocations and restrictions, the remaining after-tax profits of the Company shall be distributed as dividends to the shareholders pursuant to the ratio of their shareholding, unless otherwise provided by the Articles of Association of the Company.

Furthermore, as set forth in its Articles of Association, the Company shall in principle distribute cash dividends every fiscal year, and may declare interim dividends as it considers appropriate, provided that the Company records a positive profit for the year and has positive retained earnings. In principle, the profits for distribution in each fiscal year shall be no less than 50% of the distributable profits realised in the same period. According to its Articles of Association, the amount of annual cash dividends that the Company distributed for years from 2016 to 2020 shall be no lower than RMB0.65 per share and the amount of annual cash dividends that the Company distributed for years from 2021 to 2025 shall be no less than 70% of the annual net profits of the Company. However, the Company is allowed to amend its Articles of Association with the approval of more than two thirds of its shareholders and there is no assurance that the Company will distribute the dividends in an amount as specified in the Articles of Association.

The Company's Board of Directors shall complete a dividend distribution within 60 days of the date that the general meeting passes the resolution for the proposed dividend distribution.

Other rights of shareholders

Besides the aforesaid voting rights and rights to dividends, the shareholders of the Company shall enjoy the following rights:

- to receive dividends and other forms of profit distribution in accordance with the number of Shares held;
- to lawfully request, convene, preside over general meetings, and attend general meetings in person or by proxy;
- to supervise, and make recommendations and inquiries on, the operations of the Company;
- to transfer, gift or pledge their Shares in accordance with laws, administrative regulations, and the Articles of Association;

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

- to inspect the Articles of Association, the shareholders' register, the Company's accounting reports, the minutes of the general meeting, the resolutions of the Board of Directors and the resolutions of the Supervisory Committee;
- upon termination or dissolution of the Company, to participate in the distribution of the remaining assets of the Company in proportion to the quantity of Shares held by them;
- to require the Company to buy back their Shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company; and
- to enjoy other rights provided by laws, administrative regulations, departmental rules or the Articles of Association.

Provisions regarding redemption of Shares

The Company may and only may, in the following circumstances, buy back its issued Shares pursuant to laws, administrative regulations, departmental rules and the Articles of Association:

1. to reduce the registered capital of the Company;
2. to merge with another company that holds the Company's Shares;
3. to grant to employees as employee stock ownership plan or equity incentive plan;
4. from shareholders who object to the resolutions of the general meeting on merger or division of the Company and request the Company to buy back their Shares;
5. to use for the purposes of converting convertible corporate bonds issued by the Company;
6. when it is necessary to protect the Company and the rights and interests of its shareholders; and
7. other circumstances permitted by laws and administrative regulations.

In order for the Company to buy back Shares in the circumstances set out in paragraphs (1) or (2) (above) it must obtain a resolution of the general meeting; in order for the Company to buy back its shares for reason specified in item (3), (5) or (6) (above), the Company shall obtain a resolution of the general meeting or a resolution of the Board of Directors under the authorisation of the general meeting with more than two thirds of the directors present at the Board meeting.

In circumstances where the Company has bought back Shares: (a) pursuant to paragraph (1) (above), the Company shall cancel the relevant Shares within ten days from the date of the purchase; (b) pursuant to paragraphs (2) or (4) (above), the Company shall transfer or cancel the relevant Shares within six months from the date of purchase; (c) pursuant to paragraphs (3), (5) or (6) (above), the Company shall hold no more than 10% of the outstanding Shares from the Company and shall transfer or cancel the relevant Shares within three years from the date of purchase.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

The Company may buy back its issued Shares by any of the following ways:

- buying back through public transaction on stock exchanges;
- buying back through tender offers; and
- other forms approved by CSRC.

However, where the Company buys back Shares in the circumstances set out in paragraphs (3), (5), or (6) (above), the Company shall do so through public transactions.

Restrictions on free transfer ability of Shares

Subject to the following restrictions and save as otherwise specified by the state laws, administrative regulations, and relevant provisions, Shares of the Company may be transferred freely and without any liens:

- the Company shall not accept its own Shares as the subject matter of a pledge;
- the Directors, Supervisors and senior management officers of the Company shall report to the Company their shareholdings and any changes thereto and shall not transfer more than 25% of the Shares they hold per annum during their terms of office; the Shares they hold in the Company shall not be transferred within one year from the date that the Shares of the Company are listed or within the six-month period following any termination of their service/employment with the Company; and
- if the Company's Directors, Supervisors, senior management officers, and shareholders holding 5% or more of the Shares of the Company sell Shares within six months after buying the same or buy Shares within six months after selling the same, the earnings arising therefrom shall belong to the Company and the Board shall recover such earnings. However, this six-month restriction shall not apply to any sale of Shares by a securities firm holding 5% or more of the Company's Shares as a result of it having underwritten and purchased Shares not sold pursuant to an offering.

Rules relating to mandatory takeover bids and/or squeeze-out and sell-out in relation to Shares

Pursuant to the Measures for the Administration of Acquisition of Listed Companies (上市公司收購管理辦法) promulgated by the CSRC and last amended in March 2020 (the "PRC Takeover Rules"), any person (the "offeror") who holds, controls or beneficially owns 30% or more of the shares in a company listed in the PRC (including the Company) and who wishes to further acquire additional shares in the listed company must (unless an exemption is available under the PRC Takeover Rules) do so through a tender offer to all other shareholders of the listed company to purchase:

- all or a specified percentage of their shares in the listed company, if the offeror is a direct shareholder of the listed company; or
- all their shares, if the offeror indirectly controls or holds the beneficial ownership of its existing shares through investments, agreements or other arrangements.

DESCRIPTION OF THE COMPANY'S SHARE CAPITAL

The offeror must notify the target company, publish a takeover alert, and prepare and publish a tender offer report.

Pursuant to the PRC Takeover Rules, shares proposed to be purchased through a tender offer must be no less than 5% of the outstanding shares of the listed company. The offeror must treat all shareholders of the listed company equally, and the offer price must be no less than the highest price the offeror has paid for the acquisition of the shares in the same listed company during the six months prior to its publication of the takeover alert. Unless there is a competing tender offer to acquire the same listed company, the offer period must be no less than 30 days and no more than 60 days. During the offer period specified in the tender offer report, the offeror may not cancel the tender offer, sell any shares in the listed company, or purchase any shares in the listed company through any other means. Any competing tender offer to acquire the same listed company must be made prior to the 15th day prior to the end of the offer period. Unless there is a competing tender offer to acquire the same listed company, the offeror may not change the terms of the tender offer during the last 15 days of the offer period. All the terms of the acquisition offer shall apply to all the shareholders of the target company. If the listed company has different types of shares, the offeror may propose different acquisition terms for shareholders who hold different types of shares.

If an offeror cancels the proposed tender after the publication of a takeover alert and prior to the publication of the tender offer report, such offeror may not acquire the same listed company within the 12 months upon the publication of the takeover alert.

Any shareholder may indicate acceptance of the offer during the offer period, which may be withdrawn up to the third trading day prior to the end of the offer period. The shareholder who has indicated its acceptance of the tender offer may not transfer its shares unless such indication is withdrawn.

There are other laws and regulations regulating certain aspects of takeovers, including the laws and regulations on insider dealing, disclosure of inside information and disclosure of interest in shares.

So far as the Company is aware, there has been no public takeover bid by third parties in respect of the Company's Shares that occurred during the year ended 31 December 2019 nor in the period from 1 January 2020 to the date of this Prospectus.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The following terms and conditions (the “Conditions”), subject to completion and amendment and excepting sentences in italics, will apply to the global depositary receipts (the “GDRs”) and will be endorsed on each global depositary receipt certificate (the “GDR Certificates”).

The GDRs are issued in respect of the A shares, having a nominal value of RMB1.00 each (the “Shares”), of China Yangtze Power Co., Ltd. (the “Company”), pursuant to and subject to (i) in the case of the Regulation S GDRs, the Regulation S Deposit Agreement dated 24 September 2020 between the Company and Citibank, N.A., as depositary (the “Depositary”) (the “Regulation S Deposit Agreement”); and (ii) in the case of the Rule 144A GDRs, the Rule 144A Deposit Agreement dated 24 September 2020 between the Company and the Depositary (the “Rule 144A Deposit Agreement”). References in the Conditions to the GDRs shall include the GDRs issued pursuant to the terms of the Regulation S Deposit Agreement (the “Regulation S GDRs”) and the GDRs issued pursuant to the terms of the Rule 144A Deposit Agreement (the “Rule 144A GDRs”). References in the Conditions to the “Deposit Agreement” shall mean, in the case of Regulation S GDRs, the Regulation S Deposit Agreement and, in the case of Rule 144A GDRs, the Rule 144A Deposit Agreement. Each GDR represents the right to receive, subject to the terms of the Deposit Agreement and the Conditions, ten Shares on deposit under the terms of the Deposit Agreement.

Pursuant to the provisions of the Deposit Agreement, the Depositary has appointed Bank of China Limited (“Bank of China”) as custodian to receive and hold in an account of the Depositary the Shares from time to time deposited under the Deposit Agreement (the “Deposited Shares”), and to receive and hold for the account and to the order of the Depositary all rights, securities, property and cash deposited with or via the Custodian which are attributable to the Deposited Shares (such rights, securities, property and cash together with the Deposited Shares, the “Deposited Property”). The Depositary shall hold Deposited Property for the benefit of the Holders (as defined below) as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued. In these Conditions references to the “Depositary” are to Citibank, N.A. and/or any other depositary which may from time to time be appointed under the Deposit Agreement, references to the “Custodian” are to Bank of China or any other custodian which may from time to time be appointed under the Deposit Agreement and references to the “Office” mean, in relation to the Custodian, the principal office of the Custodian in the PRC (currently at No. 1 Fuxingmennei Dajie, Xicheng District, Beijing, P.R.C., Post Code: 100140).

References in these Conditions to the “Holder” of any GDR shall mean the person registered as the holder of any GDR on the books of the Depositary maintained for such purpose. References in these Conditions to “Beneficial Owner” of any GDR shall mean any person who is the beneficial owner of GDRs as determined in accordance with Rule 13d-3 and Rule 13d-5 under the Exchange Act. These Conditions include summaries of, and are subject to, the detailed provisions of the Deposit Agreement, which includes the forms of the GDR Certificate in respect of the GDRs. Copies of the Deposit Agreement are available for inspection at the principal office of the Depositary. Holders and Beneficial Owners are deemed, by virtue of being a Holder or Beneficial Owner, to have notice of,

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

and be subject to, all of the applicable provisions of the Deposit Agreement and the Conditions. Terms used in the Conditions and not defined herein but which are defined in the Deposit Agreement have the meanings ascribed to them in the Deposit Agreement.

The Depositary shall hold Deposited Property for the benefit of the Holders as bare trustee in proportion to the number of Shares in respect of which the GDRs held by them are issued and the Holders will accordingly be tenants in common of such Deposited Property to the extent of the Deposited Property corresponding to the GDRs in respect of which they are the Holders. For the avoidance of doubt, in acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property as bare trustee as aforesaid, does not assume any relationship of trust for or with the Holders or the Beneficial Owners or any other person. Any right or power of the Depositary in respect of Deposited Property is reserved by the Depositary under its declaration of trust contained in this paragraph and is not given by way of grant by any Holder or Beneficial Owner.

Holders and Beneficial Owners of GDRs are not parties to the Deposit Agreement and thus, under English Law, have no contractual rights against, or obligations to, the Company or Depositary. However, the Deed Poll executed by the Company in favour of the Holders provides that, if the Company fails to perform the obligations imposed on it by certain specified provisions of the Deposit Agreement, any Holder may enforce certain specified provisions of the Deposit Agreement as if it were a party to the Deposit Agreement and was the “Depositary” in respect of that number of Deposited Shares to which the GDRs of which it is the Holder relate.

Holders and Beneficial Owners are deemed, by virtue of being a Holder or Beneficial Owner and owning, acquiring or holding, as the case may be, a GDR, to have notice of and be subject to all applicable provisions of the Deposit Agreement and the Conditions. The Depositary is under no duty to enforce any of the provisions of the Deposit Agreement or the Conditions on behalf of any Holder or Beneficial Owner of a GDR or any other person.

GDRs will initially take the form of global GDRs evidenced by one or more Master GDR Certificates (each a “Master GDR Certificate”) registered (i) in the case of Regulation S GDRs, in the name of Citivic Nominees Limited as nominee for Citibank Europe plc, as common depositary (the “Common Depositary”), and will initially be held by the Common Depositary for Euroclear Bank SA/NV, as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream”) and for the account of accountholders in Euroclear or Clearstream (“Euroclear Participants” and “Clearstream Participants”, respectively), as the case may be, and (ii) in the case of Rule 144A GDRs, in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”) for the account of account holders in DTC (“DTC Participants”).

The Master GDR Certificates will be exchangeable for a GDR Certificate in definitive registered form in the limited circumstances as described below.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

If at any time DTC, Euroclear or Clearstream, as the case may be, ceases to make its respective book-entry settlement systems available for the GDRs, the Company and the Depositary will attempt to make other arrangements for book-entry settlement. If alternative book-entry settlement arrangements cannot be made, the Depositary will make available GDR Certificates in definitive registered form.

Under the terms of the GDRs, each purchaser of GDRs is deemed to have represented and agreed, among other things, that the GDRs have not been and will not be registered under the Securities Act and may be offered, sold, pledged or otherwise transferred only in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. Each GDR will contain a legend to the foregoing effect.

For a description of the restrictions on the transfer of the GDRs see “Selling Restrictions and Transfer Restrictions—Transfer Restrictions” and “Plan of Distribution”.

1 DEPOSIT OF SHARES

- (A) The Depositary may, in accordance with the terms of the Deposit Agreement, but subject to the Conditions, and upon delivery of (x) a duly executed or electronically submitted order (in a form approved by the Depositary) and (y) a duly executed or electronically submitted deposit certification substantially in the form attached to the Deposit Agreement by or on behalf of any investor who is to become the Beneficial Owner of the GDRs (other than in the case of a deposit of Shares by the Company or an Affiliate of the Company which shall be subject to Clause 7.1.4 of the Deposit Agreement), from time to time issue and deliver further GDRs having the same terms and conditions as the GDRs which are then outstanding in all respects and, subject to the terms of the Deposit Agreement, the Conditions and applicable law, the Depositary shall accept for deposit any further Shares in connection therewith, so that such further GDRs shall form a single series with the already outstanding GDRs. References in these Conditions to the GDRs include (unless the context requires otherwise) any further GDRs issued pursuant to this Condition and forming a single series with the already outstanding GDRs.

The deposit certificate to be provided pursuant to the Regulation S Deposit Agreement certifies, among other things, that the person providing such certificate is not an “affiliate” of the Company, has acquired, or has agreed to acquire and will have acquired, the Shares to be deposited in an “offshore transaction” (as defined in Regulation S) and will comply with the restrictions on transfer applicable to Regulation S GDRs set forth under “Selling Restrictions and Transfer Restrictions”.

The deposit certificate to be provided pursuant to the Rule 144A Deposit Agreement certifies, among other things, that the person providing such certificate is not an “affiliate” of the Company, is a “Qualified Institutional Buyer” (as defined in Rule 144A), and will comply with the restrictions on transfer applicable to Rule 144A GDRs set forth under “Selling Restrictions and Transfer Restrictions”.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

- (B) Subject to the terms and conditions of the Deposit Agreement and applicable law, upon (i) physical delivery to the Custodian of Shares, or book-entry transfer of Shares to an account in the name of the Depositary at the China Securities Depositary and Clearing Corporation Limited (the “CSDC”), (ii) physical or electronic delivery to the Depositary of the applicable deposit certification unless the deposit of Shares is made by the Company or an Affiliate of the Company in which case such deposit will be subject to Clause 7.1.4 of the Deposit Agreement, and (iii) payment of necessary taxes, governmental charges (including transfer taxes) and other charges as set forth in the Deposit Agreement and fees, costs, expenses and charges of the Depositary as set forth in Clause 10.1 of the Deposit Agreement and Condition 19, the Depositary will (i) adjust its records for the number of GDRs issued in respect of the Shares so deposited, (ii) notify DTC or the Common Depositary, as the case may be, to increase the number of GDRs evidenced by a Master GDR Certificate, and (iii) make delivery of the GDRs so issued to the applicable DTC Participant, Euroclear Participant or Clearstream Participant specified in applicable order received for such purpose.
- (C) Subject to the limitations set forth in the Deposit Agreement and applicable law, the Depositary may (but is not required to) issue GDRs prior to the delivery to it of Shares in respect of which such GDRs are to be issued against evidence to receive rights from the Company (or any agent of the Company involved for the Company in the maintenance or ownership or transactions records for the Shares) in the form of a written blanket or specific guarantee of ownership furnished by the Company (or any agent of the Company involved for the Company in the maintenance or ownership or transactions records for the Shares).
- (D) Any further GDRs issued pursuant to Condition 1(A) which (i) represent Shares which have rights (whether dividend rights or otherwise) which are different from the rights attaching to the Shares represented by the outstanding GDRs, or (ii) are otherwise not fungible (or are to be treated as not fungible) with the outstanding GDRs, will, subject to Clause 3.15 of the Deposit Agreement be represented by a separate master partial entitlement GDR certificate (each a “Master Partial Entitlement GDR Certificate”). Upon becoming fungible with outstanding GDRs, such further GDRs shall be evidenced by a Master GDR Certificate (by increasing the total number of GDRs evidenced by the relevant Master GDR Certificate or by the number of such further GDRs, as applicable).
- (E) Subject to the further terms and provisions of the Deposit Agreement, Citibank, N.A., its agents and affiliates, on their own behalf, may own and deal in any class of securities of the Company and its affiliates and in GDRs. In its capacity as Depositary, the Depositary shall not lend Shares or GDRs.
- (F) Any person delivering Shares for deposit under the Deposit Agreement and Condition 1 and any Holder or Beneficial Owner may be required and will be deemed to accept, by virtue of being a Holder or a Beneficial Owner, that, from time to time, it will be required to furnish the Depositary or the Custodian with such proof, certificates and representations and warranties as to matters of fact, including without limitation the citizenship and residence of the depositor,

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

taxpayer status, payment of all applicable taxes or governmental charges, exchange control approvals, legal or beneficial ownership of GDRs and Deposited Property, compliance with all applicable laws, the terms of the Deposit Agreement, the Conditions and the provisions of, or governing, the Deposited Property and the identity and genuineness of any signature on any of the supporting instruments or other documents, and with such further documents and information as the Depositary may deem necessary or appropriate for the administration or implementation of the Deposit Agreement and the Conditions. The Depositary, the Registrar or the Custodian may withhold acceptance of Shares for deposit, withhold delivery or registration of issuance or transfer of all or part of any GDR Certificate, withhold adjustment of the Master GDR Certificate to reflect increases in Shares represented thereby or withhold the distribution or sale of any dividend or distribution of rights or of the net proceeds of the sale thereof or the delivery of any Deposited Property, until such proof or other information is filed or such certifications are executed, or such representations are made or such other documentation or information is provided in each case to the satisfaction of the Depositary, the Registrar or the Custodian.

- (G) Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary shall not be required to accept for deposit or maintain on deposit in its account maintained by the Custodian (a) any fractional Shares or fractional Deposited Property, or (b) any number of Shares or Deposited Property which, upon application of the ratio of GDRs to Shares or Deposited Property, as the case may be, would give rise to fractional GDRs. No Share shall be accepted for deposit unless accompanied by evidence, if any is required by the Depositary or the Custodian, that is reasonably satisfactory to the Depositary or the Custodian that all conditions for such deposit have been satisfied by the person depositing such Shares under the laws and regulations of the PRC and any necessary approval has been granted by any applicable governmental body in the PRC (if any), including, without limitation, if applicable, any regulator of currency exchange.
- (H) Each person depositing Shares under the Deposit Agreement and the Conditions shall be deemed thereby to represent and warrant that (i) such Shares (and the certificates therefor) are duly authorised, validly issued, fully paid, nonassessable and legally obtained by such person, (ii) all pre-emptive (and similar) rights with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorised so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, (v) the Shares presented for deposit have not been stripped of any rights or entitlements, and (vi) in the case of the Regulation S Deposit Agreement, that the Shares are not, and the Regulation S GDRs will not be, “restricted securities” (as defined in Rule 144(a)(3) under the Securities Act). Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance and cancellation of GDRs in respect thereof and the transfer of such GDRs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorised, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

Each person depositing Shares, taking delivery of or transferring GDRs or any beneficial interest therein, or surrendering GDRs or any beneficial interest therein and withdrawing Shares under the Deposit Agreement and the Conditions shall be deemed thereby to acknowledge that the GDRs and the Shares represented thereby have not been and will not be registered under the Securities Act, and may not be offered, sold, pledged or otherwise transferred except in accordance with the restrictions on transfer set forth in the applicable Securities Act Legend, and such person shall be deemed thereby to represent and warrant that such deposit, transfer or surrender or withdrawal complies with the foregoing restrictions. Such representations and warranties shall survive any such deposit, taking delivery of, transfer, surrender or withdrawal of the Shares or the GDRs or any beneficial interest therein.

2 WITHDRAWAL OF DEPOSITED PROPERTY

- (A) Subject to the terms and provisions of the Deposit Agreement, the Conditions the procedures of the CSDC and applicable law, any Holder may request withdrawal of the Deposited Property attributable to any GDR upon production of such evidence that such person is the Holder of, and entitled to, the relative GDR as the Depositary may reasonably require at the principal office of the Depositary accompanied by:
- (i) a duly executed order (in a form approved by the Depositary) requesting the Depositary to cause the Deposited Property being withdrawn or evidence of the electronic transfer thereof to be delivered to or upon the order in writing of, the person or persons designated in such order;
 - (ii) the payment of such fees, taxes, duties, charges and expenses as may be required under the Conditions or the Deposit Agreement including, but not limited to the fees, costs, expenses and charges of the Depositary set forth in Clause 10.1 of the Deposit Agreement and Condition 19;
 - (iii) (x) surrender of a GDR Certificate at the Principal New York Office or Principal London Office, if the DTC, Euroclear or Clearstream book-entry settlement system is not then available for GDRs, or (y) receipt by the Depositary at the Principal New York Office of instructions from DTC, Euroclear or Clearstream, or a DTC Participant, Euroclear Participant or Clearstream Participant or their respective nominees, on behalf of any Beneficial Owner together with a corresponding credit to the Depositary's account at DTC, Euroclear or Clearstream for the GDRs so surrendered, if the book-entry settlement system is then available for GDRs, in either case for the purpose of withdrawal of the Deposited Property represented thereby; and
 - (iv) the delivery to the Depositary of, in the case of Rule 144A GDRs, a duly completed withdrawal certificate in the form of Schedule 3, Part B to the Rule 144A Deposit Agreement.
- (B) Withdrawals of Deposited Shares may be subject to such transfer restrictions or certifications, as the Company or the Depositary may from time to time determine to be necessary for compliance with applicable laws.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

- (C) Upon production of such documentation and the making of such payment as aforesaid in accordance with paragraph (A) of this Condition 2, the Depositary will direct the Custodian, within a reasonable time after receiving such direction from such Holder, to deliver at its office, to, or to the order in writing of, the person(s) designated in the accompanying order:
- (i) a certificate for, or other appropriate instrument of title to, or evidence of book-entry transfer of, the relevant Deposited Shares, registered in the name of the Depositary or its nominee and accompanied by such instruments of transfer in blank or to the person or persons specified in the order for withdrawal and such other documents, if any, as are required by law for the transfer thereof; and
 - (ii) all other property forming part of the Deposited Property attributable to such GDR, accompanied, if required by law, by one or more duly executed endorsements or instruments of transfer in respect thereof as aforesaid or evidence of the electronic transfer of such other Deposited Property;

provided that the Depositary:

- (x) may make delivery of (a) any cash dividends or cash distributions or (b) any proceeds from the sale of any distributions of Shares or rights which are held by the Depositary in respect of the Deposited Property represented by the GDRs surrendered for cancellation and withdrawal; and
- (y) at the request, risk and expense of any Holder surrendering a GDR for cancellation and withdrawal, will direct the Custodian to forward any cash or other property (other than securities) held by the Custodian in respect of the Deposited Property represented by such GDRs to the Depositary,

in each case at the Principal New York Office or the Principal London Office (if permitted by applicable law from time to time).

- (D) Delivery by the Depositary and the Custodian of all certificates, instruments, dividends or other property forming part of the Deposited Property as specified in this Condition will be made subject to any laws or regulations applicable thereto.
- (E) If any GDR surrendered and cancelled represents fractional entitlements in Deposited Shares, the Depositary shall cause the appropriate whole number of Deposited Shares to be withdrawn and delivered in accordance with the terms of the Deposit Agreement and this Condition 2 and shall, at the discretion of the Depositary, either (i) issue and deliver to the person surrendering such GDR a new GDR representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the GDR surrendered and remit proceeds of such sale (net of (a) fees and charges of, and expenses incurred by, the Depositary, and (b) taxes withheld) to the person surrendering the GDR.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

(F) Notwithstanding anything to the contrary in the Deposit Agreement or the Conditions, the Depositary shall not knowingly accept any Rule 144A GDRs for cancellation and withdrawal of the Deposited Property represented thereby if the recipient thereof has instructed the deposit of such Deposited Property into any unrestricted depositary receipt facility, unless the Depositary shall have received an opinion of counsel reasonably satisfactory to it stating that the Deposited Property so withdrawn are not at such time “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act.

3 SUSPENSION OF ISSUE OF GDRS AND OF WITHDRAWAL OF DEPOSITED PROPERTY

The issuance and delivery of GDRs against deposits of Shares generally or deposits of particular Shares may be suspended or withheld, or the registration of transfer of GDR Certificates in particular instances may be refused, or the registration of transfers generally may be suspended or refused, during any period when the transfer books of the Depositary, the Company, a registrar of GDRs or any registrar of Shares are closed, or if any such action is deemed necessary or advisable by the Company or the Depositary in good faith, at any time or from time to time because of any requirement of law, any government or governmental body or commission or any securities exchange on which the GDRs or Shares are listed, an applicable court order, or under any provision of the Deposit Agreement, the Conditions, or the provisions of or governing the Deposited Property, or any meeting of shareholders of the Company or for any other reason. The Depositary may restrict the transfer of Deposited Shares where the Company notifies the Depositary in writing that such transfer would result in ownership of Shares exceeding any limit under any applicable law, government resolution or the Articles of Association or would otherwise violate any applicable laws.

The Depositary will refuse to accept Shares for deposit under the Rule 144A Deposit Agreement, if it has been notified by the Company in writing that the Deposited Shares or any depositary receipts corresponding to Shares are listed on a US national securities exchange or quoted on a US automated inter-dealer quotation system unless accompanied by evidence satisfactory to the Depositary that any such Shares are eligible for resale pursuant to Rule 144A under the Securities Act.

Notwithstanding any provision of the Deposit Agreement, the Conditions or any GDR Certificate to the contrary, Holders and Beneficial Owners are entitled to surrender outstanding GDRs to withdraw the Deposited Shares at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders’ meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any laws or governmental regulations or an applicable court order relating to the GDRs or to the withdrawal of the Deposited Shares.

4 TRANSFER AND OWNERSHIP

- (A) GDRs are to be issued in registered form. Title to the GDRs passes upon registration in the records of the Depositary. The Depositary will refuse to accept for transfer any GDRs if it reasonably believes that such transfer would result in a violation of applicable laws. The Holder of any GDR will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not any payment or other distribution in respect of such GDR is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, any certificate issued in respect of it) and no person will be liable for so treating the Holder.

The Depositary will maintain Holder records, including a register of Holders, at its principal office in New York and shall ensure that no register of Holders is maintained in the United Kingdom.

Any interest in GDRs represented by one of the Master GDR Certificates that is transferred to a person whose interest in such GDRs is subsequently represented by the other Master GDR Certificate, will, upon transfer, cease to be an interest in the GDRs represented by such first Master GDR Certificate and, accordingly, will be subject to all transfer restrictions and other procedures applicable to interests in GDRs represented by such other Master GDR Certificate for so long as it remains such an interest.

For a description of the restrictions on the transfer of the GDRs see “Selling Restrictions and Transfer Restrictions—Transfer Restrictions”.

- (B) Notwithstanding any other provision of the Deposit Agreement or the Conditions, each Holder and Beneficial Owner, by virtue of their ownership of any GDR or any Deposited Property, shall be deemed thereby to agree to comply with requests from the Company or the Depositary from time to time pursuant to PRC law, any request made by a regulatory authority or any stock exchange on which the Shares are, or may be registered, traded or listed, or the Articles of Association, which are made to provide information, inter alia, as to the capacity in which such Holder or former Holder, Beneficial Owner or former Beneficial Owner holds or held, owns or owned a beneficial ownership interest in GDRs (and Deposited Property, as the case may be) and regarding the identity of any other person interested in such GDRs (and Deposited Property), the nature of such interest and various related matters, whether or not they are Holders and/or Beneficial Owners at the time of such request.
- (C) Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of GDRs, to satisfy reporting requirements or obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of GDRs are solely responsible for complying with such reporting requirements and obtaining such approvals. By virtue of their ownership of any GDR or any Deposited Property, each Holder and Beneficial Owner shall be deemed thereby to agree to file such reports and obtain such approvals to the extent and in the form required by applicable laws

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and regulations as in effect from time to time. None of the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

5 CASH DISTRIBUTIONS

Whenever the Depositary receives, or receives confirmation from the Custodian of the receipt from the Company of, any cash dividend or other cash distribution on or in respect of the Deposited Shares or receipt of proceeds from the sale of any Shares, rights, securities or other entitlements under the terms of the Deposit Agreement or the Conditions, the Depositary shall, if at the time of receipt thereof any amounts received in Foreign Currency can in the judgment of the Depositary (pursuant to Condition 11) be converted on a practicable basis into Dollars transferable to the United States, promptly convert, or cause to be converted, such dividends, distribution or proceeds into Dollars in the terms described in Condition 11 and will promptly distribute the amount thus received (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the Holders entitled thereto. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributable shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of GDRs then outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Property an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders in respect of the GDRs representing such Deposited Property shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request.

6 DISTRIBUTIONS OF SHARES

If any distribution upon any Deposited Property consists of a dividend in, or free distribution of, Shares, the Company shall cause such Shares to be deposited via the Custodian and, if applicable, registered in the name of the Depositary, the Custodian or any of their nominees, as the case may be. Upon receipt of confirmation of such deposit from the Custodian, the Depositary shall establish the GDR Record Date upon the terms described in Condition 10 and shall, subject to the terms of the Deposit Agreement and the Conditions, either (i) distribute to the Holders as at the GDR Record Date in proportion to the number of GDRs held as at the GDR Record Date, additional GDRs, which represent the aggregate number of Shares received as such dividend or free distribution, subject to the other terms of the Deposit Agreement and Conditions and net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes, by either (x) if GDRs are not available in book-entry form, issuing additional GDR Certificates for an aggregate number of GDRs representing the number of Shares received as such dividend or free distribution, or

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(y) if GDRs are available in book-entry form, reflecting on the records of the Depositary such increase in the aggregate number of GDRs representing such Shares and give notice to the Common Depositary of the related increase in the number of GDRs evidenced by the Master GDR Certificate, or (ii) if additional GDRs are not so distributed, each GDR issued and outstanding after the GDR Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional Shares distributed upon the Deposited Property represented thereby, net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes. In lieu of delivering fractional GDRs, the Depositary shall sell the number of Shares represented by the aggregate of such fractions and distribute the net proceeds of such sale upon the terms described in Condition 5. In the event that the Depositary determines that any distribution in Shares would violate applicable law, is not operationally practicable, is subject to any tax or other governmental charges which the Depositary is obliged to withhold, or if the Company, in the fulfillment of its obligations under Clause 7.1.4 of the Deposit Agreement, has furnished an opinion of US counsel determining that the distribution to Holders of the Shares and the GDRs representing such Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such Shares in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale, after deduction of (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes, to Holders entitled thereto upon the terms described in Condition 5. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement and the Conditions.

7 DISTRIBUTIONS OTHER THAN CASH OR SHARES

Whenever the Depositary receives from the Company property other than cash, Shares or rights to purchase additional Shares and receives a notice from the Company indicating that the Company wishes such distribution to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall distribute the property so received to the Holders of record as at the GDR Record Date set in accordance with Condition 10, in proportion to the number of GDRs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution. If (i) the Company does not request the Depositary to make such distribution to Holders or requests not to make such distribution to Holders, (ii) the Depositary does not receive documentation within the terms of Clause 7.1.4 of the Deposit Agreement, or (iii) the Depositary determines (in accordance with Clause 5.1

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of the Deposit Agreement) that all or a portion of such distribution is not lawful or is not reasonably practicable, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (x) cause the proceeds of such sale, if any, to be converted into Dollars in accordance with Condition 11, and (y) distribute the proceeds of such conversion received by the Depositary (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as at the GDR Record Date upon the terms of Condition 5. If the Depositary is unable to sell such property, the Depositary may dispose of such property in any way it deems reasonably practicable under the circumstances.

8 RIGHTS ISSUES

(A) Whenever the Company intends to distribute to the holders of the Deposited Property rights to subscribe for additional Shares, and provides a notice to the Depositary indicating that the Company wishes such rights to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall (x) establish a GDR Record Date (upon the terms described in Condition 10), (y) establish procedures to distribute such rights (by means of warrants or otherwise) and/or to enable the Holders to exercise the rights (upon payment of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) issue and deliver GDRs upon the valid exercise of such rights. The Company shall assist the Depositary to the extent necessary and reasonably practicable in establishing such procedures.

Nothing herein shall obligate the Depositary to make available to the Holders a method to exercise such rights to subscribe for Shares (rather than for GDRs).

(B) In the event that (i) the Depositary fails to receive satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement or determines that it is not lawful or not reasonably practicable to make the rights available to Holders or (ii) the Company requests that the rights not be made available to Holders of GDRs or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public and private sale) as it may deem practicable. The Company shall assist the Depositary to the extent necessary and reasonably practicable to determine such legality and practicability. If the Depositary sells such rights, the Depositary shall, upon such sale, (x) cause the proceeds of such sale, if any, to be converted into Dollars upon the terms described in Condition 11, and (y) distribute the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms set forth in Condition 5.

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If the Depositary is unable to make any rights available to Holders upon the terms described in the Deposit Agreement or to arrange for the sale of the rights upon the terms described above, the Depositary shall allow such rights to lapse.

The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or practicable to make such rights available to Holders in general or any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with any sale or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

- (C) Notwithstanding anything to the contrary in the Deposit Agreement or this Condition 8, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders unless and until a registration statement under the Securities Act covering such offering is in effect. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of rights an amount on account of taxes or other governmental charges, the amount distributed to the Holders of GDRs representing such Deposited Property shall be reduced accordingly. In the event that the Depositary determines that any distribution of Deposited Property or rights to subscribe therefor is subject to any tax or other governmental charges which the Depositary is obliged to withhold, the Depositary may dispose of all or a portion of such Deposited Property or rights to subscribe therefor in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges. There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to exercise such rights on the same terms and conditions as the holders of Deposited Property or to exercise such rights. Nothing in the Deposit Agreement or this Condition 8 shall obligate the Company to file any registration statement in respect of any rights or Deposited Property or other securities to be acquired upon the exercise of such rights.

9 REDEMPTION

If the Company intends to exercise any right of redemption in respect of any of the Deposited Property, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.2 of the Deposit Agreement, the Depositary shall send to each Holder a notice in accordance with Condition 25 setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Property in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the

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expenses incurred by, the Depositary, and (b) taxes), retire GDRs and cancel GDRs upon delivery of such GDRs by Holders thereof and on the terms set forth in the applicable Conditions. If less than all outstanding Deposited Property is redeemed, the GDRs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per GDR shall be the per share amount received by the Depositary upon the redemption of the Deposited Shares represented by GDRs (subject to the terms of the Deposit Agreement and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Shares represented by each GDR redeemed.

10 GDR RECORD DATES

Whenever the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Property entitled to receive any distribution (whether in cash, Shares, rights or other distribution), or whenever, for any reason, the Depositary causes a change in the number of Deposited Shares that are represented by each GDR, or whenever the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Property, or whenever the Depositary finds it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix a record date (the “GDR Record Date”) for the determination of the Holders of GDRs who shall be entitled to receive such dividend or distribution, to give instructions for the exercise of voting rights at any such meeting, or to give or withhold such consent, or to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Deposited Shares represented by each GDR. The Depositary shall make reasonable efforts to establish the GDR Record Date as closely as practicable to the applicable record date for the Deposited Property (if any) set by the Company in the PRC. Subject to applicable law and the provisions of the Deposit Agreement and Conditions, only the Holders of GDRs at the close of business in New York on such GDR Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action. If the GDR Record Date is different from the applicable record date for the Shares set by the Company in the PRC, the Depositary shall suspend generally the issuance and delivery of GDRs against deposits of Shares, the withdrawal of Deposited Property and the registration of transfers of GDRs during the period in between the GDR Record Date and the record date for the Shares.

11 CONVERSION OF FOREIGN CURRENCY

Whenever the Depositary or the Custodian shall receive any Foreign Currency by way of dividend or other distribution or as the net proceeds from the sale of securities, other property or rights, and if at the time of the receipt thereof the Foreign Currency so received can in the judgement of the Depositary be converted on a practicable basis into Dollars transferable to the United States and distributed to the Holders entitled thereto, the Depositary shall convert or cause to be converted by sale or in any other manner that it may determine, the Foreign Currency so received into Dollars and shall distribute such Dollars (net of applicable fees, any reasonable and customary expenses properly incurred on behalf of Holders in complying with currency

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exchange control or other governmental requirements) in accordance with the terms of the applicable Conditions. If the Depositary shall have distributed warrants or other instruments that entitle the holders thereof to such Dollars, the Depositary shall distribute such Dollars to the holders of such warrants and/or instruments upon surrender thereof for cancellation, in either case without liability for interest thereon. Such distribution shall be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of any application of exchange restrictions or otherwise. If such conversion or distribution generally or with regard to a particular Holder can be effected only with the approval or licence of any government or agency thereof, the Depositary shall have the authority, with the assistance of the Company to the extent necessary and reasonably practicable, to file such application, for such approval or licence, if any, as it may consider desirable. In no event, however, shall the Depositary be obliged to make such a filing. If at any time the Depositary shall determine that in its judgement the conversion of any currency other than Dollars and the transfer and distribution of proceeds of such conversion received by the Depositary is not practicable or lawful, or if any approval or licence of any government or agency thereof which is required for such conversion, transfer or distribution is denied or, in the opinion of the Depositary, is not obtainable at a reasonable cost, or if any such approval or licence is not obtained within a reasonable period as determined by the Depositary, the Depositary may in its discretion (i) make such conversion and distribution in Dollars to the Holders for whom such conversion, transfer and distribution is lawful and practicable, (ii) distribute the Foreign Currency (or an appropriate document evidencing the right to receive such Foreign Currency) to Holders for whom this is lawful and practicable, and (iii) hold (or cause the Custodian to hold) such Foreign Currency (without liability for interest thereon) for the respective accounts of the Holders entitled to receive the same.

12 DISTRIBUTION OF ANY PAYMENTS

Any distribution of cash under Condition 5, 6, 7, 8, 9, 13 or 14 will be made by the Depositary to those Holders who are Holders of record on the GDR Record Date established by the Depositary in accordance with Condition 10 for that purpose and, distributions will be made in Dollars subject to Condition 11 by cheque drawn upon a bank in New York City, electronic transfer or, in the case of the relevant Master GDR Certificate, according to usual practice between the Depositary and DTC, Euroclear and Clearstream, as the case may be. The Depositary may deduct and retain from all moneys due in respect of such GDR in accordance with the Deposit Agreement all fees, taxes, duties, charges, costs and expenses which may become or have become payable under the Deposit Agreement or under applicable law in respect of such GDR or the related Deposited Property.

13 CAPITAL REORGANISATION

Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Property, or upon any recapitalisation, reorganisation, merger or consolidation or sale of assets affecting the Company or to which it is a party, any securities which shall be received by the Depositary or the Custodian in exchange for, or in conversion, replacement or otherwise in respect of,

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such Deposited Property shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement and the Conditions, and the relevant GDR Certificate shall, subject to the terms of the Deposit Agreement, the Conditions and applicable law, evidence GDRs representing the right to receive such replacement securities. The Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, with respect to (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) and the Conditions, and subject to the receipt by the Depositary of an opinion of counsel reasonably satisfactory to the Depositary (obtained at the expense of the Company) that such distributions are not in violation of any applicable laws or regulations, execute and deliver additional GDRs or make appropriate adjustments in its records, as in the case of a stock dividend on the Shares, or call for the surrender of outstanding GDRs to be exchanged for new GDRs, in either case, as well as in the event of newly deposited Shares, with necessary modifications to the form of GDR attached to the Deposit Agreement specifically describing such new Deposited Property or corporate change. Notwithstanding the foregoing, in the event that any security so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall if the Company requests, subject to the receipt by the Depositary of an opinion of counsel reasonably satisfactory to the Depositary (obtained at the expense of the Company) that such action is not in violation of any applicable laws or regulations, sell such securities at public or private sale, at such place or places and upon such terms as it may deem proper, and may allocate the net proceeds of such sales (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) for the account of the Holders otherwise entitled to such securities upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Condition 5. The Depositary shall not be responsible for (i) any failure to determine that it is lawful or practicable to make such securities available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such securities.

14 ELECTIVE DISTRIBUTIONS

Wherever the Company intends to distribute a dividend payable at the election of the holders of Shares in cash or in additional Shares and provides a notice to the Depositary indicating that the Company wishes such elective distribution to be made available to Holders of GDRs, upon receipt of satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement and after making the requisite determinations set forth in Clause 5.1 of the Deposit Agreement, the Depositary shall make such elective distribution available to Holders. If the Depositary fails to receive satisfactory documentation within the terms of Clause 7.1.4 of the Deposit Agreement or determines that it is not lawful or not reasonably practicable to make the elective distribution available to Holders of GDRs, or if the Company requests that such elective distribution not be made available to Holders of GDRs, the Depositary shall, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in the PRC in respect of the Shares for which no election

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is made, either (x) cash upon the terms described in Condition 5, or (y) additional GDRs representing such additional Shares upon the terms described in Condition 6. If the above conditions are satisfied, the Depositary shall establish a GDR Record Date in accordance with Condition 10 and establish procedures to enable Holders to elect the receipt of the proposed dividend in cash or in additional GDRs. The Company shall assist the Depositary in establishing such procedures to the extent necessary and reasonably practicable. If a Holder elects to receive the proposed dividend (x) in cash, the dividend shall be distributed upon the terms described in Condition 5, or (y) in GDRs, the dividend shall be distributed upon the terms described in Condition 6. Nothing in the Deposit Agreement or this Condition 14 shall obligate the Depositary to make available to Holders a method to receive the elective dividend in Shares (rather than GDRs). There can be no assurance that Holders and Beneficial Owners generally, or any Holder or Beneficial Owner in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of the Deposited Property.

15 TAXATION AND APPLICABLE LAWS

- (A) Payments to Holders of dividends or other distributions made to Holders on or in respect of the Deposited Property will be subject to deduction of PRC and other withholding taxes, if any, at the applicable rates, and notwithstanding any other provision of the Deposit Agreement or the Conditions, the Depositary and the Custodian will be entitled, subject to applicable law, to deduct from any cash dividend or other cash distribution which either of them receives from the Company such amount as is necessary in order to provide for any tax, charge, fee or other amount that is, or could become, payable by or on behalf of the Depositary to fiscal or other governmental authority on account of receiving such cash dividend or other cash distribution.

The Holder or Beneficial Owner of any GDR or any Deposited Property shall be deemed thereby to accept (by virtue of his ownership or deposit, as the case may be) that, in the event that any tax or other governmental charge shall become payable with respect to any GDR, Deposited Property or GDR Certificate, such tax or other governmental charge shall be payable by the Holder and Beneficial Owner to the Depositary. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue or deliver GDRs, to register the transfer, split-up or combination of GDR Certificates and the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. The Depositary may, for the account of the Holder or Beneficial Owner, discharge the same out of the proceeds of sale, subject to PRC law and regulations, of an appropriate number of Deposited Shares or other Deposited Property with the Holder and Beneficial Owner remaining liable for any deficiency and being entitled to distribution of any surplus. Any such request shall be made by giving notice pursuant to Condition 25.

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By virtue of its ownership of any GDR or Deposited Property, each Holder and Beneficial Owner shall be deemed to agree to indemnify the Depositary, the Company, the Custodian, and any of their agents, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder or Beneficial Owner. The obligations of Holders and Beneficial Owners under this Condition 15A shall survive any transfer of GDRs, any cancellation of GDRs and withdrawal of Deposited Shares, and the termination of the Deposit Agreements.

- (B) If any governmental or administrative authorisation, consent, registration or permit or any report to any governmental or administrative authority is required under any applicable law in the PRC in order for the Depositary to receive from the Company Shares to be deposited under the Conditions or in order for Shares, other securities or other property to be distributed under Condition 5, 6, 7, 13 or 14 or to be subscribed under Condition 8, the Depositary shall request that the Company apply for or assist in the application for, as the case may be, such authorisation, consent, registration or permit or file such report on behalf of the Holders within the time required under such law. In this connection, the Company has undertaken in the Deposit Agreement to take such action as may be required and to the extent reasonably practicable to obtain or file or assist in obtaining or filing the same. The Depositary shall not distribute GDRs, Shares, other securities or other property with respect to which such authorisation, consent or permit or such report has not been obtained or filed, as the case may be, and shall have no duties to obtain any such authorisation, consent or permit or to file any such report.

16 VOTING RIGHTS

- (A) Holders of GDRs will have voting rights with respect to the Deposited Shares. The Company has agreed to notify the Depositary of any meeting of holders of Shares of the Company at which holders of Shares or other Deposited Property are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited Property and the Depositary will vote or cause to be voted the Deposited Shares in the manner set out in this Condition 16.

As soon as practicable after receipt from the Company of any such notice, the Depositary will fix the GDR Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Condition 10. The Depositary shall, if requested by the Company in writing in a timely manner in accordance with Clause 5.3 of the Deposit Agreement and at the Company's expense and provided no US, English or PRC legal prohibitions exist, distribute to Holders as at the GDR Record Date: (a) such notice of meeting or solicitation of consent or proxy as well as any other material provided by the Company to the Depositary in connection therewith, (b) a statement that the Holders at the close of business in New York on the GDR Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of or governing the Deposited Property (which provisions, if any, shall be summarised in pertinent part by the

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Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Shares or other Deposited Property represented by such Holder's GDRs, and (c) a brief statement as to the manner in which such voting instructions may be given.

- (B) Voting instructions may be given to the Depositary only in respect of a number of GDRs representing an integral number of Shares or other Deposited Property. Subject to applicable law, the provisions of the Deposit Agreement, the Conditions, the Articles of Association and the provisions of the Deposited Property, if the Depositary has received voting instructions from a Holder as at the GDR Record Date to vote the Deposited Property on or before the date specified by the Depositary, the Depositary shall endeavour, in so far as is practicable and permitted by PRC law and practice, to vote or cause the Custodian to vote the Shares and/or other Deposited Property represented by such Holder's GDRs for which timely and valid voting instructions have been received in the manner so instructed by such Holders.
- (C) Neither the Depositary nor the Custodian shall, under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of the Shares or other Deposited Property represented by GDRs except pursuant to and in accordance with such instructions from Holders. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Property represented by such Holder's GDRs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favour of the items set forth in such voting instructions. Notwithstanding anything else contained herein or in the Deposit Agreement, the Depositary shall, if so requested in writing by the Company, represent all Deposited Property (whether or not voting instructions have been received in respect of such Deposited Property from Holders as at the GDR Record Date) for the sole purpose of establishing quorum at a meeting of shareholders.
- (D) There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary in a timely manner.

By continuing to hold GDRs, all Holders and Beneficial Owners shall be deemed to have agreed to the provisions of this Condition 16 as it may be amended from time to time in order to comply with applicable PRC law.

- (E) Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Property if the taking of such action would violate US, English or PRC laws. The Company agrees to take any and all actions reasonably necessary to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Property and to deliver to the Depositary an opinion of US, English and/or PRC counsel (obtained at the expense of the Company), if reasonably requested by the Depositary, addressing any actions requested to be taken.

17 LIABILITY

- (A) Neither the Depositary nor the Company shall be obliged to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or the Conditions or shall incur any liability (i) if the Depositary or the Company shall be prevented or forbidden from, or delayed in, doing any act or thing required by the terms of the Deposit Agreement or the Conditions, by reason of any provision of any present or future law or regulation of the US, England, the PRC or any other country, or of any relevant governmental or regulatory authority or stock exchange, or by reason of the interpretation or application of any such present or future law or regulation or any change therein, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Property or by reason of any other circumstances beyond their control (including, without limitation, acts of God or war, nationalisation, expropriation, currency restrictions, work stoppage, strikes, civil unrest, acts of terrorism, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, the Conditions or in the Articles of Association or provisions of or governing Deposited Property, (iii) for any action or inaction in reliance upon the advice or information from any professional adviser (including legal counsel and accountants), any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorised representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, but only insofar as the terms of this subsection (iii) are not prohibited by applicable law, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Shares but is not, under the terms of the Deposit Agreement or the Conditions, made available to Holders of GDRs or (v) for any consequential or punitive damages for any breach of the terms of the Deposit Agreement or the Conditions.
- (B) In acting hereunder the Depositary shall have only those duties, obligations and responsibilities expressly specified in the Deposit Agreement and these Conditions and, other than holding the Deposited Property for the benefit of Holders as bare trustee, does not assume any relationship of trust for or with the Holders or the Beneficial Owners.
- (C) The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely on, and shall be protected in acting upon, any written notice, request, direction or other document believed by it to be genuine and to have been duly signed or presented by the proper party or parties (including a translation which is made by a translator believed by it to be competent or which appears to be authentic).
- (D) No disclaimer of liability under the Securities Act is intended by any provision of the Deposit Agreement or the Conditions.

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- (E) Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the GDRs, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).
- (F) The Depositary has no obligation under the Deposit Agreement to take steps to monitor, supervise or enforce the observance and performance by the Company of its obligations under the Deposit Agreement or the Conditions.
- (G) Neither the Depositary, the Custodian nor any of their agents, officers, directors or employees shall be liable (except by reason of its own negligence, bad faith or willful default or that of its agents, officers, directors or employees) to the Company or any Holder or owner of a GDR, by reason of having accepted as valid or not having rejected any certificate for Shares or GDRs purporting to be such and subsequently found to be forged or not authentic.
- (H) The Depositary and each of its agents (and any holding, subsidiary or associated company of the Depositary) may engage or be interested in any financial or other business transactions with the Company or any of its subsidiaries or affiliates or in relation to the Deposited Property (including, without prejudice to the generality of the foregoing, the conversion of any part of the Deposited Property from one currency to another), may at any time hold GDRs for its own account, and shall be entitled to charge and be paid all usual fees, commissions and other charges for business transacted and acts done by it as a bank or in any other capacity, and not in the capacity of Depositary, in relation to matters arising under the Deposit Agreement (including, without prejudice to the generality of the foregoing, charges on the conversion of any part of the Deposited Property from one currency to another and any sales of property) without accounting to Holders or any other person for any profit arising therefrom.
- (I) The Depositary shall endeavour to effect any such sale as is referred to or contemplated in Conditions 6, 7, 8, 13 or 14 or any such conversion as is referred to in Condition 8 in accordance with the Depositary's normal practices and procedures, but shall have no liability (in the absence of its own negligence, bad faith or willful default or that of its agents, officers, directors or employees) with respect to the terms of such sale or conversion or if such sale or conversion shall not be legally permissible or otherwise possible.
- (J) The Depositary shall, subject to all applicable laws, have no responsibility whatsoever to the Company, any Holder, Beneficial Owner or person with an interest in a GDR as regards any deficiency which might arise because the Depositary is subject to any tax in respect of the Deposited Property or any part thereof or any income therefrom or any proceeds thereof.

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- (K) In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of the Deposit Agreement or the Conditions, the Depositary shall not, except as otherwise expressly provided in Condition 24, be obliged to have regard to the consequence thereof for the Holders, Beneficial Owners, a person with an interest in a GDR or any other person.
- (L) Notwithstanding anything else contained in the Deposit Agreement or the Conditions, the Depositary may refrain, without liability, from doing anything which could or might, in its reasonable opinion, be contrary to any law, directive or regulation or render it liable to any person and the Depositary may, without liability, do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation.
- (M) The Depositary shall be under no obligation to check, monitor or enforce compliance with any ownership restrictions in respect of GDRs or Shares under any applicable PRC law. Notwithstanding the generality of Condition 3, the Depositary shall refuse to register any transfer of GDRs or any deposit of Shares against issue of GDRs if notified by the Company, or if the Depositary becomes aware of the fact that such transfer or issue would be in violation of the limitations set forth above or any other applicable laws.
- (N) The Depositary may call for, and shall be at liberty to accept as sufficient, evidence of any fact or matter or the expediency of any transaction or thing, a certificate, letter or other communication, whether oral or written, signed or otherwise communicated on behalf of the Company, by the Board of Directors of the Company or by a person duly authorised by the Board of Directors of the Company, or such other certificate from persons which the Depositary considers appropriate and the Depositary shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be occasioned by the Depositary acting on such certificate.
- (O) The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Property, or for the manner in which any vote is cast or the effect of any vote (other than where such failure or action is a result of its own negligence, bad faith or willful default or is not in accordance with the terms of the Deposit Agreement and the Conditions). The Depositary shall not incur any liability (save in the case of its own negligence, bad faith or willful default) for any failure to determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Property, for the validity or worth of the Deposited Property, for the creditworthiness of any third party, for any tax consequences that may result from the ownership of GDRs, Shares or Deposited Property, for allowing any rights to lapse upon the terms of the Deposit Agreement and the Conditions, for the failure or timeliness of any notice from the Company.

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- (P) No provision of the Deposit Agreement or the Conditions shall require the Depositary to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity and security against such risk of liability is not assured.
- (Q) The Depositary may, in the performance of its obligations hereunder and in the Deposit Agreements, instead of acting personally, employ and pay an agent, whether a lawyer or other person, including obtaining an opinion of legal advisers in form and substance reasonably satisfactory to it, to transact or concur in transacting any business and do or concur in doing all acts required to be done by such party, including the receipt and payment of money. Save for the failure on the part of the Depositary to exercise reasonable care in the selection or retention of any such agent, the Depositary will not be liable to anyone for any misconduct or omission by any such agent so employed by it or be bound to supervise the proceedings or acts of any such agent.
- (R) None of the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to satisfy reporting requirements or obtain regulatory approvals under applicable laws and regulations which shall be the sole responsibility of the Holders and Beneficial Owners as described in Condition 4C.
- (S) The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence, bad faith or willful default while it acted as Depositary.
- (T) The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence, bad faith or willful default while it acted as Depositary.

18 ISSUE AND DELIVERY OF REPLACEMENT GDRS AND EXCHANGE OF GDRS

Subject to the payment of the relevant fees, taxes, duties, charges, costs and expenses and such terms as to evidence and indemnity as the Depositary may require, replacement GDRs will be issued by the Depositary and will be delivered in exchange for or in replacement of outstanding lost, stolen, mutilated, defaced or destroyed GDRs upon surrender thereof (except in the case of destruction, loss or theft) at the Principal New York Office.

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19 GDR FEES AND CHARGES

(A) The following GDR fees are payable under the terms of the Deposit Agreement:

- (i) **Issuance Fee:** by any person for whom the GDRs are issued (i.e., an issuance upon a deposit of Shares, upon a change in the GDR(s)-to-Share(s) ratio, or for any other reason (excluding issuances as a result of distributions described in paragraph (iv) below)), a fee not in excess of US\$5.00 per 100 GDRs (or fraction thereof) issued under the terms of the Deposit Agreement and the Conditions;
- (ii) **Cancellation Fee:** by any person for whom GDRs are being cancelled (e.g., a cancellation of GDRs for delivery of Deposited Property, upon a change in the GDR(s)-to-Share(s) ratio, or for any other reason), a fee not in excess of US\$5.00 per 100 GDRs (or fraction thereof) cancelled;
- (iii) **Cash Distribution Fee:** by any Holder of GDRs, a fee not in excess of US\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of cash dividends or other cash distributions (e.g., upon the sale of rights and other entitlements);
- (iv) **Stock Distribution/Rights Exercise Fees:** by any Holder of GDRs, a fee not in excess of US\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of GDRs pursuant to (a) stock dividends or other free stock distributions or (b) an exercise of rights to purchase additional GDRs;
- (v) **Other Distribution Fee:** by any Holder of GDRs, a fee not in excess of US\$5.00 per 100 GDRs (or fraction thereof) held for the distribution of securities other than GDRs or rights to purchase additional GDRs (e.g., spin-off shares); and
- (vi) **Depositary Services Fee:** by any Holder of GDRs, a fee not in excess of US\$5.00 per 100 GDRs (or fraction thereof) held on the applicable record date(s) established by the Depositary.

Certain of the GDR fees and charges (such as the Depositary Services Fee) may become payable shortly after the closing of an offering of the GDRs.

In addition, the Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Property in connection with GDR issuances and cancellations and persons for whom GDRs are issued or cancelled shall be responsible for the following GDR charges under the terms of the Deposit Agreement:

- (i) taxes (including applicable interest and penalties) and other governmental charges;
- (ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Property on the share register and applicable to transfers of Shares or other Deposited Property to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

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- (iii) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Property or of the Holders and Beneficial Owners of GDRs;
 - (iv) the expenses and charges incurred by the Depositary in the conversion of foreign currency;
 - (v) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, Deposited Property, GDRs and GDR Certificates; and
 - (vi) the fees and expenses incurred by the Depositary, the Custodian or any nominee in connection with the servicing or delivery of Deposited Property.
- (B) Any other charges and expenses of the Depositary under the Deposit Agreement and the Conditions will be paid by the Company upon agreement between the Depositary and the Company. All GDR fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of GDR fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated by Condition 24. The Depositary shall provide, without charge, a copy of its latest GDR fee schedule to anyone upon request.
- (C) GDR fees and charges payable for (i) the issuance of GDRs and (ii) the cancellation of GDRs will be payable by the person for whom the GDRs are so issued by the Depositary (in the case of GDR issuances) and by the person for whom GDRs are being cancelled (in the case of GDR cancellations). In the case of GDRs issued by the Depositary into DTC, Euroclear or Clearstream, the GDR issuance and cancellation fees and charges will be payable by the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) receiving the GDRs from the Depositary or the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) holding the GDRs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC Participant(s), Euroclear Participant(s) or Clearstream Participant(s) as in effect at the time. GDR fees and charges in respect of distributions and the Depositary services fee are payable by Holders as at the applicable GDR Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable GDR fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the Depositary services fee, the applicable Holders as at the GDR Record Date established by the Depositary will be invoiced for the amount of the GDR fees and charges, and such GDR fees and charges may be deducted from distributions made to Holders. For GDRs held through DTC, Euroclear or Clearstream, the GDR fees and charges for distributions other than cash and the Depositary services fee may be deducted from distributions made through DTC, Euroclear or Clearstream, as the case may be, and may be charged to the DTC

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Participants, Euroclear Participants or Clearstream Participants in accordance with the procedures and practices prescribed by DTC, Euroclear or Clearstream from time to time and the DTC Participants, Euroclear Participants or Clearstream Participants in turn charge the amount of such GDR fees and charges to the Beneficial Owners for whom they hold GDRs.

- (D) The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the GDR programme established pursuant to the Deposit Agreement, by making available a portion of the GDR fees charged in respect of the GDR programme or otherwise, upon such terms and conditions as the Company and the Depositary may agree from time to time. The Company shall pay to the Depositary such fees and charges and reimburse the Depositary for such out of pocket expenses as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

20 LISTING

The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to obtain and thereafter maintain, so long as any GDR is outstanding, admission of trading for GDRs on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange for listed securities and a listing of the Shares on the SSE. For that purpose the Company will pay all fees and sign and deliver all undertakings required by the London Stock Exchange and the SSE in connection therewith.

21 THE CUSTODIAN

The Depositary has agreed with the Custodian that the Custodian will receive and hold all Deposited Property in an account of the Depositary or for the account and to the order of the Depositary in accordance with the applicable terms of the Deposit Agreement. The Custodian shall be responsible solely to the Depositary. Upon receiving notice of the resignation of the Custodian, the Depositary shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. Whenever the Depositary, in its sole discretion, determines that it is in the best interest of the Holders to do so, it may terminate the appointment of the Custodian and, in the event of the termination of the appointment of the Custodian, the Depositary shall promptly appoint a successor Custodian, which shall, upon acceptance of such appointment, become the Custodian under the Deposit Agreement. The Depositary shall notify Holders of such change as soon as is practically possible following such change taking effect in accordance with Condition 25.

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Citibank, N.A. may at any time act as Custodian of the Deposited Property pursuant to the Deposit Agreement, in which case any reference to Custodian shall mean Citibank, N.A. solely in its capacity as Custodian pursuant to the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement or the Conditions, the Depositary shall not be obligated to give notice to the Company, any Holders of GDRs or any other Custodian of its acting as Custodian pursuant to the Deposit Agreement.

22 RESIGNATION AND TERMINATION OF APPOINTMENT OF THE DEPOSITARY

- (A) The Depositary may at any time resign as Depositary hereunder by written notice of resignation delivered to the Company, which resignation shall be effective on the earlier to occur of (i) the 90th day after delivery thereof to the Company, after which the Depositary shall be entitled to take the termination actions contemplated in Condition 23(A), and (ii) the appointment by the Company of a successor depositary and the acceptance by such successor depositary of such appointment.

The Depositary may at any time be removed by the Company by written notice of removal delivered to the Depositary, which removal shall be effective on the earlier to occur of (i) the 90th day after delivery thereof to the Company, after which the Depositary shall be entitled to take the termination actions contemplated in Condition 23(A), and (ii) the appointment by the Company of a successor depositary and the acceptance by such successor depositary of such appointment.

- (B) The Company has undertaken in the Deposit Agreement to use its reasonable endeavours to procure the appointment of a successor depositary following the receipt of a notice of resignation from the Depositary or the giving of a notice of the termination of the appointment of the Depositary. Upon any such appointment and acceptance, notice thereof shall be duly given by the successor depositary to the Holders in accordance with Condition 25.
- (C) Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

23 TERMINATION OF DEPOSIT AGREEMENT

- (A) The Company may at any time terminate the Deposit Agreement. Upon written direction of the Company, the Depositary shall provide notice of such termination to the Holders of all GDR Certificates then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination.

If ninety (90) days shall have expired after (i) the Depositary shall have delivered to the Company a written notice of its election to resign pursuant to Clause 11.1 of the Deposit Agreement and Condition 22(A) or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the

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Depositary pursuant to Clause 11.1 of the Deposit Agreement and Condition 22(A) and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Clause 11.1 of the Deposit Agreement and Condition 22(B), the Depositary may terminate the Deposit Agreement by providing notice of such termination to the Holders of all GDR Certificates then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination.

The date fixed for termination of the Deposit Agreement in any termination notice distributed by the Depositary to the Holders of GDRs is referred to as the “Termination Date”. Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement and the Conditions, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement and the Conditions.

- (B) If any GDRs shall remain outstanding after the Termination Date, the Registrar and the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement or the Conditions, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement and the Conditions, continue to (i) collect dividends and other distributions pertaining to Deposited Property, (ii) sell securities and other property received in respect of Deposited Property, (iii) deliver Deposited Property, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any securities or other property, in exchange for GDRs surrendered to the Depositary (after deducting or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Clause 10.1 of the Deposit Agreement and Condition 19), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and shall after such sale hold un-invested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro-rata benefit of the Holders whose GDRs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement and the Conditions except (i) to account for such net proceeds and other cash (after deducting or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Clause 10.1 of the Deposit Agreement and Condition 19), and (ii) as may be required at law in connection with the termination of the Deposit Agreement. After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement and the Conditions, except for its obligations to the Depositary under Clause 10 of the Deposit Agreement and

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Condition 19. The obligations under the terms of the Deposit Agreement and the Conditions of Holders and Beneficial Owners of GDRs outstanding as at the Termination Date shall survive the Termination Date and shall be discharged only when the applicable GDRs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement and the Conditions (except as specifically provided therein).

- (C) Notwithstanding anything contained in the Deposit Agreement or any GDR, in connection with the termination of the Deposit Agreement, the Depositary may, independently and without the need for any action by the Company, make available to Holders of GDRs a means to withdraw the Deposited Shares represented by their GDRs and to direct the deposit of such Deposited Shares into an unsponsored global depositary receipts programme established by the Depositary, upon such terms and conditions as the Depositary may deem reasonably appropriate, subject however, in each case, to satisfaction of the requirements by the unsponsored global depositary receipts programme under the Securities Act, and to receipt by the Depositary of payment of the applicable fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary.

24 AMENDMENT OF DEPOSIT AGREEMENT AND CONDITIONS

All and any of the provisions of the Deposit Agreement and these Conditions may at any time and from time to time be amended by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable. Notice of any amendment of the Deposit Agreement and these Conditions (except to correct a manifest error) shall be duly given to the Holders by the Depositary and any amendment (except as aforesaid) which shall increase or impose fees or charges payable by Holders or which shall otherwise, in the opinion of the Depositary, be materially prejudicial to the interests of the Holders (as a class) shall not become effective so as to impose any obligation on the Holders of the outstanding GDRs until the expiry of thirty (30) days after such notice shall have been given. Every Holder or Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold GDRs or any beneficial interest therein to consent to and approve such amendment or supplement and to be bound by the terms of the Deposit Agreement and the Conditions as amended and supplemented thereby.

In no event shall any amendment impair the right of any Holder to receive, subject to and upon compliance with Clause 3 of the Deposit Agreement and Condition 2, the Deposited Property attributable to the relevant GDR except in order to comply with mandatory provisions of applicable law.

The parties hereto agree that substantial rights of Holders and Beneficial Owners shall not be deemed materially prejudiced by any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for the GDRs or Shares to be settled in electronic-book entry form and (ii) do not impose or increase any fees or charges to be borne by Holders or Beneficial Owners.

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Notwithstanding anything in the Deposit Agreement or the Conditions to the contrary, if any governmental body should adopt new laws, rules or regulations which would require an amendment or supplement of the Deposit Agreement or the Conditions to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement, and the Conditions at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and the Conditions in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

25 NOTICES

Any and all notices to be given to any Holder shall be deemed to have been duly given if (a) personally delivered or sent by mail, air courier or facsimile transmission, confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the books of the Depositary or, if such Holder shall have filed with the Depositary a request that notices intended for such Holder be mailed to some other address, at the address specified in such request, or (b) if a Holder shall have designated such means of notification as an acceptable means of notification under the terms of the Deposit Agreement and the Conditions, by means of electronic messaging addressed for delivery to the e-mail address designated by the Holder for such purpose.

Notice to Holders shall be deemed to be notice to Beneficial Owners for all purposes of the Deposit Agreement and the Conditions. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of GDRs held by such other Holders.

Delivery of a notice sent by mail, air courier or facsimile transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a facsimile transmission) is deposited, postage prepaid, in a post office letter box or delivered to an air courier service, without regard for the actual receipt or time of actual receipt thereof by a Holder. The Depositary or the Company may, however, act upon any facsimile transmission received by it from any Holder, the Custodian, the Depositary or the Company, notwithstanding that such facsimile transmission shall not be subsequently confirmed by letter.

Delivery of a notice by means of electronic messaging shall be deemed to be effective at the time of the initiation of the transmission by the sender (as shown on the sender's records), notwithstanding that the intended recipient retrieves the message at a later date, fails to retrieve such message, or fails to receive such notice on account of its failure to maintain the designated e-mail address, its failure to designate a substitute e-mail address or for any other reason.

26 REPORTS AND INFORMATION ON THE COMPANY

If, so long as any of the Rule 144A GDRs or the Shares represented thereby remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and the Company is neither a reporting company under Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Company hereby undertakes to provide to any Holder, Beneficial Owner or holder of Shares or any prospective purchaser designated by such Holder, Beneficial Owner or holder of Shares, upon the request of such Holder, Beneficial Owner, holder of Shares or prospective purchaser, copies of the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

27 COPIES OF COMPANY NOTICES

On or before the day when the Company first gives notice, by publication, or otherwise, to holders of any Shares or other Deposited Property, whether in relation to the taking of any action in respect thereof or in respect of any dividend or other distribution thereon or of any meeting or adjourned meeting of such holders or otherwise, the Company has undertaken in the Deposit Agreement to transmit to the Custodian and the Depositary a copy of such notice and any other material in English but otherwise in the form given or to be given to holders of Shares or other Deposited Property.

In addition, the Company will transmit to the Depositary English-language versions of the other notices, reports and communications which are generally made available by the Company to holders of Shares or other Deposited Property. The Depositary will, at the expense of the Company, make available a copy of any such notices, reports or communications issued by the Company and delivered to the Depositary for inspection by the Holders and Beneficial Owners at the Principal New York Office and the Principal London Office, at the office of the Custodian and at any other designated transfer office. The Depositary shall arrange, at the request of the Company and at the Company’s expense, for the distribution of copies thereof to all Holders on a basis similar to that for holders of Shares or other Deposited Property or on such other basis as the Company may advise the Depositary.

28 MONEYS HELD BY THE DEPOSITARY

The Depositary shall be entitled to deal with moneys paid to it by the Company for the purposes of the Deposit Agreement in the same manner as other moneys paid to it as a banker by its customers and shall not be liable to account to the Company or any holder or any other person for any interest thereon, except as otherwise agreed.

29 SEVERABILITY

If any one or more of the provisions contained in the Deposit Agreement or in the Conditions shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein or herein shall in no way be affected, prejudiced or otherwise disturbed thereby.

30 GOVERNING LAW

- (A) The Deposit Agreement, the Conditions, the Deed Poll and the GDRs, and any non-contractual obligations arising out of or in connection with them, are governed by English law, except that the required certifications from the persons making deposits or withdrawals of Shares pursuant to the Deposit Agreement are governed by and shall be construed in accordance with the laws of the State of New York. For the avoidance of doubt, the rights and obligations attaching to the Deposited Shares will be governed by PRC law.
- (B) The Company and the Depositary have agreed that any claim, dispute or difference of whatever nature arising under, out of or in connection with the Deposit Agreement, the Conditions or the GDRs and the legal relationship established thereby (including a claim, dispute or difference regarding the existence, termination or validity of the Deposit Agreement, the Conditions or the GDRs or any non-contractual obligations arising out of or in connection with the Deposit Agreement, the Conditions or the GDRs), shall be referred to, and finally resolved by, binding arbitration in accordance with the rules of the London Court of International Arbitration.

As contemplated by Clause 19 of the Deposit Agreement, in the event of any litigation with a third party to which (a) the Depositary is a party and to which the Company may be properly joined, the Company may be so joined by the Depositary in any court in which such litigation is pending, and (b) the Company is a party and to which the Depositary may be properly joined, the Depositary may be so joined by the Company in any court in which such litigation is pending. For the purposes of this Condition 30(B) a “third party” shall mean a person or entity which is not in any way related to or affiliated with the Company.

Notwithstanding anything contained in the Deposit Agreement or the conditions to the contrary, the parties hereto agree that the English courts shall have jurisdiction to hear and determine proceedings related to the enforcement of this arbitration provision and any arbitration award by the arbitrators contemplated in this Condition 30(B), and, for such purposes, each of the Company and the Depositary irrevocably submits to the non-exclusive jurisdiction of such court.

Each of the Company and the Depositary agrees not to challenge the terms and enforceability of this arbitration clause, including, but not limited to, any challenge based on lack of mutuality, and each such party hereby irrevocably waives any such challenge.

The seat (legal place) of the arbitration shall be London, England and the language of the arbitration shall be English.

The number of arbitrators shall be three.

TERMS AND CONDITIONS OF THE GLOBAL DEPOSITARY RECEIPTS

The arbitrators shall have no power or authority to award damages not measured by the prevailing party's actual damages.

The arbitrators' award shall be final and binding upon the parties and their respective successors, heirs, executors and assigns.

31 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to the Deposit Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 (the "Act") of the United Kingdom to enforce any term of the Deposit Agreement but this does not affect any right or remedy granted under the Deed Poll or which otherwise exists or is available apart from the Act.

DEPOSITARY

Citibank, N.A.
388 Greenwich Street
New York, New York 10013
United States of America

CUSTODIAN

Bank of China Limited
No. 1 Fuxingmennei Dajie
Xicheng District, Beijing
P.R.C. Post Code: 100140

and/or such other Depositary and/or such other Custodian or Custodians and/or principal offices as may from time to time be duly appointed and notified to the Holders.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

The GDRs will initially be evidenced by (i) a single Master Regulation S GDR Certificate in registered form; and (ii) a single Master Rule 144A GDR Certificate in registered form. The Master Regulation S GDR Certificate will be registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc as common depositary for Euroclear and Clearstream on the date the Regulation S GDRs are issued. The Master Rule 144A GDR Certificate will be registered in the name of Cede & Co. as nominee for DTC on the date of the Rule 144A GDRs are issued.

The Master Regulation S GDR Certificate and the Master Rule 144A GDR Certificate contain provisions which apply to the GDRs whilst they are in master form. Words and expressions given a defined meaning in the Conditions shall have the same meanings in this section unless otherwise provided in this section.

EXCHANGE

The Master GDR Certificates will only be exchanged for certificates in definitive registered form representing GDRs in the circumstances described in paragraphs (i), (ii), (iii) or (iv) below in whole but not in part and until exchanged in full subject to the Conditions and the Deposit Agreements. The Depositary will irrevocably undertake in the Master GDR Certificates to deliver certificates in definitive registered form representing GDRs in exchange for the relevant Master GDR Certificate to the Holders within 60 calendar days in the event that:

- (i) either DTC, in the case of the Master Rule 144A GDR Certificate, or Euroclear or Clearstream, in the case of the Master Regulation S GDR Certificate, advises the Company in writing that it is unwilling or unable to continue as clearing or settlement system and a successor clearing or settlement system is not appointed within 90 calendar days; or
- (ii) either DTC, in the case of the Master Rule 144A GDR Certificate, or Euroclear or Clearstream, in the case of the Master Regulation S GDR Certificate, is closed for business for a continuous period of 14 calendar days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business or does in fact do so, and, in each case, no alternative clearing system satisfactory to the Depositary is available within 45 calendar days; or
- (iii) in respect of the Master Rule 144A GDR Certificate, DTC or any successor ceases to be a “clearing agency” registered under the Exchange Act; or
- (iv) the Depositary has determined that, on the occasion of the next payment in respect of the Master GDR Certificates, the Depositary would be required to make any deduction or withholding from any payment in respect of the Master GDR Certificates which would not be required were the GDRs represented by certificates in definitive registered form, provided that the Depositary shall have no obligation to so determine or to attempt to so determine.

Any exchange shall be at the expense of the relevant Holder.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

A GDR evidenced by an individual definitive certificate will not be eligible for clearing and settlement through DTC, Euroclear or Clearstream. Upon any exchange of a part of a Master GDR Certificate for certificates in definitive registered form, or any exchange of interests between the Master Rule 144A GDR Certificate and the Master Regulation S GDR Certificate pursuant to Clause 3 of each of the Deposit Agreements, or any distribution of GDRs pursuant to the Conditions 4, 5, 6, 7 or 9 or any reduction in the number of GDRs represented thereby following any withdrawal of Deposited Property pursuant to Condition 2, or any increase in the number of GDRs following the deposit of Shares pursuant to Condition 1, the relevant details shall be entered by the Depositary on the register maintained by the Depositary whereupon the number of GDRs represented by the relevant Master GDR Certificate shall be reduced or increased (as the case may be) for all purposes by the amount so exchanged and entered on the register. If the number of GDRs represented by a Master GDR Certificate is reduced to zero, such Master GDR Certificate shall continue in existence until the obligations of the Company under the Deposit Agreements and the Conditions and the obligations of the Depositary pursuant to the Deposit Agreements and the Conditions have terminated.

PAYMENTS, DISTRIBUTIONS AND VOTING RIGHTS

Payments of cash dividends and other amounts (including cash distributions) will, in the case of GDRs represented by the Master Regulation S GDR Certificate, be made by the Depositary through Euroclear and Clearstream and, in the case of GDRs represented by the Master Rule 144A GDR Certificate, will be made by the Depositary through DTC, on behalf of persons entitled thereto upon receipt of funds therefore from the Company. Any free distribution or rights issue of Shares to the Depositary on behalf of the Holders will result in the records maintained by the Depositary being adjusted to reflect the enlarged number of GDRs represented by the relevant Master GDR Certificate.

Holders of GDRs will have voting rights as set out in the Conditions.

SURRENDER OF GDRs

Any requirement in the Conditions relating to the surrender of a GDR to the Depositary shall be satisfied by the production by Euroclear or Clearstream, in the case of GDRs represented by the Master Regulation S GDR Certificate, or by DTC, in the case of GDRs represented by the Master Rule 144A GDR Certificate, on behalf of a person entitled to an interest therein of such evidence of entitlement of such person as the Depositary may reasonably require, which is expected to be a certificate or other documents issued by Euroclear, Clearstream or DTC, as appropriate. The delivery or production of any such evidence shall be sufficient evidence in favour of the Depositary, any Agent and the Custodian of the title of such person to receive (or to issue instructions for the receipt of) all money or other property payable or distributable in respect of the Deposited Property represented by such GDRs and to issue voting instructions.

SUMMARY OF THE PROVISIONS RELATING TO THE GLOBAL DEPOSITARY RECEIPTS WHILST IN MASTER FORM

NOTICES

For as long as the Master Regulation S GDR Certificate is registered in the name of a nominee for a common depositary holding on behalf of Euroclear and Clearstream, and the Master Rule 144A GDR Certificate is registered in the name of DTC or its nominee, notices to Holders may be given by the Depositary by delivery of the relevant notice to Euroclear, Clearstream or DTC (as applicable), for communication to persons entitled thereto in substitution for delivery of notices in accordance with Condition 25.

GOVERNING LAW

The Master GDR Certificates, and any non-contractual obligations arising out of or in connection with the Master GDR Certificates, shall be governed by and construed in accordance with English law.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

THE DEPOSITARY

The Depositary is Citibank, N.A., a national banking association organised under the laws of the United States. The Depositary is an indirect wholly-owned subsidiary of Citigroup, Inc., a Delaware corporation. The Depositary is primarily regulated by the United States Office of the Comptroller of the Currency. See “Information Relating to the Depositary”. There are no bank or other guarantees attached to the GDRs which are intended to underwrite the Depositary’s obligations.

Rights of Holders of GDRs

Relationship of Holders of GDRs with the Depositary: The rights of Holders against the Depositary are governed by the Conditions and the Deposit Agreements, which are governed by English law. The Depositary and the Company are parties to the Deposit Agreements. Holders of GDRs have contractual rights in relation to cash and other Deposited Property (including Deposited Shares, which are Shares of the Company represented by GDRs) deposited with the Depositary under Clause 3 of each of the Deposit Agreements, and otherwise under the Deposit Agreements by virtue of the Deed Polls. The Depositary will hold the Deposited Shares and other non-cash assets as bare trustee for the Holders; however, the Depositary does not otherwise assume any relationship of trust for or with the Holders or the beneficial owners of the GDRs or any other person. Any cash held by the Depositary for Holders will be held by the Depositary as banker.

Voting: With respect to voting of Deposited Shares and other Deposited Property represented by GDRs, the Conditions and the Deposit Agreements provide that, upon receipt of notice from the Company of any meeting at which the holders of Shares or other Deposited Property are entitled to vote, or of a solicitation of consent or proxy from holders of Shares or Deposited Property, the Depositary shall, providing that no relevant legal prohibitions exist, send to any person who is a Holder on the record date established by the Depositary for that purpose (which shall be as close as possible to the corresponding record date set by the Company) such notice of meeting or solicitation of consent or proxy, along with a brief statement on the manner in which such Holders may provide the Depositary with voting instructions for matters to be considered. The Deposit Agreements provide that the Depositary will endeavour to exercise or cause to be exercised the voting rights with respect to Deposited Shares in accordance with instructions from Holders. As at the date of this Prospectus, the Company confirms that there are no restrictions under applicable law, the Articles of Association or the provisions of the Deposited Shares that would prohibit or restrict the Depositary from voting any of the Deposited Shares in accordance with instructions from Holders, except for those generally applicable to all shareholders of the Company.

Delivery of Deposited Shares: Pursuant to the Shanghai-London Stock Connect scheme, GDR holders will not be permitted to redeem their GDRs and hold the Deposited Shares underlying such GDRs in an on-shore account (such as a QFII or RQFII account) or have the underlying Deposited Shares held on their behalf by a Designated Broker. If GDR holders wish to hold A Shares they must purchase them separately either from the funds received from a sale of GDRs (whether a sale of GDRs on the London Stock

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

Exchange (or another legitimate trading venue) or a redemption of GDRs and sale of the underlying A Shares on the Shanghai Stock Exchange through a Designated Broker) or from funds unconnected with their holding of GDRs. GDR holders or former GDR holders that are non-PRC investors may only hold A Shares if they are QFIIs or RQFIIs or are otherwise able to hold A Shares through another exemption.

Rights of the Company

The Company has broad rights to remove the Depositary under the terms of the Deposit Agreements, but no specific rights under the Deposit Agreements which are triggered in the event of the insolvency of the Depositary.

Insolvency of the Depositary

Applicable insolvency law: If the Depositary becomes insolvent, the insolvency proceedings will be governed by US laws applicable to the insolvency of banks.

Effect of applicable insolvency law in relation to cash: The Conditions state that any cash held by the Depositary for Holders is held by the Depositary as banker. Under current US and English law, it is expected that any cash held for Holders by the Depositary as banker under the Conditions would constitute an unsecured obligation of the Depositary. Holders would therefore only have an unsecured claim in the event of the Depositary's insolvency for such cash that would be also be available to general creditors of the Depositary.

Effect of applicable insolvency law in relation to non-cash assets: The Deposit Agreements state that the Deposited Shares and other non-cash assets which are held by the Depositary for Holders are held by the Depositary as bare trustee and, accordingly, the Holders will be tenants in common for such Deposited Shares and other non-cash assets. Under current US and English law, it is expected that any Deposited Shares and other non-cash assets held for Holders by the Depositary on trust under the Conditions would not constitute assets of the Depositary and that Holders would have ownership rights relating to such Deposited Shares and other non-cash assets and be able to request the Depositary's receiver or conservator to deliver such Depositary Shares and other non-cash assets that would be unavailable to general creditors of the Depositary.

Default of the Depositary

If the Depositary fails to pay cash or deliver non-cash assets to Holders in the circumstances required by the Conditions or the Deposit Agreements or otherwise engages in a default for which it would be liable under the terms of the Conditions or the Deposit Agreements, the Depositary will be in breach of its contractual obligations under the Conditions. In such case, Holders will have a claim under English law against the Depositary for the Depositary's breach of its contractual obligations under the Deposit Agreements.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

THE CUSTODIAN

The Custodian is Bank of China Limited, a joint stock limited company incorporated in the PRC with limited liability.

Relationship of Holders of GDRs with the Custodian: The Custodian and the Depositary are parties to a custody agreement, which is governed by Hong Kong law. The Holders do not have any contractual relationship with, or rights enforceable against, the Custodian. The Depositary will hold the Deposited Shares in electronic form in an account with CSDC. The CSDC account will be in the name of the Depositary and the Deposited Shares will be registered in the Company's share register in the name of the Depositary and deposited in the Regulation S and Rule 144A GDR facilities.

Default of the Custodian

Failure to deliver cash: Any cash dividend payments from the Company (which are expected to be denominated in Renminbi) will initially be received by the Depositary in a custody account held with the Custodian in the Depositary's name. Subject to applicable PRC regulations, amounts received from the Company by the Depositary into its account with the Custodian will then be converted into US dollars by the Custodian in accordance with the Conditions and the US dollars will be wired to the Depositary's account in New York. After deduction of any fees and expenses of the Depositary, the US dollars will then be credited to the appropriate accounts of the Holders. If the Custodian fails to deliver cash to the Depositary as required under the custody agreement or otherwise engages in a default for which it would be liable under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations under the custody agreement. In such case, the Depositary would have a claim under Hong Kong law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and appoint a successor custodian and may exercise such rights if it deems necessary. Under the Deposit Agreements, the Depositary is permitted to act as a custodian, and may choose to act in this capacity for policy, regulatory, or business reasons; however, it is currently uncertain if or when the Depositary will be licensed to act as a custodian in the PRC.

Failure to deliver non-cash assets: If the Custodian fails to deliver Deposited Shares or other non-cash assets held for the Depositary as required by the custody agreement or otherwise defaults under the terms of the custody agreement, the Custodian will be in breach of its contractual obligations to the Depositary. In such case, the Depositary will have a claim under Hong Kong law against the Custodian for the Custodian's breach of its contractual obligations under the custody agreement. The Depositary can also remove the Custodian and may appoint a substitute or additional custodians and exercise such rights if it deems necessary.

The Depositary's obligations: The Depositary has no obligation to pursue a claim for breach of obligations against the Custodian on behalf of Holders. The Depositary is not responsible for and shall incur no liability in connection with or arising from default by the Custodian due to any act or omission to act on the part of the Custodian.

DESCRIPTION OF ARRANGEMENTS TO SAFEGUARD THE RIGHTS OF THE HOLDERS OF THE GLOBAL DEPOSITARY RECEIPTS

Insolvency of the Custodian

Applicable law: If the Custodian becomes insolvent, the insolvency proceedings will be governed by applicable PRC law.

Effect of applicable insolvency law in relation to cash: On an insolvency of the Custodian, cash held by the Custodian in a custody account for the Depositary would not constitute assets of the Custodian and the Depositary would have ownership rights relating to such cash. As a result, the Depositary would have the right to claim the cash in the custody account in full, without being subject to insolvency proceedings.

Effect of applicable insolvency law in relation to non-cash assets: All of the Deposited Shares will be registered in the name of the Depositary and be held by the Depositary in an account under its own name with the CSDC. In the event that the Custodian becomes insolvent, as legal title to the Deposited Shares will be held by the Depositary and the Deposited Shares will not be under the possession or control of the Custodian, the Deposited Shares will not constitute part of the Custodian's assets subject to the insolvency proceeding.

The Depositary's obligations: The Depositary has no obligation to pursue a claim in the Custodian's insolvency on behalf of the Holders. The Depositary has no responsibility for, and will incur no liability in connection with or arising from, the insolvency of any custodian. In the event of the insolvency of the Custodian, the Holders have no direct recourse to the Custodian under the Deposit Agreements, though the Depositary can remove the Custodian and appoint a substitute or additional custodian(s) and may exercise such rights if it deems necessary.

PERSONS HOLDING TITLE TO GDRS OR BENEFICIAL INTERESTS THEREIN ARE REMINDED THAT THE ABOVE DOES NOT CONSTITUTE LEGAL ADVICE AND IN THE EVENT OF ANY DOUBT REGARDING THE EFFECT OF THE DEFAULT OR INSOLVENCY OF THE DEPOSITARY OR THE CUSTODIAN, SUCH PERSONS SHOULD CONSULT THEIR OWN ADVISORS IN MAKING A DETERMINATION.

PERFORMANCE TARGETS

1 GENERAL

The Board of Directors of the Company has set performance targets that the Company should aim to achieve total profit of RMB27 billion and net profit of RMB22.06 billion for the year ending 31 December 2020 (collectively, the “**Performance Targets**”).

The Performance Targets have been prepared and compiled on a basis consistent with the accounting policies of the Group and comparable with the Historical Financial Information of the Group. The Group’s accounting policies are in accordance with PRC GAAP and are those which will be applied in preparing the Group’s financial statements for the year ending 31 December 2020.

The Company has prepared the Performance Targets on the assumptions set out below. The Performance Targets are forward-looking statements and inherently uncertain. There can be no guarantee or assurance that any of the factors listed or referred to below under ‘Assumptions’ will not fail and, if they do, their effect on the Group’s results of operations, financial condition or financial performance may be material. The actual results may deviate from the targets. This section (*Performance Targets*) should be read in conjunction with the cautionary statements in the section headed “Presentation of Financial and Other Information—Forward-looking Statements”.

2 ASSUMPTIONS

Factors outside the influence or control of the Directors

In preparing the Performance Targets, the Company has assumed that there will be:

- no change in the hydrological conditions of the Yangtze River which would materially affect the achievement of the Performance Targets;
- no change in the sales price of the Group’s electricity compared with current prevailing rates;
- no change in applicable tax rates and tax policies in the markets where the Group operates compared with current prevailing rates and policies;
- no change in control of the Company;
- no deterioration in the Group’s public image and reputation which would materially affect the achievement of the Performance Targets;
- no occurrence of grid congestion, delay in grid construction or other grid constraints, which would materially affect the achievement of the Performance Targets;
- no reduction in the Group’s credit facilities or arrangements, or its access to external financing, which would materially affect the achievement of the Performance Targets;

PERFORMANCE TARGETS

- no change in the accounting principles and standards to which the Group is subject, which would materially affect the achievement of the Performance Targets;
- no change to current prevailing global and/or domestic macroeconomic and political conditions;
- no change in capital markets and commodity markets which would materially affect the value of the Group's investment portfolio;
- no change in market conditions within the hydropower industry in the PRC (including, without limitation, in relation to customer demand, pricing and the competitive environment) which would materially affect the achievement of the Performance Targets;
- no change in legislations, regulatory requirements or government policies relating to the Group or the legislative, regulatory or policy environment within which the Group operates which would materially affect the achievement of the Performance Targets;
- no business disruptions or other adverse impact affecting the Group, its customers, suppliers or other stakeholders (including, without limitation, epidemics, natural and man-made disasters, severe adverse weather, acts of terrorism, cyber-attacks, labour strikes or technological issues) which would materially affect the achievement of the Performance Targets;
- no change in currency control and exchange rates which would materially affect the achievement of the Performance Targets;
- no change in inflation or interest rates in the markets which would materially affect the achievement of the Performance Targets; and
- no event occurs that would have a material adverse effect on the Group's results of operations, financial condition or financial performance.

Attention should be drawn in particular to factors which are outside the influence or control of the Directors (in particular, the impact of the COVID-19 pandemic on the global or regional economic, financial and political conditions), as these are uncertain factors which could materially change the outcome of the Group's results of operations, financial condition or financial performance.

Factors within the influence or control of the Directors

In preparing the Performance Targets, the Company has also assumed that:

- there will be no deterioration in the Group's relationship with any major customers and its ability to negotiate or renew contracts or resolve contract disputes;
- the cascade hydropower system will achieve its intended benefit of improving electricity generation efficiency via its joint dispatch and scheduling mechanism;

PERFORMANCE TARGETS

- there will be no change in the Group's management costs (i.e. costs indirectly related to electricity generation) which would materially affect the achievement of the Performance Targets; and
- the Group does not experience any work safety issues which would materially affect the achievement of the Performance Targets.

This section (*Performance Targets*) is included in this Prospectus in compliance with item 11 of Annex 1 of the Delegated Regulation.

TAXATION

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of the Offer GDRs and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective subscribers for the Offer GDRs should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Offer GDRs and as to the tax consequences of the receipt of dividends in connection with the Offer GDRs and of the sale of the Offer GDRs under the tax laws of those countries. In particular, each Holder and Beneficial Owner of the Offer GDRs should be aware that the tax legislation of any jurisdiction where it is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the Offer GDRs including in respect of any income or gains received from the Offer GDRs.

This summary is based on the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

PRC TAX CONSIDERATIONS

Taxation of Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (中華人民共和國個人所得稅法) (the "IIT Law") enacted by the Standing Committee of the fifth National People's Congress on 10 September 1980 and recently amended on 31 August 2018 and fully effective on 1 January 2019 and the Implementation Rules of Individual Income Tax Law of the People's Republic of China (中華人民共和國個人所得稅法實施條例) last amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are generally subject to a PRC withholding tax at a flat rate of 20%. For foreign individual investors, the receipt of dividends from a PRC company is normally subject to a personal income tax of 20% unless specifically exempted by the competent tax authority of the State Council or reduced in accordance with an applicable tax treaty.

Enterprises

According to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) enacted by the Standing Committee of the fifth National People's Congress on 16 March 2007 and recently amended on 29 December 2018 and effective on the same date (the "EIT Law") and the Provision for Implementation of Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on 6 December 2007 and recently amended on 23 April 2019 and effective on the same date, non-resident enterprises shall be subject to 10% enterprise tax for income from the PRC provided that the non-resident enterprises do not have establishment in the PRC, or that the income has no connection with the establishment of the non-resident enterprises in the PRC. Such withholding tax may be reduced pursuant to an applicable treaty on avoidance of double taxation upon approval.

TAXATION

Tax Treaties

Investors who reside in countries which have entered into treaties on avoidance of double taxation with the PRC may be entitled to a reduction of withholding tax on dividends to investors by PRC companies. The PRC currently has such tax treaties with a number of countries, including but not limited to, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, United Kingdom and the United States.

Taxation of Capital Gains

Individual Investors

In accordance with the IIT Law and its implementation rules, PRC resident individuals are subject to individual income tax at the rate of 20% on gains realised from the transfer of equity interests in PRC resident enterprises. Under the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知) jointly issued by the Ministry of Finance and State Administration of Taxation on 30 March 1998, from 1 January 1997, income of individuals realised from transfer of shares in listed enterprises continues to be exempted from individual income tax. Although the State Administration of Taxation has not stated whether it will continue to exempt individual income tax on income of individuals from transfer of listed shares in the IIT Law and its implementation rules, on 31 December 2009, the Ministry of Finance, State Administration of Taxation and CSRC jointly issued the Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知) which states that individuals' income from transfer of listed shares on certain domestic exchanges (including Shanghai Stock Exchange) shall continue to be exempted from individual income tax, except for the shares of certain specified companies under certain situations which are subject to sales restriction (as defined in the Circular and its supplementary notice (關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知的補充通知) issued on 10 November 2010). As at the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares or depositary receipts of PRC resident enterprises listed on overseas stock exchanges. In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares or depositary receipts of PRC resident enterprises listed on overseas stock exchanges.

Enterprises

In accordance with the EIT Law and its implementation rules, a non-PRC resident enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposition of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. Such tax may be reduced or eliminated under applicable tax treaties or arrangements.

Other Chinese Tax Considerations

PRC Stamp Duty

Pursuant to the Provisional Regulations of the People's Republic of China on Stamp Duty (中華人民共和國印花稅暫行條例) which was promulgated by the State Council on 6 August 1988 and recently amended on 8 January 2011 and became effective on the same date (the "Provisional Regulations"), PRC stamp duty on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of GDRs by non-PRC investors outside the PRC. According to the Provisional Regulations, PRC stamp duty shall only be applicable to documents executed or received in the PRC which have legal binding effect in the PRC and are governed by the PRC laws.

Estate Tax

According to the existing laws of the PRC, non-PRC residents are not subject to estate tax for the holding of GDRs.

UK TAX CONSIDERATIONS

The following is a general summary of certain UK tax considerations relating to the ownership and disposal of the Offer GDRs and does not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of the Offer GDRs. The comments below are of a general nature and are based on current UK tax law as applied in England and Wales and what is understood to be the current published practice of Her Majesty's Revenue & Customs ("HMRC") as at the date of this Prospectus (which may not be binding on HMRC), each of which is subject to change, possibly with retroactive effect.

The summary only covers certain UK tax consequences for the absolute beneficial owners of the Offer GDRs and any dividends paid in respect of them, in circumstances where the dividends paid are regarded for UK tax purposes as being those persons' own income and not the income of some other person, and who:

- are resident solely in the UK for tax purposes (and, in the case of individuals, domiciled in the UK for tax purposes only and to whom "split year" treatment does not apply); and
- do not have a permanent establishment or fixed base outside the UK with which the holding of the Offer GDRs (and the payment of dividends in respect of the Offer GDRs) is connected,

(referred to in this discussion as "**UK holders**").

In addition, the summary only addresses UK tax consequences for UK holders who hold the Offer GDRs as capital assets. It does not address the UK tax consequences that may be relevant to certain other categories of holders, for example, brokers, dealers or traders in shares, securities or currencies. It also does not address the UK tax consequences

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for holders that are banks, financial institutions, insurance companies, investment companies, collective investment schemes, tax-exempt organisations, persons holding the Offer GDRs as part of hedging or conversion transactions or persons connected with the Group.

Further, the summary assumes that:

- the UK holder of the Offer GDRs is, for UK tax purposes, absolutely beneficially entitled to the underlying A Shares and to the dividends on those A Shares;
- the UK holder did not acquire and will not be deemed to have acquired his/her Offer GDRs by virtue of an office or employment;
- the A Shares will not be held by, and the Offer GDRs will not be issued by, a depository (or nominee or agent for a depository) incorporated in the UK;
- the UK holder does not control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, 5 per cent. or more of the A Shares and/or voting power or rights to profit or capital of the Company;
- the only payments received under the Offer GDRs are dividends with respect to the underlying A Shares and which are treated as dividends for UK tax purposes and the only payments received in respect of the A Shares are dividends;
- the Offer GDRs are not held under a pension arrangement or in an ISA or lifetime ISA;
- neither the A Shares nor the Offer GDRs are registered in a register kept in the UK and they will not become so registered; and
- neither the A Shares nor the Offer GDRs are paired with shares issued by a body corporate incorporated in the UK, and they will not become so paired.

The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular holder. You should satisfy yourself as to the overall tax consequences, including, specifically, the consequences under UK law and HMRC practice, of acquisition, ownership and disposition of the Offer GDRs in your own particular circumstances, by consulting your own tax advisors.

Taxation of Dividends

Withholding tax

Dividend payments in respect of the Offer GDRs may be made without withholding or deduction for or on account of United Kingdom income tax. As discussed in “—PRC Tax Considerations—Taxation of Dividends”, amounts in respect of such dividends will be subject to PRC withholding taxes.

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Currency of Dividends

UK holders of the Offer GDRs should note that their liability to UK tax in respect of dividends paid by the Company will be determined by reference to the amount of the dividend in the currency in which it is paid, which may not be the same as the US dollars amount received by such holders from the Depositary in respect of such dividend.

Individual UK holders

Dividends received by a UK holder that is an individual will generally be subject to UK income tax, as dividend income, on the amount of any dividend paid on the Offer GDRs (before deduction of PRC withholding taxes (if any)). Credit may be given for PRC tax withheld, subject to the UK tax rules regarding calculation and availability of such credit.

For the 2020/2021 tax year, the first £2,000 (the “**Nil Rate Amount**”) of the total amount of dividend income received by a UK holder that is a UK resident individual in a tax year will be taxed at a nil rate (and so no income tax will be payable in respect of such amounts). For these purposes, “**dividend income**” includes UK and non-UK source dividends and certain other distributions in respect of shares received by a UK resident individual.

If a UK holder’s total dividend income for a tax year exceeds the Nil Rate Amount (such excess being referred to as the “**Taxable Excess**”) then the Taxable Excess will be subject to UK income tax depending on the tax rate band or bands it falls within. The relevant tax rate band is determined by reference to the UK holder’s total income charged to income tax (including the dividend income charged at a nil rate by virtue of the Nil Rate Amount) less relevant reliefs and allowances (including the UK holder’s personal allowance). The Taxable Excess is, in effect, treated as the top slice of any resulting taxable income and, for the 2020/2021 tax year:

- (a) to the extent that the Taxable Excess falls below the basic rate limit, the UK holder will be subject to income tax on it at the dividend basic rate of 7.5 per cent.
- (b) to the extent that the Taxable Excess falls above the basic rate limit but below the higher rate limit, the UK holder will be subject to income tax on it at the dividend upper rate of 32.5 per cent.
- (c) to the extent that the Taxable Excess falls above the higher rate limit, the UK holder will be subject to income tax on it at the dividend additional rate of 38.1 per cent.

Corporate UK holders

A UK holder that is within the charge to UK corporation tax and is a “small company” for the purposes of Chapter 2 of Part 9A of the Corporation Tax Act 2009 (“**CTA 2009**”) will not be subject to UK corporation tax (currently at a rate of 19 per cent. for the 2020/2021 tax year) on any dividend received in respect of the Offer GDRs provided that certain conditions are met (including an anti-avoidance condition).

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A UK holder that is within the charge to UK corporation tax and which is not a “small company” for the purposes of Chapter 2 of Part 9A of the CTA 2009 will be liable to UK corporation tax (currently at a rate of 19 per cent. for the 2020/2021 tax year) on any dividend it receives in respect of the Offer GDRs unless the dividend falls within one of the exempt classes set out in Chapter 3 of Part 9A of the CTA 2009 and certain other conditions are met. Although it is likely that most dividends paid on the Offer GDRs to UK holders that are within the charge to UK corporation tax would fall within one or more of these exempt classes, the exemptions are not comprehensive and are also subject to anti-avoidance rules.

If potential investors are in any doubt as to their position, they should consult their own professional tax advisors.

Credit for PRC Tax

Credit may be given for PRC tax withheld from dividends, subject to general rules regarding the calculation and availability of such credit, including a requirement to take all reasonable steps to minimise the amount of PRC tax on such dividends, including claiming any available allowances and reliefs. Where a dividend paid by the Company is treated as exempt from UK corporation tax, a UK resident company will not be entitled to claim relief by way of credit in the United Kingdom in respect of any PRC tax paid by such holder, either directly or by deduction, in respect of that dividend.

United Kingdom information reporting

Any persons in the United Kingdom through whom payments derived from the Offer GDRs are made or who receive (or would be entitled to receive) such payments relating to the Offer GDRs on behalf of others may be required to provide information in relation to the payment to HMRC pursuant to certain domestic and international reporting and transparency regimes. The information that is disclosed may include (but is not limited to) information relating to the beneficial owners of the Offer GDRs or the persons for whom such securities are held, details of the persons to whom payments derived from the Offer GDRs are or may be paid and information and documents in connection with transactions relating to the Offer GDRs. These provisions will apply whether or not the payments that derive from the Offer GDRs have been subject to withholding or deduction for or on account of UK tax and whether or not the holder is resident in the United Kingdom for UK tax purposes. In certain circumstances, HMRC may communicate this information to the tax authorities of certain other jurisdictions.

Disposals of the Offer GDRs

A disposal or deemed disposal of the Offer GDRs by a UK holder may, depending upon the UK holder’s circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.

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Individual UK holders

For a UK holder that is an individual, a disposal (or deemed disposal) of the Offer GDRs may give rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax. Upon the disposal or deemed disposal of the Offer GDRs, and after all allowable deductions, an individual UK holder's taxable chargeable gains would, for the 2020/2021 tax year, generally be taxed at (i) 10 per cent. if the aggregate of the taxable chargeable gains and other taxable income for the year of that UK holder does not exceed the basic rate income tax limit; or (ii) 20 per cent., where the aggregate of the taxable chargeable gains and other taxable income for the year of the relevant holder does exceed the basic rate income tax limit. An individual UK holder is entitled to realise an annual exempt amount of gains (£12,300 for the 2020/2021 tax year) without being liable to UK capital gains tax.

An individual UK holder who ceases to be resident in the United Kingdom for a period of five years or less and who disposes of his or her Offer GDRs during that period of temporary non-residence may be liable to UK capital gains tax on a chargeable gain accruing on such disposal on his or her return to the United Kingdom (subject to available exemptions and reliefs).

Corporate UK holders

For a UK holder that is within the charge to UK corporation tax, a disposal (or deemed disposal) of the Offer GDRs may give rise to a chargeable gain subject to UK corporation tax (currently at a rate of 19 per cent. for the 2020/2021 tax year) or an allowable loss for the purposes of UK corporation tax.

Stamp Duty and Stamp Duty Reserve Tax

No liability to UK stamp duty or UK stamp duty reserve tax (“SDRT”) should generally arise on the issue of the Offer GDRs or their delivery into DTC, Euroclear or Clearstream (as applicable).

No UK stamp duty or SDRT will be payable on any transfer of the Offer GDRs after they have been issued into DTC, Euroclear or Clearstream (as applicable), where such transfer is effected paperlessly in electronic book-entry form in accordance with the procedures of DTC, Euroclear or Clearstream (as applicable).

Where such transfer is not effected paperlessly in such electronic book-entry form, the transfer on sale of Offer GDRs (or an agreement to transfer an equitable interest only in Offer GDRs) may give rise to a liability to UK stamp duty at a rate of 0.5 per cent. of the amount or value of the consideration given for the sale or agreement to transfer. However, providing no document effecting a transfer of, or containing an agreement to transfer an equitable interest only in, the Offer GDRs is either (i) executed in the United Kingdom or (ii) relates to any property situated, or to any matter or thing done or to be done, in the United Kingdom (the term “matter or thing” is very wide and may include the involvement of a UK bank account in payment mechanics), then no UK stamp duty should be payable on such a document. No UK SDRT should be payable in respect of any agreement to transfer the Offer GDRs.

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Inheritance Tax

The A Shares will be assets situated outside the UK for the purposes of UK inheritance tax provided that the A Shares are not registered on any register kept in the UK. The Offer GDRs will be assets situated outside the UK for the purposes of UK inheritance tax provided the A Shares (and any other property represented by the Offer GDRs) are situated outside the UK, the Offer GDRs are not registered on any register kept in the UK and the Depositary remains a non-UK incorporated company acting from an office outside the UK.

Subject to certain exemptions and reliefs, a gift of the Offer GDRs by, or on the death of, an individual UK investor who is domiciled or deemed to be domiciled in the UK for UK inheritance tax purposes may give rise to a liability to UK inheritance tax. Generally, UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For UK inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit in respect of the assets gifted. Special rules apply in relation to close companies and to trustees of settlements who acquire, dispose of or hold Offer GDRs, potentially bringing them within the charge to UK inheritance tax.

Where an investor is neither domiciled nor deemed to be domiciled (under certain rules relating to long residence or previous domicile) in the UK, neither a gift of the Offer GDRs by the investor nor the death of such investor will give rise to a liability to UK inheritance tax provided that the Offer GDRs are, and remain, assets situated outside the UK for the purposes of UK inheritance tax as described above.

CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain US federal income tax consequences to a US Holder (as defined below) of the acquisition, ownership and disposition of Offer GDRs. This summary deals only with initial purchasers of Offer GDRs under the Offering that are US Holders and that will hold Offer GDRs as capital assets. The discussion does not cover all aspects of US federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Offer GDRs by particular investors (including consequences under the alternative minimum tax or net investment income tax), and does not address US state, local, non-US or other US tax laws, including the estate and gift tax. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 10 per cent. or more of the Offer GDRs of the Company, by vote or value, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold Offer GDRs as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes, persons that have ceased to be US citizens or lawful permanent residents of the United States, investors that will hold Offer GDRs in connection with a trade or business conducted outside of the United States, US citizens or lawful permanent residents living abroad or investors whose functional currency is not the US dollar).

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As used herein, the term “US Holder” means a beneficial owner of Offer GDRs that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof, or the District of Columbia, (iii) an estate the income of which is subject to US federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

The US federal income tax treatment of a partner in an entity or arrangement treated as a partnership for US federal income tax purposes that holds Offer GDRs will generally depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for US federal income tax purposes should consult their tax advisers concerning the US federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Offer GDRs by the partnership.

This summary assumes that the Company was not a passive foreign investment company (a “**PFIC**”) for the taxable year ended 31 December 2019, is not a PFIC for its current taxable year and is not expected to become a PFIC in the foreseeable future, which the Company believes to be the case. However, the Company’s possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders. See “—*Passive Foreign Investment Company Considerations*” below.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the “**Code**”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and the People’s Republic of China (the “**Treaty**”), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF OFFER GDRS, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF US STATE, LOCAL, NON-US AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Ownership of GDRs

For US federal income tax purposes, a US Holder of Offer GDRs generally will be treated as the owner of the corresponding number of A Shares held by the Depositary, and references herein to A Shares refer also to Offer GDRs representing the A Shares.

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Accordingly, no gain or loss generally will be recognized if a US Holder of Offer GDRs exchanges the Offer GDRs for the underlying shares represented by the Offer GDRs. A US Holder's basis in withdrawn A Shares will be the same as the US Holder's tax basis in the Offer GDRs surrendered, and the US Holder's holding period for the A Shares will include the holding period of the Offer GDRs.

The US Treasury has expressed concern that US holders of depositary receipts (such as holders of receipts representing our Offer GDRs) may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between such holders and the issuer of the security underlying the depositary receipts, or a party to whom depositary receipts or deposited shares are delivered by the depositary prior to the receipt by the depositary of the corresponding securities, has taken actions inconsistent with the ownership of the underlying security by the person claiming the credit, such as a disposition of such security. Such actions may also be inconsistent with the claiming of the reduced tax rates that may be applicable to certain dividends received by certain non-corporate holders, as described below. Accordingly, (i) the creditability of any PRC taxes and (ii) the availability of the reduced tax rates for any dividends received by certain non-corporate US Holders, each as described below, could be affected by actions taken by such parties or intermediaries.

Distributions

Subject to the discussion of the PFIC rules below under “—*Passive Foreign Investment Company Considerations*”, distributions paid by the Company out of current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any PRC withholding tax paid with respect thereto, generally will be taxable to a US Holder as non-US source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of the Company's current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's adjusted tax basis in the Offer GDRs or A Shares, as applicable, and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by the Company with respect to Offer GDRs or A Shares will be reported as ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid by the Company generally will be taxable to a non-corporate US Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the Treaty and certain other requirements are met. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from the Company.

Dividends paid in Renminbi will be included in income in a US dollar amount calculated by reference to the spot rate in effect on the day the dividends are received by the US Holder or the Depositary (in the case of Offer GDRs), regardless of whether the Renminbi are converted into US dollars at that time. If dividends received in Renminbi are converted into US dollars on the day they are received by the US Holder or the Depositary, as the case may be, the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

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A US Holder generally will be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for PRC taxes withheld. US Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any PRC taxes withheld in excess of the applicable Treaty rate. Dividends paid by the Company generally will constitute “passive category income” for foreign tax credit purposes. The rules relating to computing foreign tax credits or deducting foreign taxes are extremely complex, and US Holders are urged to consult their tax advisors regarding the availability of foreign tax credits with respect to any PRC taxes withheld from a dividend on the Offer GDRs.

Sale or Other Disposition

Subject to the discussion of the PFIC rules below under “—*Passive Foreign Investment Company Considerations*”, upon a sale or other disposition of Offer GDRs or A Shares, other than an exchange of GDRs for A Shares and vice versa, a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder’s adjusted tax basis in the Offer GDRs (each determined in US dollars). This capital gain or loss will be long-term capital gain or loss if the US Holder’s holding period in the Offer GDRs exceeds one year. Non-corporate US Holders are subject to tax on long-term capital gain at reduced rates. The deductibility of capital loss is subject to limitations under the Code. US Holders should consult their own tax advisers about how to account for proceeds received on the sale or other disposition of A Shares that are not paid in US dollars, including potential recognition of foreign currency gain or loss.

PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS

A non-US corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable “look-through rules,” either (i) at least 75 per cent. of its gross income is “passive income” or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. For this purpose, “passive income” generally includes interest, dividends, rents, royalties and capital gains. The Company does not believe that it was a PFIC for its taxable year ended 31 December 2019, and does not expect to be a PFIC in its current taxable year or in the foreseeable future. However, the Company’s possible status as a PFIC must be determined annually, and therefore may be subject to change. If the Company were a PFIC in any taxable year, US Holders of Offer GDRs or A Shares generally would be required (i) to pay a special US addition to tax on certain distributions and gains on sale or other disposition and (ii) to pay tax on any gain from the sale or other disposition of Offer GDRs at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. US Holders should consult their tax advisers regarding the potential application of the PFIC regime.

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BACKUP WITHHOLDING AND INFORMATION REPORTING

Payments of dividends and other proceeds with respect to Offer GDRs or A Shares by a US paying agent or other US intermediary will be reported to the US Internal Revenue Service and to the US Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Offer GDRs or A Shares, including requirements related to the holding of certain “specified foreign financial assets.”

PLAN OF DISTRIBUTION

The Offering consists of an offering by the Company of 69,100,000 GDRs representing A Shares with one GDR representing an interest in ten A Shares (together with up to 6,900,000 Over-allotment GDRs). The Offering comprises an offering of: (1) Offer GDRs in the United States to QIBs as defined in, and in reliance on, Rule 144A, or another exemption from or in a transaction not subject to, the registration requirements of the Securities Act; and (2) Offer GDRs outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S.

Under the terms of, and subject to, the conditions contained in the Underwriting Agreement dated 24 September 2020 entered into amongst the Company and the Joint Bookrunners, the Joint Bookrunners have severally agreed to procure subscribers for, or failing which, to themselves subscribe for, at the Offer Price, the Offer GDRs in certain agreed proportions.

See “Use of Proceeds” for a description of the expenses paid by the Company pursuant to the Offering.

All Offer GDRs sold in the Offering will be sold at the Offer Price. The Offer Price for the Offer GDRs was determined by agreement between the Company and the Joint Global Co-ordinators following the book-building process. A number of factors were considered in determining the Offer Price and the bases of allocation under the Offering, including the level and nature of demand for the Offer GDRs and the objective of encouraging the development of an orderly after-market in the Offer GDRs.

Application will be made: (i) to the FCA, as competent authority under the Prospectus Regulation, for a listing of up to 76,000,000 GDRs representing A Shares, consisting of 69,100,000 GDRs to be issued on or around 30 September 2020 (the “Closing Date”) and up to 6,900,000 additional GDRs to be issued pursuant to the Over-allotment Option (if exercised), and additional GDRs to be issued from time to time against the deposit of A Shares (to the extent permitted by applicable laws and regulations) with the Depositary, to be admitted to the standard segment of the Official List; and (ii) to the London Stock Exchange, for such GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. Prior to the Offering, the A Shares are listed on the Shanghai Stock Exchange, but there has been no public market for the GDRs. Closing and settlement and admission to the Official List and to unconditional trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange are expected to take place at 9:00 a.m. on or around 30 September 2020. Conditional trading in the GDRs on the Shanghai-London Stock Connect segment of the London Stock Exchange through the IOB commenced on a “when issued” basis on 25 September 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

The Company will update the information provided in this Prospectus by means of a supplement to this Prospectus if a significant new factor that may affect the evaluation by prospective investors of the Offering arises prior to Admission or if it is noted that this Prospectus contains any material mistake or material inaccuracy. This Prospectus and any

PLAN OF DISTRIBUTION

supplement to this Prospectus will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this Prospectus is published prior to Admission, investors shall have the right to withdraw their subscriptions and/or purchases made prior to the publication of such supplement. Such withdrawal must be made within the time limits and in the manner, set out in the supplement (if any) (which shall not be shorter than two clear business days after publication of such supplement).

UNDERWRITING AGREEMENT AND OVER-ALLOTMENT OPTION

The Underwriting Agreement and related arrangements contain the following provisions, amongst others:

- In connection with the Offering, the Company has agreed to pay the Joint Bookrunners:
 - (i) a base commission of 0.25% of the gross proceeds of the Offering (including the Over-allotment Option if exercised); and
 - (ii) an incentive commission of up to 0.06% of the gross proceeds of the Offering (including the Over-allotment Option if exercised), to be allocated between the Joint Bookrunners at the Company's sole and absolute discretion. The Company will determine, notify and pay within 30 days after the date upon which the Joint Bookrunners notify the Company in writing that the distribution of the GDRs is complete.
- The Company has agreed to reimburse each Joint Global Co-ordinator for all fees, costs, charges and expenses incurred by the Company in connection with the Offering, which were paid by the Joint Global Coordinators on the Company's behalf and approved by the Company in advance.
- The obligations of the parties to the Underwriting Agreement are subject to certain conditions that are typical for an agreement of this nature. These conditions include, amongst others, the accuracy of the representations and warranties contained in the Underwriting Agreement and the application for admission to the Official List and to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange having been approved on or prior to the closing of the Offering. The Joint Global Co-ordinators (on behalf of themselves and the other Joint Bookrunners) may terminate the Underwriting Agreement prior to the closing of the Offering in certain specified circumstances that are typical for an agreement of this nature. These include the occurrence of certain material changes in the Group's condition, including its financial condition, business affairs and business prospects, and certain changes in financial, political or economic conditions (as set out more fully in the Underwriting Agreement). If any of the above-mentioned conditions are not satisfied (or waived, where capable of being waived) by, or the Underwriting Agreement is terminated prior to, the closing of the Offering, then the Offering will lapse.

PLAN OF DISTRIBUTION

- The Company has given certain customary representations and warranties to the Joint Bookrunners, including in relation to the business, the accounting records and the legal compliance of the Company, in relation to the GDRs and in relation to the contents of this Prospectus.
- The Company has given customary indemnities to the Joint Bookrunners in connection with the Offering.
- If a Joint Bookrunner defaults, the Underwriting Agreement provides that in certain circumstances, the purchase commitments of the non-defaulting Joint Bookrunner(s) may be increased or the Underwriting Agreement may be terminated.

LOCK-UP PROVISIONS

Pursuant to the terms of the Underwriting Agreement, the Company has agreed that neither it nor any other member of the Group will, during a period from 24 September 2020 to and including 180 days from the date of Admission, without the prior written consent of the Joint Global Co-ordinators (on behalf of themselves and the other Joint Bookrunners):

- (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any A Shares, any GDRs or other shares of the Company, or any securities convertible into or exercisable or exchangeable for A Shares, GDRs or other shares of the Company, or file any registration statement under the Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing;
- (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any A Shares, any GDRs or other shares of the Company,

whether any such transaction described in sub-clause (i) or (ii) above is to be settled by delivery of A Shares, GDRs or other securities, in cash or otherwise; or

- (iii) publicly announce such an intention to effect any such transaction.

Save that the lock-up arrangements described above shall not apply to: (A) the issue of New Shares or Option Shares or the sale of any GDRs pursuant to the Offering; or (B) the issue of any A Shares or GDRs, the purchase and sale of any A Shares or GDRs or the grant of any option, right, warrant or contract to purchase A Shares or GDRs, in each case, in connection with any employee or management stock option scheme.

PLAN OF DISTRIBUTION

STABILISATION

In connection with the Offering, the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over-allot GDRs or effect transactions with a view to supporting the market price of the GDRs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action and, in particular, the Stabilising Manager's ability to undertake stabilisation action depends on it being able to agree deferred settlement arrangements with one or more investors in order to allow it to over-allot GDRs. Any stabilisation action may begin on 24 September 2020, being the date on which the Offer Price was announced, and, if begun, may be ended at any time but must end no later than 30 calendar days thereafter. Any stabilisation action must be undertaken in accordance with applicable laws and regulations. Save as required by law or regulation, the Stabilising Manager does not intend to disclose the extent of any over-allotments made and/or stabilisation transactions concluded in relation to the Offering.

In connection with the Offering, the Stabilising Manager may, for stabilisation purposes and subject to the deferred settlement arrangements described above being agreed with one or more investors, over-allot GDRs up to a maximum 6,900,000 additional GDRs, being of 10% of the total number of GDRs sold in the Offering, excluding the Over-allotment GDRs. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of GDRs effected by it during the Stabilisation Period, the Stabilising Manager will enter into over-allotment arrangements pursuant to which the Stabilising Manager may purchase or procure purchasers for additional GDRs up to a maximum 6,900,000 additional GDRs, being of 10% of the total number of GDRs sold in the Offering, excluding the Over-allotment GDRs, at the Offer Price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the Stabilising Manager, at any time on or before the 30th calendar day after 24 September 2020, being the date on which the Offer Price was announced. Any Over-allotment GDRs made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the GDRs, will be purchased on the same terms and conditions as the GDRs being issued or sold in the Offering and will form a single class for all purposes with the other GDRs.

The Stabilising Manager may effect stabilisation transactions on any securities market, over-the-counter market, stock exchange or otherwise.

OTHER RELATIONSHIPS

The Joint Bookrunners and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Company, for which they received customary fees, and they and their respective affiliates may provide such services for the Company and its respective affiliates in the future. As a result, the Joint Bookrunners and their respective affiliates may have a commercial interest in continuing to provide services to the Company and its respective affiliates that may be material to the Offering.

PLAN OF DISTRIBUTION

In connection with the Offering, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for Offer GDRs and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer GDRs being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and/or any of their respective affiliates acting as an investor for its or their own account(s). In addition, certain of the Joint Bookrunners or their affiliates may enter into financing or hedging arrangements (including swaps) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of GDRs). Neither the Joint Bookrunners nor the Company intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

TRADING GDRs

Application will be made for the GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange, through its IOB. In addition to buying or selling GDRs through the IOB, under the Shanghai-London Stock Connect scheme, a GDR holder will be able to: (i) buy GDRs by requesting a Designated Broker to buy A Shares on the Shanghai Stock Exchange and instruct the Depositary to create GDRs representing such A Shares; and (ii) sell GDRs by requesting a Designated Broker to redeem their GDRs and sell the underlying A Shares on the Shanghai Stock Exchange. Designated Brokers will be London Stock Exchange members designated by the Shanghai Stock Exchange who hold accounts with Shanghai Stock Exchange members enabling them to create or redeem GDRs by buying or selling the underlying A Shares on the Shanghai Stock Exchange (subject to quotas imposed by relevant regulators, as described below) and providing relevant instructions to the Depositary.

In order to buy GDRs, an investor may either: (i) buy GDRs on the London Stock Exchange or another legitimate trading venue in the normal manner; or (ii) instruct (either directly or through their normal broker) a Designated Broker to buy A Shares on the Shanghai Stock Exchange and then instruct the Depositary to create GDRs representing such A Shares.

In order to sell GDRs, an investor may either: (i) sell GDRs on the London Stock Exchange or another legitimate trading venue in the normal manner; or (ii) instruct (either directly or through their normal broker) a Designated Broker to redeem the GDRs and sell the underlying A Shares on the Shanghai Stock Exchange.

A Designated Broker may also buy or sell (and hold an inventory of) A Shares as principal in order to facilitate the cross-border purchase and redemption of GDRs.

This mechanism is intended to provide fungibility between the GDRs and the A Shares by enabling investors or their brokers to place buy and sell orders with the designated brokers who are able to seek the best price for the security from either market.

PLAN OF DISTRIBUTION

The Shanghai Stock Exchange has approved twelve brokers to act as Designated Brokers in the United Kingdom. The PBOC and the SAFE published the Administrative Measures on Cross-border Funds under Depositary Receipts (For Trial Implementation) (存託憑證跨境資金管理辦法(試行)) in May 2019, which requires the Designated Brokers to file certain documents and register with the SAFE. Pursuant to their SAFE registration, each Designated Broker will be subject to restrictions relating to, amongst other things, the types of securities such Designated Broker can deal in (such as the A shares underlying GDRs, money market funds and treasury bills, and other securities as specifically approved by the CSRC), as well as daily inventory-related quotas on the maximum number and value of cash and securities held by such Designated Broker and foreign exchange-related quotas on the cumulative net inflow of funds into the PRC in connection with the redemption and creation of GDRs executed by such Designated Broker (which are not expected to give rise to any material risk to GDR holders). The CSRC and the FCA jointly published an announcement on 17 June 2019 (the “Joint Announcement”) providing that the cross-border currency flow under the Shanghai-London Stock Connect scheme is managed under a general quota, where the currency flow under west-bound GDR listings shall not exceed RMB300 billion.

The Joint Announcement also provides that the daily inventory-related quota for each designated broker is RMB500 million. Pursuant to the Q&A on the Calculation of the Upper Limit of Overseas Securities Institutions’ Domestic Balance under Shanghai-London Stock Connect (關於滬倫通業務中境外證券經營機構在境內市場資產餘額上限計算範圍的問答) published by the Shanghai Stock Exchange on 17 October 2019, the calculation of such quotas shall exclude any underlying A shares and corresponding cash held by a Designated Broker for the purposes of redemption under the Shanghai-London Stock Connect scheme. The number of Designated Brokers is expected to increase over time which is expected to result in an increase in the aggregate daily quotas. The list of Designated Brokers is available on the website of the Shanghai Stock Exchange and on the website of the London Stock Exchange.

Investors should note that settlement of dealings in GDRs on the IOB will take place on a standard two-day rolling basis. Settlement of purchases of GDRs through a Designated Broker will also take place on a two-day rolling basis. However, settlement of redemption of GDRs through a Designated Broker (where the Designated Broker sells the underlying A Shares on the Shanghai Stock Exchange) may take place on either a two-day rolling basis or a three-day rolling basis, depending on whether the relevant Designated Broker holds any inventory of A Shares at such time. This delay is due to the requirement in China for trades to be pre-delivered and the time it takes to redeem GDRs. Therefore, investors redeeming GDRs may be subject to one trading day market risk in China where the relevant designated broker does not hold any inventory of A Shares.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

SELLING RESTRICTIONS

The distribution of this Prospectus and the Offering in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set forth in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

General

No action has been or will be taken in any jurisdiction that would permit a public offering of the GDRs, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, the GDRs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the GDRs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the offer, subscription and sale of the GDRs offered in the Offering, including those in the paragraphs below. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or buy any of the GDRs offered in the Offering to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

Australia

This Prospectus:

- does not constitute a disclosure document under part 6D.2 of the Corporations Act of the Commonwealth of Australia (“Corporations Act”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“ASIC”) as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors (“Exempt Investors”) available under section 708 of the Corporations Act.

The GDRs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the GDRs may be issued, and no draft or definitive prospectus, advertisement or other offering material relating to any GDRs may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the GDRs, you represent and warrant to us that you are an Exempt Investor.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

As any offer of GDRs under this Prospectus will be made without disclosure in Australia under Part 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the GDRs you undertake to us that you will not, for a period of 12 months from the date of issue of the GDRs, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

This Prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this Prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

China

The GDRs are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People's Republic of China, including the PRC Securities Law.

Dubai International Financial Centre

The GDRs will not be offered to any person in the Dubai International Financial Centre unless such offer is:

- (a) an "Exempt Offer" in accordance with the Markets Rules Module of the DFSA Rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

European Economic Area and United Kingdom

In relation to each Member State of the EEA and the United Kingdom (each a "Relevant State"), no GDRs have been offered or will be offered pursuant to the Offering to the public in that Relevant State prior to the publication of a prospectus in relation to the GDRs which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of GDRs may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of GDRs shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to any GDRs in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any GDRs to be offered so as to enable an investor to decide to purchase any GDRs, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In the case of any GDRs being offered to a financial intermediary as that term is used in the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the GDRs acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any GDRs to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Company, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Bookrunners of such fact in writing may, with the prior consent of the Joint Bookrunners, be permitted to acquire GDRs in the Offering.

Hong Kong

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice. Please note that (1) the GDRs may not be offered or sold in Hong Kong by means of this Prospectus or any other document other than to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) (“SFO”) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance of Hong Kong (Cap. 622) (“CO”) or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO, and (2) no person shall issue, or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the GDRs which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional investors.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

Japan

The GDRs offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). The GDRs will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Qatar

This Prospectus does not, and is not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The GDRs have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the GDRs shall not constitute a public offer of securities in the State of Qatar.

Singapore

This Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the GDRs may not be circulated or distributed, nor may the GDRs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the GDRs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the GDRs pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Switzerland

The offering of the GDRs in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because the GDRs are offered to less than 500 investors. This prospectus does not constitute a prospectus or a similar document pursuant to FinSA or pursuant to the art. 652a or art. 1156 of the previous version of the Swiss Code of Obligations or pursuant to art. 27 et seqq. of the SIX Listing Rules entered into force on 1 January 2020, and no such prospectus has been or will be prepared for or in connection with the offering of the GDRs.

Neither this Prospectus nor any other offering or marketing material relating to the GDRs or the Offering may be publicly distributed or otherwise made publicly available in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer, the Company or the GDRs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the GDRs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of GDRs has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The equity investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the GDRs.

Taiwan

The GDRs have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the GDRs in Taiwan.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

United Arab Emirates

The GDRs have not been and will not be offered, sold or publicly promoted or advertised in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

United States

This Prospectus is not a public offering (within the meaning of the Securities Act) of securities in the United States. The GDRs have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States unless pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. In the United States, the GDRs will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and applicable state securities laws. All offers and sales of the GDRs outside the United States will be made in offshore transactions in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the Offering, an offer or sale of the GDRs into or within the United States by a dealer, whether or not such dealer is participating in the Offering, may violate the registration and prospectus delivery requirements of the Securities Act if such offer or sale is not made in accordance with Rule 144A.

TRANSFER RESTRICTIONS

Rule 144A GDRs

Each purchaser of Rule 144A GDRs located in the United States, by its acceptance of delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

1. The purchaser (i) is a QIB as defined by Rule 144A under the Securities Act, (ii) is aware that, and each beneficial owner of such Rule 144A GDRs has been advised that, the sale to it is being made in reliance on Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, (iii) is acquiring such Rule 144A GDRs for its own account or for the account of one or more QIBs and (iv) if it is acquiring such Rule 144A GDRs for the account of one or more QIBs, has sole investment discretion with respect to each such account and has full power to make the acknowledgements, representations and agreements herein on behalf of each such account.
2. The purchaser is aware that the Rule 144A GDRs purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act have not been and will not be registered under the Securities Act and are being offered in the

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United States only in transactions not involving any public offering in the United States and are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act (“Restricted Securities”).

3. The purchaser understands that the Rule 144A GDRs will initially be represented by a Master Rule 144A GDR Certificate and, before any beneficial interests in Rule 144A GDRs represented by the Master Rule 144A GDR Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in Regulation S GDRs represented by the Master Regulation S GDR Certificate, the transferor will be required to provide certain written certifications.
4. In the future, if the purchaser decides to offer, resell, pledge or otherwise transfer Rule 144A GDRs purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act, such Rule 144A GDRs may be offered, sold, pledged or otherwise transferred only in accordance with the following legend, which the Securities purchased pursuant to Rule 144A under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act (in each case in accordance with any applicable securities laws of any State of the United States) will bear unless otherwise determined by the Company and the Depositary in accordance with applicable law:

THIS RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE A SHARES OF CHINA YANGTZE POWER CO., LTD. REPRESENTED HEREBY (“THE SHARES”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY, ACKNOWLEDGE THAT SUCH RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS RULE 144A GDR CERTIFICATE, THE RULE 144A GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES AND ONLY (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) TO A PERSON WHOM THE HOLDER AND BENEFICIAL OWNER REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) PURCHASING FOR ITS OWN ACCOUNT

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THE HOLDER OF THE GDRS WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY SUBSEQUENT PURCHASER OF SUCH GDRS OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE BENEFICIAL OWNER OF SHARES RECEIVED UPON CANCELLATION OF ANY RULE 144A GDR MAY NOT DEPOSIT OR CAUSE TO BE DEPOSITED SUCH SHARES INTO ANY DEPOSITARY RECEIPT FACILITY IN RESPECT OF SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK, OTHER THAN A RULE 144A RESTRICTED DEPOSITARY RECEIPT FACILITY, SO LONG AS SUCH SHARES ARE “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144(a)(3) UNDER THE SECURITIES ACT. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THE SHARES OR ANY RULE 144A GDRS.

EACH HOLDER AND BENEFICIAL OWNER, BY ITS ACCEPTANCE OF THIS RULE 144A GDR CERTIFICATE OR A BENEFICIAL INTEREST IN THE RULE 144A GDRS EVIDENCED HEREBY, AS THE CASE MAY BE, REPRESENTS FOR THE BENEFIT OF CHINA YANGTZE POWER CO., LTD. AND THE DEPOSITARY NAMED BELOW THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

5. For so long as Rule 144A GDRs are Restricted Securities, it will not deposit such Ordinary Shares into any depositary receipt facility in respect of shares established and maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility.
6. The Company, the Joint Bookrunners and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Prospective purchasers are hereby notified that the sellers of the Securities purchased pursuant to Rule 144A under the Securities Act may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

SELLING RESTRICTIONS AND TRANSFER RESTRICTIONS

Regulation S GDRs

Each purchaser of the Regulation S GDRs will be deemed to have represented and agreed as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

1. The purchaser is, at the time of the offer to it of Regulation S GDRs and at the time the buy order originated, outside the United States for the purposes of Rule 903 under the Securities Act.
2. The purchaser is aware that the Regulation S GDRs have not been and will not be registered under the Securities Act and are being offered outside the United States in reliance on Regulation S.
3. Any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Company in respect of the Regulation S GDRs.
4. The purchaser understands that the Regulation S GDRs and the Master Regulation S GDR Certificate will bear a legend substantially to the following effect:

THIS REGULATION S GDR CERTIFICATE, THE REGULATION S GDRS EVIDENCED HEREBY AND THE A SHARES OF CHINA YANGTZE POWER CO., LTD. REPRESENTED THEREBY (THE “SHARES”) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDERS AND THE BENEFICIAL OWNERS HEREOF, BY PURCHASING OR OTHERWISE ACQUIRING THIS REGULATION S GDR CERTIFICATE, THE REGULATION S GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY, ACKNOWLEDGE THAT SUCH REGULATION S GDR CERTIFICATE, THE REGULATION S GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND AGREE FOR THE BENEFIT OF THE COMPANY AND THE DEPOSITARY THAT THIS REGULATION S GDR CERTIFICATE, THE REGULATION S GDRS EVIDENCED HEREBY AND THE SHARES REPRESENTED THEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE LAWS OF THE STATES, TERRITORIES AND POSSESSIONS OF THE UNITED STATES GOVERNING THE OFFER AND SALE OF SECURITIES.

5. The purchaser understands that Regulation S GDRs will initially be represented by a Master Regulation S GDR Certificate and, before any beneficial interest in the Regulation S GDRs represented by the Master Regulation S GDR Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A GDRs represented by the Master Rule 144A GDR certificate, the transferor will be required to provide certain written certifications.
6. The Company, the Joint Bookrunners and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

CLEARING AND SETTLEMENT

CLEARING AND SETTLEMENT OF OFFER GDRs

Custodial and depositary links have been established between Euroclear, Clearstream and DTC to facilitate the initial issue of the Offer GDRs and cross-market transfers of the Offer GDRs associated with secondary market trading.

THE CLEARING SYSTEMS

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including joint bookrunners, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective clients may settle trades with each other. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of dividends and other payments with respect to book-entry interests in the Offer GDRs held through Euroclear or Clearstream will be credited, to the extent received by the Depositary, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

DTC

DTC is a limited-purpose trust company organised under the laws of the State of New York, a "banking organisation" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for DTC participants and facilitates the clearance and settlement of securities transactions between DTC participants through electronic computerised book-entry changes in DTC participants' accounts. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly.

Holders of book-entry interests in the GDRs holding through DTC will receive, to the extent received by the Depositary, all distributions of dividends or other payments with respect to book-entry interests in the GDRs from the Depositary through DTC and DTC participants. Distributions in the United States will be subject to relevant US tax laws and regulations. See "Taxation—Certain US Federal Income Tax Considerations".

CLEARING AND SETTLEMENT

As DTC can act on behalf of DTC direct participants only, who in turn act on behalf of DTC indirect participants, the ability of beneficial owners who are indirect participants to pledge book-entry interests in the GDRs to persons or entities that do not participate in DTC, or otherwise take actions with respect to book-entry interests in the GDRs, may be limited.

REGISTRATION AND FORM

Book-entry interests in the Offer GDRs held through Euroclear and Clearstream will be represented by the Master Regulation S GDR Certificate registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream. Book-entry interests in the Offer GDRs held through DTC will be represented by the Master Rule 144A GDR Certificate registered in the name of Cede & Co., as nominee for DTC, which will be held by the Depositary, as custodian for DTC. As necessary, the Depositary will adjust the amounts of Offer GDRs on the relevant register to reflect the amounts of Offer GDRs held through Euroclear, Clearstream and DTC, respectively. Beneficial ownership in the Offer GDRs will be held through financial institutions as direct and indirect participants in Euroclear, Clearstream and DTC.

The aggregate holdings of book-entry interests in the Offer GDRs in Euroclear, Clearstream and DTC will be reflected in the book-entry accounts of each such institution. Euroclear, Clearstream and DTC, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Offer GDRs, will be responsible for establishing and maintaining accounts for their participants and clients having interests in the book-entry interests in the Offer GDRs. The Depositary will be responsible for maintaining a record of the aggregate holdings of Offer GDRs registered in the name of the common depositary for Euroclear and Clearstream and the nominee for DTC. The Depositary will be responsible for ensuring that payments received by it from the Company for holders holding through Euroclear or Clearstream are credited to Euroclear or Clearstream, as the case may be, and the Depositary will also be responsible for ensuring that payments received by it from the Company for holders holding through DTC are received by DTC.

The Company will not impose any fees in respect of the Offer GDRs; however, holders of book-entry interests in the Offer GDRs may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream or DTC and certain fees and expenses payable to the Depositary in accordance with the terms of the Deposit Agreements. See “Terms and Conditions of the Global Depositary Receipts.”

GLOBAL CLEARANCE AND SETTLEMENT PROCEDURES

Initial Settlement

The Offer GDRs will be in global form evidenced by (i) a Master Regulation S GDR Certificate and (ii) a Master Rule 144A GDR Certificate. Purchasers electing to hold book-entry interests in Offer GDRs through Euroclear or Clearstream accounts will follow the settlement procedures applicable to depositary receipts. DTC participants acting on behalf of purchasers electing to hold book-entry interest in the GDRs through DTC will follow the delivery practices applicable to depositary receipts.

CLEARING AND SETTLEMENT

Secondary Market Trading

For a description of the transfer restrictions relating to the Offer GDRs, see “Selling Restrictions and Transfer Restrictions—Transfer Restrictions”.

Trading between Euroclear and Clearstream Participants

Secondary market sales of book-entry interests in the Offer GDRs held through Euroclear or Clearstream to purchasers of book-entry interests in the Offer GDRs through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear or Clearstream and will be settled using the normal procedures applicable to depositary receipts.

Trading between DTC participants

Secondary market sales of book-entry interests in the GDRs held through DTC will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to depositary receipts, if payment is effected in US dollars, or free of payment, if payment is not effected in US dollars. Where payment is not effected in US dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between a DTC seller and Euroclear/Clearstream purchaser

When book-entry interests in the GDRs are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the DTC participant must send to DTC a delivery free of payment or delivery versus payment instruction at least two business days prior to the settlement date. DTC will in turn transmit such instruction to Euroclear or Clearstream, as the case may be, on the settlement date. In the case of delivery free of payment, separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream participant. On the settlement date, DTC will debit the account of its DTC participant and will instruct the Depositary to instruct Euroclear or Clearstream, as the case may be, to credit the relevant account of the Euroclear or Clearstream participant, as the case may be. In addition, on the settlement date, DTC will instruct the Depositary to:

- decrease the amount of book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR Certificate; and
- increase the amount of book-entry interests in the GDRs registered in the name of the common nominee for Euroclear and Clearstream and represented by the Master Regulation S GDR Certificate.

Trading between a Euroclear/Clearstream seller and DTC purchaser

When book-entry interests in the GDRs are to be transferred from the account of a Euroclear or Clearstream participant to the account of a DTC participant, the Euroclear or Clearstream participant must send to Euroclear or Clearstream a delivery free of payment or delivery versus payment instruction at least one business day prior to the settlement date. In the case of delivery free of payment, separate payment arrangements are required

CLEARING AND SETTLEMENT

to be made between the DTC participant and the relevant Euroclear or Clearstream participant, as the case may be. On the settlement date, Euroclear or Clearstream, as the case may be, will debit the account of its participant and will instruct the Depositary to instruct DTC to credit the relevant account of Euroclear or Clearstream, as the case may be, and will deliver such book-entry interests in the GDRs free of payment or versus payment to the relevant account of the DTC participant. In addition, Euroclear or Clearstream, as the case may be, shall on the settlement date instruct the Depositary to:

- decrease the amount of the book-entry interests in the GDRs registered in the name of the common nominee and evidenced by the Master Regulation S GDR Certificate; and
- increase the amount of the book-entry interests in the GDRs registered in the name of a nominee for DTC and represented by the Master Rule 144A GDR Certificate.

General

Although the foregoing sets forth the procedures of Euroclear, Clearstream and DTC in order to facilitate the transfers of interests in the Offer GDRs among participants of Euroclear, Clearstream and DTC, none of Euroclear, Clearstream and DTC are under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Depositary, the Custodian or their respective agents will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective participants of their respective obligations under the rules and procedures governing their operations.

SETTLEMENT OF THE OFFER GDRs

Payment for the Offer GDRs is expected to be made in US dollars in same-day funds through the facilities of Euroclear, Clearstream and DTC. Book-entry interests in the Offer GDRs held through Euroclear and Clearstream will be represented by the Master Regulation S GDR Certificate registered in the name of Citivic Nominees Limited, as nominee for Citibank Europe plc, as common depositary for Euroclear and Clearstream. Book-entry interests in the Offer GDRs held through DTC will be represented by the Master Rule 144A GDR Certificate registered in the name of Cede & Co., as nominee for DTC, which will be held by the Depositary, as custodian for DTC. Except in limited circumstances described herein, investors may hold beneficial interests in the Offer GDRs evidenced by the corresponding Master GDR Certificate only through Euroclear, Clearstream or DTC, as applicable.

Transfers within Euroclear, Clearstream and DTC will be in accordance with the usual rules and operating procedures of the relevant system.

INFORMATION RELATING TO THE DEPOSITARY

Citibank, N.A. (“Citibank”) has been appointed as Depositary pursuant to the Deposit Agreements. Citibank is an indirect wholly owned subsidiary of Citigroup Inc., a Delaware corporation. Citibank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

Citibank was originally organised on 16 June 1812, and is now a national banking association organised under the National Bank Act of 1864 of the United States of America. Citibank is primarily regulated by the United States Office of the Comptroller of the Currency. Its principal executive office is at 388 Greenwich Street, New York, NY 10013, United States of America. Citibank’s Consolidated Balance Sheets are set forth in Citigroup’s most recent Annual Report (audited balance sheet) and Quarterly Report (unaudited), each on file on Form 10-K and Form 10-Q, respectively, with the United States Securities and Exchange Commission. Citibank’s Articles of Association and By-laws, each as currently in effect, together with Citigroup’s Annual Report on Form 10-K and Quarterly Report on Form 10-Q are available for inspection at the Depositary Receipt office of Citibank, 388 Greenwich Street, New York, New York 10013.

INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS

ShineWing Certified Public Accountants, independent auditors, has a business licence issued by State Administration for Industry and Commerce of the People's Republic of China, and recorded by the MOF and the Chinese Institute of Certified Public Accountants. It has audited the consolidated financial statements of the Group as at and for the three years ended 31 December 2017, 2018 and 2019, and has reviewed the unaudited consolidated condensed interim financial information of the Group as at and for the six months ended 30 June 2020.

ShineWing Certified Public Accountants has given and not withdrawn its written consent to the inclusion of its accountant's report on page F-2 of this Prospectus and its review report on page F-254 of this Prospectus and has authorised the contents of its reports for the purposes of paragraph 5.3.5R(2)(f) of the Prospectus Regulation Rules and item 1.3 of Annex 1 of Commission Delegated Regulation (EU) 2019/980 (the "Delegated Regulation"). Written consent for the purposes of the Prospectus Regulation Rules and the Delegated Regulation is different from a consent filed with the Securities and Exchange Commission of the United States under Section 7 of the Securities Act. As the Offer GDRs have not and will not be registered under the Securities Act, ShineWing Certified Public Accountants has not filed a consent under Section 7 of the Securities Act. ShineWing Certified Public Accountants has no material interest in the Company.

For the purposes of paragraph 5.3.5R(2)(f) of the Prospectus Regulation Rules, ShineWing Certified Public Accountants accepts responsibility for its accountant's report on page F-2 of this Prospectus and its review report on page F-254 of this Prospectus as part of this Prospectus and declares that, to the best of its knowledge, the information contained in its accountant's report on page F-2 of this Prospectus and its review report on page F-254 of this Prospectus is in accordance with the facts and that such parts of this Prospectus make no omission likely to affect their import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex 1 of the Delegated Regulation.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company with respect to English law by Linklaters LLP, with respect to US federal law by Linklaters and with respect to PRC law by JunHe LLP.

Certain legal matters in connection with the Offering will be passed upon for the Joint Bookrunners with respect to English law by Allen & Overy LLP, with respect to US law by Allen & Overy and with respect to PRC law by King & Wood Mallesons.

GENERAL INFORMATION

1. LISTING

It is expected that the Offer GDRs will be admitted, subject only to the issue of the Master Regulation S GDR Certificate and the Master Rule 144A GDR Certificate, to listing on the standard segment of the Official List maintained by the FCA on or around 30 September 2020. Application will be made for the Offer GDRs to be admitted to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange. The Company expects that conditional trading in the GDRs on the London Stock Exchange through the IOB will commence on a “when issued” basis on or about 25 September 2020. All dealings in the GDRs prior to the commencement of unconditional dealings will be of no effect if Admission does not take place and will be at the sole risk of the parties concerned. Transactions in Offer GDRs will normally be effected for delivery on the second working day after the day of the transaction.

2. AUTHORISATIONS

The Company has obtained all consents, approvals and authorisations in the PRC in connection with the admission of the Offer GDRs to listing on the standard segment of the Official List and to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange required to be obtained prior to the date of this Prospectus.

3. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection free of charge at <https://en.cypc.com.cn> for a period of one year from the date of publication of this Prospectus:

- this Prospectus;
- the Articles of Association of the Company;
- each of the accountant’s report on page F-2 of this Prospectus and the review report on page F-254 of this Prospectus prepared, in each case, by ShineWing Certified Public Accountants; and
- the Industry Report.

The Company’s registered office is located at Block B, No. 1 Yuyuantan South Road, Haidian District, Beijing, People’s Republic of China. Telephone: +86 010-5868-9800.

4. LEGAL ENTITY IDENTIFIER

The legal entity identifier of the Company is 3003008VX8JFJXA6QP74.

5. WEBSITE

The Company’s website address is <https://en.cypc.com.cn>. The information on the Company’s website does not form part of this Prospectus.

GENERAL INFORMATION

6. SECURITY CODES

Rule 144A GDR ISIN: US16955G1058

Rule 144A GDR Common Code: 223457851

Rule 144A GDR CUSIP: 16955G 105

Rule 144A GDR SEDOL: BKVHR19

Regulation S GDR ISIN: US16955G1132

Regulation S GDR Common Code: 223597238

Regulation S GDR CUSIP: 16955G 113

Regulation S GDR SEDOL: BKVHR42

London Stock Exchange Offer GDR trading symbol is “CYPC”

A Shares ISIN: CNE000001G87

Shanghai Stock Exchange stock code: 600900

7. DEPOSITARY AND AGENT

Holders of GDRs may contact Citibank, N.A., as Depositary for the GDRs with questions relating to the transfer of GDRs on the books of the Depositary, which shall be maintained at its principal executive office at 388 Greenwich Street, 6th Floor North, New York, New York 10013, United States of America.

If definitive certificates are issued in exchange for the Master GDR Certificates, the Company will appoint an agent in the United Kingdom.

8. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past a significant effect on the Company's and/or the Group's financial position or profitability.

9. SIGNIFICANT CHANGE

There has been no significant change in the financial position or financial performance of the Group since 30 June 2020, being the end of the last financial period for which financial information has been published.

GENERAL INFORMATION

10. WORKING CAPITAL STATEMENT

In the opinion of the Company, taking into account the facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months following the date of this Prospectus.

11. SUBSIDIARIES

The Company is a parent company of a corporate group that comprises other companies. Further detail on the Company's significant subsidiaries as at the Latest Practicable Date is provided below.

Name of subsidiary (full name)	Country of Incorporation/ Residence	Percentage Ownership (%)
CYPC Capital Holding Co., Ltd. (長電資本控股有限責任公司)	PRC	100
Three Gorges Hi-Tech Information Technology Co., Ltd. (三峽高科信息技術有限責任公司).	PRC	90
China Yangtze Power International (Hongkong) Co., Limited (中國長電國際(香港)有限公司).	Hong Kong	100
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. (三峽金沙江川雲水電開發 有限公司).	PRC	100
Three Gorges Electric Energy Co., Ltd. (三峽電能有限公司)	PRC	70

12. MATERIAL CONTRACTS IN CONNECTION WITH THE OFFERING

Underwriting Agreement

On 24 September 2020, the Company and the Joint Bookrunners entered into the Underwriting Agreement. For more information, see “Plan of Distribution—Underwriting Agreement and Over-allotment Option”.

Deposit Agreements

On 24 September 2020, the Company and the Depositary entered into (i) the Regulation S Deposit Agreement; and (ii) the Rule 144A Deposit Agreement for the establishment and maintenance of a Regulation S GDR facility, a Rule 144A GDR facility, the Regulation S GDRs and the Rule 144A GDRs issued pursuant thereto and pursuant to which the Company also executed Deed Polls in favour of Holders in the form attached to the Deposit Agreements. For more information, see “Terms and Conditions of the Global Depositary Receipts”.

13. OTHER MATERIAL CONTRACTS

Save as set out below, there are no contracts, other than contracts entered into in the ordinary course of business, that have been entered into by the Company or any member of the Group (a) during the two years immediately preceding the date of this Prospectus which are material to the Company or any member of the Group, or (b) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this Prospectus.

Purchase and Sale Agreement to Acquire the Acquired Companies

On 28 September 2019, CYPI, a wholly-owned subsidiary of the Company, entered into a purchase and sale agreement with Sempra Energy International Holdings N.V. ("**Sempra Energy**"), pursuant to which CYPI agreed to purchase 100% of the equity interests in Sempra Americas Bermuda Ltd., which has been renamed to Andes Bermuda Ltd. ("**AB**"), and approximately 50.00000069% of the equity interests in Peruvian Opportunity Company S.A.C. ("**POC**") from Sempra Energy for a base purchase price of US\$3.59 billion, subject to adjustments provided in the agreement. On 24 April 2020, the closing date of the transaction, CYPI paid a preliminary purchase price, which equalled to the base purchase price adjusted for the estimated working capital and net indebtedness amount of the target companies and the estimated transaction expenses. Subsequently, after the closing date and in accordance with the agreement, the parties settled with a final purchase price as further adjusted based on an audit of the working capital and net indebtedness amount of the target companies and the transaction expenses as of the closing date. The purchase price was paid in cash, among which US\$200 million was funded by internal funds and the rest was funded by loans under the facility agreement entered into by CYPI on 19 December 2019, details of which are disclosed below. The remaining approximately 49.99999931% interest of POC is held by AB. AB and POC in aggregate own 83.64% interest in Luz del Sur. Luz del Sur is listed on the Lima Stock Exchange (Bolsa de Valores de Lima) under the symbol LUSURC1. The 16.36% interest in Luz del Sur that was not sold in the transaction represents shares that are held by minority shareholders.

Syndicated Facility Agreement

On 19 December 2019, CYPI, as the borrower, entered into a facility agreement with a syndicate of banks in relation to a term loan facility, which, as subsequently amended and supplemented, amounted to US\$3.95 billion. The facility is guaranteed by the Company. All amounts borrowed under the facility shall be applied towards (a) payment of the purchase price, fees, taxes, costs and expenses incurred by the acquisition of the Acquired Companies and the Mandatory Tender Offer, and (b) repayment of the existing financial indebtedness of AB and POC and their respective subsidiaries. The loans will be repaid on the date falling 364 days after the first utilisation date.

GENERAL INFORMATION

14. SECURITIES

The Company has not issued any partly paid shares nor any convertible securities, exchangeable securities or securities with warrants that are convertible or exchangeable for shares of the Company or its subsidiaries. The Company does not hold any shares in treasury. There are no shares in the Company's issued share capital that do not represent capital.

15. TAKEOVER BIDS

No public takeover bids by third parties in respect of the Company's capital have occurred during the last financial year or as at the date of this Prospectus.

16. EXPENSES

The total costs and expenses relating to the Offering, including the FCA and LSE listing fees, underwriting commissions and professional fees and expenses, are estimated to amount to between approximately US\$7.9 million (assuming no exercise of the Over-allotment Option) (inclusive of VAT) and US\$8.5 million (assuming the Over-allotment Option is exercised in full) (inclusive of VAT) and are payable by the Company. Investors will not be charged any expenses by the Company. Pursuant to the terms and conditions of the GDRs, the Depositary will be entitled certain fees to the holders of the GDRs.

17. INDUSTRY REPORT

CIC has given and has not withdrawn its written consent to the inclusion in this Prospectus of information extracted from the Industry Report it prepared at the request of the Company, as sourced to CIC in the "Industry Overview" section. CIC has authorised the content of such information for the purposes of this Prospectus. CIC accepts responsibility for such information extracted from the Industry Report contained in this Prospectus, and declares that such information is, to the best of the knowledge of CIC, in accordance with the facts and such information in this Prospectus makes no omission likely to affect its import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex 1 of the Delegated Regulation. CIC has no material interest in the Company.

18. GREEN ECONOMY MARK

The Company is expected to qualify for the London Stock Exchange's Green Economy Mark at Admission, which recognises companies that derive 50% or more of their total annual revenues from products and services that contribute to the global green economy. The underlying methodology incorporates the Green Revenues data model developed by FTSE Russell, which helps investors understand the global industrial transition to a green and low carbon economy with consistent, transparent data and indexes.

DEFINITIONS AND GLOSSARY

The following set outs certain defined terms, technical and other power related terms that are used throughout this Prospectus:

“2019 Half Year Historical Financial Information”	unaudited and unreviewed condensed interim financial information on the Group as at and for the six months ended 30 June 2019 prepared in accordance with PRC GAAP
“2020 Half Year Historical Financial Information”	the Group’s consolidated condensed interim financial statements as at and for the six months ended 30 June 2020 prepared in accordance with PRC GAAP
“A share(s)”	shares of any company that are traded on the Shanghai Stock Exchange or the Shenzhen Stock Exchange in Renminbi
“A Shares”	domestic shares of the Company, with a par value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the Shanghai Stock Exchange
“Acquired Companies”	Sempra Americas Bermuda Ltd. (later renamed to Andes Bermuda Ltd.), Peruvian Opportunity Company S.A.C. and their respective subsidiaries, which were acquired by the Group on 24 April 2020
“Admission”	admission to listing on the standard segment of the Official List and to trading on the Shanghai-London Stock Connect segment of the Main Market of the London Stock Exchange
“Annual Historical Financial Information”	the Group’s audited consolidated annual financial statements as at and for the years ended 31 December 2017, 2018 and 2019
“Auditor”	ShineWing Certified Public Accountants
“Banks”	Goldman Sachs, UBS, Huatai Financial Holdings, CLSA, CICC, Citigroup, Credit Suisse, BofA Securities and Morgan Stanley
“BCP Meerwind”	BCP Meerwind Luxembourg S.à.r.l.
“benchmark pricing”	a pricing strategy in which the price is calculated periodically based on the average operating costs of power stations of different categories

DEFINITIONS AND GLOSSARY

“Board” or “Board of Directors”	the board of directors of the Company
“BofA Securities”	Merrill Lynch International
“CAGR”	compound annual growth rate
“China” or “PRC”	the People’s Republic of China, and for the sole purpose of this Prospectus and by reference to region, excluding Taiwan, the Macau Special Administrative Region of the PRC and Hong Kong Special Administrative Region of the PRC
“China Cheng Xin International”	China Cheng Xin International Credit Rating Co., Ltd.
“CIC”	China Insights Consultancy
“CICC”	China International Capital Corporation (UK) Limited
“Citigroup”	Citigroup Global Markets Limited
“CLSA”	CLSA Limited
“Clearstream”	Clearstream Banking, société anonyme
“Closing Date”	on or around 30 September 2020
“Company”	China Yangtze Power Co., Ltd. a joint stock company incorporated in the People’s Republic of China with limited liability under the corporate name 中國長江電力股份有限公司 in November 2002 and listed on the Shanghai Stock Exchange under stock code 600900 in November 2003
“Credit Suisse”	Credit Suisse Securities (Europe) Limited
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“CTG”	China Three Gorges Corporation (中國長江三峽集團有限公司)

DEFINITIONS AND GLOSSARY

“Custodian”	Bank of China Limited
“CYPI”	China Yangtze Power International (Hongkong) Co., Limited, a wholly-owned subsidiary of the Company
“Delegated Regulation”	means Commission Delegated Regulation (EU) 2019/980
“Deposit Agreements”	the Regulation S Deposit Agreement and the Rule 144A Deposit Agreement
“Depository”	Citibank, N.A.
“Designated Broker”	an LSE member that has been “designated” by the Shanghai Stock Exchange as a “designated broker”
“Director(s)”	director(s) of the Company
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules made by the FCA under Part VI of FSMA
“DR Provisions”	“Provisions on the Supervision and Administration of Depository Receipts under the Stock Connect Scheme between Shanghai Stock Exchange and London Stock Exchange” (for implementation) (關於上海證券交易所與倫敦證券交易所互聯互通存託憑證業務的監管規定(試行)) published by the CSRC on 12 October 2018
“DTC”	The Depository Trust Company
“EEA”	European Economic Area
“EIT”	the enterprise income tax of the PRC
“Euroclear”	the Euroclear Bank S.A./N.V
“Exchange Act”	the United States Securities Exchange Act of 1934, as amended
“expected additional consolidated capacity”	the total capacity of the Group’s power generation projects under construction or its pipeline projects, usually denominated in MW
“FCA”	the United Kingdom Financial Conduct Authority
“GBP”	pound sterling, the lawful currency of the UK

DEFINITIONS AND GLOSSARY

“FSMA”	the Financial Services and Markets Act 2000, as amended
“GDP”	gross domestic product (except as otherwise specified, all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)
“GDR”	a global depositary receipt which represents A Shares
“Goldman Sachs”	Goldman Sachs International
“gross generation” or “gross electricity generated”	for a specified period, the total amount of electricity produced by a power generating project during that period
“Group”	the Company and its consolidated subsidiaries
“GW”	gigawatt, a unit of power. 1 GW = 1,000 MW
“GWh”	gigawatt-hour, a unit of energy. 1 GWh = 1 million kWh
“Historical Financial Information”	the Annual Historical Financial Information, the 2019 Half Year Historical Financial Information and the 2020 Half Year Historical Financial Information
“HMRC”	Her Majesty’s Revenue & Customs
“Holder”	Holders of GDRs
“Huatai Financial Holdings”	Huatai Financial Holdings (Hong Kong) Limited
“Industry Report”	a report prepared by CIC at the request of the Group for the purposes of this Prospectus, dated 31 August 2020, on the Group and the markets in which it operates
“IOB”	the International Order Book of the London Stock Exchange
“Joint Bookrunners”	Goldman Sachs, UBS, Huatai Financial Holdings, CLSA, CICC, Citigroup, Credit Suisse, BofA Securities and Morgan Stanley
“Joint Global Co-ordinators”	Goldman Sachs, UBS, Huatai Financial Holdings and CLSA

DEFINITIONS AND GLOSSARY

“kg”	kilogram, a unit of weight. 1 kg = 1,000 g
“km”	kilometre, a unit of length. 1 km = 1,000 m
“kV”	kilovolt, a unit of voltage. 1 kV = 1,000 volts
“kW”	kilowatt, a unit of power. 1 kW = 1,000 watts
“kWh”	kilowatt-hour, a unit of energy. 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 power generator producing one thousand watts for one hour
“Latest Practicable Date”	10 September 2020
“Listing Rules”	the Listing Rules made by the FCA under Part VI of the FSMA
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Luz del Sur”	Luz del Sur S.A.A.
“Maintenance Plant”	maintenance plant of the Company which provides maintenance support for hydropower stations
“major subsidiaries”	CYPI, Yangtze Power Capital Holdings Co., Ltd., Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd., Three Gorges Hi-Tech Information Technology Co., Ltd. and Three Gorges Electric Power Co., Ltd.
“Master GDR Certificate”	the Master Regulation S GDR Certificate and the Master Rule 144A GDR Certificate
“Master Regulation S GDR Certificate”	Master Regulation S Global Depositary Receipt Certificate
“Master Rule 144A GDR Certificate”	Master Rule 144A Global Depositary Receipt Certificate
“MEE”	Ministry of Ecology and Environment of the PRC (中華人民共和國生態環境部), formerly known as Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部) (“MEP”)

DEFINITIONS AND GLOSSARY

“Midstream Jinsha”	Yunnan Huadian Jinsha River Midstream Hydropower Development Co., Ltd. (雲南華電金沙江中游水電開發有限公司)
“Maintenance Plant”	maintenance plant of the Company which provides maintenance support for hydropower projects
“MLR”	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MNR”	Ministry of Natural Resources of the PRC (中華人民共和國自然資源部), formerly known as Ministry of Land and Resources of the PRC (中華人民共和國國土資源部) (“MLR”)
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“Morgan Stanley”	Morgan Stanley & Co. International plc
“MW”	megawatt, a unit of power. 1 MW = 1,000 kW. The capacity of a power generation project is generally expressed in MW
“MWh”	megawatt-hour, a unit of energy. 1 MWh = 1,000 kWh
“new replacement value”	the cost of replacing works and goods required to provide the existing service under current technology under an efficient system model, which is converted into U.S. dollars
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改委員會)
“NEA”	the National Energy Administration (中華人民共和國國家能源局)
“net generation” or “net electricity generated”	net energy delivered by a seller to the agreed delivery point, usually denominated in GWh or TWh
“Offer GDRs”	69,100,000 GDRs representing A Shares (together with up to 6,900,000 Over-allotment GDRs)

DEFINITIONS AND GLOSSARY

“Offer Price”	US\$26.46 per Offer GDR
“Offering”	an offering of: (1) Offer GDRs in the United States to certain QIBs as defined in, and in reliance on, Rule 144A under the Securities Act, or another exemption from the registration requirements of the Securities Act; and (2) Offer GDRs outside the United States in “offshore transactions” as defined in, and in reliance on, Regulation S
“Official List”	the official list maintained by the FCA
“Order”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“Over-allotment GDRs”	up to 6,900,000 Offer GDRs subject to the Over-allotment Option
“Over-allotment Option”	the option granted by the Company to the Stabilising Manager, exercisable within 30 days after 24 September 2020, being the date on which the Offer Price was announced, to purchase up to an additional 10% of the aggregate number of Offer GDRs (excluding any Over-allotment GDRs)
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China
“PRC Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People’s Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on 28 December 2013 and became effective on 1 March 2014
“Prospectus Regulation”	Regulation (EU) 2017/1129 as amended from time to time
“Prospectus Regulation Rules”	the Prospectus Regulation Rules made by the FCA under Part VI of the FSMA
“QFII”	Qualified Foreign Institutional Investors

DEFINITIONS AND GLOSSARY

“Qualified Investors”	qualified investors within the meaning of the Prospectus Regulation
“Regulation S”	Regulation S under the Securities Act
“Regulation S Deposit Agreement”	a deposit agreement entered into by the Company and the Depositary in connection with the issuance of the GDRs represented by the Master Regulation S GDR Certificate
“Regulation S GDRs”	the GDRs offered and sold outside the United States
“RMB” or “Renminbi”	the lawful currency of the PRC
“Reporting Accountant”	ShineWing Certified Public Accountants
“ROC”	Renewables Obligations Certificate
“RQFII”	RMB Qualified Foreign Institutional Investors
“Rule 144A Deposit Agreement”	a deposit agreement entered into by the Company and the Depositary in connection with the issuance of the GDRs represented by the Master Rule 144A GDR Certificate
“Rule 144A GDRs”	the GDRs offered and sold in the United States pursuant to Rule 144A
“Rule 144A”	Rule 144A under the Securities Act
“SAFE”	State Administration of Foreign Exchange (中華人民共和國國家外匯管理局)
“SASAC”	State-owned Commission Assets of Supervision and Administration the State Council (國務院國有資產監督管理委員會)
“SDRT”	stamp duty reserve tax
“Securities Act”	the United States Securities Act of 1933, as amended
“SERC”	State Electricity Regulatory Commission of the PRC (中華人民共和國國家電力監管委員會)
“Shanghai Stock Exchange” or “SSE”	the Shanghai Stock Exchange

DEFINITIONS AND GLOSSARY

“Shares”	A Shares
“Stabilisation Period”	the period commencing on 24 September 2020, being the date on which the Offer Price was announced, and ending no later than the date 30 days thereafter
“Stabilising Manager”	UBS AG London Branch
“Supervisor(s)”	member(s) of the Company’s Supervisory Committee
“Syndicated Facility”	a term loan facility of US\$3.95 billion in relation to a facility agreement entered into between CYPI, as the borrower, and a syndicate of banks, as the lender, originally on 19 December 2019, as amended and supplemented from time to time
“TGEE”	Three Gorges Electric Energy Co., Ltd. (三峽電能有限公司)
“TGWC”	Chongqing Three Gorges Water Conservancy and Electric Power Co., Ltd. (重慶三峽水利電力(集團)股份有限公司)
“tonne”	metric tonne
“TWh”	terawatt-hour, a unit of energy. 1 TWh = 1 billion kWh
“UBS”	UBS AG London Branch
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“US”, “U.S” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US Dollars”	the lawful currency of the United States of America
“VAT”	value-added tax
“YAHC”	Yangtze Andes Holding Co., Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of CYPI

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Auditor's Report

To All the Shareholders of China Yangtze Power Co., Ltd.:

I. Audit Opinion

We have audited the financial statements of China Yangtze Power Co., Ltd. (hereinafter referred to as "CYPC" or the "Company"), which comprise of the Consolidated and Company's Balance Sheets dated as at December 31, 2019, December 31, 2018 and December 31, 2017, and the Consolidated and Company's Income Statements, the Consolidated and Company's Cash Flow Statements and Consolidated and Company's Statements of Changes in Shareholder's Equity of the years 2019, 2018 and 2017, and the notes to relevant financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and Company's financial positions of CYPC as at December 31, 2019, December 31, 2018 and December 31, 2017, and its consolidated and Company's financial performance and cash flows of the years 2019, 2018 and 2017 in accordance with the Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of CYPC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matter

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the years 2019, 2018 and 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

III. Key Audit Matter (continued)

Accuracy of operating costs	
Key audit matter	How our audit addressed the key audit matter
As described in Note VI. 41 to the consolidated financial statement of the Company, the Company's operating costs was RMB18,697 million in the year 2019, RMB19,005 million in the year 2018 and was RMB19,454 million in the year 2017, accounted for 70.22%, 70.36% and 72.99% to the total profit, which had significant impacts on the financial statement. The Company's operating costs for the production was mainly depreciation expense, governmental fees, etc., which had significant impacts on the financial statement. Meanwhile, the Company is required to allocated the public costs of Three Gorges Project and operation and maintenance fee of public facilities between China Three Gorges Corporation and the Company, which involves the key judgment of the management and had relatively significant impacts on the financial statement. In view of the above reasons, we identified the accuracy of the operating costs as the key audit matter.	We have conducted the key audit procedures: — Inspected and performed physical counting to the major production fixed assets; — Adopted the recalculation method to check the accuracy of the amount such as depreciation of fixed assets and governmental fees included in the operating costs; — Applied the analytical review procedures to analyze the reasonableness of the operating costs during the current year with the audit of the fixed assets, construction in progress and other accounts; — Reviewed the relevant agreements of the public costs of Three Gorges Project and operation and maintenance fee of public facilities; selected significant samples and examined the supporting evidences of operating costs in ensuring the authenticity of the transactions and the accuracy of the amount.

IV. Other Information

The management of CYPC (hereinafter referred to as 'the Management') is responsible for the other information. The other information comprises all of the information included in the CYPC's years 2019, 2018 and 2017 annual report other than the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the fact. We have nothing to report in this regard.

V. Responsibilities of the Management and those Charged with Governance for the Financial Statements

The management is responsible for preparation and fair presentation of these financial statements. The responsibilities shall include: (1) preparing financial statements according to the Accounting Standards for Business Enterprises, and ensuring fair presentation; (2) designing, implementing and maintaining necessary internal control to make sure that these statements are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, the management is responsible for assessing CYPC'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 management either intend to liquidate CYPC or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible to overseeing CYPC's financial reporting process.

VI. Auditor's Responsibilities for The Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Accounting Standards for Business Enterprises 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 financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the 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.
- (2) Obtain an understanding of internal control relevant to the audit in order to design the appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's 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 CYPC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the users of financial statements in our auditor's report to the related disclosures

VI. Auditor's Responsibilities for The Audit of the Financial Statements (continued)

in the financial statements in accordance with the auditing standards or, if such disclosures are inadequate, we should issue the modified audit report. Our conclusions are based on the information obtained up to the date of our auditor's report. However, future events or conditions may cause CYPC to cease to continue as a going concern.

- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence on the financial information of the entities or business activities of CYPC in order to express an audit opinion on the financial statements. We are responsible for direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them about all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 if the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

ShineWing Certified Public Accountants LLP

Certified Public Accountant of China: Zhan Jun
(Engagement Partner)

Certified Public Accountant of China: Qiu Xin

Beijing China

28 April 2020

Consolidated Balance Sheet
As at 31 December 2017, 2018 and 2019

				Unit: RMB
Item	Notes VI	2019	2018	2017
Current assets:				
Cash at bank and on hand	1	7,323,452,880.02	5,336,881,040.54	5,201,453,446.62
Financial assets at fair value through profit or loss	2	—	—	10,270.00
Notes receivables	3	2,560,000.00	3,669,800.00	77,050,000.00
Accounts receivables	4	2,944,436,813.72	2,626,073,799.80	3,213,100,306.64
Advances to suppliers	5	14,453,284.98	10,236,070.68	30,042,910.75
Other receivables	6	68,071,011.56	79,980,202.10	354,337,487.47
Including: Dividends receivables	6	50,045,000.00	53,218,435.00	159,874,360.70
Inventories	7	222,400,775.52	219,192,463.11	257,031,170.41
Other current assets	8	459,771,956.64	1,208,912,001.01	1,054,153,686.40
Total current assets		11,035,146,722.44	9,484,945,377.24	10,187,179,278.29
Non-current assets:				
Debt investments	9	1,148,277,903.43	—	—
Available-for-sale financial assets	10	—	18,123,005,437.90	15,633,047,846.31
Long-term equity investments	11	40,258,231,503.89	21,487,030,925.49	16,155,838,409.97
Other equity instrument investments	12	4,432,380,427.04	—	—
Other non-current financial assets	13	5,812,035,941.91	—	—
Investment real estates	14	27,552,840.37	28,645,291.37	29,737,737.37
Fixed assets	15	226,291,965,212.17	237,911,888,113.03	249,701,555,128.18
Construction in progress	16	6,880,639,435.66	6,691,666,262.44	6,096,970,422.74
Intangible assets	17	191,462,744.50	181,080,566.35	169,620,516.28
Long-term deferred expenses	18	1,742,787.89	1,401,259.24	—
Deferred income tax assets	19	369,173,036.54	343,651,385.13	168,918,053.85
Other non-current assets	20	34,272,485.05	1,243,674,027.34	1,255,352,722.43
Total non-current assets		285,447,734,318.45	286,012,043,268.29	289,211,040,837.13
Total assets		296,482,881,040.89	295,496,988,645.53	299,398,220,115.42

Consolidated Balance Sheet
As at 31 December 2017, 2018 and 2019 (continued)

				Unit: RMB
Item	Notes VI	2019	2018	2017
Current liabilities:				
Short-term borrowings...	21	21,308,000,000.00	12,700,000,000.00	19,005,000,000.00
Financial liabilities held for trading	22	768,403,141.10	—	—
Financial liabilities at fair value through profit or loss	23	—	492,164,591.91	513,947,206.47
Notes payable	24	18,701,549.83	63,458,633.10	101,039,781.02
Accounts payable	25	86,819,605.55	82,595,603.64	87,419,834.98
Advances from customers	26	9,164,940.98	9,789,564.53	10,378,175.16
Employee compensation payable	27	120,539,909.11	104,036,148.53	90,162,772.29
Taxes payable	28	2,106,242,913.91	2,244,216,343.78	2,212,591,349.13
Other payables	29	21,042,264,353.26	19,336,945,056.05	20,676,101,641.76
Including: Interest payable	29	897,073,966.87	685,700,683.53	665,289,460.60
Current portion of non-current liabilities	30	2,499,762,842.57	15,297,687,123.29	13,507,522,151.39
Other current liabilities	31	7,998,650,574.74	6,496,298,972.17	3,498,822,877.35
Total current liabilities		55,958,549,831.05	56,827,192,037.00	59,702,985,789.55
Non-current liabilities:				
Long-term borrowings ..	32	24,600,000,000.00	26,000,000,000.00	31,500,000,000.00
Bonds payable	33	43,794,792,492.21	34,265,894,787.06	30,151,107,574.75
Long-term payables	34	21,232,945,436.94	34,632,945,436.94	41,232,945,436.94
Deferred income	35	5,833,758.06	6,229,112.34	—
Deferred income tax liabilities	19	874,792,997.65	1,080,174,205.16	1,292,343,515.04
Total non-current liabilities		90,508,364,684.86	95,985,243,541.50	104,176,396,526.73
Total liabilities		146,466,914,515.91	152,812,435,578.50	163,879,382,316.28
Owners' equity:				
Capital stock	36	22,000,000,000.00	22,000,000,000.00	22,000,000,000.00
Capital reserves	37	44,364,313,786.27	44,295,503,166.39	44,322,910,497.79
Other comprehensive income	38	2,352,431,567.60	3,187,914,292.67	3,698,950,231.10
Surplus reserves	39	24,319,522,433.93	24,319,522,433.93	21,790,477,026.69
Undistributed profits ...	40	56,473,906,836.25	48,400,469,257.13	43,289,114,811.42
Total shareholders' equity attributable to parent company		149,510,174,624.05	142,203,409,150.12	135,101,452,567.00
Minority interests		505,791,900.93	481,143,916.91	417,385,232.14
Total stockholders' equity		150,015,966,524.98	142,684,553,067.03	135,518,837,799.14
Total liabilities and stockholders' equity		296,482,881,040.89	295,496,988,645.53	299,398,220,115.42
Legal Representative: Lei Mingshan		Chief Financial Officer: Zhan Pingyuan	Accounting Manager: Zhang Na	

Company's Balance Sheet
As at 31 December 2017, 2018 and 2019

		Unit: RMB		
Item	Notes XVI	2019	2018	2017
Current assets:				
Cash at bank and on hand		4,195,981,088.98	3,359,038,785.81	2,609,840,464.98
Financial assets at fair value through profit or loss		—	—	10,270.00
Notes receivables		2,300,000.00	3,400,000.00	76,600,000.00
Accounts receivables	1	1,640,765,860.31	1,502,909,191.98	1,590,316,006.70
Advances to suppliers		13,370,253.30	10,236,070.68	22,804,675.10
Other receivables	2	67,315,820.17	58,037,615.00	332,109,451.95
Including: Dividends receivables	2	50,045,000.00	53,218,435.00	159,874,360.70
Inventories		128,785,215.82	115,202,488.91	131,214,636.29
Other current assets ..		315,531,193.73	802,691,262.48	530,720,105.77
Total current assets		6,364,049,432.31	5,851,515,414.86	5,293,615,610.79
Non-current assets:				
Available-for-sale financial assets		—	14,997,414,469.87	13,167,384,094.96
Long-term equity investments	3	78,047,589,178.60	59,779,185,817.70	54,079,998,092.72
Other equity instrument investments		3,912,606,164.86	—	—
Other non-current financial assets		4,255,519,358.34	—	—
Investment real estates		27,552,840.37	28,645,291.37	29,737,737.37
Fixed assets		95,931,292,255.59	101,489,823,239.49	107,110,132,705.97
Construction in progress		946,462,767.36	814,173,962.88	226,633,878.52
Intangible assets		89,336,000.23	76,402,026.46	64,321,296.96
Deferred income tax assets		98,251,997.77	107,063,567.17	135,822,316.83
Other non-current assets		34,272,485.05	18,686,050.22	—
Total non-current assets		183,342,883,048.17	177,311,394,425.16	174,814,030,123.33
Total assets		189,706,932,480.48	183,162,909,840.02	180,107,645,734.12

Company's Balance Sheet
As at 31 December 2017, 2018 and 2019 (continued)

Unit: RMB

Item	Notes XVI	2019	2018	2017
Current liabilities:				
Short-term				
borrowings		4,920,000,000.00	6,805,000,000.00	18,390,000,000.00
Notes payable		18,701,549.83	61,122,577.09	66,745,775.27
Accounts payable		49,275,071.09	48,746,013.66	39,376,200.30
Advances from				
customers		8,788,393.37	8,826,393.50	8,597,701.82
Employee				
compensation				
payable		97,805,901.99	88,122,893.98	81,431,453.60
Taxes payable		1,018,564,145.60	1,419,344,514.97	1,317,137,611.28
Other payables		4,082,085,127.73	1,463,308,435.35	1,746,843,279.30
Including: Interest				
payable		837,531,967.98	604,691,196.00	565,961,120.33
Current portion of				
non-current				
liabilities		2,499,762,842.57	3,497,687,123.29	11,713,811.59
Other current				
liabilities		7,998,650,574.74	6,496,298,972.17	3,498,822,877.35
Total current				
 liabilities		<u>20,693,633,606.92</u>	<u>19,888,456,924.01</u>	<u>25,160,668,710.51</u>
Non-current				
 liabilities:				
Long-term				
borrowings		17,600,000,000.00	19,000,000,000.00	11,300,000,000.00
Bonds payable		40,439,102,884.09	30,939,089,077.63	26,926,840,150.88
Deferred income tax				
liabilities		902,756,097.24	1,087,014,959.58	1,293,954,923.35
Total non-current				
 liabilities		<u>58,941,858,981.33</u>	<u>51,026,104,037.21</u>	<u>39,520,795,074.23</u>
Total liabilities		<u>79,635,492,588.25</u>	<u>70,914,560,961.22</u>	<u>64,681,463,784.74</u>
Owners' equity:				
Capital stock		22,000,000,000.00	22,000,000,000.00	22,000,000,000.00
Capital reserves		46,906,964,332.39	46,853,868,130.51	46,871,371,592.55
Other comprehensive				
income		2,502,766,455.34	3,240,207,021.24	4,077,712,906.93
Surplus reserves		22,934,762,401.97	22,934,762,401.97	20,405,716,994.73
Undistributed profits ..		15,726,946,702.53	17,219,511,325.08	22,071,380,455.17
Total stockholders'				
 equity		<u>110,071,439,892.23</u>	<u>112,248,348,878.80</u>	<u>115,426,181,949.38</u>
Total liabilities and				
 stockholders'				
 equity		<u>189,706,932,480.48</u>	<u>183,162,909,840.02</u>	<u>180,107,645,734.12</u>
Legal Representative:		Chief Financial Officer:	Accounting Manager:	
Lei Mingshan		Zhan Pingyuan	Zhang Na	

Consolidated Income Statement
Year ended 31 December 2017, 2018 and 2019

				Unit: RMB
Item	Notes VI	2019	2018	2017
I. Total operating revenue		49,874,086,874.95	51,213,965,746.52	50,145,503,769.62
Including: Operating revenue	41	49,874,086,874.95	51,213,965,746.52	50,145,503,769.62
II. Total operating costs		25,959,547,802.90	27,015,770,358.65	27,265,969,921.69
Including: Operating costs	41	18,697,294,123.93	19,005,155,553.67	19,453,733,721.49
Taxes and surcharges	42	1,168,814,152.25	1,288,501,782.23	1,056,013,345.97
Selling and distribution expenses	43	27,792,136.69	25,031,690.50	19,125,791.60
Administrative expenses	44	813,629,745.43	800,645,932.82	811,615,804.10
Research and development expenses	45	41,066,919.32	42,489,564.24	28,821,489.36
Financial expenses ...	46	5,210,950,725.28	5,853,945,835.19	5,896,659,769.17
Including: Interest expenses	46	5,200,957,545.39	5,922,238,642.38	6,141,175,864.31
Interest income	46	71,556,891.30	75,978,656.86	68,518,471.93
Add: Other income ...	47	2,606,789.45	718,125,034.37	2,291,983,292.83
Investment income ...	48	3,074,753,621.99	2,707,047,532.57	2,311,700,052.64
Including: Investment income from related enterprise and joint venture	48	2,077,234,391.59	1,448,835,963.60	1,142,841,155.81
Add: Fair value gains (losses)	49	(26,947,041.04)	36,493,396.71	(164,323,157.23)
Credit impairment losses	50	3,342,701.66	—	—
Asset impairment losses	51	(35,595,283.18)	(274,851,752.85)	(204,613,804.42)
Income from assets disposal	52	26,792.08	7,060,530.24	(37,373,018.98)
III. Operating profit		26,932,726,653.01	27,392,070,128.91	27,076,907,212.77
Add: Non-operating income	53	29,219,094.32	11,862,727.24	536,342.41
Less: Non-operating expenses	54	334,933,992.54	396,826,704.51	423,054,664.46
IV. Total profit		26,627,011,754.79	27,007,106,151.64	26,654,388,890.72
Less: Income tax expenses	55	5,059,564,654.60	4,363,554,880.40	4,379,775,749.06
V. Net profit		21,567,447,100.19	22,643,551,271.24	22,274,613,141.66

Consolidated Income Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

				Unit: RMB
Item	Notes VI	2019	2018	2017
(I) Classified according to operating continuity		21,567,447,100.19	22,643,551,271.24	22,274,613,141.66
1. Net profit from continuing operations		21,567,447,100.19	22,643,551,271.24	22,222,563,683.80
2. Net profit from discontinuing operations		—	—	52,049,457.86
(II) Classified according to attribution of the ownership		21,567,447,100.19	22,643,551,271.24	22,274,613,141.66
1. Net profit attributable to owners of the parent company		21,543,493,635.57	22,610,936,420.39	22,260,911,324.90
2. Minority interests income		23,953,464.62	32,614,850.85	13,701,816.76
VI. Other net comprehensive income after-tax		407,999,197.81	(508,649,037.87)	258,541,029.20
Other net after-tax comprehensive income attributable to the owner of the parent company		406,775,213.14	(511,035,938.43)	258,541,029.20
(I) Other comprehensive income that cannot be reclassified through profit or loss		251,672,950.90	(3,810,441.43)	1,298,298.37
1. Other comprehensive income that cannot be reclassified into profits or losses under the equity method		46,955,233.27	(3,810,441.43)	1,298,298.37
2. Changes in fair value of other equity instrument investments		204,717,717.63	—	—

Consolidated Income Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

				Unit: RMB
Item	Notes VI	2019	2018	2017
(II) Other comprehensive income that will be re-classified into profits or losses		155,102,262.24	(507,225,497.00)	257,242,730.83
1. Other comprehensive income that can be reclassified into profits or losses under the equity method		90,347,208.15	(245,100,018.87)	(25,521,863.73)
2. Variable profit or loss in fair value of financial assets available for sale . .		—	(341,801,484.12)	533,584,901.93
3. Differences arising from translation of foreign currency financial statements		64,755,054.09	79,676,005.99	(250,820,307.37)
4. Other comprehensive income after-tax attributable to minority shareholders		1,223,984.67	2,386,900.56	—
VII. Total comprehensive income		21,975,446,298.00	22,134,902,233.37	22,533,154,170.86
Total comprehensive income attributable to shareholders of the parent company		21,950,268,848.71	22,099,900,481.96	22,519,452,354.10
Total comprehensive income attributable to minority shareholders		25,177,449.29	35,001,751.41	13,701,816.76
VIII. Earnings per share:				
(I) Basic earnings per share (RMB/share)		0.9792	1.0278	1.0119
(II) Diluted earnings per share (RMB/share)		0.9792	1.0278	1.0119
Legal Representative: Lei Mingshan	Chief Financial Officer: Zhan Pingyuan	Accounting Manager: Zhang Na		

Company's Income Statement
Year ended 31 December 2017, 2018 and 2019

				Unit: RMB
Item	Notes XVI	2019	2018	2017
I. Operating revenue	4	25,543,879,408.36	26,367,691,030.01	25,453,644,649.42
Less: Operating costs	4	9,180,512,555.71	9,165,059,259.03	9,179,918,358.62
Taxes and surcharges		444,095,537.49	536,465,232.39	535,705,035.67
Selling and distribution expenses		13,040,013.62	12,169,707.63	8,424,736.25
Administrative expenses		469,739,955.76	465,358,419.12	440,904,470.16
Research and development expenses		33,182,530.97	34,810,579.60	27,375,735.09
Financial expenses ...		2,776,197,071.16	2,685,222,220.89	2,492,373,950.12
Including: Interest expense		2,799,073,815.23	2,798,650,097.11	2,513,395,063.82
Interest income		49,078,803.92	57,233,200.69	33,097,533.61
Add: Other income ...		1,227,811.32	513,594,616.72	954,899,898.36
Investment income ...	5	2,708,720,686.77	2,447,456,872.00	2,019,030,717.51
Including: Investment income from related enterprise and joint venture	5	1,954,317,865.68	1,245,656,633.02	1,017,276,352.28
Add: Fair value gains (losses)		292,704,083.17	(6,800.00)	(23,435.00)
Credit impairment losses		472,724.55	—	—
Asset impairment losses		(13,136,165.82)	(8,988,866.14)	(197,297,388.40)
Income from assets disposal		10,769.12	7,325,467.08	(40,616,573.46)
II. Operating profit		15,617,111,652.76	16,427,986,901.01	15,504,935,582.52
Add: Non-operating income		27,852,846.92	9,275,907.57	167,288.85
Less: Non-operating expenses		52,629,588.57	110,647,842.20	420,801,977.49
III. Total profit		15,592,334,911.11	16,326,614,966.38	15,084,300,893.88
Less: Income tax expenses		3,384,402,803.96	3,681,387,930.14	3,451,596,988.57
IV. Net profit		12,207,932,107.15	12,645,227,036.24	11,632,703,905.31
(I) Net profit from continuing operations		12,207,932,107.15	12,645,227,036.24	11,632,703,905.31
(II) Net profit from discontinuing operations		—	—	—

Company's Income Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

Unit: RMB

Item	Notes XVI	2019	2018	2017
V. Other comprehensive income net of tax		289,048,452.22	(837,505,885.69)	827,499,512.00
(I) Other comprehensive income that cannot be reclassified through profit or loss		192,298,455.67	(3,304,490.50)	979,847.82
1. Other comprehensive income that cannot be reclassified into profits or losses under the equity method		41,568,789.15	(3,304,490.50)	979,847.82
2. Changes in fair value of other equity instrument investments		150,729,666.52	—	—
(II) Other comprehensive income that will be re-classified into profits or losses		96,749,996.55	(834,201,395.19)	826,519,664.18
1. Other comprehensive income that can be reclassified into profits or losses under the equity method ...		96,749,996.55	(187,843,534.93)	111,440,874.23
2. Variable profit or loss in fair value of financial assets available for sale		—	(646,357,860.26)	715,078,789.95
VI. Total comprehensive income		<u>12,496,980,559.37</u>	<u>11,807,721,150.55</u>	<u>12,460,203,417.31</u>

Legal Representative:
Lei Mingshan

Chief Financial Officer:
Zhan Pingyuan

Accounting Manager:
Zhang Na

Consolidated Cash Flow Statement
Year ended 31 December 2017, 2018 and 2019

				Unit: RMB
Item	Notes VI	2019	2018	2017
I. Cash flows from operating activities:				
Cash received from sales of goods or rendering of services		56,423,104,095.88	60,109,682,551.25	58,277,210,212.78
Taxes and surcharges refunds		—	598,288,870.92	2,290,638,487.36
Other cash received relating to operating activities	57	196,076,781.07	132,341,239.42	145,752,628.57
Subtotal of cash inflows from operating activities ..		<u>56,619,180,876.95</u>	<u>60,840,312,661.59</u>	<u>60,713,601,328.71</u>
Cash paid for goods and services		4,970,935,679.15	5,415,244,449.06	5,587,330,639.12
Cash paid to and for employees		1,681,923,377.15	1,550,359,853.36	1,781,023,829.38
Taxes and surcharges cash payments		12,971,173,075.60	13,430,690,798.93	13,288,208,533.14
Other cash paid relating to operating activities	57	530,729,174.77	707,351,145.43	363,873,260.58
Subtotal of cash outflows from operating activities ..		<u>20,154,761,306.67</u>	<u>21,103,646,246.78</u>	<u>21,020,436,262.22</u>
Net cash flows from operating activities ..		<u>36,464,419,570.28</u>	<u>39,736,666,414.81</u>	<u>39,693,165,066.49</u>
II. Cash flows from investing activities:				
Cash received from return of investment		74,479,542,574.14	57,767,277,237.59	70,292,144,761.87
Cash received from investment income		1,401,270,454.59	1,073,519,362.92	762,806,569.46
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<u>12,178,908.70</u>	<u>925,078.90</u>	<u>4,695,408.36</u>
Subtotal of cash inflows from investing activities ..		<u>75,892,991,937.43</u>	<u>58,841,721,679.41</u>	<u>71,059,646,739.69</u>

Consolidated Cash Flow Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

				Unit: RMB
Item	Notes VI	2019	2018	2017
Cash paid for purchasing fixed assets, intangible assets and other long-term assets . . .		2,716,832,699.30	3,118,888,618.75	2,556,286,940.01
Cash paid for investment		79,807,613,734.58	64,948,937,631.78	78,018,248,939.67
Other cash paid relating to investing activities	57	—	—	280,287,924.17
Subtotal of cash outflows from investing activities		82,524,446,433.88	68,067,826,250.53	80,854,823,803.85
Net cash flows from investing activities		(6,631,454,496.45)	(9,226,104,571.12)	(9,795,177,064.16)
III. Cash flows from financing activities:				
Cash received from absorbing investment		—	27,495,083.32	88,200,000.00
Including: Cash received from minority shareholder investment by subsidiaries		—	27,495,083.32	88,200,000.00
Cash received from loans		87,122,964,416.74	73,096,200,000.00	70,120,000,000.00
Subtotal of cash inflows from financing activities		87,122,964,416.74	73,123,695,083.32	70,208,200,000.00
Cash paid for debt repayment		81,704,081,939.00	73,156,600,699.31	64,931,190,887.00
Cash paid for distributing dividends and profits or paying interests		18,643,807,212.31	18,946,766,585.68	19,591,328,944.73
Including: dividends and profits paid to minority shareholders by subsidiaries		2,592,739.85	1,416,347.61	148,344.32
Other cash paid relating to financing activities	57	14,648,665,135.50	11,493,584,948.50	13,718,193,325.23

Consolidated Cash Flow Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

		Unit: RMB		
Item	Notes VI	2019	2018	2017
Subtotal of cash outflows from financing activities		114,996,554,286.81	103,596,952,233.49	98,240,713,156.96
Net cash flows from financing activities		(27,873,589,870.07)	(30,473,257,150.17)	(28,032,513,156.96)
IV. Effects from change of exchange rate to cash and cash equivalents		24,080,600.22	96,947,209.70	(34,999,823.89)
V. Net increase in cash and cash equivalents		1,983,455,803.98	134,251,903.22	1,830,475,021.48
Add: Cash and cash equivalents at the beginning of the year	57	5,334,485,176.04	5,200,233,272.82	3,369,758,251.34
VI. Cash and cash equivalents at the end of the year		7,317,940,980.02	5,334,485,176.04	5,200,233,272.82
Legal Representative: Lei Mingshan		Chief Financial Officer: Zhan Pingyuan	Accounting Manager: Zhang Na	

Company's Cash Flow Statement
Year ended 31 December 2017, 2018 and 2019

				Unit: RMB
Item	Notes XVI	2019	2018	2017
I. Cash flows from operating activities:				
Cash received from sales of goods or rendering of services		28,830,424,910.03	30,735,171,196.07	30,021,354,526.53
Taxes and surcharges refunds		—	512,197,382.02	953,940,241.61
Other cash received relating to operating activities		151,673,005.61	110,889,904.62	94,443,517.72
Subtotal of cash inflows from operating activities		28,982,097,915.64	31,358,258,482.71	31,069,738,285.86
Cash paid for goods and services		2,713,810,036.23	2,777,854,851.02	2,596,327,793.13
Cash paid to and for employees		1,125,997,660.82	990,594,479.87	1,097,029,488.53
Taxes and surcharges cash payments		7,658,032,625.87	8,254,559,646.18	8,006,469,682.18
Other cash paid relating to operating activities		336,177,375.67	553,793,052.93	219,127,673.44
Subtotal of cash outflows from operating activities		11,834,017,698.59	12,576,802,030.00	11,918,954,637.28
Net cash flows from operating activities		17,148,080,217.05	18,781,456,452.71	19,150,783,648.58
II. Cash flows from investing activities:				
Cash received from return of investment		56,365,021,388.44	52,196,113,529.62	57,533,400,499.89
Cash received from investment income		1,171,410,900.13	940,522,275.48	642,478,737.64
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		12,170,157.00	126,272.00	198,140.80

Company's Cash Flow Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

Item	Notes XVI	2019	2018	2017
Net cash received from disposal of subsidiaries and other business entities		—	—	—
Other cash received concerning investing activities		—	—	824,023.49
Subtotal of cash inflows from investing activities		57,548,602,445.57	53,136,762,077.10	58,176,901,401.82
Cash paid for purchasing fixed assets, intangible assets and other long-term assets . . .		503,748,784.49	865,245,850.29	304,379,356.20
Cash paid for investment		62,619,343,108.07	59,246,461,247.77	64,345,889,274.11
Net cash paid for the disposal of subsidiaries and other business entities		—	—	—
Other cash paid relating to investing activities		—	—	—
Subtotal of cash outflows from investing activities		63,123,091,892.56	60,111,707,098.06	64,650,268,630.31
Net cash flows from investing activities		(5,574,489,446.99)	(6,974,945,020.96)	(6,473,367,228.49)
III. Cash flows from financing activities:				
Cash received from loans		55,706,082,619.74	54,901,200,000.00	49,410,000,000.00
Subtotal of cash inflows from financing activities		55,706,082,619.74	54,901,200,000.00	49,410,000,000.00
Cash paid for debt repayment		48,990,000,000.00	48,301,600,699.31	42,303,190,887.00
Cash paid for distributing dividends and profits or paying interests		17,426,803,608.00	17,719,920,021.44	18,159,696,032.52

Company's Cash Flow Statement
Year ended 31 December 2017, 2018 and 2019 (continued)

Item	Notes XVI	2019	2018	2017
Other cash paid relating to financing activities		44,053,650.01	25,366,839.58	32,979,609.41
Subtotal of cash outflows from financing activities		66,460,857,258.01	66,046,887,560.33	60,495,866,528.93
Net cash flows from financing activities		(10,754,774,638.27)	(11,145,687,560.33)	(11,085,866,528.93)
IV. Effects from change of exchange rate to cash and cash equivalents		18,126,171.38	88,374,449.41	—
V. Net increase in cash and cash equivalents		836,942,303.17	749,198,320.83	1,591,549,891.16
Add: Cash and cash equivalents at the beginning of the year		3,359,038,785.81	2,609,840,464.98	1,018,290,573.82
VI. Cash and cash equivalents at the end of the year		4,195,981,088.98	3,359,038,785.81	2,609,840,464.98
Legal Representative: Lei Mingshan	Chief Financial Officer: Zhan Pingyuan	Accounting Manager: Zhang Na		

Consolidated Statement of Changes in Equity
Year ended 31 December 2017, 2018 and 2019

Item	Equity attributable to shareholders of the parent company						Unit: RMB
	Capital stock	Capital reserves	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	
Year ended 31 December 2017							
I. Closing balance of the previous year	22,000,000,000.00	44,252,595,253.07	3,440,409,201.90	—	19,463,936,245.63	39,042,244,267.58	128,526,362,238.86
II. Opening balance of the current year	22,000,000,000.00	44,252,595,253.07	3,440,409,201.90	—	19,463,936,245.63	39,042,244,267.58	128,526,362,238.86
III. Increase/decrease in the current year	—	70,315,244.72	258,541,029.20	—	2,326,540,781.06	4,246,870,543.84	6,992,475,560.28
(I) Total comprehensive income	—	—	258,541,029.20	—	—	22,260,911,324.90	22,533,154,170.86
(II) Capital invested and decreased by							
shareholders	—	1,995,033.31	—	—	—	—	78,649,522.32
I. Ordinary shares input by shareholders	—	—	—	—	—	—	88,200,000.00
2. Others	—	1,995,033.31	—	—	—	—	(9,550,477.68)
(III) Profit distribution	—	—	—	—	2,326,540,781.06	(18,014,040,781.06)	(15,687,648,344.31)
I. Appropriation to surplus reserves	—	—	—	—	2,326,540,781.06	(2,326,540,781.06)	—
2. Distribution to owners (or shareholders)	—	—	—	—	—	(15,687,500,000.00)	(15,687,648,344.31)
(IV) Internal carry-over in shareholders' equity	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—
I. Appropriation in current year	—	—	—	1,906,118.63	—	—	1,906,118.63
2. Use in current year ..	—	—	—	1,906,118.63	—	—	1,906,118.63
(VI) Others	—	68,320,211.41	—	—	—	—	68,320,211.41
IV. Closing balance of the current year	22,000,000,000.00	44,322,910,497.79	3,698,950,231.10	—	21,790,477,026.69	43,289,114,811.42	135,518,837,799.14

Consolidated Statement of Changes in Equity
Year ended 31 December 2017, 2018 and 2019 (continued)

Item	Equity attributable to shareholders of the parent company						Unit: RMB	
	Capital stock	Capital reserves	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Minority interests	Total stockholders' equity
Year ended 31 December 2018								
I. Closing balance of the previous year	22,000,000,000.00	44,322,910,497.79	3,698,950,231.10	—	21,790,477,026.69	43,289,114,811.42	417,385,232.14	135,518,837,799.14
II. Opening balance of the current year	22,000,000,000.00	44,322,910,497.79	3,698,950,231.10	—	21,790,477,026.69	43,289,114,811.42	417,385,232.14	135,518,837,799.14
III. Increase/decrease during the current year	—	(27,407,331.40)	(511,035,938.43)	—	2,529,045,407.24	5,111,354,445.71	63,758,684.77	7,165,715,267.89
(I) Total comprehensive income	—	—	(511,035,938.43)	—	—	22,610,936,420.39	35,001,751.41	22,134,902,233.37
(II) Capital invested and decreased by shareholders	—	—	—	—	—	(10,536,567.44)	32,444,472.69	21,907,905.25
1. Ordinary shares input by shareholders	—	—	—	—	—	—	29,958,664.34	29,958,664.34
2. Others	—	—	—	—	—	(10,536,567.44)	2,485,808.35	(8,050,759.09)
(III) Profit distribution	—	—	—	—	2,529,045,407.24	(17,489,045,407.24)	(1,416,347.61)	(14,961,416,347.61)
1. Appropriation to surplus reserves	—	—	—	—	2,529,045,407.24	(2,529,045,407.24)	—	—
2. Distribution to owners (or shareholders)	—	—	—	—	—	(14,960,000,000.00)	(1,416,347.61)	(14,961,416,347.61)
(IV) Internal carry-over in shareholders' equity	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—	—
(VI) Others	—	(27,407,331.40)	—	—	—	—	(2,271,191.72)	(29,678,523.12)
IV. Closing balance of the current year	22,000,000,000.00	44,295,503,166.39	3,187,914,292.67	—	24,319,522,433.93	48,400,469,257.13	481,143,916.91	142,684,553,067.03

Consolidated Statement of Changes in Equity
Year ended 31 December 2017, 2018 and 2019 (continued)

Item	Equity attributable to shareholders of the parent company						Unit: RMB
	Capital stock	Capital reserves	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	
Year ended 31 December 2019							
I. Closing balance of the previous year	22,000,000,000.00	44,295,503,166.39	3,187,914,292.67	—	24,319,522,433.93	48,400,469,257.13	142,684,553,067.03
Add: Changes in accounting policies	—	—	(543,118,753.60)	—	—	561,377,843.66	18,265,832.24
II. Opening balance of the current year	22,000,000,000.00	44,295,503,166.39	2,644,795,539.07	—	24,319,522,433.93	48,961,847,100.79	142,702,818,899.27
III. Increase/decrease during the current year	—	68,810,619.88	(292,363,971.47)	—	—	7,512,059,735.46	7,313,147,625.71
(I) Total comprehensive income	—	—	406,775,213.14	—	—	21,543,493,635.57	21,975,446,298.00
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	(14,960,000,000.00)	(14,962,592,739.85)
I. Distribution to owners (or shareholders)	—	—	—	—	—	(14,960,000,000.00)	(14,962,592,739.85)
(IV) Internal carry-over in shareholders' equity	—	—	(699,139,184.61)	—	—	699,139,184.61	—
I. Retained earnings carried over from other comprehensive income	—	—	(699,139,184.61)	—	—	699,139,184.61	—
(V) Special reserve	—	—	—	—	—	—	—
(VI) Others	—	68,810,619.88	—	—	—	229,426,915.28	300,294,067.56
IV. Closing balance of the current year	22,000,000,000.00	44,364,313,786.27	2,352,431,567.60	—	24,319,522,433.93	56,473,906,836.25	150,015,966,524.98

Legal Representative: Lei Mingshan

Chief Financial Officer: Zhan Pingyuan

Accounting Manager: Zhang Na

Company's Statement of Changes in Equity
Year ended 31 December 2017, 2018 and 2019

Item	Unit: RMB					
	Capital stock	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total stockholders' equity
Year ended 31 December 2017						
I. Closing balance of the previous year	22,000,000,000.00	46,821,488,716.44	3,250,213,394.93	18,079,176,213.67	28,452,717,330.92	118,603,595,655.96
II. Opening balance of the current year	22,000,000,000.00	46,821,488,716.44	3,250,213,394.93	18,079,176,213.67	28,452,717,330.92	118,603,595,655.96
III. Increase/decrease in the current year	—	49,882,876.11	827,499,512.00	2,326,540,781.06	(6,381,336,875.75)	(3,177,413,706.58)
(I) Total comprehensive income	—	—	827,499,512.00	—	11,632,703,905.31	12,460,203,417.31
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	—
1. Appropriation to surplus reserves	—	—	—	2,326,540,781.06	(18,014,040,781.06)	(15,687,500,000.00)
2. Distribution to owners (or shareholders)	—	—	—	2,326,540,781.06	(2,326,540,781.06)	—
(IV) Internal carry-over in shareholders' equity	—	—	—	—	(15,687,500,000.00)	(15,687,500,000.00)
(V) Special reserve	—	—	—	—	—	—
(VI) Others	—	49,882,876.11	—	—	—	49,882,876.11
IV. Closing balance of the current year	22,000,000,000.00	46,871,371,592.55	4,077,712,906.93	20,405,716,994.73	22,071,380,455.17	115,426,181,949.38
Year ended 31 December 2018						
I. Closing balance of the previous year	22,000,000,000.00	46,871,371,592.55	4,077,712,906.93	20,405,716,994.73	22,071,380,455.17	115,426,181,949.38
II. Opening balance of the current year	22,000,000,000.00	46,871,371,592.55	4,077,712,906.93	20,405,716,994.73	22,071,380,455.17	115,426,181,949.38
III. Increase/decrease during the current year	—	(17,503,462.04)	(837,505,885.69)	2,529,045,407.24	(4,851,869,130.09)	(3,177,833,070.58)
(I) Total comprehensive income	—	—	(837,505,885.69)	—	12,645,227,036.24	11,807,721,150.55
(II) Capital invested and decreased by shareholders	—	—	—	—	(8,050,759.09)	(8,050,759.09)
1. Others	—	—	—	—	(8,050,759.09)	(8,050,759.09)
(III) Profit distribution	—	—	—	—	—	—
1. Appropriation to surplus reserves	—	—	—	2,529,045,407.24	(17,489,045,407.24)	(14,960,000,000.00)
2. Distribution to owners (or shareholders)	—	—	—	2,529,045,407.24	(2,529,045,407.24)	—
(IV) Internal carry-over in shareholders' equity	—	—	—	—	(14,960,000,000.00)	(14,960,000,000.00)
(V) Special reserve	—	—	—	—	—	—
(VI) Others	—	(17,503,462.04)	—	—	—	(17,503,462.04)
IV. Closing balance of the current year	22,000,000,000.00	46,853,868,130.51	3,240,207,021.24	22,934,762,401.97	17,219,511,325.08	112,248,348,878.80

Company's Statement of Changes in Equity
Year ended 31 December 2017, 2018 and 2019 (continued)

Item	Capital stock	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total stockholders' equity
Year ended 31 December 2019						
I. Closing balance of the previous year	22,000,000,000.00	46,853,868,130.51	3,240,207,021.24	22,934,762,401.97	17,219,511,325.08	112,248,348,878.80
Add: Changes in accounting policies	—	—	(327,349,833.51)	—	330,937,170.41	3,587,336.90
II. Opening balance of the current year	22,000,000,000.00	46,853,868,130.51	2,912,857,187.73	22,934,762,401.97	17,550,448,495.49	112,251,936,215.70
III. Increase/decrease in the current year	—	53,096,201.88	(410,090,732.39)	—	(1,823,501,792.96)	(2,180,496,323.47)
(I) Total comprehensive income	—	—	289,048,452.22	—	12,207,932,107.15	12,496,980,559.37
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	(14,960,000,000.00)	(14,960,000,000.00)
1. Distribution to owners (or shareholders)	—	—	—	—	(14,960,000,000.00)	(14,960,000,000.00)
(IV) Internal carry-over in shareholders' equity	—	—	(699,139,184.61)	—	699,139,184.61	—
1. Retained earnings carried over from other comprehensive income	—	—	(699,139,184.61)	—	699,139,184.61	—
(V) Special reserve	—	—	—	—	—	—
(VI) Others	—	53,096,201.88	—	—	229,426,915.28	282,523,117.16
IV. Closing balance of the current year	22,000,000,000.00	46,906,964,332.39	2,502,766,455.34	22,934,762,401.97	15,726,946,702.53	110,071,439,892.23

Legal Representative: Lei Mingshan

Chief Financial Officer: Zhan Pingyuan

Accounting Manager: Zhang Na

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB)

I. General information of the Company

China Yangtze Power Co., Ltd.¹ (hereinafter referred to as “CYPC” or the “Company”) is a limited liability company established by the principal promoter, namely China Three Gorges Corporation (former China Three Gorges Project Corporation, hereinafter referred to as “CTG”) and other 5 promoter including Huaneng Power International Inc., China National Nuclear Corporation, China National Petroleum Corporation, China Gezhouba Construction Group Corporation for Water Resources and Hydropower and Changjiang Institute of Survey, Planning, Design and Research of Changjiang Water Resources Commission. CYPC was established on September 23, 2002 according to the approval of “GJMQG [2002] No. 700” issued by the former State Economic and Trade Commission and completed its industrial and commercial registration in the State Administration for Industry & Commerce on November 04, 2002.

As approved by China Securities Regulatory Commission, CYPC issued A-shares to the public in the form of placement and was listed on Shanghai Stock Exchange on November 18, 2003.

In 2009, according to the resolution of the first extraordinary general meeting of 2009 of CYPC and as approved by China Securities Regulatory Commission, CYPC implemented major assets restructuring and acquired the power generation assets of Three Gorges Project and shares of 5 specialized auxiliary production companies.

On March 25, 2016, as approved by China Securities Regulatory Commission, the Company issued shares to purchase assets and raise subscription funds. A total of 3,500,000,000 shares were issued to CTG, Sichuan Energy Investment (Group) Co., Ltd. and Yunnan Provincial Energy Investment Group Co., Ltd. to acquire 100% of shares of Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. jointly held by them; At the same time, 2,000,000,000 shares were issued through private placement to 7 investors including Ping An Asset Management Co., Ltd., Sunshine Life Insurance Co., Ltd., China Life Insurance Co., Ltd., Guangzhou Development Group Incorporated, CPIC Asset Management Co., Ltd., GIC Private Limited and Shanghai Chongyang Strategic Investment Co., Ltd. After the above-mentioned issue of shares, the total number of shares of the Company was changed to 22,000,000,000.

The Company obtained its Business License of Enterprise Legal Person with the number 91110000710930405L that was approved and issued by the State Administration for Industry & Commerce. Lei Mingshan is the legal representative of the Company in years 2018 and 2019 and Lu Chun was the legal representative in year 2017. The Company’s registration place is Beijing.

On December 31, 2019, the Company has issued 22,000,000,000 shares with a registered capital of RMB22,000,000,000.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

I. General information of the Company (continued)

The controlling shareholder of CYPC is CTG and the principal subsidiaries are as follows:

1. CYPC Capital Holding Co., Ltd. (former known as Beijing Yangtze Power Innovation Investment Management Co., Ltd., hereinafter referred to as “CYPC Capital”);
2. China Yangtze Power International (Hongkong) Co., Ltd. (hereinafter referred to as “CYPC International”);
3. Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. (hereinafter referred to as “Three Gorges Chuanyun Company”);
4. Three Gorges High-tech Information Technology Co., Ltd. (hereinafter referred to as “Three Gorges High-tech”);
5. Three Gorges Power Co., Ltd. (hereinafter referred to as “Three Gorges Power”).

CYPC is engaged in the power generation industry and its main products or services are power generation, operation and investment, and technical consultation of power generation.

II. Scope of consolidated financial statements

There are 13 entities included in the consolidation scope in 2019 and 2018, 10 entities included in the consolidation scope in 2017. See relevant contents of “VII. Changes in Consolidation Scope” in the Notes for details.

III. Basis of preparation for financial statements

(1) Basis of preparation

The financial statements of the Company are prepared on the basis of going-concern assumption and actual transactions and events, and in accordance with the Accounting Standards for Business Enterprises and relevant provisions issued by Ministry of Finance, and the accounting policies and accounting estimates specified in “IV. Significant Accounting Policies and Accounting Estimates” in the Notes.

(2) Going concern

CYPC has evaluated the going-concern ability within 12 months since the end of the reporting period and has not found any event or condition causing substantial doubt about the going-concern ability. It is believed reasonable that the Company’s financial statements have been prepared based on going concern for recent profit-making history and sourced financial support.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates

1. Declaration on compliance with ASBE

The financial statements prepared by the Company meet the requirements of ASBE and truly and fully reflect the financial position and such relevant information as business performance and cash flow of the Company.

2. Accounting period

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

3. Business cycle

The business cycle of the Company is 12 months.

4. Recording currency

The Company's recording currency is Renminbi (RMB).

5. Accounting method for business merger under the common control and not under the common control

The assets and liabilities acquired by the Company, as the merging party, from business merger under common control should be measured based on the book value in the final controlling party's consolidated financial statement of the merged party on merger date. The difference between the book value of the net assets acquired and that of the paid combination consideration shall be adjusted to the capital reserve. Where the capital reserve is insufficient for offset, retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in the business merger not under common control are measured at fair value on the acquisition date. The combination cost consists of the fair value of cash or non-cash assets paid, liabilities issued or assumed and equity securities issued by the Company on the acquisition date for acquiring control over the acquiree, and all costs directly related to the business merger (for business merger achieved in stages through multiple transactions, the combination cost refers to the sum of costs of all individual transactions). Where the combination cost is larger than the fair value of the identifiable net assets of the acquiree obtained by the Company on the acquisition date, difference shall be recognized as goodwill; if the combination cost is less than the share of the fair value of net identifiable assets of the acquiree obtained in the combination, the Company shall firstly review the fair value of various identifiable assets, liabilities and contingent liabilities obtained in business combination, and non-cash asset of combination consideration or issued equity securities and other fair value. After the review, in the case the combination cost is still less than the share of fair value of identifiable net assets of the acquiree obtained by the Company, the balance shall be included in non-operating income during the current year.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

6. Preparation of consolidated financial statements

The Company shall include all subsidiaries and structured entities in the scope of consolidated financial statements.

In preparing the consolidated financial statements, where the accounting policies or the accounting period adopted by subsidiaries are inconsistent with that adopted by the Company, necessary adjustments shall be made to the financial statements of subsidiaries according to the accounting policies or the and accounting period of the Company.

All significant internal transactions, balances and unrealized profits within the scope of consolidation shall be eliminated during the preparation of consolidated financial statements. Shares in owners' equity of subsidiaries but not attributable to the parent company, net profit and loss for the current period, other comprehensive income and total comprehensive income attributable to minority interests shall be disclosed in consolidated financial statements as "minority interests, minority interests income, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders", respectively.

For the subsidiary acquired in the business combination under common control, its operating performance and cash flow are included into the consolidated financial statements from the beginning of the current period of the business combination. During the preparation of comparative consolidated financial statements, relevant items of the financial statements of the previous periods shall be adjusted. It shall be deemed that the reporting entity formed after the business combination has existed since the beginning of the control by the ultimate controlling party.

For the subsidiary acquired in the business combination not under common control, its operating performance and cash flow are included into the consolidated financial statements from the date that the Company acquires its control. In preparing the consolidated financial statements, financial statements of the subsidiary are adjusted based on the fair value of all identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

Where the Company partially disposes long-term equity investment in a subsidiary without losing control, in the consolidated financial statements, the balance between the disposal consideration and the share of net assets in the subsidiary corresponding to the disposal of long-term equity investment and measured constantly from the acquisition date or combination date shall be adjusted to the capital premium or share premium. Where the capital reserves are insufficient for offset, retained earnings shall be adjusted.

In the event the Company loses the control over an investee due to partial disposal of equity investment or other reasons, in the preparation of consolidated financial statements, the residual equity shall be measured again according to its fair value on the day when the Company loses the control. The balance between the sum of consideration acquired from disposal of equity and the fair value of the remaining equity and the share of net assets of the original subsidiary measured constantly based on the original proportion of the shareholding from the acquisition date or combination date shall be recognized as the profit and loss on investment of the period at the loss of control and the goodwill shall be offset. Other comprehensive income in connection with equity investment of the original subsidiary shall be transferred to the profit and loss on investment of the period at the loss of control.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

6. Preparation of consolidated financial statements (continued)

For the multiple transactions for step-by-step equity disposal by the Company that lead to the loss of control over the subsidiary, if the above transactions belong to the package deal, they shall be subject to the accounting treatment oriented for subsidiary disposal and loss of control. However, prior to the loss of control, the balance between the consideration of each disposal and the share of net assets in the subsidiary corresponding to the investment disposed is recognized as other comprehensive income in the consolidated financial statements and will be transferred to the profit and loss on investment of the period when the control was lost.

7. Classification of joint venture arrangements

The Company's joint venture arrangement is a joint venture.

8. Cash and cash equivalents

Cash in the cash flow statement of the Company indicates both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents in the cash flow statement are referred as investment that held less than 3 months, highly liquid and were readily convertible to known amounts of cash and subject to insignificant risk of value change.

9. Foreign currency transactions and foreign exchange translation for financial statements

(1) Foreign currency transactions

Foreign currency transactions are translated into RMB using the spot exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets.

(2) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates (or according to the actual situation). The differences arising from the above translation are presented separately in other comprehensive income items. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows (or according to the actual situation). The effect of exchange rate changes on cash is presented separately in the cash flow statement.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities

An item of financial asset or financial liability is recognized when the Company becomes a party to the contract of the financial instruments.

During the years 2017 and 2018, the Company's financial assets and financial liabilities accounting policies are as followings:

(1) *Financial assets*

1) Classification, recognition and measurement of financial assets

Financial assets are classified by the Company into the following categories according to investment purposes and economic essence: financial assets at fair value through profit or loss, held-to-maturity investments, receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss include trading financial assets and those directly designated at the time of initial recognition as financial assets at fair value through profit or loss. The Company classifies a financial asset meeting any of the following conditions as a trading financial asset: It has been acquired principally for the purpose of selling in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and there is objective evidence that the Company has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured. The Company designates financial instrument as financial assets through profit or loss at the time of initial recognition only when one of the following conditions is satisfied: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would result from measuring assets or recognizing the gains or losses on them on different bases; or the financial asset which is managed evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; hybrid instruments which contain one or more embedded derivatives, unless the embedded derivatives does not have a substantial effect on the cash flows of the hybrid instruments, or the embedded derivatives obviously should not be separated from the relevant hybrid instruments; hybrid instruments that have to be separated but cannot be individually measured when obtained or the subsequent balance sheet date.

Non-derivative financial assets with fixed or determinable recovery amount and fixed maturity are classified as held-to-maturity when the Company has the clear intention and ability to hold to maturity. Held-to-maturity investments are

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

1) Classification, recognition and measurement of financial assets (continued)

subsequently measured at amortized cost using the effective interest method. All the profits or losses incurred due to the derecognition, impairment or amortization should be included in current profits and losses.

Receivables are non-derivative financial assets with fixed or determinable recovery amount that are not quoted in an active market. Such financial assets are subsequently measured at amortized cost using the effective interest rate method. All the profits or losses incurred due to the derecognition, impairment or amortization should be included in current profits and losses.

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available-for-sale and other financial assets which do not fall into any of the above categories. The equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured as well as the derivative financial assets which are connected to such equity instrument and must be settled by delivering the equity instrument in these assets shall be measured subsequently on the basis of their costs; those that with quotation in the active market or that the fair value can be reliably measured though without quotation in the active market shall be measured at fair value, with the change of fair value included in other comprehensive income. Such financial assets shall be measured at the fair value subsequently. Changes in fair value shall be recognized as other comprehensive income. These financial assets shall be measured subsequently at fair value. Except for the impairment losses and profit or loss on exchange formed by foreign currency financial assets, changes in fair value of available-for-sale financial assets shall be recognized as shareholder's equity directly. The accumulated amount of fair value changes directly recognized as the equity will be transferred into the current profit and loss until the derecognition of this financial asset. Interests for the period in which the assets are held are calculated using the effective interest method is charged to profit or loss for the period as investment income. Cash dividends declared by the investee company relating to available-for-sale equity instruments are charged to profit or loss for the period as investment income. As for equity instruments investments that do not have quotation in active market and the fair values of which cannot be reliably measured, they are measured subsequently at cost.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

2) *Recognition and measurement for transfer of financial assets*

A financial asset is derecognized when any one of the following conditions is satisfied: (1) the rights to receive cash flows from the asset expire, (2) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, (3) the financial asset has been transferred to the transferee, and the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an enterprise neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognizes such financial asset to the extent of its continuous involvement and recognizes the corresponding liabilities.

When the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

When only part of the financial asset meets the criteria for de-recognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognized and the portion that continued to be recognized according to their relative fair value. The difference between the amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income of the part qualifies for derecognition and the abovementioned allocated carrying amount is charged to profit or loss for the period.

3) *Testing of impairment of financial assets and accounting method*

The Group assesses the book value of financial assets, expect for the financial assets at fair value through profit or loss, on the balance sheet date. If there is objective evidence showing impairment of any financial asset item, the impairment provision shall be made.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

3) Testing of impairment of financial assets and accounting method (continued)

In case of impairment of financial assets measured at amortized cost, the impairment provision will be made according to the balance between the expected future cash flow (excluding the future credit loss which has not happened yet) and the book amount. If there is objective evidence showing that the value of the financial assets is recovered and it is objectively related to the matters that happen after the impairment is recognized, the impairment loss recognized before should be reversed and included in current profits and losses.

If the financial assets available-for-sale go through impairment, the accumulated loss formed out of fair value decrease originally included in owners' equity shall be transferred out and included in impairment loss. With regard to the debt instrument investment available-for-sale, the impairment loss of which has been recognized, if the fair value rises in the subsequent period and it is objectively related to the matters incurred after the original impairment loss is recognized, the originally recognized impairment loss shall be transferred out and recorded in the current profits and losses. With regard to the equity instrument investment available-for-sale, the impairment loss of which has been recognized, the rise in fair value in the subsequent periods shall be directly recorded in the owners' equity.

The Company shall review the book value of the receivables on the balance sheet date, and recognize provision for bad debts: when the debtors are dissolved, bankrupt, insolvent, in significant financial difficulty, or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or the receivables are defaulted; or when there are objective evidences indicating the debts are not recovered or not likely to be recoverable.

The allowance method is applied for the accounting of potential bad debts. At the end of the year, receivables are assessed for impairment on individual or group basis and the provision for bad debts is recognized in the profit or loss for current period. When there are objective evidences indicating the receivable cannot be collected, it is written off against the provision for bad debts as a loss of bad debts according to the required procedures of approval of the Company.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

3) Testing of impairment of financial assets and accounting method (continued)

Provision for bad debts of receivables policy:

a) Receivables with amounts that are individually significant and subject to separate assessment for provision for bad debts

Judgment on individually significant receivable or amount criteria Consider the individually receivables exceeding RMB10,000,000 are the significant receivables.

Method of bad debt provision recognized individually for receivables with significant individual amount For receivables when there is objective evidence showing that the full amount cannot be recovered as per original terms of the receivable, impairment test shall be conducted separately and the provision for bad debts shall be recognized for the difference between the present value of expected future cash flow and the book value thereof.

b) Receivables that are subject to provision for bad debts on the credit risk grouping basis

Provision was recognized on group basis method:

Aging group basis Based on the aging analysis to recognize provision

Including: The percentage of bad-debt provision for receivables by aging analysis:

<u>Account age</u>	<u>Accrue Proportion of Accounts Receivables</u>	<u>Accrue Proportion of Other Receivables</u>
	(%)	(%)
Within 1 year	0.3	0.3
1-2 years	5	5
2-3 years	20	20
3-4 years	50	50
4-5 years	80	80
Over 5 years	100	100

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

3) Testing of impairment of financial assets and accounting method (continued)

c) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

Reason for recognized of bad debt provision on individual item	Receivables with insignificant individually amount and bad debt provision provided by grouping basis not reflecting credit risk of the receivables

Bad debts provision recognized basis	For receivables for which there is objective evidence showing that the full amounts are unable to recover in accordance with the original terms of the receivable, impairment assessment shall be conducted separately and the provision for bad debts shall be recognized according to the difference between the present value of expected future cash flow and the book value thereof.

(2) Financial liabilities

1) Classification, recognition and measurement of financial liabilities

At the time of initial recognition, the financial liabilities of the Company are classified into the financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated into financial liabilities profit or loss at initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value; dividends and interest expenditure related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(2) *Financial liabilities (continued)*

2) *Conditions for derecognition of financial liabilities*

A financial liability (or a part of financial liability) is derecognized when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

(3) *Method for determination of fair values of financial assets and financial liabilities*

Fair values of financial assets and financial liabilities of the Company are measured by fair values in an active market to determine the fair values of financial assets and financial liabilities of the Company. In case there is no active market, fair values of financial assets and financial liabilities are determined using the price which is the most favorable to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information. The input values for measuring fair value are divided into three levels. Level 1 input is the unadjusted quoted market prices of the identical asset or liability that is available on the measurement day in the active market; level 2 input is the input value that can be observed directly or indirectly of the relevant asset or liability other than those in level 1; level 3 input is the unobservable input of the relevant asset or liability. The Company gives priority in use of the input value for the first level and finally uses that of the third level. The level of the fair value measurement is determined by the lowest level of the input value which is of great significance to the whole of the fair value measurement.

(4) *Exchangeable bonds*

The exchangeable bonds issued by the Company, including liabilities and exchangeable options at the same time, are split and recognized at the time of initial recognition respectively. Wherein, the exchangeable options, exchanging the financial assets held by the Company by the capital and interest included in the liability part for the settlement, shall be accounted for as the financial liabilities at fair value through profit or loss.

At the time of initial recognition, the fair value of the liability portion is determined by discounting the bond cash flow, and the fair value of the exchange option portion is determined by option binary tree method in the manner of Bermuda call option. The value of exchangeable bonds and that of exchangeable option are respectively distributed in the entire issue price based on a proportion of the fair value of the liability part or that of the exchangeable option to the sum of the fair value of the liability part and that of the exchangeable option.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(4) *Exchangeable bonds (continued)*

At the time of subsequent measurement, the liability portion of the exchangeable bonds is measured at the amortized cost by the effective interest method, and the value of the exchangeable option that is classified as financial liabilities continues to remain in liabilities. Exchangeable bonds are due or exchanged do not recognize any profit or loss.

The transaction costs arising from the issuance of exchangeable bonds are amortized between the liability portion and the exchangeable option portion at their relative fair values, respectively. The transaction costs associated with the exchangeable option portion are directly recognized as the current profit and loss. The transaction costs associated with the liability portion are recognized as the book value of the liabilities and amortized by the effective interest method during the term of the exchangeable bonds.

During the year 2019, the Company's financial assets and financial liabilities accounting policies are as followings:

(1) *Financial assets*

1) Classification, recognition and measurement of financial assets

Based on the business model of the financial assets under management and the contractual cash flow characteristics, the Company classified financial assets into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss.

The Company classified financial assets that meet the following conditions as financial assets measured in amortized cost: (1) the goal of the business mode for managing the financial assets is to collect contractual cash flows. (2) The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Such financial assets shall be initially measured at fair value, and the relevant transaction expenses shall be included in the initially recognized amount; and the subsequent measurement will be conducted at the amortized cost. Apart from the assets designated hedging items, the difference between the initial amount and the due amount shall be amortized by the effective interest rate method, and the gain or loss arising from its amortization, impairment, exchange gain or loss and derecognition shall be included in the current profits and losses. The Company's financial assets classified as financial assets measured at amortized cost include cash at bank and on hand, notes receivables and accounts receivables, other receivables and debt investments, etc.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

1) Classification, recognition and measurement of financial assets (continued)

The Company recognizes the interest income by effective interest rate. Interest income is calculated and determined according to the book balance of the financial asset multiplied by the actual interest rate, except for the following circumstances: (1) for the financial assets that the credit impairment has occurred, the interest income is calculated and determined according to the amortized cost of the financial asset and the effective interest rate adjusted by credit impairment from the initial recognition. (2) for financial assets that credit impairment has not occurred but the credit impairment has occurred in the subsequent periods, the interest income shall be calculated and determined at their amortized costs and by the effective interest rate of the financial assets in subsequent periods.

The Company designates the non-trading equity instrument investment as the financial assets at fair value through other comprehensive income. Once the designation is made, it cannot be revoked. The non-trading equity instrument investment designated by the Company at fair value through other comprehensive income shall be initially measured at the fair value, and the relevant transaction costs shall be included in the initially recognized amount; except for the dividends received (except for those belonging to the investment cost recovered) which are recognized in the current profits and losses, other relevant gains and losses (including the exchange gain or loss) shall be included in other comprehensive income and shall not be transferred into the current profits and losses subsequently. When its recognition is terminated, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income and recorded to the retained earnings. The Company presented such equity instrument investments as investments in other equity instruments.

Financial assets other than the above financial assets measured at the amortized cost and the financial assets measured at the fair value with through other comprehensive income, the Company classified such financial assets measured at fair value through profit or loss. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be directly included in the current profits and losses. The gain or loss of such financial assets shall be included in the current profits and losses. The Company presented those financial assets at fair value through profit or loss, with maturity longer than one year from the balance sheet date and expected to be held for more than one year as other non-current financial assets.

If the contingent consideration recognized by the Company in the business combinations not under common control constitutes a financial asset, the financial asset is classified as a financial asset at fair value through profit or loss.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

- 1) Classification, recognition and measurement of financial assets (continued)
- 2) Recognition and measurement for transfer of financial assets

Financial assets shall be derecognized where any of the following conditions is met: (1) the contractual right to acquire cash flow of the financial assets is terminated; (2) the financial assets have been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial assets to the transferee; and (3) the financial assets have been transferred, and the Company has not retained its control over the financial assets, despite that the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets.

If the entire transfer of the financial assets meets derecognition conditions, the difference between the book value of transferred financial assets and the sum of consideration received from the transfer and accumulated amount of changes in fair value previously recognized in other comprehensive income should be included in current profits and losses.

Where the partial transfer of the financial assets meets derecognition conditions, the book value of the transferred financial assets should be appointed between the derecognized and non-derecognized portions as per their relative fair values respectively; and the difference between the sum of consideration received from the transfer and accumulated amount of changes in fair value previously recognized in other comprehensive income and appointed to the derecognized portion, and the aforesaid book value appointed should be included in current profits and losses.

3) Impairment of financial assets

The Company recognizes loss allowance for financial assets measured at amortized cost, debt instruments investment measured at fair value through other comprehensive income and loan commitment based on their expected credit losses.

The Company considers reasonable and reliable information about past events, current situation and forecast of future economic situation, taking the weight risk of default, calculating the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received and recognizing the expected credit loss.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

3) Impairment of financial assets (continued)

At each balance sheet date, the Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial recognition, it is in the first stage. The Company shall measure the provision for loss based on the expected credit loss in the next 12 months. If the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage, and the Company shall measure the provision for loss based on the expected credit loss of the instrument throughout its life. If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures their loss provision based on the lifetime expected credit loss.

For the financial instruments with low credit risk at the balance sheet date, the Company assumes their credit risk did not increase significantly since the initial recognition and measures their loss provision based on the expected credit loss in the next 12 months.

For the financial instruments at stage 1 and stage 2, and those with low credit risk, the Company measures their interest income based on their book value before deducting provision for impairment and their effective interest rate. For financial instruments in the third stage, the interest income shall be measures based on their book balance minus the amortized cost after provision for impairment and the actual interest rate. For accounts receivables, regardless of whether there is any significant financing component, the Company measures the provision for losses based on expected credit losses over the entire duration.

For accounts receivables with objective evidence indicating impairment and other accounts receivables applicable for individual assessment, impairment test shall be conducted individually to recognize expected credit loss and recognize individual provision for impairment. For accounts receivables without objective evidence of impairment or when information of the expected credit loss for an individual financial asset cannot be evaluated at a reasonable cost, the Company classified receivables into certain groupings based on their credit risk characteristics and calculated expected credit loss based on the grouping basis. Basis for grouping is as follows:

(1) Notes receivables

Grouping: Bank acceptance bills

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

3) Impairment of financial assets (continued)

(1) Notes receivables (continued)

(2) Accounts receivables

Grouping 1: Power generation receivables

Grouping 2: Other business receivables

(3) Other receivables

Grouping 1: Other receivables

Grouping 2: Dividends receivables

For notes receivables classified on the grouping basis, the Company measures the expected credit loss by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default and lifetime expected credit loss ratio for the entire duration.

For accounts receivables classified on the grouping basis, the Company measures the expected credit loss by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default and lifetime expected credit loss ratio for the entire duration.

For other receivables classified on the grouping basis, the Company measures the expected credit loss by referring to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and based on the expected credit loss through default risk exposure and the expected credit loss rate in the next 12 months and lifetime expected credit loss ratio for the entire duration.

The Company recognizes provision or reversal of losses in profit or loss for the current period. For debt instruments at fair value through other comprehensive income, the Company recognizes impairment losses or gains into profit or loss for the current period and adjusts other comprehensive income in the meanwhile.

(2) Financial liabilities

1) Classification, recognition and measurement of financial liabilities

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(2) Financial liabilities (continued)

1) Classification, recognition and measurement of financial liabilities (continued)

At the time of initial recognition, the financial liabilities of the Company are classified into the financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated into financial liabilities at profit or loss at initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value; dividends and interest expenditure related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(2) *Financial liabilities (continued)*

2) Conditions for derecognition of financial liabilities

A financial liability (or a part of financial liability) is derecognized when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

(3) *Method for determination of fair values of financial assets and financial liabilities*

Fair values of financial assets and financial liabilities of the Company are measured by fair values in an active market to determine the fair values of financial assets and financial liabilities of the Company. In case there is no active market, fair values of financial assets and financial liabilities are determined using the price which is the most favorable to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information. The input values for measuring fair value are divided into three levels. Level 1 input is the unadjusted quoted market prices of the identical asset or liability that is available on the measurement day in the active market; level 2 input is the input value that can be observed directly or indirectly of the relevant asset or liability other than those in level 1; level 3 input is the unobservable input of the relevant asset or liability. The Company gives priority in use of the input value for the first level and finally uses that of the third level. The level of the fair value measurement is determined by the lowest level of the input value which is of great significance to the whole of the fair value measurement.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(4) Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are met, the net amount offset by each other is listed in the balance sheet: (1) The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable; (2) The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

(5) Distinction between financial liability and equity instrument and related treatment method

The Company distinguishes financial liabilities and equity instruments according to the following principles: (1) if the Company unconditionally perform one contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contractual obligations indirectly through other terms and conditions. (2) if one financial instrument must or can be settled by the Company's own equity instrument, the Company's own equity instrument used for settling such instrument shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, this instrument is the financial liability of the Issuer. If it is the latter, the instrument is the equity instrument of the Issuer. Under certain circumstances, a financial instrument contract requires that the Company must or may settle the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contractual right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Company's own equity instrument (such as interest rates, the price of a good or the price of a financial instrument), the contract is classified as financial liabilities.

When classifying a financial instrument (or its components) in the consolidated financial statements, the Company takes into consideration all the terms and conditions agreed between members of the Company and holders of financial instruments. If the Company as a whole has assumed the obligation to deliver cash, other financial assets or settle it by other means of rendering the instrument a financial liability, the instrument shall be classified as a financial liability.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(5) Distinction between financial liability and equity instrument and related treatment method (continued)

Where the financial instruments or their components are classified as financial liabilities, the related interest, stock dividends (or dividends), gains or losses, gains or losses arising from redemption or refinancing, etc. are included by the Company in the profits and losses of the current period.

Where the financial instruments or their components are classified as equity instrument, its issue (including refinancing), repurchase, sale or cancellation is treated as a change in equity and the fair value change of the equity instrument is not recognized.

(6) Exchangeable bonds

The exchangeable bonds issued by the Company, including liabilities and exchangeable options at the same time, are split and recognized at the time of initial recognition respectively. Wherein, the exchangeable option, which is used to exchange the principal and interest included in the liability portion for the financial assets held by the Company for settlement, is reported as a trading financial liability.

At the time of initial recognition, the fair value of the liability portion is determined by discounting the bond cash flow, and the fair value of the exchange option portion is determined by option binary tree method in the manner of Bermuda call option. In the exchangeable bond, the value of liability and that of exchangeable option are respectively distributed in the entire issue price based on a proportion of the fair value of the liability part or that of the exchangeable option to the sum of the fair value of the liability part and that of the exchangeable option.

At the time of subsequent measurement, the liability portion of the exchangeable bonds is measured at the amortized cost by the effective interest method, and the value of the exchangeable option that is classified as financial liabilities continues to remain in liabilities. Exchangeable bonds are due or exchanged do not recognize any profit or loss.

The transaction costs arising from the issuance of exchangeable bonds are amortized between the liability portion and the exchangeable option portion at their relative fair values, respectively. The transaction costs associated with the exchangeable option portion are directly recognized as the current profit and loss. The transaction costs associated with the liability portion are recognized as the book value of the liabilities and amortized by the effective interest method during the term of the exchangeable bonds.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

11. Inventories

The inventories of the Company mainly include raw materials, turnover materials, spare parts, packaging materials, low value consumables, goods in stock, etc.

Inventories are accounted for using the perpetual inventory system and initially valued according to the actual cost when acquired, including procurement cost, processing cost and other costs. Inventories are measured by either the weighted average method or the specific identification method when they are delivered.

Subsequent to the review of the inventories by the Company at the end of the period, any excess of the cost over the net realizable value of each item of inventories is used to adjust provision for inventory impairment. For finished goods, goods in stock, inventories directly for selling during normal production and operation process and etc., the net realizable value is measured at the amount of the estimated selling price less estimated selling expense and relevant taxes; for inventories held for use for the normal production and operation process, the net realizable value shall be recognized at the amount of the estimated selling price of the finished products less estimated cost incurred till the completion of production, estimated selling expense and relevant taxes; for inventories held to satisfy sales or service contracts, the net realizable value is measured based on the contract price and if the quantity of inventories held is greater than the ordered quantity of the sales contract, the net realizable value of the excess part is measured based on the general selling price.

Inventories provision is recognized individually at the end of reporting period. If there are a large numbers of low value inventories, provision for impairment in inventories are recognized based on the categories of the inventories. If the inventories are related to a series of products that are produced and sold in the same area and in the same or similar end use or purpose, and are difficult to be measured separately from other items, impairment provision are recognized on a consolidated manner.

If the circumstances that previously caused inventories to be written down below cost are no longer exist, the provision for decline in value of inventories is reversed and the reversal is included in profit or loss for the current period.

12. Long-term equity investments

The Company's long-term equity investments are mainly investments in subsidiaries, associates and joint ventures.

The Company determines that a common control exists when all parties or groups of parties control that arrangement collectively and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

The Company holds, directly or through subsidiaries, more than 20 percent but less than 50% of the voting power of the investee, is considered has significant influence over investee. When the Company holds less than 20% of the voting power of the investee, significant influence shall be considered under actual fact and circumstances such as there is a delegate of the investor in the investee's the Board of Directors and other similar authority bodies, the investors are involved in the investee's financial and operating policies decision-making process, there are significant transactions occurred between the investor and the investee, the investor assigns management personnel in the investee and the investor provides key technical support to the investee.

When investee is controlled by the Company, it is considered as the Company's subsidiary. The investment cost for long-term equity investment acquired through business combination under common control, the share of book value of net assets of the acquired company in the consolidated financial statements of the ultimate controlling party shall be recognized as the initial investment costs of long-term equity investment on the combination date. The investment cost is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

Under the circumstance that the equity of the investees under common control is obtained through multiple transactions step by step, which results in business combination, supplementary disclosure to treatment methods for long-term equity investment in parent company financial statements shall be made in the reporting period acquiring the control. For example, as to equity of the investee under common control acquired step-by-step through multiple transactions and a business combination finally completed, which belongs to a package deal, the Company takes all transactions as a control power acquiring transaction for accounting treatment. If it is not a package deal, the combined party's portion of book value of net assets in the final controlling party's consolidated financial statement owned on the combination date is taken as the initial investment cost for long-term equity investments. The balance between the initial investment cost and the sum of the book value of long-term equity investment which has reached the amount before the combination and the book value of new payment consideration obtained on the combination date shall be applied to adjust capital reserves. If the capital reserves are insufficient to set it off, the retained earnings shall be written down.

For long-term equity investment acquired via business combination not under common control, the combination cost is taken as the initial investment cost.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

For equity interests in investees not under common control acquired in a series of transaction which constitute business combination, supplementary disclosure on the accounting of cost of long-term equity investments in company's financial statements for the reporting period in which the control is acquired. For example, for equity interests in investees not under common control acquired in a series of transactions which constitute business combination which belongs to a package deal, the Company accounts for each transaction as a transaction in which the control has been obtained. If it does not belong to a package deal the sum of the carrying value of the equity investment which it originally held and new investment cost is taken as the initial investment cost calculated by the cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the investee when it directly disposes of related assets or liabilities upon disposal. If the equity held before the acquisition date is calculated by fair value, the accumulated change in fair value which is originally included in other comprehensive income shall be change to profit or loss for current period on the date of combination.

Apart from the long-term equity investments acquired through business combination as mentioned above, the long-term equity investments acquired by cash payment is recorded as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Company by the investor, the investment cost is the agreed consideration as specified in the contract or agreement. If the Company has long-term equity investment acquired through debt restructuring and exchange of non-monetary assets, the method of determining investment cost shall be disclosed as per relevant accounting rules of enterprises and considering actual conditions of the Company.

Investments in subsidiaries are accounted for the Company using cost method, while investments in the associates and joint ventures are accounted for under equity method.

For long-term equity investments for which the subsequent measure is accounted for using cost method, when there are additional investments, carrying value of the long-term equity investments will be increased based on the fair value of cost of additional investments and the related expenses incurred by related transactions. For cash dividend or profit paid by the investee, it shall be recognized as investment income for current period using the amount which it entitles.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly based on the changes in the shareholders' equity of the investee. When determining the amount of proportion of net profit or loss in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the investing company according to the shareholding, and recognized after adjustment is made to the net profit of the investee in accordance with the accounting policies and accounting period of the Company.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the current period. For long-term equity investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee, previously recorded in the shareholder's equity of the Company shall be transferred to the current year profits and losses according to corresponding proportion on disposal.

In case that the Company loses the joint control of or the significant influence on the investee due to disposal of part of the equity investment, the residual equity after the disposal shall be calculated as per relevant regulations of the standards for financial instrument recognition and measurement, and difference between fair value and the carry value on the date of loss of common control or significant influence will be included in the profit or loss for current period. Other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method, it shall be using the same accounting basis as the investee directly disposing related assets or liabilities.

For loss of control in the investee due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the investee after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, is changed to accounting treatment based on related regulations of relevant regulations of the standards for financial instrument recognition and measurement, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

If the transactions from the step-by-step disposal of equity to the loss of controlling equity do not fall under a series of transactions, the Company shall separately carry out accounting treatment for each transaction. If the transaction falls under a series of transactions, each transaction is accounted for as a disposal of subsidiary with control lost. However, the difference between the consideration for each transaction before losing control and the carrying value of the long-term equity investments corresponding to the equity disposed of is recognized as other comprehensive income and transferred to profit or loss upon loss of control.

13. Investment real estates

Investment real estates of the Company are premises and buildings have already rented out and measured at cost.

The investment real estates of the Company adopt the cost model which shall be depreciated subsequently. The estimated service life, net residual rate and annual rate of depreciation of investment real estates are as follows:

<u>Category</u>	<u>Depreciation period</u>	<u>Estimated residual rate</u>	<u>Annual rate of depreciation</u>
	<u>Year</u>	<u>%</u>	<u>%</u>
Premises and buildings	8-50	0-3	1.94-12.50

14. Fixed assets

The fixed assets of the Company feature the following characteristics: tangible assets with a high unit value and held for the sake of producing goods, rendering services, renting or operating management, with a service life in excess of one year.

The fixed assets shall be recognized only when the related economic benefits are likely to flow into the company and the costs can be measured reliably. The fixed assets of the Company consist of water-retaining structures, premises and buildings, machinery equipment, electronic equipment, transportation equipment, office equipment and others.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

14. Fixed assets (continued)

Apart from fixed assets that has fully depreciated and continue to be in use and the land that is separately valued and recorded, the Company recognized depreciation for all its fixed assets. The Company recognized depreciation for its water-retaining structures, premises and buildings, machinery equipment, transportation equipment, office equipment using straight-line method and is separately included in the costs of relevant assets or current expenses according to the purpose. The useful life, estimated residual value ratio and depreciation rate of fixed assets of the Company are categorized as below:

Sequence	Category	Maximum economic life	Estimated residual rate	Annual rate of depreciation
	Year	%	%	
1	Water-retaining structures	40-60	—	1.67-2.50
2	Premises and buildings	8-50	0-3	1.94-12.50
3	Machinery equipment	5-32	0-3	3.03-20.00
4	Transportation equipment	3-10	0-3	9.70-33.33
5	Electronic equipment and others	3-12	0-3	8.08-33.33

Note: Water-retaining structures include Gezhouba Dam, Three Gorges Dam, Xiangjiaba Dam, Xiluodu Dam and others.

The Company reviews the expected service life, expected net salvage and depreciation method of the fixed assets at the end of each year. Any change shall be handled as changes in accounting estimates.

15. Construction in progress

Construction in progress ready for intended use is transferred to fixed assets based on the estimated value according to construction budget, project cost or actual project cost. The depreciation shall begin from the next month. After going through procedures of completion settlement, the difference of the original value of the fixed assets shall be adjusted.

16. Borrowing costs

The borrowing costs directly belonging to fixed assets, Investment real estates and inventories that require more than one year of acquisition or construction to be ready for intended use or selling shall be capitalized when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets be ready for intended use or selling begin. When the qualified assets under acquisition, construction or production are ready for intended use or sale, the capitalization shall be terminated, and the borrowing costs incurred subsequently shall be included in current profits and losses. If assets eligible for capitalization are suddenly suspended in acquisition or construction or production for more than three months continuously, the capitalization of borrowing costs shall be suspended until the restart of acquisition or construction and production activities of the assets.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

16. Borrowing costs (continued)

The actually incurred interest costs of special borrowings in current period shall be capitalized after the interest income from deposits in banks or investment income from temporary investment with the unused borrowings is deducted from it. The capitalized amount of general borrowings shall be obtained by multiplying the weighted average of the excess of the accumulated asset expenditures over the asset expenditures of special borrowings with the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

17. Intangible assets

The intangible assets of the Company includes the land use rights, software parking space use right, franchise rights and others are measured at actual cost when being acquired; wherein, for the purchased intangible assets are measured at the prices actually paid and related other expenditure as the actual cost; for the intangible assets invested by the investor, the value agreed in accordance with investment contract or agreement is recognized as actual cost, except value agreed in the contract or agreement is unfair, in such case, the actual cost shall be recognized at fair value. Intangible assets acquired in business combination not under common control which are previously held by the acquiree but are not recognized in the financial statements of the acquiree, shall be recognized as intangible assets at the fair value at the initial recognition of assets of the acquiree.

Land use rights are amortized from the date of transfer on an average basis for the term of transfer: Software, patented technology and other intangible assets are amortized on at straight line basis based on the estimated useful life, useful life under contract or effective period stipulated by laws, whichever is the shortest. The amortized amounts are included in current profits and losses and relevant asset costs according to beneficiaries. The estimated useful life and the amortization method of intangible assets with limited useful life shall be reviewed at the end of each year. Any change shall be accounted for as changes in accounting estimates.

The Company rechecks the expected service life of intangible assets with uncertain service life in each accounting period.

The expected life of intangible assets with limited life used by the Company is as follows:

Sequence	Category	Expected useful life
		Year
1.....	Software	3-4
2.....	Parking space use right	40-50
3.....	Land use right	30-40

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

18. Research and development expenditure

The expenditures for research and development projects are classified as expenditure for research stage and expenditure for development stage according to natures of the expenditures and whether the expenditures have a great uncertainty in the conversion of the research and development activities into intangible assets. The expenditures in research stage shall be included in current profits and losses when incurred. The expenditures in development stage shall be recognized as intangible assets when the following conditions are met:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Company has the intention to complete the intangible asset and use or sell it;
- (3) There are exist markets for products produced by using the intangible assets or markets of the intangible assets;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Development expenditures which do not meet the above conditions shall be included in current profits and losses when incurring. The development expenditures that have been included in the profits and losses previously shall not be recognized as assets in the subsequent period. The capitalized expenditures in the development stage shall be presented as development expenditures on the balance sheet and shall be transferred into intangible assets from the date when the project meets the expected conditions for use.

19. Impairment of long-term assets

The Company shall assess intangible assets such as long-term equity investment, investment real estates measured by the cost model, fixed assets, construction in progress and intangible assets with limited useful lives at each of the balance sheet date. When there is indication that there is impairment, the Company shall consider impairment assessment. Impairment assessment is conducted for goodwill and intangible assets with uncertain useful life, at the end of the period regardless of whether there is indication of impairment loss.

If the impairment test shows that the book value of the asset is greater than its recoverable value, the difference between the two shall be recognized as impairment loss. Such impairment loss, once recognized, shall not be reversed in subsequent accounting period.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

20. Employee benefits

Employee benefits of the Company include short-term employee remunerations, post-employment benefits, termination benefits and other long-term welfare.

The short-term employee compensation includes salaries, bonuses, allowances & subsidy, staff welfare, social insurance charges, housing funds, labor union expenditures, personnel education fund and relevant expenditures spent in obtaining the staff's service; the Company shall recognize the short-term employee compensation actually incurred as liability and record it in the current profits and losses or relevant asset costs during the accounting period when employees provide services.

The post-employment benefits mainly include basic pension insurance, unemployment insurance expense, enterprise annuity and supplement welfare provided by the Company for retired staff, and classified as defined contribution plan and defined benefit plan depending on the risk and obligation assumed by the Company. For the defined contribution plan, the contribution that paid to individual subject for the services provided by the employees in the accounting period on the balance sheet date shall be recognized as liabilities and included in current profits and losses or related asset cost as per the benefit object. For the defined benefit plan, the Company shall use an actuarial assumption that is unbiased and mutually compatible to make a reliable estimate of the variables on population and finance according to the projected accumulated benefit unit method, measure obligations generated by defined benefit plan and determine the period to which relevant obligations belong. The deficit or surplus formed by the present value of obligations under defined benefit plan minus the fair value of assets under defined benefit plan shall be recognized as a net liability or a net asset under defined benefit plan. In case that the defined benefit plan has surplus, the Company measures the net asset under defined benefit plan as per the surplus under defined benefit plan and the upper asset limit, whichever is lower.

All defined benefit plans obligations, including the obligation to pay within 12 months after the end of annual reporting period when the employees provided service, were discounted based on the balance sheet date based on the market return on the national bonds matching with the obligations under the defined benefit plan in terms of the term and currency or based on the high-quality corporation bonds in the active market.

The service cost arising from the defined benefit plan and the net amount of interest of the net liability or net asset of the defined benefit plan shall be included in current profits and losses or relevant asset cost; the changes arising from re-measurement of the net liability or net asset of the defined benefit plan shall be included in other comprehensive income and shall never be reversed to profits or losses in subsequent accounting periods. For settlement of the defined benefit plan, the settlement gain or loss shall be recognized as per the difference between the present value of the defined benefit plan obligation and the settlement price determined on the date of settlement.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

20. Employee benefits (continued)

Termination benefits are the compensation to employees when the Company terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy.

Other long-term employee welfare refers to the employee benefits except for short-term benefits, post-employment welfare and dismissal welfare.

21. Estimated liabilities

Where the business related to external guarantee, trade acceptance discount, pending litigations or arbitrations, product quality assurance, etc. meets the following conditions, the Company will recognize it as liabilities: current obligation borne by the Company; great possibility of economic benefit outflow because of performing the obligations; reliable measurement for the amount of the obligations.

Estimated liabilities are initially measured at the best estimate required to be paid when performing relevant current obligations, with comprehensive consideration of such factors as risks, uncertainties and time value of money related to contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future cash outflow. The book value of provisions shall be reviewed on each balance sheet date, which shall also be adjusted to reflect the current optimal estimation.

22. Revenue recognition principles and measuring methods

The operating income of the Company is mainly derived from sale of goods, transfer of the right-of-use assets and rendering of services. The revenue recognition principles are as follows:

(1) Specific judgment standard for recognition date of revenue from goods sales

The revenue from commodity sales is recognized under the following conditions: the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Company; and the associated costs incurred or to be incurred can be measured reliably.

If the amount provided in the contract or agreement shall be collected in a deferred manner, which substantially belongs to financing and the income amount of selling goods shall be recognized according to the fair value of the amount received or receivable that is provided in the contract or agreement.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

22. Revenue recognition principles and measuring methods (continued)

(2) *Basis of recognition of the income from transfer of the right-of-use assets*

When economic benefits relating to transaction may flow to the enterprise and the amount of the income can be measured in a reliable way, the Company shall determine the income amount from transfer the right-of-use assets according to conditions below:

- 1) Interest income shall be calculated and confirmed in accordance with the length of time for which the enterprise's monetary fund is used by others and the effective interest rate.
- 2) Royalty income shall be calculated and confirmed in accordance with the charging time and method specified in relevant contract or agreement.

(3) *Basis of recognition of the income from provision of services*

When the outcome of the transaction involving rendering of services can be estimated reliably on the balance sheet date, the service revenue is recognized using percentage of completion method. The stage of completion of a transaction concerning the provision of labor services is determined based on measurement of completed part, the proportion of services provided to the total estimated services and the proportion of the costs incurred to the total estimated costs.

When the outcome of the rendering of services can be estimated reliably and revenue from rendering of services is recognized when

- 1) The amount of revenue can be measured reliably;
- 2) It is probable that the associated economic benefits will flow to the enterprise;
- 3) The stage of completion of the transaction can be determined reliably; and
- 4) The associated costs incurred or to be incurred can be measured reliably.

The total service revenue shall be confirmed according to the contract or agreed price received or receivable, except the foresaid contract or agreed price received or receivable is not fair. The amount calculated on balance sheet date by using total service revenue multiplying stage of completion and then deducting the service revenue accumulated and confirmed in previous years will be recognized as the service revenue of current period; and the amount calculated by using total estimated service cost multiplying stage of completion and then deducting the service cost accumulated and confirmed in previous years will be recognized as the service cost of current period.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

22. Revenue recognition principles and measuring methods (continued)

(3) *Basis of recognition of the income from provision of services (continued)*

When the outcome of the transaction involving rendering of services cannot be estimated reliably on the balance sheet date, the following conditions shall be considered as below:

- 1) Where it is expected that the incurred service cost can be compensated, the revenue concerning rendering of service will be recognized based on incurred service cost and the service cost can be carried forward in the same amount.
- 2) Where it is expected that the incurred service cost cannot be compensated, the incurred service cost will be included in the current profit and loss and the service income will not be recognized.

The contracts or agreements signed between the Company and other enterprises include those for selling goods and rendering of services which can be distinguished from each other and can be measured separately. The portion of sales of goods can be considered as selling of goods while the portion of rendering of services can be considered as rendering of services. If the portion of selling of goods and the rendering of services cannot be separated or the selling of goods and rendering of services can be separated but cannot be measured separately, the portion of selling of goods and rendering of services shall be considered as sales of goods.

23. Government subsidy

Government subsidies are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor and are classified as the asset-related government subsidy and revenue-related government subsidy.

The asset-related government subsidies refer to those obtained by the Company and used for the acquisition or construction of long-term assets or obtainment of such assets by other forms. The revenue-related government subsidies refer to those other than the asset-related government subsidies. If no assistance object is specified in the government documents, the Company shall determine it based on the above identifying principles. For those hard to be identified, classify them totally in the income-related government subsidy.

Where the government subsidy is monetary asset, it shall be measured at the amount received; for subsidy granted as per the fixed quota standard, when there are unambiguous evidences showing that related conditions as stipulated in the financial supporting policies are met and it is expected that the financial supporting assets can be obtained, such subsidy shall be measured as per the receivable amount; where the government subsidy is non-monetary asset, it shall be measured at the fair value; if the fair value cannot be obtained reliably, then it shall be measured at its nominal amount (RMB1).

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

23. Government subsidy (continued)

Government subsidies related to assets are used to offset the book value of the related assets or are recognized as deferred income. Asset-related government subsidies be recognized as deferred income shall be distributed with a reasonable and systematic method within the service life of related assets and included in profits and losses.

When the related assets are sold, assigned, scrapped or damaged before the end of service life, all the undistributed deferred income shall be transferred to the profit or loss of the current period of assets disposal.

The revenue-related government subsidies used to compensate for the related charges or losses of future period shall be included in the deferred income, and shall be included in the current profits or losses or offset relevant costs during the period when they are recognized. The government subsidies related to daily activities shall be included in other income or offset relevant costs based on the substance of business transactions. The government subsidies not related to daily activities shall be included in the non-operating income and expenses.

If any government grant recognized by the Company is required to be returned, the accounting treatments shall be conducted during the current period when the return is required as followings:

- 1) If the government grant is utilized to offset the carrying value of the relevant assets at initial recognition, the carrying value of the assets shall be adjusted.
- 2) Any deferred income is utilized to offset the book balance of the relevant deferred income and any excess is included in profit or loss for the current period.
- 3) Under any other circumstances, they are directly included in profit and loss for the current period.

24. Deferred income tax assets and liabilities

The deferred income tax assets and deferred income tax liabilities of the Company shall be calculated and recognized bases on the taxation base of assets and liabilities and the balance of their book values (temporary balance). For the deductible loss of taxable income that can be deducted in the future years as specified by tax laws, corresponding deferred income tax assets shall be recognized. For temporary difference with respect to initial recognition of goodwill, the Company shall not recognize relevant deferred income tax liabilities. For the temporary difference with respect to initial recognition of assets or liabilities incurred in transaction which is not business merger and the occurrence of which has no impact on the accounting profits and the taxable income (or deductible losses), relevant deferred income tax assets and liabilities shall not be recognized. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

24. Deferred income tax assets and liabilities (continued)

The deferred income tax assets shall be recognized to the extent of the future taxable income likely to be obtained for deducting deductible temporary difference, deductible loss, and tax deduction by the Company.

25. Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Accounting treatment methods of operating lease is as follows:

- (1) The lease expenses paid by the Company for leasing of the assets shall be amortized based on the straight-line basis and included in current expenses during the entire lease period including the rent-free period. The initial direct expenses related to the lease transaction paid by the Company shall be included in current period expenses.

The lessors are responsible to the leasing related expenses that should be borne by the Company, the Company shall deduct such expenses from the total rental, and rental after deduction shall be amortized within the lease term and included in current period expenses.

- (2) The lease fees charged for leasing the assets received by the Company shall be amortized based on the straight-line method and included in leasing rental during the entire lease period including the rent-free period. The initial direct expenses related to the lease transaction paid by the Company shall be included in current period expenses; if the amount is relatively significant, it shall be capitalized and the amount should be included in the current period revenue with the same basis for recognition of lease rental within the entire lease term.

If the Company are responsible to the leasing rental expenses that should be borne by the lessee, the Company shall deduct such expenses from the total amount of rental income and the expenses after deduction shall be allocated over the lease term.

26. Other significant accounting policies and accounting estimates

Not applicable.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Contents and reasons of changes in

accounting policies

Approval of the Company

Remarks

On May 10, 2017, the Ministry of Finance issued the Notice on Issuing *The Accounting Standards for Enterprises No. 16—Governmental Subsidies* (CK [2017] No. 15) that requires to be enforced in all of the Enterprises executing the Accounting Standards for Enterprises since June 12, 2017.

Changes of relevant accounting policies have been reviewed and approved in the 21st Meeting of the Fourth Board of Directors of the Company.

The Company has fully implemented the revised *Accounting Standards for Business Enterprises No. 16—Governmental Subsidies*. The Company takes prospective application to deal with the government subsidies existing on January 01, 2017 and adjusts the government subsidies newly added during the period from January 1, 2017 to the implementation date of the standards.

On December 25, 2017, the Ministry of Finance issued the *Notice on Revising and Issuing the Format of Financial Statements of General Enterprises* (CK [2017] No. 30) to require the non-financial enterprises that implement the Accounting Standards for Business Enterprises to prepare the financial statements for 2017 and subsequent periods in accordance with the Accounting Standards for Business Enterprises and the Notice.

Changes of relevant accounting policies have been reviewed and approved in the 25th Meeting of the Fourth Board of Directors of the Company.

The Company has fully implemented the *Notice on Revising and Issuing the Format of Financial Statements of General Enterprises*. The Company adjusts the statements during the comparative corresponding period based in accordance with the Notice.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(1) Changes in significant accounting policies (continued)

Contents and reasons of changes in accounting policies

	Approval of the Company	Remarks
On June 15, 2018, the Ministry of Finance issued the <i>Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2018</i> (CK [2018] No. 15) to require enterprises that implement the Accounting Standards for Business Enterprises to prepare the financial statements for 2018 and subsequent periods in accordance with the Accounting Standards for Business Enterprises and the Notice.	Changes of relevant accounting policies have been reviewed and approved in the 5th Meeting of the Fifth Board of Directors of the Company.	The Company has fully implemented the <i>Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2018</i> . The Company has adjusted the statements during the comparative corresponding period based on the Notice and its interpretation. The change in accounting policies will not affect the total assets, total liabilities, net assets and net profit of the Company in the consolidated financial statements for the year 2018 and the comparative corresponding period.
In 2017, the Ministry of Finance revised and issued the <i>Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24—Hedging, Accounting Standards for Business Enterprises No. 37—Presentation of Financial Instruments</i> (the above four standards are hereinafter referred to as the New Financial Instruments Standards).	Changes of relevant accounting policies have been reviewed and approved in the 5th Meeting of the Fifth Board of Directors of the Company.	From January 1, 2019, the Company has implemented the New Financial Instrument Standards and discloses financial statements according to the requirements of the Standards. According to the convergence requirements of the Standards, the Company will not make retrospective adjustments to the comparative statements for the same period last year, but will only make retrospective adjustments to the retained earnings at the beginning of 2019 and other relevant items in the financial statements. The implementation of the above New Standards is not expected to have a significant impact on the Company's financial statements.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(1) Changes in significant accounting policies (continued)

Contents and reasons of changes in accounting policies

	Approval of the Company	Remarks
On April 30, 2019, the Ministry of Finance issued the <i>Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019</i> (CK [2019] No. 6), which is applicable to the financial statements of non-financial enterprises that implement the Accounting Standards for Business Enterprises in the mid-term of 2019 and beyond.	Changes of relevant accounting policies have been reviewed and approved in the 8th Meeting of the Fifth Board of Directors of the Company.	The Company has fully implemented the <i>Notice on Revising and Issuing the Format of Financial Statements of General Enterprises in 2019</i> . According to the Notice, the Company adjusted the statement for the comparison period. This change in accounting policy will not affect the total assets, total liabilities, net assets and net profits of the Company's consolidated financial statements for 2019 and the comparison period.
On May 9, 2019, the Ministry of Finance issued a notice (CK [2019] No. 8) on the issuance and revision of the <i>Accounting Standards for Business Enterprises No. 7—Exchange of Non-monetary Assets</i> to be implemented in all enterprises that implement the Accounting Standards for Business Enterprises.		The Company implemented the <i>Accounting Standards for Business Enterprises No. 7—Exchange of Non-monetary Assets</i> from June 10, 2019. The change of accounting policy has no impact on the Company's financial statements.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(1) Changes in significant accounting policies (continued)

Contents and reasons of changes in accounting policies

Approval of the Company

Remarks

On May 16, 2019, the Ministry of Finance issued a notice (CK [2019] No. 9) on the issuance and revision of the *Accounting Standards for Business Enterprises No. 12—Debt Restructuring* to be implemented in all enterprises that implement the Accounting Standards for Business Enterprises.

The Company implemented the *Accounting Standards for Business Enterprises No. 12—Debt Restructuring* from June 17, 2019. The change of accounting policy has no impact on the Company's financial statements.

On September 19, 2019, the Ministry of Finance issued a notice (CK [2019] No. 16) on *Revising and Issuing the Format of Consolidated Financial Statements (2019 edition)* to be applied to all enterprises that implement the Accounting Standards for Business Enterprises. *The Notice of the Ministry of Finance on Revising and Issuing the Format of Consolidated Financial Statements (2018 Edition)* (CK [2019] No. 1) was repealed simultaneously.

Changes of relevant accounting policies have been reviewed and approved in the 15th Meeting of the Fifth Board of Directors of the Company.

The Company has fully implemented the notice on *Revising and Issuing the Format of Consolidated Financial Statements (2019 Edition)*. According to the Notice, the Company adjusted the statement for the comparison period. This change in accounting policy will not affect the total assets, total liabilities, net assets and net profits of the Company's consolidated financial statements for 2019 and the comparison period.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(1) Changes in significant accounting policies (continued)

The adjustments to the financial statements during the year 2017 are as followings:

Original items and amounts		Revised items and amounts	
Notes receivables	77,050,000.00	Notes and accounts receivables	3,290,150,306.64
Accounts receivables	3,213,100,306.64	Other receivables	354,337,487.47
Interest receivables	—	Fixed assets	249,701,555,128.18
Dividends receivables	159,874,360.70	Construction in progress	6,096,970,422.74
Other receivables	194,463,126.77	Notes and accounts payable	188,459,616.00
Fixed assets	249,701,555,128.18	Other payables	20,676,101,641.76
Disposal of fixed assets	—	Long-term payables	41,232,945,436.94
Construction in progress	5,986,530,329.62	Administrative expenses	811,615,804.10
Construction materials	110,440,093.12	R&D expenses	28,821,489.36
Notes payable	101,039,781.02	Other income—Return of administrative fee for individual income tax withhold	1,344,805.47
Accounts payable	87,419,834.98		
Interest payable	665,289,460.60		
Dividends payable	—		
Other payables	20,010,812,181.16		
Long-term payables	41,232,945,436.94		
Special payables	—		
Administrative expenses	840,437,293.46		
Income from other operations	1,344,805.47		

Note: In accordance with the *Interpretation of Issues Concerning the Form of General Corporate Financial Statements for 2018* issued by the Ministry of Finance on September 7, 2018, the Company presented the Refund of withholding service fee withheld as other items related to daily activities in the “Other Income” item of the income statement and adjusted the statements for the comparable period.

The adjustments to the financial statements during the year 2018 are as followings:

Original items and amounts		Revised items and amounts	
Notes receivables	3,669,800.00	Notes and accounts receivables	2,629,743,599.80
Accounts receivables	2,626,073,799.80	Notes and accounts payable	146,054,236.74
Notes payable	63,458,633.10		
Accounts payable	82,595,603.64		

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(2) Changes in significant accounting estimates

None.

(3) Relevant items in the consolidated financial statements at the beginning of the year upon first implementation of the New Financial Instruments Standards or the adjustment of the new revenue standards

1) Consolidated Balance Sheet

Item	December 31, 2018	January 1, 2019	Restated amount
Current assets:			
Cash at bank and on hand ..	5,336,881,040.54	5,336,881,040.54	—
Notes receivables	3,669,800.00	3,669,800.00	—
Accounts receivables	2,626,073,799.80	2,633,996,256.67	7,922,456.87
Advance to suppliers	10,236,070.68	10,236,070.68	—
Other receivables	79,980,202.10	84,392,668.48	4,412,466.38
Including: Dividends			
receivables	53,218,435.00	53,218,435.00	—
Inventories	219,192,463.11	219,192,463.11	—
Other current assets	1,208,912,001.01	1,208,912,001.01	—
Total current assets	9,484,945,377.24	9,497,280,300.49	12,334,923.25
Non-current assets:			
Debt investments	—	1,224,987,977.12	1,224,987,977.12
Available-for-sale financial			
assets	18,123,005,437.90	—	(18,123,005,437.90)
Long-term equity			
investments	21,487,030,925.49	21,487,030,925.49	—
Other equity instrument			
investments	—	5,354,216,123.46	5,354,216,123.46
Other non-current financial			
assets	—	12,779,801,666.02	12,779,801,666.02
Investment real estates	28,645,291.37	28,645,291.37	—
Fixed assets	237,911,888,113.03	237,911,888,113.03	—
Construction in progress ...	6,691,666,262.44	6,691,666,262.44	—
Intangible assets	181,080,566.35	181,080,566.35	—
Long-term deferred			
expenses	1,401,259.24	1,401,259.24	—
Deferred income tax			
assets	343,651,385.13	341,323,030.44	(2,328,354.69)
Other non-current assets ...	1,243,674,027.34	18,686,050.22	(1,224,987,977.12)
Total non-current assets ..	286,012,043,268.29	286,020,727,265.18	8,683,996.89
Total assets	295,496,988,645.53	295,518,007,565.67	21,018,920.14

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) Relevant items in the consolidated financial statements at the beginning of the year upon first implementation of the New Financial Instruments Standards or the adjustment of the new revenue standards (continued)

1) Consolidated Balance Sheet (continued)

Item	December 31, 2018	January 1, 2019	Restated amount
Current liabilities:			
Short-term borrowings	12,700,000,000.00	12,700,000,000.00	—
Financial liabilities held for trading	—	492,164,591.91	492,164,591.91
Financial liabilities at fair value through profit or loss	492,164,591.91	—	(492,164,591.91)
Notes payable	63,458,633.10	63,458,633.10	—
Accounts payable	82,595,603.64	82,595,603.64	—
Advances from customers	9,789,564.53	9,789,564.53	—
Employee compensation payable	104,036,148.53	104,036,148.53	—
Taxes payable	2,244,216,343.78	2,244,216,343.78	—
Other payables	19,336,945,056.05	19,336,945,056.05	—
Including: Interest payable	685,700,683.53	685,700,683.53	—
Current portion of non-current liabilities	15,297,687,123.29	15,297,687,123.29	—
Other current liabilities	6,496,298,972.17	6,496,298,972.17	—
Total current liabilities	56,827,192,037.00	56,827,192,037.00	—
Non-current liabilities:			
Long-term borrowings	26,000,000,000.00	26,000,000,000.00	—
Bonds payable	34,265,894,787.06	34,265,894,787.06	—
— Long-term payables	34,632,945,436.94	34,632,945,436.94	—
Deferred income	6,229,112.34	6,229,112.34	—
Deferred income tax liabilities	1,080,174,205.16	1,082,927,293.06	2,753,087.90
Total non-current liabilities	95,985,243,541.50	95,987,996,629.40	2,753,087.90
Total liabilities	152,812,435,578.50	152,815,188,666.40	2,753,087.90
Owners' equity:			
Capital stock	22,000,000,000.00	22,000,000,000.00	—
Capital reserves	44,295,503,166.39	44,295,503,166.39	—
Other comprehensive income	3,187,914,292.67	2,644,795,539.07	(543,118,753.60)
Surplus reserves	24,319,522,433.93	24,319,522,433.93	—
Undistributed profits	48,400,469,257.13	48,961,847,100.79	561,377,843.66
Total shareholders' equity attributable to parent company	142,203,409,150.12	142,221,668,240.18	18,259,090.06
Minority interests	481,143,916.91	481,150,659.09	6,742.18
Total stockholders' equity	142,684,553,067.03	142,702,818,899.27	18,265,832.24
Total liabilities and stockholders' equity	295,496,988,645.53	295,518,007,565.67	21,018,920.14

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) Relevant items in the consolidated financial statements at the beginning of the year upon first implementation of the New Financial Instruments Standards or the adjustment of the new revenue standards (continued)

2) Company's Balance Sheet

Item	December 31, 2018	January 1, 2019	Restated amount
Current assets:			
Cash at bank and on hand . .	3,359,038,785.81	3,359,038,785.81	—
Notes receivables	3,400,000.00	3,400,000.00	—
Accounts receivables	1,502,909,191.98	1,507,431,486.44	4,522,294.46
Advances to suppliers	10,236,070.68	10,236,070.68	—
Other receivables	58,037,615.00	58,298,436.41	260,821.41
Including: Dividends			
receivables	53,218,435.00	53,218,435.00	—
Inventories	115,202,488.91	115,202,488.91	—
Other current assets	802,691,262.48	802,691,262.48	—
Total current assets	5,851,515,414.86	5,856,298,530.73	4,783,115.87
Non-current assets:	—	—	—
Available-for-sale financial			
assets	14,997,414,469.87	—	(14,997,414,469.87)
Long-term equity			
investments	59,779,185,817.70	59,779,185,817.70	—
Other equity instrument			
investments	—	4,899,587,714.48	4,899,587,714.48
Other non-current financial			
assets	—	10,097,826,755.39	10,097,826,755.39
Investment real estates	28,645,291.37	28,645,291.37	—
Fixed assets	101,489,823,239.49	101,489,823,239.49	—
Construction in progress	814,173,962.88	814,173,962.88	—
Intangible assets	76,402,026.46	76,402,026.46	—
Deferred income tax assets . .	107,063,567.17	105,867,788.20	(1,195,778.97)
Other non-current assets	18,686,050.22	18,686,050.22	—
Total non-current assets . . .	177,311,394,425.16	177,310,198,646.19	(1,195,778.97)
Total assets	183,162,909,840.02	183,166,497,176.92	3,587,336.90

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) *Relevant items in the consolidated financial statements at the beginning of the year upon first implementation of the New Financial Instruments Standards or the adjustment of the new revenue standards (continued)*

2) *Company's Balance Sheet (continued)*

Item	December 31, 2018	January 1, 2019	Restated amount
Current liabilities:			
Short-term borrowings	6,805,000,000.00	6,805,000,000.00	—
Notes payable	61,122,577.09	61,122,577.09	—
Accounts payable	48,746,013.66	48,746,013.66	—
Advances from customers	8,826,393.50	8,826,393.50	—
Employee compensation payable	88,122,893.98	88,122,893.98	—
Taxes payable	1,419,344,514.97	1,419,344,514.97	—
Other payables	1,463,308,435.35	1,463,308,435.35	—
Including: Interest payable	604,691,196.00	604,691,196.00	—
Current portion of non-current liabilities	3,497,687,123.29	3,497,687,123.29	—
Other current liabilities	6,496,298,972.17	6,496,298,972.17	—
Total current liabilities	19,888,456,924.01	19,888,456,924.01	—
Non-current liabilities:			
Long-term borrowings	19,000,000,000.00	19,000,000,000.00	—
Bonds payable	30,939,089,077.63	30,939,089,077.63	—
Deferred income tax liabilities	1,087,014,959.58	1,087,014,959.58	—
Total non-current liabilities	51,026,104,037.21	51,026,104,037.21	—
Total liabilities	70,914,560,961.22	70,914,560,961.22	—
Owners' equity:			
Capital stock	22,000,000,000.00	22,000,000,000.00	—
Capital reserves	46,853,868,130.51	46,853,868,130.51	—
Other comprehensive income	3,240,207,021.24	2,912,857,187.73	(327,349,833.51)
Surplus reserves	22,934,762,401.97	22,934,762,401.97	—
Undistributed profits	17,219,511,325.08	17,550,448,495.49	330,937,170.41
Total shareholders' equity	112,248,348,878.80	112,251,936,215.70	3,587,336.90
Total liabilities and stockholders' equity	183,162,909,840.02	183,166,497,176.92	3,587,336.90

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

V. Taxes

1. Main taxes and tax rates

Category	Tax basis	Tax rate	Remarks
Value-added tax . . .	Income from selling electricity and commodities	17%, 16%, 13%, 3%	<i>Note 1, 8</i>
	Income from lease of real properties	11%, 10%, 9%	<i>Note 1</i>
	Taxable service income and taxable labor service income	11%, 3%, 6%	
	Income from transfer of financial commodities	6%	
City maintenance and construction tax	Taxable amount of turnover tax	7%, 5%, 1%	
Educational surcharge	Taxable amount of turnover tax	3%	
Local educational surcharge	Taxable amount of turnover tax	2%, 1.5%	<i>Note 2</i>
Income tax	Taxable income	7.5%, 15%, 16.5%, 25%	<i>Notes 3, 4 and 5</i>
Property tax	70% or 75% of the original value of the property and rental income	1.2%, 12%	<i>Note 6</i>
Water resources tax	Actual electricity generation and water intake	RMB0.008/kwh, RMB0.09/m ³ and RMB0.1/m ³	<i>Note 7</i>

Notes:

- 1: Pursuant to the *Notice on Adjustment of the Tax Rate of Value Added Tax* (CS [2018] No. 32) issued by the Ministry of Finance and the State Taxation Administration, from May 1, 2018, if the original 17% and 11% tax rates are applied to the taxable sales activities of enterprises, the tax rates shall be adjusted to 16% and 10%, respectively. Pursuant to the provisions of the *Announcement on Relevant Policies of Deepening VAT Reform* (Announcement No.39 in 2019 of the General Administration of Customs, the Ministry of Finance and the State Administration of Taxation) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs, since April 1, 2019, for taxable sales of VAT occurred in enterprises, where the 16% and 10% tax rates applied, the tax rates were adjusted to 13% and 9%, respectively.
- 2: Pursuant to EZBF [2016] No. 27, since May 01, 2016, the additional tax rate of enterprise local educational surcharge in Hubei region is reduced from 2% to 1.5%, and the duration of reducing levy rate is temporarily implemented for two years. Pursuant to EZBF [2018] No.13, the preferential policy of local educational surcharge for enterprises in Hubei region has been extended to December 31, 2020.
- 3: On November 30, 2018, pursuant to the relevant provisions of the *Measures for the Recognition and Management of High-tech Enterprises* (GKFH (2016) No. 32) and the *Guidelines for the Recognition and Management of High-tech Enterprises* (GKFH (2016) No. 195), Three Gorges High-tech Information Technology Co., Ltd. was recognized as a high-tech enterprise with a validity period of three years. The Company is eligible to enjoy preferential policy for high-tech enterprise income tax at the rate of 15%.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

V. Taxes (continued)

1. Main taxes and tax rates (continued)

- 4: Pursuant to the *Announcement of the State Administration of Taxation* [2012] No.12, policies such as *Notice on Issues Concerning Enterprise Income Tax Relating to Further Implementing the Western Region Development Strategy*, Chuanyun Company meets conditions of preferential policy for Western region development and enterprise income tax would be reduced to 15%. Chuanyun Company has completed the relevant approval procedures on such tax concession. Meanwhile, Chuanyun Company invests and manages public infrastructure projects and has the support from the state. Pursuant to *Notice on Issues Concerning Enterprise Income Tax Relating to Public Infrastructure Projects with Great Support from the State* (GSF [2009] No. 80) issued by State Administration of Taxation, Chuanyun Company is eligible to enjoy the preferential policy of “exemption from enterprise income tax for the coming three years first and then reduction on half of the enterprise income tax for subsequent three years”, and is exempted from enterprise income tax from 2013 to 2015, and enjoys halving tax concession from 2016 to 2018.
- 5: The applicable tax rate of profit income taxes in Hong Kong for Yangtze Power International is 16.5%.
- 6: The Company’s property tax base is 70% to the original value of the property (Beijing, Chengdu, Yibin, Shuifu, Leibo and Yongshan) or 75% to the original value of the property (Yichang) at the tax rate of 1.2%, or the Company’s rental income is the tax bases at the tax rate of 12% (Chengdu, Beijing and Yichang). The original taxable value of underground workshop is 50% to the original price of the property (Yichang) and the tax base is 75% to the original taxable value of the property value (Yichang) at the tax rate of 1.2%.
- 7: Pursuant to the *Notice on Printing and Issuing the Implementation Measures for Expanding the Water Resources Tax Reform Pilot* (CS [2017] No. 80) jointly issued by the Ministry of Finance, the State Administration of Taxation and the Ministry of Water Resources, Sichuan Province is specified as the second batch of water resources tax reform pilot provinces in China. Since December 1, 2017, Chuanyun Company has commenced to pay the water resources tax and the levy standards are as the followings:
- | Category | Classification | Tax basis | Levy rates |
|---------------------|----------------------------|-------------------------------|---|
| Water resources tax | Water for power generation | Actual electricity generation | RMB0.008/kWh |
| | Production water | Actual water intake | Xiluodu Hydropower Station RMB0.09/m ³ |
| | | | Xiangjiaba Hydropower Station RMB0.1/m ³ |
- 8: According to regulations given by Ministry of Finance and State Administration of Taxation relating to Notice on Value-Added Tax Policies of Large Hydropower Enterprise (CS [2014] No. 10), with its installed capacity over 1 million kilowatts, hydropower station (including pump-generator plant) sells electrical products made by itself. From January 01, 2013 to December 31, 2015, policy of products’ taxation and drawback are implemented on partial products whose real burden of taxation of VAT is over 8%; policy of products’ taxation and drawback are implemented on partial products whose real burden of taxation of VAT is over 12% from January 01, 2016 to December 31, 2017.

VI. Notes to main items in consolidated financial statement

1. Cash at bank and on hand

Item	2019	2018	2017
Cash on hand			
Cash in bank	4,989,301,496.47	4,210,275,094.14	5,195,584,636.08
Other cash at bank and on hand	2,334,151,383.55	1,126,605,946.40	5,868,810.54
Total	7,323,452,880.02	5,336,881,040.54	5,201,453,446.62
Including: Total amount deposited overseas	4,231,648,449.48	1,581,524,557.09	378,385,706.98

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

1. Cash at bank and on hand (continued)

Breakdown of restricted monetary funds

Item	2019	2018	2017
Bank balances pledged for performance bonds	5,511,900.00	2,395,864.50	1,220,173.80
Total	<u>5,511,900.00</u>	<u>2,395,864.50</u>	<u>1,220,173.80</u>

Note: Apart from the restricted monetary funds, other cash at bank and on hand are investment funds, without mortgage, freeze and other constraints.

2. Financial assets at fair value through profit or loss

Item	2019	2018	2017
Trading financial assets	—	—	10,270.00
Including: equity instrument investment	—	—	10,270.00
Total	<u>—</u>	<u>—</u>	<u>10,270.00</u>

3. Notes receivables

Type of notes receivables

Item	2019	2018	2017
Bank acceptance bills	2,560,000.00	3,669,800.00	77,050,000.00
Total	<u>2,560,000.00</u>	<u>3,669,800.00</u>	<u>77,050,000.00</u>

Note: The Company did not have notes receivables which were pledged, had been endorsed or discounted but not yet expired on the balance sheet date, and were transferred for accounts receivables due to the drawer's inability of performance at the end of the year.

4. Accounts receivables

(1) Disclosure of accounts receivables by aging

Item	2019	2018	2017
Within 1 year	2,943,057,245.10	2,633,692,163.56	3,219,336,880.03
1-2 years	1,387,313.34	208,454.15	4,403,060.07
2-3 years	—	105,851.60	—
3-4 years	—	—	69,267.23
4-5 years	—	—	898,435.00
Over 5 years	898,435.00	898,435.00	6,116.00
Total	<u>2,945,342,993.44</u>	<u>2,634,904,904.31</u>	<u>3,224,713,758.33</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

4. Accounts receivables (continued)

(2) Classified disclosure by bad debt accrual method

Category	Carrying amount		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion	
		%		%	
2019					
Bad debt provision made individually	—	—	—	—	—
Bad debt provision made as per portfolio	2,945,342,993.44	100	906,179.72	0.03	2,944,436,813.72
Including: Power generation receivables	2,878,922,946.13	97.74	—	—	2,878,922,946.13
Other portfolios	66,420,047.31	2.26	906,179.72	1.36	65,513,867.59
Total	2,945,342,993.44		906,179.72		2,944,436,813.72
2018					
Accounts receivables with significant single amount and bad debt provision made individually	—	—	—	—	—
Accounts receivables with bad debt provision drawn by portfolio of credit risk features . . .	2,634,904,904.31	100	8,831,104.51	0.34	2,626,073,799.80
Accounts receivables with insignificant single amount but bad debt provision drawn on single item	—	—	—	—	—
Total	2,634,904,904.31	100	8,831,104.51	0.34	2,626,073,799.80
2017					
Accounts receivables with significant single amount and bad debt provision made individually	—	—	—	—	—
Accounts receivables with bad debt provision drawn by portfolio of credit risk features . . .	3,223,686,610.50	99.97	10,586,303.86	0.33	3,213,100,306.64
Accounts receivables with insignificant single amount but bad debt provision drawn on single item	1,027,147.83	0.03	1,027,147.83	100	—
Total	3,224,713,758.33	100	11,613,451.69	0.36	3,213,100,306.64

(3) Movements of impairment for accounts receivables

Category	Balance brought forward	Provision	Accounts recovered or transferred back	Amounts charged or written off	Others	Balance carried forward
2019						
Accounts receivables	8,831,104.51	—	2,467.92	—	(7,922,456.87)	906,179.72
Total	8,831,104.51	—	2,467.92	—	(7,922,456.87)	906,179.72
2018						
Accounts receivables	11,613,451.69	—	2,782,347.18	—	—	8,831,104.51
Total	11,613,451.69	—	2,782,347.18	—	—	8,831,104.51
2017						
Accounts receivables	11,142,722.21	2,702,505.48	—	—	(2,231,776.00)	11,613,451.69
Total	11,142,722.21	2,702,505.48	—	—	(2,231,776.00)	11,613,451.69

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

4. Accounts receivables (continued)

(3) Movements of impairment for accounts receivables (continued)

Notes: The reason for other transfer-out is that Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. The Three Gorges Industrial Co., Ltd. and their subsidiaries are removed from the consolidation scope in 2017.

(4) List of top five accounts receivables

Company name	Amount	Account age	Proportion in total closing balance %	Closing balance of bad debt provision
2019				
State Grid Corporation of China	1,823,614,377.33	Within 1 year	61.92	—
China Southern Power Grid Company Limited .	773,679,437.27	Within 1 year	26.27	—
Central China Branch of State Grid Corporation of China	272,474,956.59	Within 1 year	9.25	—
China Three Gorges Corporation	10,752,354.43	Within 1 year	0.37	894.58
SGCC Hubei Electric Power Company . .	9,089,500.22	Within 1 year	0.31	—
Total	<u>2,889,610,625.84</u>		<u>98.12</u>	<u>894.58</u>
2018				
State Grid Corporation of China	2,027,773,034.40	Within 1 year	76.96	6,083,319.10
China Southern Power Grid Company Limited .	323,150,146.06	Within 1 year	12.26	969,450.43
Central China Branch of State Grid Corporation of China	264,262,852.40	Within 1 year	10.03	792,788.56
SGCC Hubei Electric Power Company . .	5,968,819.83	Within 1 year	0.23	17,906.46
China Three Gorges Corporation	2,763,470.48	Within 1 year	0.1	8,290.41
Total	<u>2,623,918,323.17</u>		<u>99.58</u>	<u>7,871,754.96</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

4. Accounts receivables (continued)

(4) List of top five accounts receivables (continued)

Company name	Amount	Account age	Proportion in total closing balance %	Closing balance of bad debt provision
2017				
State Grid Corporation of China	2,552,220,551.15	Within 1 year	79.15	7,656,661.66
China Southern Power Grid Company Limited .	367,137,835.87	Within 1 year	11.39	1,101,413.51
Central China Branch of State Grid Corporation of China	271,299,668.67	Within 1 year	8.41	813,899.01
SGCC Hubei Electric Power Company . .	11,080,428.60	Within 1 year	0.34	33,241.29
China Three Gorges Corporation	8,001,225.59	Within 1 year	0.25	24,003.68
Total	<u>3,209,739,709.88</u>		<u>99.54</u>	<u>9,629,219.15</u>

5. Advances to suppliers

(1) Disclosure of advances to suppliers by aging

Item	2019		2018		2017	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Within 1 year	12,782,997.04	88.45	9,365,166.96	91.49	6,846,405.38	22.79
1-2 years	799,384.22	5.53	169,656.18	1.66	23,196,505.37	77.21
2-3 years	169,656.18	1.17	701,247.54	6.85	—	—
3-4 years	701,247.54	4.85	—	—	—	—
Total	<u>14,453,284.98</u>	<u>100</u>	<u>10,236,070.68</u>	<u>100</u>	<u>30,042,910.75</u>	<u>100</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

5. Advances to suppliers (continued)

(2) Significant advance to suppliers with aging over one year

<u>Company name</u>	<u>Amount</u>	<u>Account age</u>	<u>Reasons for no settlement</u>
2019			
Xi'an XD Switchgear Electric Co., Ltd.	790,282.31	1-2 years	The contract has yet not been executed
Chengdu Renju Real Estate Co., Ltd.	701,247.54	3-4 years	The contract has yet not been executed
Zhenjiang East China Electric Power Equipment Company Ltd.	168,453.42	2-3 years	The contract has yet not been executed
Fuzhou Tianyu Electric Co., Ltd.	8,877.51	1-2 years	The contract has yet not been executed
Yichang Petroleum Branch of China Petrochemical Corporation	1,427.16	1-3 years	The contract has yet not been executed
Total	<u><u>1,670,287.94</u></u>		
2018			
Chengdu Renju Real Estate Co., Ltd.	701,247.54	2-3 years	The contract has yet not been executed
Zhenjiang East China Electric Power Equipment Company Ltd.	168,453.42	1-2 years	The contract has yet not been executed
Yichang Petroleum Branch of China Petrochemical Corporation	1,202.76	1-2 years	The contract has yet not been executed
Total	<u><u>870,903.72</u></u>		
2017			
Chengdu Renju Real Estate Co., Ltd.	16,012,973.82	1-2 years	The contract has yet not been executed
Three Gorges International Tendering Co., Ltd.	7,176,207.35	1-2 years	The contract has yet not been executed
Total	<u><u>23,189,181.17</u></u>		

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

5. Advances to suppliers (continued)

(3) List of top five advance to suppliers

Company name	Amount	Account age	Proportion in total closing balance %
2019			
Zhenjiang East China Electric Power Equipment Company Ltd.	2,053,514.06	0-3 years	14.21
Xi'an XD Switchgear Electric Co., Ltd. ...	1,479,069.18	0-2 years	10.23
Yichang Central Branch of Ping An Property & Casualty Insurance Company of China, Ltd.	1,345,320.56	Within 1 year	9.31
Sichuan Chuanxiao Fire Trucks Manufacturing Company Limited	1,266,600.00	Within 1 year	8.76
Chengdu Renju Real Estate Co., Ltd.	701,247.54	3-4 years	4.85
Total	<u>6,845,751.34</u>		<u>47.36</u>
2018			
Yichang Central Branch of Ping An Property & Casualty Insurance Company of China, Ltd.	1,298,263.38	Within 1 year	12.69
Xi'an XD Switchgear Electric Co., Ltd. ...	790,282.31	Within 1 year	7.72
Chengdu Renju Real Estate Co., Ltd.	701,247.54	2-3 years	6.85
Three Gorges International Tendering Co., Ltd.	593,134.65	Within 1 year	5.79
Yichang Baoxi Lubricating Oil Co., Ltd. .	549,394.56	Within 1 year	5.37
Total	<u>3,932,322.44</u>		<u>38.42</u>
2017			
Chengdu Renju Real Estate Co., Ltd.	16,012,973.82	1-2 years	53.3
Three Gorges International Tendering Co., Ltd.	7,176,207.35	1-2 years	23.89
Hubei Branch of the People's Insurance Company (Group) of China Limited ...	1,481,508.50	Within 1 year	4.93
Yichang Central Branch of Ping An Property & Casualty Insurance Company of China, Ltd.	868,837.25	Within 1 year	2.89
Hubei Branch of China Pacific Property Insurance Co., Ltd.	780,052.74	Within 1 year	2.6
Total	<u>26,319,579.66</u>		<u>87.61</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

6. Other receivables

Item	2019	2018	2017
Dividends receivables	50,045,000.00	53,218,435.00	159,874,360.70
Other receivables	18,026,011.56	26,761,767.10	194,463,126.77
Total	68,071,011.56	79,980,202.10	354,337,487.47

6.1 Dividends receivables

(1) Breakdown

Item (or the investee)	2019	2018	2017
Hubei Qingneng Investment and Development Group Co., Ltd.	50,045,000.00	29,909,000.00	25,867,212.14
The Three Gorges Industrial Co., Ltd.	—	—	75,733,561.07
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	—	23,309,435.00	58,273,587.49
Total	50,045,000.00	53,218,435.00	159,874,360.70

(2) Significant dividends receivables with aging over one year

Item (or the investee)	Amount	Account age	Reason for not recoverable	Whether impairment occurs and the basis for judgment
2019				
Hubei Qingneng Investment and Development Group Co., Ltd.	29,909,000.00	1-2 years	Fund not yet received	No
Total	29,909,000.00			
2018				
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	23,309,435.00	1-2 years	Fund not yet received	No
Total	23,309,435.00			

6.2 Other receivables

(1) Disclosure of other receivables by aging

Account age	2019	2018	2017
Within 1 year	13,748,024.29	14,091,179.76	171,887,464.45
1-2 years	962,644.18	2,150,055.37	4,923,894.87
2-3 years	293,300.00	3,299,394.87	19,866,172.21
3-4 years	1,043,976.58	15,966,149.47	4,824,188.32
4-5 years	4,751,930.40	238,588.32	542,963.32
Over 5 years	—	1,542,963.32	1,000,000.00
Total	20,799,875.45	37,288,331.11	203,044,683.17

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

6. Other receivables (continued)

6.2 Other receivables (continued)

(2) Disclosure of other receivables by nature

Nature	2019	2018	2017
Guarantee deposit and security deposit	2,530,947.63	14,292,927.75	15,365,168.81
Petty cash	—	174,613.12	50,000.00
Advance payment	333,391.71	1,498,958.72	1,347,634.02
Transaction payments	10,786,040.44	11,964,892.48	28,677,946.40
Equity subscription amount and equity subscription bond	—	—	152,500,000.00
Others	7,149,495.67	9,356,939.04	5,103,933.94
Total	20,799,875.45	37,288,331.11	203,044,683.17

(3) Movements of impairment for other receivables

	Stage 1 – Expected credit loss in the future 12 months	Stage 2 – Expected credit loss within whole duration (no credit impairment occurs)	Stage 3 – Expected credit loss within whole duration (credit impairment has occurred)	Total
Bad debt provision				
Balance on January 1, 2019	6,114,097.63	—	—	6,114,097.63
Accounts recovered or transferred back this year	3,340,233.74	—	—	3,340,233.74
Balance on December 31, 2019	<u>2,773,863.89</u>	<u>—</u>	<u>—</u>	<u>2,773,863.89</u>

Amount changed during the current year

Category	Balance brought forward	Provision	Accounts recovered or transferred back	Amounts charged or written off	Others	Balance carried forward
2018						
Other receivables	8,581,556.40	1,945,007.61	—	—	—	10,526,564.01
Total	<u>8,581,556.40</u>	<u>1,945,007.61</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10,526,564.01</u>
2017						
Other receivables	12,005,613.48	5,217,714.30	—	—	(8,641,771.38)	8,581,556.40
Total	<u>12,005,613.48</u>	<u>5,217,714.30</u>	<u>—</u>	<u>—</u>	<u>(8,641,771.38)</u>	<u>8,581,556.40</u>

Note: The reason for other transfer-out is that Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. the Three Gorges Industrial Co., Ltd. and their subsidiaries are removed from the consolidation scope in 2017.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

6. Other receivables (continued)

6.2 Other receivables (continued)

(4) List of top five other receivables

<u>Company name</u>	<u>Nature</u>	<u>Amount</u>	<u>Account age</u>	<u>Proportion in total closing balance</u>	<u>Closing balance of bad debt provision</u>
				<u>%</u>	
2019					
The Three Gorges Industrial Co., Ltd.	Transaction payments	4,052,675.35	Within 1 year	19.48	4,052.68
Sichuan Huaxi Building Decoration Engineering Co., Ltd.	Transaction payments	1,244,605.02	4-5 years	5.98	622,302.51
Chengdu Power Supply Company of Sichuan Electric Power Company, SGCC	Transaction payments	882,204.08	0-2 years	4.24	12,251.00
Yibin County Housing, Urban and Rural Planning, Construction and Urban Management Bureau	Guarantee deposit	880,570.63	Within 1 year	4.23	880.57
Yichang Labor Security Supervision Detachment	Guarantee deposit	739,300.00	1-5 years	3.55	207,784.00
Total		<u>7,799,355.08</u>		<u>37.48</u>	<u>847,270.76</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

6. Other receivables (continued)

6.2 Other receivables (continued)

(4) List of top five other receivables (continued)

Company name	Nature	Amount	Account age	Proportion in total closing balance %	Closing balance of bad debt provision
2018					
Three Gorges International Tendering Co., Ltd.	Transaction payments	4,452,011.64	0-4 years	11.94	983,541.82
Shenzhen Baoying Construction Group Co., Ltd.	Guarantee deposit	4,201,663.50	3-4 years	11.27	2,100,831.75
Beijing China Hai Wai Decorate Engineering Co., Ltd.	Guarantee deposit	3,095,853.00	3-4 years	8.3	1,547,926.50
Sichuan New Construction Technology Engineering Co. Ltd.	Guarantee deposit	2,542,820.00	3-4 years	6.82	1,271,410.00
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Transaction payments	1,402,104.00	Within 1 year	3.76	4,206.31
Total		<u>15,694,452.14</u>		<u>42.09</u>	<u>5,907,916.38</u>
2017					
Chongqing Fuling Energy Industry Group Co., Ltd.	Equity subscription money	150,000,000.00	Within 1 year	73.87	450,000.00
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	Transaction payments	8,481,600.00	2-4 years	4.18	3,072,000.00
The Three Gorges Industrial Co., Ltd.	Transaction payments	5,050,000.00	0-2 years	2.49	85,650.00
Three Gorges International Tendering Co., Ltd.	Transaction payments	4,604,011.64	0-3 years	2.27	305,562.29
Shenzhen Baoying Construction Group Co., Ltd.	Guarantee deposit	4,201,663.50	2-3 years	2.07	840,332.70
Total		<u>172,337,275.14</u>		<u>84.88</u>	<u>4,753,544.99</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

7. Inventories

(1) Classification

Item	Carrying amount	Provision for decline in value	Book value
2019			
Raw materials	117,135,291.94	66,955,890.76	50,179,401.18
Goods in stock	4,493,652.52	—	4,493,652.52
Spare parts	421,127,053.13	253,403,543.13	167,723,510.00
Others	5,488.57	1,276.75	4,211.82
Total	542,761,486.16	320,360,710.64	222,400,775.52
2018			
Raw materials	116,800,326.61	69,622,157.38	47,178,169.23
Goods in stock	2,097,462.16	—	2,097,462.16
Spare parts	405,810,833.85	236,291,876.89	169,518,956.96
Others	400,146.20	2,271.44	397,874.76
Total	525,108,768.82	305,916,305.71	219,192,463.11
2017			
Raw materials	146,200,928.89	93,418,549.61	52,782,379.28
Goods in stock	4,621,244.35	—	4,621,244.35
Spare parts	399,863,191.99	200,975,470.44	198,887,721.55
Others	739,825.23	—	739,825.23
Total	551,425,190.46	294,394,020.05	257,031,170.41

(2) Impairment provision of inventories

Item	Balance brought forward	Increase during the current year		Decrease during the current year		Balance carried forward
		Provision	Others	Reversal or write-off	Other transfer-out	
2019						
Raw materials	69,622,157.38	2,536,153.63	—	2,522,051.17	2,680,369.08	66,955,890.76
Goods in stock	—	—	—	—	—	—
Spare parts	236,291,876.89	33,059,129.55	—	13,346,572.21	2,600,891.10	253,403,543.13
Others	2,271.44	—	—	994.69	—	1,276.75
Total	305,916,305.71	35,595,283.18	—	15,869,618.07	5,281,260.18	320,360,710.64
2018						
Raw materials	93,418,549.61	651,881.32	—	—	24,448,273.55	69,622,157.38
Goods in stock	—	—	—	—	—	—
Spare parts	200,975,470.44	32,614,799.66	—	—	(2,701,606.79)	236,291,876.89
Others	—	2,271.44	—	—	—	2,271.44
Total	294,394,020.05	33,268,952.42	—	—	21,746,666.76	305,916,305.71
2017						
Raw materials	33,367,654.63	60,050,894.98	—	—	—	93,418,549.61
Goods in stock	—	—	—	—	—	—
Spare parts	64,332,780.78	136,642,689.66	—	—	—	200,975,470.44
Others	—	—	—	—	—	—
Total	97,700,435.41	196,693,584.64	—	—	—	294,394,020.05

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

8. Other current assets

Item	2019	2018	2017
Retained tax of VAT tax amount	16,450,697.70	195,827,502.89	403,366,497.19
Reversal of repurchase of Government Treasury Bonds (Note)	442,307,961.50	1,012,019,700.00	650,025,240.00
Prepaid tax	1,013,297.44	1,064,798.12	761,949.21
Total	<u>459,771,956.64</u>	<u>1,208,912,001.01</u>	<u>1,054,153,686.40</u>

Note: The reverse repo of treasury bonds is the principal of the Company's capital lending through the reverse repo of treasury bonds market to obtain the interest income during the current year. The Company's holding period for reverse repo of treasury bonds during the current year includes 1 day, 2 days, 3 days, 4 days, 7 days, 14 days and 28 days. The interest income is calculated at the actual interest rate at the time of repo transaction between Shanghai Stock Exchange and Shenzhen Stock Exchange.

9. Debt investments

Item	Book balance	Impairment provision	Book value
2019			
Preferred shares and shareholder loans	1,148,277,903.43	—	1,148,277,903.43
Total	<u>1,148,277,903.43</u>	<u>—</u>	<u>1,148,277,903.43</u>
2018			
Preferred shares and shareholder loans	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>
2017			
Preferred shares and shareholder loans	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>

10. Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	Carrying amount	Impairment provision	Book value
2018			
Available-for-sale debt instrument	—	—	—
Available-for-sale equity instrument	18,610,342,535.93	487,337,098.03	18,123,005,437.90
Including: Measured at fair value	18,324,442,535.93	487,337,098.03	17,837,105,437.90
Measured at cost	285,900,000.00	—	285,900,000.00
Total	<u>18,610,342,535.93</u>	<u>487,337,098.03</u>	<u>18,123,005,437.90</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

10. Available-for-sale financial assets (continued)

(1) Available-for-sale financial assets (continued)

Item	Carrying amount	Impairment provision	Book value
2017			
Available-for-sale debt instrument	—	—	—
Available-for-sale equity instrument	15,858,979,893.65	225,932,047.34	15,633,047,846.31
Including: Measured at fair value	13,016,296,193.65	225,932,047.34	12,790,364,146.31
Measured at cost . . .	2,842,683,700.00	—	2,842,683,700.00
Total	15,858,979,893.65	225,932,047.34	15,633,047,846.31

(2) Available-for-sale financial assets measured at fair value at the end of the period

Item	Available-for-sale equity instruments	Total
2018		
Cost of equity instrument/Amortized cost of debt instruments	14,024,714,871.72	14,024,714,871.72
Fair value	17,837,105,437.90	17,837,105,437.90
Accumulated amount of changes in fair value included in other comprehensive income	4,299,727,664.21	4,299,727,664.21
Amount of impairment provision	487,337,098.03	487,337,098.03
2017		
Cost of equity instrument/Amortized cost of debt instruments	8,152,209,804.81	8,152,209,804.81
Fair value	12,790,364,146.31	12,790,364,146.31
Accumulated amount of changes in fair value included in other comprehensive income	4,864,086,388.84	4,864,086,388.84
Amount of impairment provision	225,932,047.34	225,932,047.34

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

10. Available-for-sale financial assets (continued)

(3) Available-for-sale financial assets measured at cost at the end of the period

The investee	Carrying amount				Impairment provision — Balance brought/ carried forward	Shareholding proportion in the investee %	Cash dividends
	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward			
2018							
CNNP Xiapu Nuclear Power Co., Ltd.	900,000.00	—	—	900,000.00	—	10	—
Hubei Changyao New Material Co., Ltd.	65,000,000.00	—	—	65,000,000.00	—	12.09	1,600,000.00
Hangzhou Purun Xinneng Equity Investment Partnership (Limited Partnership)	50,000,000.00	—	—	50,000,000.00	—	5.73	2,801,394.33
Three Gorges Capital Holdings Co., Ltd. (Note)	2,700,000,000.00	—	2,700,000,000.00	—	—	—	—
Three Gorges Insurance Brokerage Co., Ltd.	26,783,700.00	—	26,783,700.00	—	—	—	—
Hangzhou Purun Xingcai Equity Investment Partnership (Limited Partnership)	—	170,000,000.00	—	170,000,000.00	—	18.87	—
Total	<u>2,842,683,700.00</u>	<u>170,000,000.00</u>	<u>2,726,783,700.00</u>	<u>285,900,000.00</u>	<u>—</u>		<u>4,401,394.33</u>
2017							
CNNP Xiapu Nuclear Power Co., Ltd.	900,000.00	—	—	900,000.00	—	10	—
Three Gorges Nengshida Electric Co., Ltd.	16,800,000.00	—	16,800,000.00	—	—	—	—
Hubei Bank Corporation Limited	30,000.00	—	30,000.00	—	—	—	—
Hubei Changyao New Material Co., Ltd.	—	65,000,000.00	—	65,000,000.00	—	12.09	2,000,000.00
Hangzhou Purun Xinneng Equity Investment Partnership (Limited Partnership)	—	50,000,000.00	—	50,000,000.00	—	5.73	—
Three Gorges Capital Holdings Co., Ltd.	—	2,700,000,000.00	—	2,700,000,000.00	—	10	—
Three Gorges Insurance Brokerage Co., Ltd.	9,000,000.00	17,783,700.00	—	26,783,700.00	—	20.55	3,558,132.00
Total	<u>26,730,000.00</u>	<u>2,832,783,700.00</u>	<u>16,830,000.00</u>	<u>2,842,683,700.00</u>	<u>—</u>		<u>5,558,132.00</u>

Note: The Company dispatched a director to Three Gorges Capital Holdings Co., Ltd. in 2018 to exert significant influence on it. The Company changed the available-for-sale financial assets to long-term equity investment, which was subsequently measured according to the equity method.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

10. Available-for-sale financial assets (continued)

(4) Impairment provision for available-for-sale financial assets

<u>Category</u>	<u>Available-for-sale equity instrument</u>	<u>Total</u>
2018		
Impairment provision at the beginning of the year	225,932,047.34	225,932,047.34
Provision during the current year	242,420,140.00	242,420,140.00
Including: Transfer-in from other comprehensive income	—	—
Decrease during the current year	(18,984,910.69)	(18,984,910.69)
Including: Reversal of fair value in subsequent periods	—	—
Impairment provision at the end of the year	<u>487,337,098.03</u>	<u>487,337,098.03</u>
2017		
Impairment provision at the beginning of the year	241,770,805.53	241,770,805.53
Provision during the current year	—	—
Including: Transfer-in from other comprehensive income	—	—
Decrease during the current year	15,838,758.19	15,838,758.19
Including: Reversal of fair value in subsequent periods	—	—
Impairment provision at the end of the year	<u>225,932,047.34</u>	<u>225,932,047.34</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments

The investee	Balance brought forward	Additions	Decreases	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Increase and decrease during the current year			Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
						Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes				
2019												
I. Joint ventures												
Three Gorges Electric Energy (Anhui) Co., Ltd.	47,149,527.83	21,805,000.00	—	3,541,535.50	—	(91,214.04)	—	—	—	—	72,404,849.29	—
Yangze Smart Distributed Energy Co., Ltd.	73,493,054.40	—	—	11,094,810.45	—	—	—	—	—	—	84,587,864.85	—
Three Gorges Electric Energy (Guangdong) Co., Ltd.	16,203,596.54	18,000,000.00	—	(2,447,926.17)	—	(588,964.38)	—	—	—	—	31,166,705.99	—
Shaanxi Yan'an Electricity Industry Co., Ltd.	9,684,551.74	—	—	3,497,846.89	—	—	—	—	—	—	13,182,398.63	—
Yunnan Changjiang Agricultural Reclamation Energy Development Co., Ltd.	25,438,789.26	18,460,800.00	—	(5,185,159.42)	—	(838,079.71)	—	—	—	—	37,876,350.13	—
II. Associated enterprises												
Hubei Energy Group Co., Ltd.	7,258,791,721.11	371,316,002.21	—	420,589,545.91	48,358,235.98	47,451,528.82	203,655,565.41	—	—	—	7,942,851,468.62	—
Hubei Qingneng Investment and Development Group Co., Ltd.	1,724,516,370.94	—	—	202,304,574.90	—	—	—	—	—	—	1,906,684,945.84	—
Guangzhou Development Group Incorporated	3,242,451,431.65	369,570,985.78	—	156,739,099.02	39,611,563.58	13,954,217.76	20,136,000.00	—	—	—	3,768,911,523.89	—
Three Gorges Finance Co., Ltd.	1,853,550,418.31	—	—	266,259,706.99	8,935,682.61	—	53,415,773.90	—	—	—	2,022,060,388.81	—
Shanghai Electric Power Company Limited.	431,280,212.52	626,199,322.10	—	36,787,977.75	3,310,355.91	(12,732,287.40)	32,893,986.51	—	—	—	1,051,951,594.37	—
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	—	224,119,537.52	—
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	1,895,837,662.12	—	—	38,334,866.72	20,478.76	21,505,401.73	19,857,764.20	—	—	—	1,935,840,645.13	—
CTG Base Development Co., Ltd.	475,110,438.64	—	—	38,214,884.01	2,451,961.24	(4,165.70)	7,547,957.01	—	—	—	508,223,161.18	—
Chongqing Youtai Energy Co., Ltd.	31,706,997.54	—	—	(2,815,952.30)	—	—	—	—	—	—	28,891,045.24	—
Chongqing Fuling Energy Industry Group Co., Ltd. ...	561,524,442.11	—	—	12,141,487.90	—	(1,045,768.37)	—	—	—	—	572,620,161.64	—
Chongqing Changdian United Energy Co., Ltd.	306,069,181.91	—	—	24,398,934.97	2,849,992.37	10,143,000.00	—	—	—	—	343,461,109.25	—
Three Gorges Capital Holdings Co., Ltd.	2,751,590,374.50	—	—	192,690,940.50	79,774,579.97	(13,739,791.75)	97,823,736.79	—	—	—	2,912,492,366.43	—
SDIC Power Holdings Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
(Note 1) Sichuan Chuantou Energy Co., Ltd. (Note 2)	—	6,011,492,317.84	—	396,859,449.66	(37,630,982.79)	(793,366.49)	163,527,380.33	—	—	—	6,206,400,037.89	—
	—	4,602,115,600.26	—	246,729,372.41	(21,483.97)	—	148,727,645.70	—	—	—	4,700,095,843.00	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

The investee	Balance brought forward	Additions	Decreases	Investment gain/loss as per equity method	Increase and decrease during the current year				Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
					Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay					
Chongqing Fuling Three Gorges Changfu Equity Investment Fund Partnership (Limited Partnership) (Note 3)	—	40,000,000.00	—	(5,274.42)	—	—	—	—	—	—	39,994,725.58	—
Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership) (Note 4)	—	40,000,000.00	—	1,029,335.77	—	—	—	—	—	—	41,029,335.77	—
Chongqing Qianjiang Three Gorges Changhong Equity Investment Fund Partnership (Limited Partnership) (Note 5)	—	40,000,000.00	—	87,715.80	—	—	—	—	—	—	40,087,715.80	—
Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co., Ltd. (Note 6)	—	4,897,610,000.00	—	—	—	—	—	—	—	—	4,897,610,000.00	—
CCB International Medical Industry Equity Investment Co., Ltd.	65,541,236.02	—	—	34,464,510.93	(24,137,171.72)	—	26,717,860.12	—	—	—	49,150,715.11	—
Hubei New Energy Venture Capital Fund Co., Ltd.	45,617,515.20	—	—	(233,851.77)	—	(880,416.22)	—	—	—	—	44,503,247.21	—
Hubei Longteng Landscape Engineering Co., Ltd.	27,236,787.38	—	—	(6,190,666.04)	—	—	—	—	—	—	21,046,121.34	—
Three Gorges Insurance Brokerage Co., Ltd.	31,409,571.59	—	—	2,470,838.41	42,032.70	—	3,988,090.67	—	—	—	29,934,352.03	—
Zhengzhou Hydraulic Machinery Co., Ltd. (Note 7)	—	187,927,800.00	—	—	—	—	—	—	—	—	187,927,800.00	—
China Three Gorges Offshore Luxembourg S.a.r.l.	95,501,533.27	—	—	(3,344,824.91)	12,755,771.57	—	—	—	—	2,308,541.14	107,221,021.07	—
Green Energy Mixed Equity Investment Fund (Guangzhou) Partnership (Limited Partnership)	—	115,036,363.67	—	3,184,996.89	—	(230,929.18)	—	—	—	—	117,990,431.38	—
Chongqing Changxingyou Energy Co., Ltd.	—	36,569,574.29	—	(10,723,456.63)	—	—	—	—	—	—	25,846,117.66	—
Yichang Yangtze River Three Gorges Shore Power Operation Service Co., Ltd. (Note 8)	293,205,973.39	3,000,000.00	—	136,757.06	—	—	—	—	—	—	3,136,757.06	—
Others	21,487,030,925.49	5,800,000.00	36,569,574.29	16,622,314.81	1,402,036.02	8,757,987.21	289,570.96	—	—	—	288,929,166.18	—
Total	21,487,030,925.49	17,404,903,766.15	36,569,574.29	2,077,234,391.59	137,723,052.23	70,867,152.28	885,266,750.70	—	—	2,308,541.14	40,258,231,503.89	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

Notes:

- 1: During the first quarter of year 2019, the Company increased its holding of 102,906,964.00 shares in SDIC Power Holdings Co., Ltd. As of March 2019, the Company and the concerted party Three Gorges Capital Holdings Co., Ltd. collectively own 678,602,247.00 shares in SDIC Power Holdings Co., Ltd. The Company is its second largest shareholder and has the right to nominate directors, exerting a significant influence on it, and the investment was subsequently measured as long-term equity investment according to the equity method.
- 2: During the first quarter of year 2019, the Company increased its holding of 135,724,791.00 shares in Sichuan Chuantou Energy Co., Ltd. As of March 2019, the Company held 440,213,963 shares in Sichuan Chuantou Energy Co., Ltd. and the Company is its second largest shareholder and has the right to nominate directors, exerting a significant influence on it, and the investment was subsequently measured as long-term equity investment according to the equity method.
- 3: Pursuant to the “*Chongqing Fuling Three Gorges Changfu Equity Investment Fund Partnership (Limited Partnership) Partnership Agreement*”, the Company, as a limited partner, contributed RMB40 million this year to establish the Chongqing Fuling Three Gorges Changfu Equity Investment Fund Partnership (Limited Partnership). The company has the Investment Decision Making Committee who are responsible to the ultimate decision-making power on investment of the company. The Company has two members assigned to it, who can exert significant influence on it and the investment was subsequently measured as long-term equity investment according to the equity method.
- 4: Pursuant to the “*Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership) Partnership Agreement*”, the Company, as a limited partner, contributed RMB40 million this year to establish the Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership). The company has the Investment Decision Making Committee who are responsible to the ultimate decision-making power on investment of the company. The Company has two members assigned to it, who can exert significant influence on it and the investment was subsequently measured as long-term equity investment according to the equity method.
- 5: Pursuant to the “*Chongqing Qianjiang Three Gorges Changhong Equity Investment Fund Partnership (Limited Partnership) Partnership Agreement*”, the Company, as a limited partner, contributed RMB40 million this year to establish the Chongqing Qianjiang Three Gorges Changhong Equity Investment Fund Partnership (Limited Partnership). The company has the Investment Decision Making Committee who are responsible to the ultimate decision-making power on investment of the company. The Company has one member assigned to it, who can exert significant influence on it and the investment was subsequently measured as long-term equity investment according to the equity method.
- 6: Pursuant to the “*Property Right Transaction Contract*” agreement signed between the Company and Datang Yunnan Power Generation Co., Ltd., the Company invested 4,898 million yuan to acquire 23% of the equity of Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co., Ltd., becoming its second largest shareholder, which can exert significant influence on it and the investment was subsequently measured as long-term equity investment according to the equity method.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

- 7: Pursuant to the “*Capital Increase and Share Expansion Agreement*” agreement entered into between Xinhua Water Resources Holding Group Co., Ltd. and CYPC Capital, a subsidiary of the Company, the Company has increased its investment in the capital of Zhengzhou Hydraulic Machinery Co., Ltd. by RMB188 million, holding 49% of its equity, which can exert a significant influence on it and the investment was subsequently measured as long-term equity investment according to the equity method.
- 8: Pursuant to the “*Letter of Intent for Tripartite Cooperation*” agreement, Three Gorges Electric Energy (Hubei) Co., Ltd., a subsidiary of the Company, contributed RMB3 million to the company this year to establish Yichang Yangtze River Three Gorges Shore Power Operation Service Co., Ltd., and owns 30% equity interest in the company.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

The investee	Increase and decrease during the current year							Closing balance of impairment provision			
	Balance brought forward	Additional investment	Investment decrease	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay		Charge of impairment provision	Others	Balance carried forward
2018											
I. Joint ventures											
Three Gorges Electric Energy (Anhui) Co., Ltd.	18,821,328.47	28,420,000.00	—	83,262.17	—	(175,062.81)	—	—	—	47,149,527.83	—
Yangtze Smart Distributed Energy Co., Ltd.	16,029,035.82	70,000,000.00	—	(12,369,628.40)	—	(166,353.02)	—	—	—	73,493,054.40	—
Three Gorges Electric Energy (Guangdong) Co., Ltd. (Note 1)	19,208,861.36	—	—	(3,005,264.82)	—	—	—	—	—	16,203,596.54	—
Shaanxi Yan'an Electricity Industry Co., Ltd.	375,000.00	14,625,000.00	—	(5,315,448.26)	—	—	—	—	—	9,684,551.74	—
Yunnan Changjiang Agricultural Reclamation Energy Development Co., Ltd. (Note 2)	—	26,539,200.00	—	18,799.37	—	(1,119,210.11)	—	—	—	25,438,789.26	—
II. Associated enterprises											
Hubei Energy Group Co., Ltd.	6,902,303,990.57	169,530,827.38	311,906.96	484,547,534.31	(60,916,894.94)	(61,166,776.25)	175,195,053.00	—	—	7,258,791,721.11	—
Hubei Qingeng Investment and Development Group Co., Ltd.	1,590,026,777.22	—	—	164,398,581.58	—	—	29,908,987.86	—	—	1,724,516,370.94	—
Guangzhou Development Group Incorporated	2,534,444,152.49	658,709,007.92	—	111,988,127.29	(24,338,638.83)	5,817,084.38	44,168,301.60	—	—	3,242,451,431.65	—
Three Gorges Finance Co., Ltd.	1,709,117,362.92	—	—	254,331,134.23	(1,146,697.87)	(63,539.24)	108,687,841.73	—	—	1,853,550,418.31	—
Shanghai Electric Power Company Limited	275,939,984.44	101,920,785.54	—	60,491,342.60	(7,282,632.90)	11,310,204.04	11,099,471.20	—	—	431,280,212.52	—
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	224,119,537.52	—
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	1,500,251,924.66	377,430,848.63	—	41,606,054.68	(1,572,414.96)	(35,210.27)	21,843,540.62	—	—	1,895,837,662.12	—
CTG Base Development Co., Ltd.	444,768,400.98	—	—	27,984,586.64	2,357,451.02	—	—	—	—	475,110,438.64	—
Chongqing Yuxin Tongda Energy Co., Ltd. (Notes 3 and 4)	337,896,599.87	—	336,111,579.16	(1,785,020.71)	—	—	—	—	—	—	—
Chongqing Youtai Energy Co., Ltd. (Note 3)	—	36,811,207.66	—	(5,104,210.12)	—	—	—	—	—	31,706,997.54	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

The investee	Increase and decrease during the current year							Closing balance of impairment provision
	Balance brought forward	Additional investment	Investment decrease	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	
						Charge of impairment provision	Others	Balance carried forward
2018								
Chongqing Fuling Energy Industry Group Co., Ltd. (Note 5)	—	550,000,000.00	—	8,034,131.52	—	3,490,310.59	—	561,524,442.11
Chongqing Changdian Energy Co., Ltd. (Note 4)	—	283,114,321.28	—	22,954,860.63	—	—	—	306,069,181.91
Three Gorges Capital Holdings Co., Ltd. (Note 6)	—	2,708,091,722.09	—	157,509,920.58	(97,682,656.96)	18,465,518.22	34,794,129.43	2,751,590,374.50
CCB International Healthcare Equity Investment Management (Tianjin) Co., Ltd.	32,022,686.00	—	32,022,686.00	—	—	—	—	—
CCB International Medical Industry Equity Investment Co., Ltd.	163,591,865.15	—	32,626,381.30	37,363,701.33	(56,898,867.12)	224,281.60	46,113,363.64	65,541,236.02
Hubei New Energy Venture Capital Fund Co., Ltd.	63,238,508.71	—	16,564,300.00	(1,018,635.66)	—	(38,057.85)	—	45,617,515.20
Hubei Longteng Landscape Engineering Co., Ltd.	31,100,799.85	—	—	(3,864,012.47)	—	—	—	27,236,787.38
Three Gorges Insurance Brokerage Co., Ltd.	—	29,166,720.04	—	2,151,852.09	90,999.46	—	—	31,409,571.59
China Three Gorges Offshore Luxembourg S.a.r.l.	68,554,488.03	2,487,249.50	—	21,935,615.52	(1,519,731.92)	—	—	95,501,533.27
Others	224,027,105.91	10,417,261.71	20,635,368.59	85,898,679.50	—	(6,170,517.19)	331,187.95	293,205,973.39
Total	16,155,838,409.97	5,067,264,151.75	438,272,222.01	1,448,835,963.60	(248,910,085.02)	(29,627,327.91)	472,141,877.03	21,487,030,925.49

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

Notes:

- 1: On December 6, 2018, the name of Shenzhen Changjiang Jinhua Energy Co., Ltd. was changed to Three Gorges Power (Guangdong) Co., Ltd.
- 2: Pursuant to the “*Shareholder Investment Agreement*” of Yunnan Changjiang Nongken Energy Development Co., Ltd., Three Gorges Power, a subsidiary of the Company, invested RMB26,539,200 to establish Yunnan Changjiang Nongken Energy Development Co., Ltd., and owns 45% equity interest in the company.
- 3: Pursuant to the Resolution of the First Extraordinary Shareholders’ Meeting of Chongqing Yuxin Tongda Energy Co., Ltd. in year 2017, the operations and businesses of Chongqing Yuxin Tongda Energy Co., Ltd. was divided into two company, namely Chongqing Yuxin Tongda Energy Co., Ltd. (hereinafter referred to as “Yuxin Tongda”) and Chongqing Yutai Energy Co., Ltd. in year 2018.
- 4: Pursuant to the “*Capital Increase Agreement Made by such 12 Legal Persons as Chongqing Changdian United Energy Co., Ltd., Chongqing Fuling Energy Industrial Group Co., Ltd. and Chongqing Xinyu Investment (Group) Co., Ltd. and Eight Natural Persons Including Yang Jun Concerning the Chongqing Changdian United Energy Co., Ltd.*” agreement this year, the Company use its 34.69% equity interest in Yuxin Tongda as capital contribution to Chongqing Changdian United Energy Co., Ltd. (hereinafter referred to as “Changdian United Energy”) and owns 8.05% equity interest in Changdian United Energy. The Company dispatched a director to Changdian United Energy to exert significant influence on it. As a result, the long-term equity investment was subsequently measured according to the equity method
- 5: Pursuant to the “*Capital Increase Agreement Made by such 3 Legal Persons as China Yangtze Power Co., Ltd., Chongqing Fuling Energy Industrial Group Co., Ltd. and Chongqing Fuling State-owned Assets Investment and Management Group Co., Ltd. and 20 Natural Persons Including Li Xingping Concerning Chongqing Fuling Energy Industrial Group Co., Ltd.*” agreement, the Company contributed funds of RMB550 million to Chongqing Fuling Energy Industrial Group Co., Ltd. and owns 32.49% equity interest in the company.
- 6: Details are set out in note “VI. 10. (3) Available-for-sale financial assets measured at cost at the end of the year”.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

The investee	Increase and decrease during the current year							Closing balance of impairment provision			
	Balance brought forward	Additional investment	Investment decrease	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay		Charge of impairment provision	Others	Balance carried forward
2017											
I. Joint ventures											
Three Gorges Electric Energy (Anhui) Co., Ltd.	—	20,580,000.00	—	(1,758,671.53)	—	—	—	—	—	—	18,821,328.47
Yangtze Smart Distributed Energy Co., Ltd.	—	19,600,000.00	—	(3,570,964.18)	—	—	—	—	—	—	16,029,035.82
Shenzhen Changjiang Jinhua Energy Co., Ltd.	—	20,250,000.00	—	(1,041,138.64)	—	—	—	—	—	—	19,208,861.36
Yan'an Electricity Industry Co., Ltd.	—	375,000.00	—	—	—	—	—	—	—	—	375,000.00
II. Associated enterprises											
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	—	224,119,537.52
Shanghai Electric Power Company Limited	618,277,340.65	—	335,274,405.33	24,035,818.55	(5,362,465.55)	(14,180,303.88)	11,556,000.00	—	—	—	275,939,984.44
Three Gorges Finance Co., Ltd.	1,538,712,427.92	—	46,125,404.64	252,824,297.27	(4,474,704.35)	9,329,760.29	41,149,013.57	—	—	—	1,709,117,362.92
Hubei Energy Group Co., Ltd.	5,785,532,209.13	637,007,233.02	—	578,506,045.94	44,887,415.34	8,802,034.16	152,430,947.02	—	—	—	6,902,303,990.57
Guangzhou Development Group Incorporated	2,405,305,463.31	249,331,000.60	271,959,632.21	93,865,480.35	77,934,944.42	14,152,840.42	34,185,944.40	—	—	—	2,534,444,152.49
Hubei Qingeng Investment and Development Group Co., Ltd.	1,519,731,206.27	—	—	96,162,783.09	—	—	25,867,212.14	—	—	—	1,590,026,777.22
Chongqing Yuxin Tongda Energy Co., Ltd.	316,314,502.86	—	—	21,582,097.01	—	—	—	—	—	—	337,896,599.87
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. (Note 1)	—	1,361,879,584.96	—	54,598,518.99	1,382,535.69	1,727,603.76	9,255,398.88	—	89,919,080.14	1,500,251,924.66	—
CTG Base Development Co., Ltd. (Note 2)	—	444,768,400.98	—	—	—	—	—	—	—	—	444,768,400.98
CCB International Healthcare Investment Management (Tianjin) Co., Ltd.	31,991,551.37	—	—	31,134.63	—	—	—	—	—	—	32,022,686.00
CCB International Medical Industry Equity Investment Co., Ltd.	304,607,481.87	—	40,076,790.18	30,231,058.19	(115,115,386.41)	—	16,054,498.32	—	—	—	163,591,865.15

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

11. Long-term equity investments (continued)

The investee	Balance brought forward	Additional investment	Investment decrease	Investment gain/loss as per equity method	Increase and decrease during the current year				Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
					Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay					
2017												
Hubei New Energy Venture Capital Fund Co., Ltd.....	71,361,709.16	—	9,135,845.00	1,012,644.55	—	—	—	—	—	—	63,238,508.71	—
Hubei Longfeng Landscape Engineering Co., Ltd.....	30,762,466.32	—	—	338,333.53	—	—	—	—	—	—	31,100,799.85	—
China Three Gorges Offshore Luxembourg S.a.r.l.....	111,561,585.16	—	—	(10,345,184.26)	(26,633,606.00)	(58,535.40)	—	—	—	(5,969,771.47)	68,554,488.03	—
Others	139,158,057.03	54,000,000.00	—	6,368,902.32	—	24,500,146.56	—	—	—	—	224,027,105.91	—
Total	13,097,435,538.57	2,807,791,219.56	702,572,077.36	1,142,841,155.81	(27,381,266.86)	44,273,545.91	290,499,014.33	—	—	83,949,308.67	16,155,838,409.97	—

Notes:

- 1: Pursuant to the “Share Transfer of Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.” agreement, the Company acquired 101,256,000 shares in Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. from CECEP Chong Qing Industry Co., Ltd. at the investment costs of RMB954 million yuan, and further, the Company also acquired 56,670,000 shares of Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. from the public market at a consideration of RMB408 million during the current year.
- 2: Pursuant to the “Capital Increase and Shareholding of Three Gorges Base Development Co., Ltd.” agreement, the Company use its 100% equity interests in Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. and The Three Gorges Industrial Co., Ltd. to apply as its capital injection to Three Gorges Base Development Co., Ltd. on December 31 and thus, the Company owns 30% equity interest in Three Gorges Base Development Co., Ltd. with the total investment costs of RMB445 million.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

12. Other equity instrument investments

(1) Other equity instrument investments

Item	2019	2018	2017
Non-trading equity instruments ..	4,432,380,427.04	—	—
Total	<u>4,432,380,427.04</u>	<u>—</u>	<u>—</u>

(2) Non-trading equity instrument investment in the year 2019

Item	Amount	Total
Dividend income recognized this year	283,487,259.19	283,487,259.19
Cumulative profits	2,964,398,772.43	2,964,398,772.43
Cumulative loss	—	—
Amount of other comprehensive income transferred to retained earnings	699,139,184.61	699,139,184.61
Reasons for being designated as being measured at fair value through other comprehensive income ...	Long-term holding	—
Reasons for transferring other comprehensive income to retained earnings	Partial disposal this year	—

13. Other non-current financial assets

Item	2019	2018	2017
Classified as financial assets at fair value through profit or loss	<u>5,812,035,941.91</u>	<u>—</u>	<u>—</u>
Including: equity instrument investment	<u>5,812,035,941.91</u>	<u>—</u>	<u>—</u>
Total	<u>5,812,035,941.91</u>	<u>—</u>	<u>—</u>

Note: The decrease in other non-current financial assets at the end of 2019 compared with that at the beginning of the year mainly lies in the fact that SDIC Power Holdings Co., Ltd. and Sichuan Chuantou Energy Co., Ltd. adopted long-term equity investment for subsequent measurement by equity method. For details, please refer to the relevant contents of “VI. 11 Long-term equity investment” in the Notes.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

14. Investment real estates

(1) Investment real estates measured at cost

Item	2019	2018	2017
Premises and buildings			
I. Original book value			
1. Balance brought forward	44,432,089.06	44,432,089.06	103,623,525.09
2. Increase during the current year	—	—	—
3. Decrease during the current year	—	—	59,191,436.03
(1) Disposal	—	—	—
(2) Other transfer out	—	—	59,191,436.03
4. Balance carried forward	44,432,089.06	44,432,089.06	44,432,089.06
II. Accumulated depreciation and accumulated amortization			
1. Balance brought forward	15,786,797.69	14,694,351.69	27,001,966.48
2. Increase during the current year	1,092,451.00	1,092,446.00	2,528,058.68
(1) Provision or amortization	1,092,451.00	1,092,446.00	2,528,058.68
3. Decrease during the current year	—	—	14,835,673.47
(1) Disposal	—	—	—
(2) Other transfer out	—	—	14,835,673.47
4. Balance carried forward	16,879,248.69	15,786,797.69	14,694,351.69
III. Impairment provision			
1. Balance brought forward	—	—	—
2. Increase during the current year	—	—	—
3. Decrease during the current year	—	—	—
4. Balance carried forward	—	—	—
IV. Book value			
1. Balance carried forward	27,552,840.37	28,645,291.37	29,737,737.37
2. Balance brought forward	28,645,291.37	29,737,737.37	76,621,558.61

Note: Decrease in 2017-other transfer out is due to the transfer out of the corresponding assets caused by the Company's disposal of equity of original subsidiaries Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. and The Three Gorges Industrial Co., Ltd. on December 31, 2017.

15. Fixed assets

Item	2019	2018	2017
Fixed assets	226,290,667,101.97	237,911,888,113.03	249,701,555,128.18
Fixed assets pending for disposal	1,298,110.20	—	—
Total	<u>226,291,965,212.17</u>	<u>237,911,888,113.03</u>	<u>249,701,555,128.18</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

15. Fixed assets (continued)

(1) Details of fixed assets

Item	Water-retaining structures	Premises and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
I. Original book value						
1. December 31,						
2018	141,895,966,197.29	89,680,970,321.87	101,144,817,312.78	196,590,065.08	790,978,922.36	333,709,322,819.38
2. Increase during the						
current year	92,000.00	20,607,731.24	269,406,855.30	15,205,792.88	123,959,137.81	429,271,517.23
(1) Purchase	—	1,027,278.75	31,632,312.79	14,386,018.97	29,198,127.22	76,243,737.73
(2) Transferred						
from						
construction in						
progress	92,000.00	19,580,452.49	237,774,542.51	819,773.91	94,761,010.59	353,027,779.50
3. Decrease during						
the current year ...	193,000.00	10,191,477.47	130,841,361.80	9,093,347.32	9,568,816.41	159,888,003.00
(1) Disposal or						
retirement ...	193,000.00	10,191,477.47	130,841,361.80	9,093,347.32	9,568,816.41	159,888,003.00
4. December 31,						
2019	141,895,865,197.29	89,691,386,575.64	101,283,382,806.28	202,702,510.64	905,369,243.76	333,978,706,333.61
II. Accumulated						
depreciation						
1. December 31,						
2018	27,059,523,164.22	17,381,699,027.29	50,787,144,298.00	147,993,378.54	421,074,838.30	95,797,434,706.35
2. Increase during the						
current year	3,204,922,420.08	2,405,325,458.50	6,377,633,943.19	9,013,839.95	40,675,931.46	12,037,571,593.18
(1) Provision ...	3,204,922,420.08	2,405,325,458.50	6,377,633,943.19	9,013,839.95	40,675,931.46	12,037,571,593.18
3. Decrease during						
the current year ...	42,776.92	9,293,295.94	119,245,005.54	8,867,349.01	9,518,640.48	146,967,067.89
(1) Disposal or						
retirement ...	42,776.92	9,293,295.94	119,245,005.54	8,867,349.01	9,518,640.48	146,967,067.89
4. December 31,						
2019	30,264,402,807.38	19,777,731,189.85	57,045,533,235.65	148,139,869.48	452,232,129.28	107,688,039,231.64
III. Impairment provision						
1. December 31,						
2018	—	—	—	—	—	—
2. Increase during the						
current year	—	—	—	—	—	—
(1) Provision ...	—	—	—	—	—	—
3. Decrease during						
the current year ...	—	—	—	—	—	—
(1) Disposal or	—	—	—	—	—	—
retirement ...	—	—	—	—	—	—
4. December 31,						
2019	—	—	—	—	—	—
IV. Book value						
1. December 31,						
2019	111,631,462,389.91	69,913,655,385.79	44,237,849,570.63	54,562,641.16	453,137,114.48	226,290,667,101.97
2. December 31,						
2018	114,836,443,033.07	72,299,271,294.58	50,357,673,014.78	48,596,686.54	369,904,084.06	237,911,888,113.03

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

15. Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Water-retaining structures	Premises and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
I. Original book value						
1. December 31, 2017	141,894,388,942.53	89,593,546,852.64	100,932,719,429.03	174,796,839.38	741,637,696.26	333,337,089,759.84
2. Increase during the current year	1,577,254.76	94,070,917.02	252,260,169.93	29,146,581.44	52,819,906.67	429,874,829.82
(1) Purchase	839,509.77	13,892,533.67	24,032,479.35	6,723,308.76	19,904,217.68	65,392,049.23
(2) Transferred from construction in progress	737,744.99	80,178,383.35	228,227,690.58	22,423,272.68	32,915,688.99	364,482,780.59
3. Decrease during the current year	—	6,647,447.79	40,162,286.18	7,353,355.74	3,478,680.57	57,641,770.28
(1) Disposal or retirement	—	6,647,447.79	40,162,286.18	7,353,355.74	3,478,680.57	57,641,770.28
4. December 31, 2018	141,895,966,197.29	89,680,970,321.87	101,144,817,312.78	196,590,065.08	790,978,922.36	333,709,322,819.38
II. Accumulated depreciation						
1. December 31, 2017	23,854,241,494.76	14,915,974,643.43	44,330,983,234.79	148,263,139.20	386,072,119.48	83,635,534,631.66
2. Increase during the current year	3,205,281,669.46	2,470,888,786.73	6,487,540,586.98	6,862,994.41	38,344,360.90	12,208,918,398.48
(1) Provision	3,205,281,669.46	2,470,888,786.73	6,487,540,586.98	6,862,994.41	38,344,360.90	12,208,918,398.48
3. Decrease during the current year	—	5,164,402.87	31,379,523.77	7,132,755.07	3,341,642.08	47,018,323.79
(1) Disposal or retirement	—	5,164,402.87	31,379,523.77	7,132,755.07	3,341,642.08	47,018,323.79
4. December 31, 2018	27,059,523,164.22	17,381,699,027.29	50,787,144,298.00	147,993,378.54	421,074,838.30	95,797,434,706.35
III. Impairment provision						
1. December 31, 2017	—	—	—	—	—	—
2. Increase during the current year	—	—	—	—	—	—
(1) Provision	—	—	—	—	—	—
3. Decrease during the current year	—	—	—	—	—	—
(1) Disposal or retirement	—	—	—	—	—	—
4. December 31, 2018	—	—	—	—	—	—
IV. Book value						
1. December 31, 2018	114,836,443,033.07	72,299,271,294.58	50,357,673,014.78	48,596,686.54	369,904,084.06	237,911,888,113.03
2. December 31, 2017	118,040,147,447.77	74,677,572,209.21	56,601,736,194.24	26,533,700.18	355,565,576.78	249,701,555,128.18

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

15. Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Water-retaining structures	Premises and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
I. Original book value						
1. December 31, 2016	141,894,388,942.53	89,641,246,224.84	100,932,725,907.38	245,757,235.63	765,375,979.75	333,479,494,290.13
2. Increase during the current year	—	11,467,857.13	249,390,493.63	9,742,503.48	31,410,705.07	302,011,559.31
(1) Purchase	—	7,587,230.09	5,704,824.38	9,543,375.28	23,399,492.05	46,234,921.80
(2) Transferred from construction in progress	—	3,880,627.04	243,685,669.25	199,128.20	8,011,213.02	255,776,637.51
(3) Increase due to business combinations	—	—	—	—	—	—
3. Decrease during the current year	—	59,167,229.33	249,396,971.98	80,702,899.73	55,148,988.56	444,416,089.60
(1) Disposal or retirement	—	16,509,903.10	222,067,595.41	15,204,647.47	31,007,192.41	284,789,338.39
(2) Other decreases	—	42,657,326.23	27,329,376.57	65,498,252.26	24,141,796.15	159,626,751.21
4. December 31, 2017	141,894,388,942.53	89,593,546,852.64	100,932,719,429.03	174,796,839.38	741,637,696.26	333,337,089,759.84
II. Accumulated depreciation						
1. December 31, 2016	20,649,493,466.68	12,460,161,606.52	38,004,524,613.69	194,589,299.71	388,564,179.20	71,697,333,165.80
2. Increase during the current year	3,204,748,028.08	2,495,589,545.25	6,520,819,501.02	15,754,946.39	47,818,490.86	12,284,730,511.60
(1) Provision	3,204,748,028.08	2,495,589,545.25	6,520,819,501.02	15,754,946.39	47,818,490.86	12,284,730,511.60
3. Decrease during the current year	—	39,776,508.34	194,360,879.92	62,081,106.90	50,310,550.58	346,529,045.74
(1) Disposal or retirement	—	12,134,375.04	172,410,416.14	14,657,625.44	30,831,476.81	230,033,893.43
(2) Other decreases	—	27,642,133.30	21,950,463.78	47,423,481.46	19,479,073.77	116,495,152.31
4. December 31, 2017	23,854,241,494.76	14,915,974,643.43	44,330,983,234.79	148,263,139.20	386,072,119.48	83,635,534,631.66
III. Impairment provision						
1. December 31, 2016	—	—	—	—	—	—
2. Increase during the current year	—	—	—	—	—	—
(1) Provision	—	—	—	—	—	—
3. Decrease during the current year	—	—	—	—	—	—
(1) Disposal or retirement	—	—	—	—	—	—
4. December 31, 2017	—	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

15. Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Water-retaining structures	Premises and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Total
IV. Book value						
1. December 31, 2017	118,040,147,447.77	74,677,572,209.21	56,601,736,194.24	26,533,700.18	355,565,576.78	249,701,555,128.18
2. December 31, 2016	121,244,895,475.85	77,181,084,618.32	62,928,201,293.69	51,167,935.92	376,811,800.55	261,782,161,124.33

Note: Decrease in 2017-other decrease is due to the transfer out of the corresponding assets caused by the Company's disposal of equity of original subsidiaries Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. and The Three Gorges Industrial Co., Ltd. on December 31, 2017.

(2) Certificate of titles have not yet been obtained

Item	Amount	Status in obtaining certificate of titles
2019		
Premises and buildings	424,475,583.34	Applications are still in process
Total	424,475,583.34	
2018		
Premises and buildings	465,537,912.35	Applications are still in process
Total	465,537,912.35	
2017		
Premises and buildings	957,020,214.07	Applications are still in process
Total	957,020,214.07	

(3) Fixed assets pending for disposal

Item	2019	2018	2017
Fixed assets pending for disposal	1,298,110.20	—	—
Total	1,298,110.20	—	—

16. Construction in progress

Item	2019	2018	2017
Construction in progress	6,820,572,132.91	6,618,302,476.33	5,986,530,329.62
Construction materials	60,067,302.75	73,363,786.11	110,440,093.12
Total	6,880,639,435.66	6,691,666,262.44	6,096,970,422.74

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

16. Construction in progress (continued)

16.1 Construction in progress

(1) Details of construction in progress

Item	2019		
	Carrying amount	Impairment provision	Book value
Xiangjiaba Project (Note)	5,816,605,608.15	—	5,816,605,608.15
Auxiliary house at Kunming Base	541,058,560.68	—	541,058,560.68
Reconstruction of 220kV switchyard in Gezhouba Hydropower Station	122,424,114.45	—	122,424,114.45
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba Hydropower Station	49,230,429.26	—	49,230,429.26
Gezhouba hub rendering lighting project	28,304,013.79	—	28,304,013.79
GCB switches added at the outlet of 6 generators of the Three Gorges Left Bank Power Station	25,766,816.02	—	25,766,816.02
Reconstruction of monitoring system of Three Gorges Left Bank Power Station	22,248,937.01	—	22,248,937.01
Retrofit of 12 governors in Three Gorges Left Bank Power Station	19,347,119.90	—	19,347,119.90
Others	195,586,533.65	—	195,586,533.65
Total	<u>6,820,572,132.91</u>	<u>—</u>	<u>6,820,572,132.91</u>

Item	2018		
	Carrying amount	Impairment provision	Book value
Xiangjiaba Project (Note)	5,779,277,204.24	—	5,779,277,204.24
Auxiliary house at Kunming Base	548,277,005.40	—	548,277,005.40
Reconstruction of 220kV switchyard in Gezhouba Hydropower Station	72,476,804.89	—	72,476,804.89
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba Hydropower Station	86,150,964.51	—	86,150,964.51
GCB switches added at the outlet of 6 generators of the Three Gorges Left Bank Power Station	12,500,940.02	—	12,500,940.02
Retrofit of 12 governors in Three Gorges Left Bank Power Station	13,543,891.43	—	13,543,891.43
Others	106,075,665.84	—	106,075,665.84
Total	<u>6,618,302,476.33</u>	<u>—</u>	<u>6,618,302,476.33</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

16. Construction in progress (continued)

16.1 Construction in progress (continued)

(1) Details of construction in progress (continued)

Item	2017		
	Carrying amount	Impairment provision	Book value
Xiangjiaba Project (<i>Note</i>)	5,741,911,735.71	—	5,741,911,735.71
Reconstruction of 220kV switchyard in Gezhouba Hydropower Station	92,425,217.56	—	92,425,217.56
Design and construction of Three Gorges project metal structure maintenance center (Gezhouba area) . .	24,778,891.54	—	24,778,891.54
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba Hydropower Station	71,607,861.58	—	71,607,861.58
Others	55,806,623.23	—	55,806,623.23
Total	<u>5,986,530,329.62</u>	<u>—</u>	<u>5,986,530,329.62</u>

Note: Fixed assets are transferred in when main works of Xiangjiaba Hydropower Station achieve the predetermined usable state, accounting of construction in progress is closing works construction of Xiangjiaba Project.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

16. Construction in progress (continued)

16.1 Construction in progress (continued)

(2) Movement of significant construction in progress project

Project name	Balance brought forward	Increase during the current year	Decrease during the current year		Balance carried forward	Budget	Ratio of total investment to budget %	Project progress %	Source of funding
			Transferred to fixed assets	Other decreases					
2019									
Xiangjiaba Project	5,779,277,204.24	37,328,403.91	—	—	5,816,605,608.15	54,165,000,000.00	—	—	Self-funding
Auxiliary house at Kunming Base	548,277,005.40	—	—	7,218,444.72	541,058,560.68	592,500,000.00	98.47	99.96	Self-funding
Reconstruction of 220KV switchyard in Gezhouba									
Hydropower Station	72,476,804.89	49,947,309.56	—	—	122,424,114.45	393,350,000.00	46.36	75	Self-funding
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba									
Hydropower Station	86,150,964.51	53,121,881.47	90,042,416.72	—	49,230,429.26	1,800,000,000.00	74.63	90	Self-funding
Gezhouba hub rendering lighting project	306,198.11	27,997,815.68	—	—	28,304,013.79	44,000,000.00	64.33	95	Self-funding
GCB switches added at the outlet of									
6 generators of the Three Gorges Left Bank Power Station	12,500,940.02	13,265,876.00	—	—	25,766,816.02	49,000,000.00	52.58	90	Self-funding
Reconstruction of monitoring system of Three Gorges Left Bank Power Station	8,464,968.47	13,783,968.54	—	—	22,248,937.01	70,000,000.00	31.78	25	Self-funding
Retrofit of 12 governors in Three Gorges Left Bank Power Station	13,543,891.43	5,803,228.47	—	—	19,347,119.90	27,000,000.00	71.65	90	Self-funding
Total	6,520,997,977.07	201,248,483.63	90,042,416.72	7,218,444.72	6,624,985,599.26	57,140,850,000.00			

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

16. Construction in progress (continued)

16.1 Construction in progress (continued)

(2) Movement of significant construction in progress project (continued)

Project name	Balance brought forward	Increase during the current year	Decrease during the current year		Balance carried forward	Budget	Ratio of total investment to budget %	Project progress %	Source of funding
			Transferred to fixed assets	Other decreases					
2018									
Xiangjiaba Project	5,741,911,735.71	37,365,468.53	—	—	5,779,277,204.24	54,165,000,000.00	—	—	Self-funding
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba									
Hydropower Station	71,607,861.58	106,988,225.68	92,445,122.75	—	86,150,964.51	1,800,000,000.00	71.68	85	Self-funding
Reconstruction of 220kV switchyard in Gezhouba									
Hydropower Station	92,425,217.56	34,136,845.65	54,085,258.32	—	72,476,804.89	393,350,000.00	33.66	48.22	Self-funding
Design and construction of Three Gorges project metal structure maintenance center									
(Gezhouba area)	24,778,891.54	7,603,431.44	32,382,322.98	—	—	56,000,000.00	58.28	100	Self-funding
Auxiliary housing at Kunming Base	—	548,277,005.40	—	—	548,277,005.40	550,000,000.00	99.69	95	Self-funding
Retrofit of 12 governors in Three Gorges Left Bank Power Station	3,871,010.67	9,672,880.76	—	—	13,543,891.43	27,000,000.00	50.16	50	Self-funding
GCB switches added at the outlet of 6 generators of the Three Gorges Left Bank Power Station	266,649.14	12,234,290.88	—	—	12,500,940.02	49,000,000.00	25.51	25	Self-funding
Total	5,934,861,366.20	756,278,148.34	178,912,704.05	—	6,512,226,810.49	57,040,350,000.00			

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

16. Construction in progress (continued)

16.1 Construction in progress (continued)

(2) Movement of significant construction in progress project (continued)

Project name	Balance brought forward	Increase during the current year	Decrease during the current year		Balance carried forward	Budget	Ratio of total investment to budget to budget	Project progress	Source of funding
			Transferred to fixed assets	Other decreases					
2017									
Xiangjiaba Project.....	5,488,215,939.55	253,695,796.16	—	—	5,741,911,735.71	54,165,000,000.00	—	—	Self-funding
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhoubu									
Hydropower Station	115,577,362.66	139,428,975.17	182,855,003.90	543,472.35	71,607,861.58	1,800,000,000.00	65.47	73.6	Self-funding
Reconstruction of 220kV switchyard in Gezhoubu									
Hydropower Station	34,721,012.81	57,704,204.75	—	—	92,425,217.56	370,000,000.00	24.98	50	Self-funding
Design and construction of Three Gorges project metal structure maintenance center (Gezhoubu area)	25,031,787.48	—	—	252,895.94	24,778,891.54	56,000,000.00	44.7	94	Self-funding
Total	5,663,546,102.50	450,828,976.08	182,855,003.90	796,368.29	5,930,723,706.39	56,391,000,000.00			

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

16. Construction in progress (continued)

16.2 Construction materials

Item	Carrying amount	Impairment provision	Book value
2019			
Materials for engineering	60,067,302.75	—	60,067,302.75
Total	<u>60,067,302.75</u>	<u>—</u>	<u>60,067,302.75</u>
2018			
Materials for engineering	73,363,786.11	—	73,363,786.11
Total	<u>73,363,786.11</u>	<u>—</u>	<u>73,363,786.11</u>
2017			
Materials for engineering	110,440,093.12	—	110,440,093.12
Total	<u>110,440,093.12</u>	<u>—</u>	<u>110,440,093.12</u>

17. Intangible assets

(1) Details of intangible assets

Item	Land use right	Software	Parking space use right	Total
I. Original book value				
1. December 31, 2018	122,644,899.00	156,377,031.46	47,061,908.89	326,083,839.35
2. Increase during the current year	—	30,727,224.99	—	30,727,224.99
(1) Purchase	—	30,727,224.99	—	30,727,224.99
(2) Internal research and development	—	—	—	—
3. Decrease during the current year	—	214,600.00	—	214,600.00
(1) Disposal or scrapping	—	214,600.00	—	214,600.00
4. December 31, 2019	<u>122,644,899.00</u>	<u>186,889,656.45</u>	<u>47,061,908.89</u>	<u>356,596,464.34</u>
II. Accumulated amortization				
1. December 31, 2018	15,337,362.00	123,678,997.46	5,986,913.54	145,003,273.00
2. Increase during the current year	3,076,397.48	16,125,958.88	1,142,690.48	20,345,046.84
(1) Provision	3,076,397.48	16,125,958.88	1,142,690.48	20,345,046.84
3. Decrease during the current year	—	214,600.00	—	214,600.00
(1) Disposal or scrapping	—	214,600.00	—	214,600.00
4. December 31, 2019	<u>18,413,759.48</u>	<u>139,590,356.34</u>	<u>7,129,604.02</u>	<u>165,133,719.84</u>
III. Impairment provision				
1. December 31, 2018	—	—	—	—
2. Increase during the current year	—	—	—	—
(1) Provision	—	—	—	—
3. Decrease during the current year	—	—	—	—
(1) Disposal	—	—	—	—
4. December 31, 2019	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
IV. Book value				
1. December 31, 2019	<u>104,231,139.52</u>	<u>47,299,300.11</u>	<u>39,932,304.87</u>	<u>191,462,744.50</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

17. Intangible assets (continued)

(1) Details of intangible assets (continued)

Item	Land use right	Software	Parking space use right	Total
2. December 31, 2018	107,307,537.00	32,698,034.00	41,074,995.35	181,080,566.35

Item	Land use right	Software	Parking space use right	Total
I. Original book value				
1. December 31, 2017	122,644,899.00	133,816,506.03	46,268,625.71	302,730,030.74
2. Increase during the current year	—	23,992,582.45	793,283.18	24,785,865.63
(1) Purchase	—	23,992,582.45	793,283.18	24,785,865.63
(2) Internal research and development	—	—	—	—
3. Decrease during the current year	—	1,432,057.02	—	1,432,057.02
(1) Disposal	—	1,432,057.02	—	1,432,057.02
4. December 31, 2018	122,644,899.00	156,377,031.46	47,061,908.89	326,083,839.35
II. Accumulated amortization				
1. December 31, 2017	12,260,968.52	115,987,761.88	4,860,784.06	133,109,514.46
2. Increase during the current year	3,076,393.48	8,941,047.37	1,126,129.48	13,143,570.33
(1) Provision	3,076,393.48	8,941,047.37	1,126,129.48	13,143,570.33
3. Decrease during the current year	—	1,249,811.79	—	1,249,811.79
(1) Disposal	—	1,249,811.79	—	1,249,811.79
4. December 31, 2018	15,337,362.00	123,678,997.46	5,986,913.54	145,003,273.00
III. Impairment provision				
1. December 31, 2017	—	—	—	—
2. Increase during the current year	—	—	—	—
(1) Provision	—	—	—	—
3. Decrease during the current year	—	—	—	—
(1) Disposal	—	—	—	—
4. December 31, 2018	—	—	—	—
IV. Book value				
1. December 31, 2018	107,307,537.00	32,698,034.00	41,074,995.35	181,080,566.35
2. December 31, 2017	110,383,930.48	17,828,744.15	41,407,841.65	169,620,516.28

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

17. Intangible assets (continued)

(1) Details of intangible assets (continued)

Item	Land use right	Software	Parking space use right	Total
I. Original book value				
1. December 31, 2016	122,644,899.00	121,353,833.58	47,108,540.11	291,107,272.69
2. Increase during the current year	—	13,760,142.25	—	13,760,142.25
(1) Purchase	—	13,035,253.61	—	13,035,253.61
(2) Internal research and development	—	724,888.64	—	724,888.64
(3) Increase due to business merger	—	—	—	—
3. Decrease during the current year	—	1,297,469.80	839,914.40	2,137,384.20
(1) Disposal	—	1,297,469.80	839,914.40	2,137,384.20
4. December 31, 2017	122,644,899.00	133,816,506.03	46,268,625.71	302,730,030.74
II. Accumulated amortization				
1. December 31, 2016	9,184,583.04	110,388,223.12	3,816,443.67	123,389,249.83
2. Increase during the current year	3,076,385.48	6,897,008.56	1,131,326.46	11,104,720.50
(1) Provision	3,076,385.48	6,897,008.56	1,131,326.46	11,104,720.50
3. Decrease during the current year	—	1,297,469.80	86,986.07	1,384,455.87
(1) Disposal	—	1,297,469.80	86,986.07	1,384,455.87
4. December 31, 2017	12,260,968.52	115,987,761.88	4,860,784.06	133,109,514.46
III. Impairment provision				
1. December 31, 2016	—	—	—	—
2. Increase during the current year	—	—	—	—
(1) Provision	—	—	—	—
3. Decrease during the current year	—	—	—	—
(1) Disposal	—	—	—	—
4. December 31, 2017	—	—	—	—
IV. Book value				
1. December 31, 2017	110,383,930.48	17,828,744.15	41,407,841.65	169,620,516.28
2. December 31, 2016	113,460,315.96	10,965,610.46	43,292,096.44	167,718,022.86

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

17. Intangible assets (continued)

(2) Certificate of titles have not yet been obtained

Item	Amount	Status in obtaining certificate of titles
2019		
Land use rights	97,112,400.52	Applications are still in process
Total	<u>97,112,400.52</u>	
2018		
Land use rights	99,965,167.00	Applications are still in process
Parking space use rights	19,616,358.38	Applications are still in process
Total	<u>119,581,525.38</u>	
2017		
Land use rights	102,817,933.48	Applications are still in process
Parking space use rights	35,549,676.38	Applications are still in process
Total	<u>138,367,609.86</u>	

18. Long-term deferred expenses

Item	Balance brought forward	Increase during the current year	Amortization during the current year	Other decreases during the current year	Balance carried forward
2019					
Office decoration costs . . .	1,401,259.24	878,393.19	536,864.54	—	1,742,787.89
Total	<u>1,401,259.24</u>	<u>878,393.19</u>	<u>536,864.54</u>	<u>—</u>	<u>1,742,787.89</u>
2018					
Office decoration costs . . .	—	1,401,259.24	—	—	1,401,259.24
Total	<u>—</u>	<u>1,401,259.24</u>	<u>—</u>	<u>—</u>	<u>1,401,259.24</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

19. Deferred income tax assets and liabilities

(1) Deferred income tax assets have not yet been offset

Item	2019		2018		2017	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	324,035,755.25	76,529,364.02	344,069,077.56	82,659,096.03	314,589,028.14	77,130,844.42
Employee benefits	41,440,302.22	10,360,075.56	41,440,302.22	10,360,075.56	41,440,302.22	10,360,075.56
Depreciation of fixed assets	631,917,685.53	80,929,930.49	597,030,247.16	86,148,794.55	424,371,451.58	31,827,858.87
Donation outlay	—	—	—	—	50,000,000.00	12,500,000.00
Social function transfer costs	1,163,482,497.00	181,739,027.75	959,250,502.00	153,499,565.50	148,397,100.00	37,099,275.00
Accrued expenses	121,041,327.99	18,156,199.20	62,843,835.99	9,426,575.40	—	—
Government subsidies	5,833,758.06	1,458,439.52	6,229,112.34	1,557,278.09	—	—
Total	<u>2,287,751,326.05</u>	<u>369,173,036.54</u>	<u>2,010,863,077.27</u>	<u>343,651,385.13</u>	<u>978,797,881.94</u>	<u>168,918,053.85</u>

(2) Deferred income tax liabilities have not yet been offset

Item	2019		2018		2017	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of other non-current financial assets	352,848,712.87	88,212,178.23	—	—	—	—
Changes in fair value of investment of other equity instruments	3,146,323,277.66	786,580,819.42	—	—	—	—
Estimated value of trading financial instruments and derivative financial instruments	—	—	—	—	6,800.00	1,700.00
Changes in fair value of available-for-sale financial assets included in other comprehensive income	—	—	4,320,696,820.65	1,080,174,205.16	5,169,367,260.16	1,292,341,815.04
Total	<u>3,499,171,990.53</u>	<u>874,792,997.65</u>	<u>4,320,696,820.65</u>	<u>1,080,174,205.16</u>	<u>5,169,374,060.16</u>	<u>1,292,343,515.04</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

19. Deferred income tax assets and liabilities (continued)

(3) Details of unrecognized deferred income tax assets

Item	2019	2018	2017
Deductible temporary difference	479,216,399.45	489,511,151.14	531,212,918.70
Deductible loss	340,642.14	452,253.97	—
Total	<u>479,557,041.59</u>	<u>489,963,405.11</u>	<u>531,212,918.70</u>

20. Other non-current assets

Item	2019	2018	2017
Other non-current assets	34,272,485.05	1,243,674,027.34	1,255,352,722.43
Total	<u>34,272,485.05</u>	<u>1,243,674,027.34</u>	<u>1,255,352,722.43</u>

21. Short-term borrowings

Classification of short-term borrowings

Category of borrowings	2019	2018	2017
Credit borrowings	21,308,000,000.00	12,700,000,000.00	19,005,000,000.00
Total	<u>21,308,000,000.00</u>	<u>12,700,000,000.00</u>	<u>19,005,000,000.00</u>

22. Financial liabilities held for trading

Item	2019	2018	2017
Financial liabilities held for trading . .	768,403,141.10	—	—
Including: Options for exchangeable bonds	768,403,141.10	—	—
Total	<u>768,403,141.10</u>	<u>—</u>	<u>—</u>

23. Financial liabilities at fair value through profit or loss

Item	2019	2018	2017
Options for exchangeable bonds	—	492,164,591.91	513,947,206.47
Total	<u>—</u>	<u>492,164,591.91</u>	<u>513,947,206.47</u>

24. Notes payable

Item	2019	2018	2017
Commercial acceptance bills	18,701,549.83	63,458,633.10	101,039,781.02
Total	<u>18,701,549.83</u>	<u>63,458,633.10</u>	<u>101,039,781.02</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

25. Accounts payable

(1) Details of accounts payable

Item	2019	2018	2017
Within 1 year	72,801,074.57	72,758,155.69	81,551,089.65
1-2 years	13,022,392.72	8,967,233.94	3,811,821.26
2-3 years	731,546.04	477,281.00	963,727.54
Over 3 years	264,592.22	392,933.01	1,093,196.53
Total	86,819,605.55	82,595,603.64	87,419,834.98

(2) Significant account payables with the aging over 1 year

Company name	Amount	Reasons for not yet settled
2019		
The Three Gorges Industrial Co., Ltd.	9,832,531.67	Unsettled
Pinggao Group Co., Ltd.	1,600,191.20	Still within the warranty period
Hubei Jinyang Construction Engineering Co., Ltd.	830,066.04	Unsettled
Yichang Tongling Furniture Co., Ltd.	168,001.18	Still within the warranty period
Da Sheng Wei Dian Technology Co., Ltd.	147,248.27	Still within the warranty period
Total	12,578,038.36	
2018		
Harbin Electric Machinery Company Limited	7,208,825.40	Still within the warranty period
Chongqing Tongda Energy Equipment Co., Ltd.	225,600.00	Still within the warranty period
Pinggao Group Co., Ltd.	210,841.20	Still within the warranty period
Yichang Tongling Furniture Co., Ltd.	141,455.00	Still within the warranty period
Yichang Nanyang Trading Co., Ltd.	125,257.46	Still within the warranty period
Total	7,911,979.06	—
2017		
Kunming Yibo Communication Engineering Co., Ltd.	997,694.00	Unsettled
TBEA Hengyang Transformer Co., Ltd.	512,910.00	Still within the warranty period
Shenyang Jinjian Digital City Software Ltd.	272,000.00	Unsettled
Smartdot Technologies Co., Ltd. ...	270,000.00	Unsettled
Tianjin Generating Technique Equipment Co., Ltd.	172,445.85	Still within the warranty period
Total	2,225,049.85	

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

26. Advances from customers

Item	2019	2018	2017
Within 1 year	9,150,914.15	9,671,564.53	9,817,298.41
1-2 years	14,026.83	84,062.50	560,876.75
2-3 years	—	33,937.50	—
Total	<u>9,164,940.98</u>	<u>9,789,564.53</u>	<u>10,378,175.16</u>

27. Employee compensation payable

(1) Details of employee compensation payable

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
Short-term employee remunerations	104,036,148.53	1,494,996,129.32	1,478,492,368.74	120,539,909.11
Post-resignation benefits — defined contribution plan ..	—	187,658,333.27	187,658,333.27	—
Termination benefits	—	—	—	—
Total	<u>104,036,148.53</u>	<u>1,682,654,462.59</u>	<u>1,666,150,702.01</u>	<u>120,539,909.11</u>
2018				
Short-term employee remunerations	90,162,772.29	1,366,089,884.79	1,352,216,508.55	104,036,148.53
Post-resignation benefits — defined contribution plan ..	—	197,043,531.15	197,043,531.15	—
Termination benefits	—	45,827.56	45,827.56	—
Total	<u>90,162,772.29</u>	<u>1,563,179,243.50</u>	<u>1,549,305,867.26</u>	<u>104,036,148.53</u>
2017				
Short-term employee remunerations	90,168,894.28	1,653,158,219.04	1,653,164,341.03	90,162,772.29
Post-resignation benefits — defined contribution plan ..	—	240,123,188.69	240,123,188.69	—
Termination benefits	—	545,103.48	545,103.48	—
Total	<u>90,168,894.28</u>	<u>1,893,826,511.21</u>	<u>1,893,832,633.20</u>	<u>90,162,772.29</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

27. Employee compensation payable (continued)

(2) Details of Short-term employee remunerations

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
Salary, bonuses, allowances and subsidy	34,970,719.17	1,067,571,176.52	1,067,571,176.52	34,970,719.17
Employee welfare expenses	—	155,414,942.50	155,414,942.50	—
Social insurance charges	—	105,740,332.03	105,740,332.03	—
Including:				
Basic medical insurance	—	52,275,683.32	52,275,683.32	—
Work-related safety insurance charges	—	2,774,937.50	2,774,937.50	—
Maternity insurance charges	—	3,909,826.96	3,909,826.96	—
Others	—	46,779,884.25	46,779,884.25	—
Housing funds	—	97,643,828.00	97,643,828.00	—
Labor union expenditures and personnel education fund	69,065,429.36	48,036,441.67	31,532,681.09	85,569,189.94
Other short-term employees benefits	—	20,589,408.60	20,589,408.60	—
Total	<u>104,036,148.53</u>	<u>1,494,996,129.32</u>	<u>1,478,492,368.74</u>	<u>120,539,909.11</u>
	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2018				
Salary, bonuses, allowances and subsidy	34,970,719.17	969,908,155.47	969,908,155.47	34,970,719.17
Employee welfare expenses	—	144,055,068.29	144,055,068.29	—
Social insurance charges	—	97,789,486.63	97,789,486.63	—
Including:				
Basic medical insurance	—	47,906,830.35	47,906,830.35	—
Work-related safety insurance charges	—	3,229,948.10	3,229,948.10	—
Maternity insurance charges	—	3,563,169.44	3,563,169.44	—
Others	—	43,089,538.74	43,089,538.74	—
Housing funds	—	90,084,886.00	90,084,886.00	—
Labor union expenditures and personnel education fund	55,192,053.12	43,689,882.95	29,816,506.71	69,065,429.36
Other short-term employees benefits	—	20,562,405.45	20,562,405.45	—
Total	<u>90,162,772.29</u>	<u>1,366,089,884.79</u>	<u>1,352,216,508.55</u>	<u>104,036,148.53</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

27. Employee compensation payable (continued)

(2) Details of Short-term employee remunerations (continued)

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2017				
Salary, bonuses, allowances and subsidy	34,970,719.17	1,178,606,684.57	1,178,606,684.57	34,970,719.17
Employee welfare expenses ..	—	168,973,359.57	168,973,359.57	—
Social insurance charges	315,044.05	125,978,104.91	126,293,148.96	—
Including:				
Basic medical insurance ...	315,044.05	63,579,053.86	63,894,097.91	—
Work-related safety insurance charges	—	6,394,827.07	6,394,827.07	—
Maternity insurance charges	—	4,124,601.18	4,124,601.18	—
Others	—	51,879,622.80	51,879,622.80	—
Housing funds	—	101,200,430.60	101,200,430.60	—
Labor union expenditures and personnel education fund ..	54,883,131.06	53,037,390.07	52,728,468.01	55,192,053.12
Other short-term employees benefits	—	25,362,249.32	25,362,249.32	—
Total	<u>90,168,894.28</u>	<u>1,653,158,219.04</u>	<u>1,653,164,341.03</u>	<u>90,162,772.29</u>

(3) Details of defined contribution plan

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
Basic endowment insurance premiums	—	137,358,612.01	137,358,612.01	—
Unemployment insurance premiums	—	4,387,761.26	4,387,761.26	—
Enterprise annuity payment	—	45,911,960.00	45,911,960.00	—
Total	<u>—</u>	<u>187,658,333.27</u>	<u>187,658,333.27</u>	<u>—</u>
2018				
Basic endowment insurance premiums	—	150,469,062.32	150,469,062.32	—
Unemployment insurance premiums	—	4,043,589.28	4,043,589.28	—
Enterprise annuity payment	—	42,530,879.55	42,530,879.55	—
Total	<u>—</u>	<u>197,043,531.15</u>	<u>197,043,531.15</u>	<u>—</u>
2017				
Basic endowment insurance premiums	—	188,213,897.90	188,213,897.90	—
Unemployment insurance premiums	—	5,333,417.27	5,333,417.27	—
Enterprise annuity payment	—	46,575,873.52	46,575,873.52	—
Total	<u>—</u>	<u>240,123,188.69</u>	<u>240,123,188.69</u>	<u>—</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

28. Taxes payable

Item	2019	2018	2017
Value-added tax	565,168,563.12	552,393,338.24	935,324,834.48
Water resources tax	110,122,250.31	82,829,139.71	19,168,406.28
Enterprise income tax	994,450,590.67	1,234,834,915.20	873,108,369.15
Individual income tax	32,967,873.52	25,116,121.58	36,502,677.58
City maintenance and construction tax	35,919,275.51	41,367,381.91	69,026,341.03
Property tax	154,495,388.93	131,330,437.86	111,631,596.47
Land use tax	169,132,142.26	131,118,296.26	100,822,169.27
Educational surcharge	27,008,248.59	30,945,071.91	51,759,494.01
Others	16,978,581.00	14,281,641.11	15,247,460.86
Total	2,106,242,913.91	2,244,216,343.78	2,212,591,349.13

29. Other payables

Item	2019	2018	2017
Interest payable	897,073,966.87	685,700,683.53	665,289,460.60
Dividends payable	—	—	—
Other payables	20,145,190,386.39	18,651,244,372.52	20,010,812,181.16
Total	21,042,264,353.26	19,336,945,056.05	20,676,101,641.76

29.1 Interests payable

Item	2019	2018	2017
Interest of long-term borrowings for which interest to be paid in installment, principal to be paid when due	63,195,356.45	99,723,516.29	114,201,171.85
Interest for bonds	690,571,246.89	536,243,163.95	454,227,684.61
Interest payable of short-term financing bills	117,587,021.83	33,689,315.07	73,925,833.31
Interest payable for short-term borrowing	25,720,341.70	16,044,688.22	22,934,770.83
Total	897,073,966.87	685,700,683.53	665,289,460.60

29.2 Other payables

(1) Details of other payables by nature

Item	2019	2018	2017
Accrual of construction costs ...	14,321,897,653.78	15,398,819,403.54	17,132,894,389.35
Guarantee deposits and security deposits	466,446,442.12	471,286,337.73	661,813,084.85
Accrual charges	5,319,872,751.01	2,729,016,697.49	2,187,252,892.01
Others	36,973,539.48	52,121,933.76	28,851,814.95
Total	20,145,190,386.39	18,651,244,372.52	20,010,812,181.16

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

29. Other payables (continued)

29.2 Other payables (continued)

(2) Details of significant other payables with aging over 1 year

Company name	Amount	Reasons for not yet settled
2019		
China Gezhouba Group Co., Ltd. . . .	132,434,715.42	Still within the credit period
Sinohydro Bureau 8 Co., Ltd.	64,109,197.18	Still within the credit period
Sinohydro Bureau 14 Co., Ltd.	38,459,405.79	Still within the credit period
Sinohydro Bureau 4 Co., Ltd.	22,158,484.51	Still within the credit period
Sinohydro Bureau 7 Co., Ltd.	13,714,531.82	Still within the credit period
Total	<u>270,876,334.72</u>	
2018		
China Gezhouba Group Co., Ltd. . . .	158,347,814.91	Still within the credit period
Sinohydro Bureau 8 Co., Ltd.	67,875,248.14	Still within the credit period
Sinohydro Bureau 14 Co., Ltd.	35,643,405.79	Still within the credit period
Sinohydro Bureau 4 Co., Ltd.	27,338,019.39	Still within the credit period
Yangtze Three Gorges Technology & Economy Development Co., Ltd. . .	19,896,326.50	Still within the credit period
Total	<u>309,100,814.73</u>	
2017		
China Gezhouba Construction Group Corporation for Water Resources and Hydropower	108,775,200.00	Still within the credit period
Sinohydro Engineering Bureau 4 Co., Ltd.	64,746,334.47	Still within the credit period
Sinohydro Engineering Bureau 8 Co., Ltd.	62,666,010.11	Still within the credit period
Sinohydro Engineering Bureau 7 Co., Ltd.	59,087,443.93	Still within the credit period
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	41,848,210.64	Still within the credit period
Total	<u>337,123,199.15</u>	

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

30. Current portion of non-current liabilities

<u>Item</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Current portion of long-term borrowings	—	11,800,000,000.00	10,551,713,811.59
Bonds payable due within one year . . .	2,499,762,842.57	3,497,687,123.29	—
Current portion of long-term accounts payable	—	—	2,955,808,339.80
Total	<u>2,499,762,842.57</u>	<u>15,297,687,123.29</u>	<u>13,507,522,151.39</u>

31. Other current liabilities

(1) Details of other current liabilities

<u>Item</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Short-term bonds payable	7,998,650,574.74	6,496,298,972.17	3,498,822,877.35
Total	<u>7,998,650,574.74</u>	<u>6,496,298,972.17</u>	<u>3,498,822,877.35</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

31. Other current liabilities (continued)

(2) Details of short-term bond payable

Bond name	Par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issue during the year	Interest accrued at par value	Amortization of premiums and discounts	Payback during the current year	Balance carried forward
2019										
Fourth batch of the Super and Short-term Commercial Paper 2018	4,000,000,000.00	2018-10-11	180 days	4,000,000,000.00	3,998,673,836.48	—	36,164,109.59	1,326,163.52	4,000,000,000.00	—
First batch of the Short-term Commercial Paper 2018 ..	2,500,000,000.00	2018-12-07	1 year	2,500,000,000.00	2,497,625,135.69	—	83,400,684.93	2,374,864.31	2,500,000,000.00	—
Fifth batch of the Super and Short-term Commercial Paper 2018	1,500,000,000.00	2018-12-28	100 days	1,500,000,000.00	—	1,499,606,918.24	11,917,808.22	393,081.76	1,500,000,000.00	—
First batch of the Short-term Commercial Paper 2019 (Note 1)	2,500,000,000.00	2019-03-20	1 year	2,500,000,000.00	—	2,496,933,962.26	61,711,065.56	2,530,737.67	—	2,499,464,699.93
Second batch of the Short-term Commercial Paper 2019 (Note 2)	2,500,000,000.00	2019-05-16	1 year	2,500,000,000.00	—	2,496,933,962.26	49,862,021.84	2,006,830.58	—	2,498,940,792.84
First batch of the Super and Short-term Commercial Paper 2019 (Note 3)	2,500,000,000.00	2019-04-09	150 days	2,500,000,000.00	—	2,498,722,484.27	28,688,524.59	1,277,515.73	2,500,000,000.00	—
Second batch of the Super and Short-term Commercial Paper 2019 (Note 4)	3,000,000,000.00	2019-07-11	100 days	3,000,000,000.00	—	2,998,977,987.42	21,311,475.41	1,022,012.58	3,000,000,000.00	—
Third batch of the Super and Short-term Commercial Paper 2019 (Note 5)	2,000,000,000.00	2019-07-11	30 days	2,000,000,000.00	—	1,999,795,597.48	3,770,491.80	204,402.52	2,000,000,000.00	—
Fourth batch of the Super and Short-term Commercial Paper 2019 (Note 6)	3,000,000,000.00	2019-07-15	150 days	3,000,000,000.00	—	2,998,466,981.14	34,057,377.05	1,533,018.86	3,000,000,000.00	—
Third batch of the Short-term Commercial Paper 2019 (Note 7)	3,000,000,000.00	2019-12-05	1 year	3,000,000,000.00	—	3,000,000,000.00	6,013,934.43	245,081.97	—	3,000,245,081.97
Total				<u>26,500,000,000.00</u>	<u>6,496,298,972.17</u>	<u>19,989,437,893.07</u>	<u>336,897,493.42</u>	<u>12,913,709.50</u>	<u>18,500,000,000.00</u>	<u>7,998,650,574.74</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

31. Other current liabilities (continued)

(2) Details of short-term bond payable (continued)

Notes:

- 1: The Company issued the first batch of the Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on March 20, 2019 with the issuing amount of RMB2.5 billion, the term is 1 year and the coupon rate is 3.17%. The interest commencement date was March 22, 2019 and the repayment date was March 22, 2020 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 2: The Company issued the second batch of the Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on May 16, 2019 with the issuing amount of RMB2.5 billion, the term is 1 year and the coupon rate is 3.23%. The interest commencement date was May 20, 2019 and the repayment date was May 20, 2020 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 3: The Company issued the first batch of the Super and Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on April 9, 2019 with the issuing amount of RMB2.5 billion, the term is 150 days and the coupon rate is 2.80%. The interest commencement date was April 10, 2019 and the repayment date was September 7, 2019 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 4: The Company issued the second batch of the Super and Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on July 11, 2019 with the issuing amount of RMB3.0 billion, the term is 100 days and the coupon rate is 2.60%. The interest commencement date was July 15, 2019 and the repayment date was October 23, 2019 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 5: The Company issued the third batch of the Super and Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on July 11, 2019 with the issuing amount of RMB2.0 billion, the term is 30 days and the coupon rate is 2.30%. The interest commencement date was July 15, 2019 the repayment date was August 14, 2019 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 6: The Company issued the fourth batch of the Super and Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on July 15, 2019 with the issuing amount of RMB3.0 billion, the term is 150 days and the coupon rate is 2.77%. The interest commencement date was July 17, 2019 and the repayment date was December 14, 2019 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 7: The Company issued the third batch of the Short-term Commercial Paper 2019 of China Yangtze Power Co., Ltd. on December 5, 2019 with the issuing amount of RMB3.0 billion, the term is 366 days and the coupon rate is 3.19%. The interest commencement date was December 9, 2019 and the repayment date was December 9, 2020 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

31. Other current liabilities (continued)

(2) Details of short-term bond payable (continued)

Bond name	Par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issue during the year	Interest accrued at par value	Amortization of premiums and discounts	Payback during the current year	Balance carried forward
2018										
First batch Super and Short-term Commercial Paper 2017.....	3,500,000,000.00	2017-07-10	270 days	3,500,000,000.00	3,498,822,877.35	—	39,215,262.58	1,177,122.65	3,500,000,000.00	—
First batch Super and Short-term Commercial Paper 2018 (Note 1).....	3,000,000,000.00	2018-04-23	120 days	3,000,000,000.00	—	2,999,292,452.83	40,438,356.16	707,547.17	3,000,000,000.00	—
Second batch Super and Short-term Commercial Paper 2018 (Note 2).....	4,000,000,000.00	2018-06-14	120 days	4,000,000,000.00	—	3,998,113,207.55	54,838,356.16	1,886,792.45	4,000,000,000.00	—
Third batch Super and Short-term Commercial Paper 2018 (Note 3).....	3,000,000,000.00	2018-06-14	180 days	3,000,000,000.00	—	2,997,877,358.49	61,693,150.68	2,122,641.51	3,000,000,000.00	—
Fourth batch Super and Short-term Commercial Paper 2018 (Note 4).....	4,000,000,000.00	2018-10-11	180 days	4,000,000,000.00	—	3,997,547,169.81	28,340,000.00	1,126,666.67	—	3,998,673,836.48
First batch of the Short-term Commercial Paper 2018 (Note 5).....	2,500,000,000.00	2018-12-07	1 year	2,500,000,000.00	—	2,497,429,245.28	5,349,315.07	195,890.41	—	2,497,625,135.69
Total				20,000,000,000.00	3,498,822,877.35	16,490,259,433.96	229,874,440.65	7,216,660.86	13,500,000,000.00	6,496,298,972.17

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

31. Other current liabilities (continued)

(2) Details of short-term bond payable (continued)

Notes:

- 1: The Company issued the First batch Super and Short-term Commercial Paper 2018 of China Yangtze Power Co., Ltd. on April 23, 2018 with the issuing amount of RMB3.0 billion, the term is 120 days and the coupon rate is 4.1%. The interest commencement date was April 25, 2018 and the repayment date was August 23, 2018 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 2: The Company issued the Second batch Super and Short-term Commercial Paper 2018 of China Yangtze Power Co., Ltd. on June 14, 2018 with the issuing amount of RMB4.0 billion, the term is 120 days and the coupon rate is 4.17%. The interest commencement date was June 19, 2018 and the repayment date was October 17, 2018 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 3: The Company issued Third batch the 2018 Super and Short-term Commercial Paper 2018 of China Yangtze Power Co., Ltd. on June 14, 2018 with the issuing amount of RMB3.0 billion, the term is 180 days and the coupon rate is 4.17%. The interest commencement date was June 19, 2018 and the repayment date was December 16, 2018 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 4: The Company issued Fourth batch Super and Short-term Commercial Paper 2018 of China Yangtze Power Co., Ltd. on October 11, 2018 with the issuing amount of RMB4.0 billion, the term is 180 days and the coupon rate is 3.27%. The interest commencement date was October 15, 2018 and the repayment date was April 13, 2019 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 5: The Company issued the First batch Short-term Commercial Paper 2018 of China Yangtze Power Co., Ltd. on December 7, 2018 with the issuing amount of RMB2.5 billion, the term is 1 year and the coupon rate is 3.55%. The interest commencement date was December 10, 2018 and the repayment date was December 10, 2019 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

31. Other current liabilities (continued)

(2) Details of short-term bond payable (continued)

Bond name	Par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issue during the year	Interest accrued at par value	Amortization of premiums and discounts	Payback during the current year	Balance carried forward
2017										
Second batch Super and Short-term Commercial Paper 2016.....	4,000,000,000.00	2016-06-15	270 days	4,000,000,000.00	3,998,288,888.89	—	21,402,739.74	1,711,111.11	4,000,000,000	—
First batch Super and Short-term Commercial Paper 2017 (Note 1).....	3,500,000,000.00	2017-07-10	270 days	3,500,000,000.00	—	3,496,285,377.36	73,925,833.31	2,537,499.99	—	3,498,822,877.35
Second batch Super and Short-term Commercial Paper 2017 (Note 2).....	2,500,000,000.00	2017-7-11	120 days	2,500,000,000.00	—	2,498,750,000.00	34,520,547.95	1,250,000.00	2,500,000,000.00	—
Third batch Super and Short-term Commercial Paper 2017 (Note 3).....	3,000,000,000.00	2017-9-14	90 days	3,000,000,000.00	—	3,000,000,000.00	32,178,082.19	—	3,000,000,000.00	—
Total	13,000,000,000.00			13,000,000,000.00	3,998,288,888.89	8,995,035,377.36	162,027,203.19	5,498,611.10	9,500,000,000.00	3,498,822,877.35

Notes:

- 1: The Company issued the First batch Super and Short-term Commercial Paper 2017 of China Yangtze Power Co., Ltd. on July 10, 2017 with the issuing amount of RMB3.5 billion, the term is 270 days and the coupon rate is 4.37%. The interest commencement date was July 11, 2017 and the repayment date was April 07, 2018 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 2: The Company issued the Second batch Super and Short-term Commercial Paper 2017 of China Yangtze Power Co., Ltd. on July 11, 2017 with the issuing amount of RMB2.5 billion, the term is 120 days and the coupon rate is 4.2%. The interest commencement date was July 13, 2017 and the repayment date was November 10, 2017 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.
- 3: The Company issued the Third batch Super and Short-term Commercial Paper 2017 of China Yangtze Power Co., Ltd. on September 14, 2017 with the issuing amount of RMB3 billion, the term is 90 days and the coupon rate is 4.35%. The interest commencement date was September 18, 2017 and the repayment date was December 17, 2017 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

32. Long-term borrowings

Category of borrowings	2019	2018	2017
Credit borrowings	24,600,000,000.00	26,000,000,000.00	31,500,000,000.00
Total	<u>24,600,000,000.00</u>	<u>26,000,000,000.00</u>	<u>31,500,000,000.00</u>

Note 1: The interest rate for long-term RMB borrowings was 4.5125% in 2019.

Note 2: The interest rate for long-term RMB borrowings (including current portion of non-current liabilities) was 4.5125% in 2018.

Note 3: The interest rate collar for long-term RMB borrowings (including current portion of non-current liabilities) ranges from 4.2750% to 4.5125% in 2017. There are both fixed interest rate and floating interest rate for foreign currency borrowings, and the fixed interest rate is 7.20% and the floating interest rate is calculated based on the Libor interest rate.

33. Bonds payable

(1) Details of bonds payable

Item	2019	2018	2017
Other bonds payable	42,938,865,726.66	34,436,776,200.92	26,926,840,150.88
Less: Bonds payable due within			
one year	2,499,762,842.57	3,497,687,123.29	—
Add: Exchangeable bonds	3,355,689,608.12	3,326,805,709.43	3,224,267,423.87
Total	<u>43,794,792,492.21</u>	<u>34,265,894,787.06</u>	<u>30,151,107,574.75</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) Movements of bonds payable

Bond name	Total par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issuing during the current year	Interest accrued at par value	Amortization of premiums and discounts	Decrease during the current year	Balance carried forward
2019										
02 CTG bond.....	5,000,000,000.00	2002-09-21	20 years	5,000,000,000.00	4,990,087,808.44	—	238,000,000.00	2,664,175.22	—	4,992,751,983.66
03 CTG bond.....	3,000,000,000.00	2003-08-01	30 years	3,000,000,000.00	2,984,388,472.39	—	145,800,000.00	1,069,885.02	—	2,985,458,357.41
15 CYPC MTN001.....	3,000,000,000.00	2015-09-14	10 years	3,000,000,000.00	2,985,525,102.76	—	134,999,999.96	2,158,226.15	—	2,987,683,328.91
16 CYPC MTN001.....	3,000,000,000.00	2016-01-13	5 years	3,000,000,000.00	2,993,647,290.63	—	91,199,999.96	3,116,584.56	—	2,996,763,875.19
16 CYPC MTN002.....	4,000,000,000.00	2016-08-01	5 years	4,000,000,000.00	3,994,475,521.37	—	124,799,999.98	2,398,685.69	—	3,996,874,207.06
18 CYPC MTN001.....	2,000,000,000.00	2018-12-03	5 years	2,000,000,000.00	1,996,739,661.91	—	77,999,999.95	-1,111,977.96	—	1,995,627,683.95
19 CYPC MTN001 (Note 1).....	3,000,000,000.00	2019-03-13	5 years	3,000,000,000.00	—	2,991,509,433.97	87,360,655.73	1,438,423.64	—	2,992,947,857.61
19 CYPC MTN002 (Note 2).....	2,000,000,000.00	2019-08-07	5 years	2,000,000,000.00	—	1,994,339,622.64	26,939,890.70	476,190.48	—	1,994,815,813.12
16 CYPC bond 01.....	3,000,000,000.00	2016-10-17	10 years	3,000,000,000.00	2,998,265,531.41	—	100,500,000.00	239,868.56	—	2,998,505,399.97
17 CYPC bond 01.....	2,500,000,000.00	2017-07-11	3 years	2,500,000,000.00	2,499,096,784.18	—	112,499,999.99	666,058.39	2,499,762,842.57	—
18 CYPC bond 01.....	2,500,000,000.00	2018-07-26	3 years	2,500,000,000.00	2,498,403,353.53	—	104,749,999.98	666,058.39	—	2,499,069,411.92
18 CYPC bond 02.....	3,000,000,000.00	2018-09-27	3 years	3,000,000,000.00	2,998,459,551.01	—	108,406,541.12	3,482,072.29	—	3,001,941,623.30
19 CYPC bond 01 (Note 3).....	3,000,000,000.00	2019-02-19	3 years	3,000,000,000.00	—	2,998,301,886.78	89,368,403.32	518,978.10	—	2,998,820,864.88
19 CYPC bond 02 (Note 4).....	2,000,000,000.00	2019-09-04	5 years	2,000,000,000.00	—	1,998,867,924.52	24,725,742.95	78,160.92	—	1,998,946,085.44
19 CYPC bond 03 (Note 5).....	2,000,000,000.00	2019-12-06	3 years	2,000,000,000.00	—	1,998,867,924.52	4,972,054.79	28,467.15	—	1,998,896,391.67
CYPIBV11 N2111 (Note 6).....	USD300 million	2016-11-09	5 years	USD300 million	1,901,004,488.27	—	—	33,237,444.09	—	1,934,241,932.36
CYPIBV12 N2111 (Note 7).....	EUR200 million	2016-11-09	5 years	EUR200 million	1,425,801,221.16	—	—	(4,353,545.40)	—	1,421,447,675.76
Total					34,265,894,787.06	11,981,886,792.43	1,472,323,288.43	46,773,755.29	2,499,762,842.57	43,794,792,492.21

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) *Movements of bonds payable (continued)*

Notes:

- 1: On March 13, 2019, the Company issued the First Batch Medium-term Notes 2019 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "19 CYPC MTN001") with the issuing amount of RMB3.0 billion, the coupon rate is 3.65% and the term is 5 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.
- 2: On August 7, 2019, the Company issued the Second Batch Medium-term Notes 2019 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "19 CYPC MTN002") with the issuing amount of RMB2.0 billion, the coupon rate is 3.40% and the term is 5 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.
- 3: On February 19, 2019, the Company issued the First Batch Corporate Bonds 2019 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "19 CYPC bond 01") with the issuing amount of RMB3.0 billion, the coupon rate is 3.45% and the term is 3 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.
- 4: On September 4, 2019, the Company issued the Second Batch Corporate Bonds 2019 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "19 CYPC bond 02") with the issuing amount of RMB2.0 billion, the coupon rate is 3.80% and the term is 5 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.
- 5: On December 6, 2019, the Company issued the Third Batch Corporate Bonds 2019 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "19 CYPC bond 03") with the issuing amount of RMB2.0 billion, the coupon rate is 3.49% and the term is 3 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) Movements of bonds payable (continued)

6: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 9, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the "CYP1 BV11 N2111") through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 1 Co., Ltd. as the issuing body with no more than 294,639,058 shares of H-shares of China Construction Bank. The bond issue date was November 9, 2016 and the issue amount was USD300 million, the bond term was 5 years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$7.8960 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. Exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 9, 2016, the value of the liability portion after the split was RMB1,884.19 million, which was included in the bonds payable. The value of the exchange option component was RMB150.77 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of December 31, 2019, the fair value of the exchange option component was RMB463.75 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

7: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 9, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the "CYP1 BV12 N2111") through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 2 Co., Ltd. as the issuing body with no more than 202,898,346 shares of H-shares of China Construction Bank. The bond issue date was November 9, 2016 and the issue amount was Euros 200 million, the bond term was 5 years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$8.4600 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. The exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 9, 2016, the value of the liability portion after the split was RMB1,361.87 million, which was included in the bonds payable. The value of the exchange option component was RMB132.97 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of December 31, 2019, the fair value of the exchange option component was RMB304.65 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Bond name	Total par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issuing during the current year	Interest accrued at par value	Amortization of premiums and discounts	Decrease during the current year	Balance carried forward
2018										
09 CYPC bond	3,500,000,000.00	2009-07-30	10 years	3,500,000,000.00	3,493,667,123.29	—	167,300,000.00	4,020,000.00	3,497,687,123.29	—
02 CTG bond	5,000,000,000.00	2002-09-21	20 years	5,000,000,000.00	4,987,423,633.22	—	238,000,000.00	2,664,175.22	—	4,990,087,808.44
03 CTG bond	3,000,000,000.00	2003-08-01	30 years	3,000,000,000.00	2,983,318,587.37	—	145,800,000.00	1,069,885.02	—	2,984,388,472.39
15 CYPC MTN 001	3,000,000,000.00	2015-09-14	10 years	3,000,000,000.00	2,983,366,876.61	—	134,999,999.96	2,158,226.15	—	2,985,525,102.76
16 CYPC MTN 001	3,000,000,000.00	2016-01-13	5 years	3,000,000,000.00	2,990,530,706.07	—	91,199,999.96	3,116,584.56	—	2,993,647,290.63
16 CYPC MTN002	4,000,000,000.00	2016-08-01	5 years	4,000,000,000.00	3,992,076,835.68	—	124,799,999.98	2,398,685.69	—	3,994,475,521.37
18 CYPC MTN001 (Note 1)	2,000,000,000.00	2018-12-03	5 years	2,000,000,000.00	—	1,996,650,943.40	5,769,863.01	88,718.51	—	1,996,739,661.91
17 CYPC bond 01	3,000,000,000.00	2016-10-17	10 years	3,000,000,000.00	2,998,025,662.85	—	100,500,000.00	239,868.56	—	2,998,265,531.41
17 CYPC bond 01	2,500,000,000.00	2017-07-11	3 years	2,500,000,000.00	2,498,430,725.79	—	112,499,999.99	666,058.39	—	2,499,096,784.18
18 CYPC bond 01 (Note 2)	2,500,000,000.00	2018-07-26	3 years	2,500,000,000.00	—	2,498,113,207.54	45,630,821.91	290,145.99	—	2,498,403,353.53
18 CYPC bond 02 (Note 3)	3,000,000,000.00	2018-09-27	3 years	3,000,000,000.00	—	2,998,301,886.78	30,614,794.53	157,664.23	—	2,998,459,551.01
CYPIBV11 N2111 (Note 4)	USD300 million	2016-11-09	5 years	USD300 million	1,808,062,866.57	—	—	92,941,621.70	—	1,901,004,488.27
CYPIBV12 N2111 (Note 5)	EUR200 million	2016-11-09	5 years	EUR200 million	1,416,204,557.30	—	—	9,596,663.86	—	1,425,801,221.16
Total					30,151,107,574.75	7,493,066,037.72	1,197,115,479.34	119,408,297.88	3,497,687,123.29	34,265,894,787.06

Notes:

- 1: On December 3, 2018, the Company issued the 2018 First Batch Medium-term Notes 2018 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "18 CYPC MTN 001") with the issuing amount of RMB2.0 billion, the coupon rate was 3.9% and the term was 5 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.
- 2: On July 26, 2018, the Company issued the First Batch Company Bond 2018 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "18 CYPC 01") with the issuing amount of RMB2.5 billion, the coupon rate was 4.19% and the term was 3 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) Movements of bonds payable (continued)

- 3: On September 27, 2018, the Company issued the Second Batch Company Bond 2018 of China Yangtze Power Co., Ltd., (hereinafter referred to as the “18 CYPC 02”) with the issuing amount of RMB3.0 billion, the coupon rate was 3.88% and the term was 3 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.
- 4: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 9, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the “CYP1 BV11 N2111”) through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 1 Co., Ltd. as the issuing body with no more than 294,639,058 shares of H-shares of China Construction Bank. The bond issue date was November 9, 2016 and the issue amount was USD300 million, the bond term was 5 years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$7.8960 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. Exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 9, 2016, the value of the liability portion after the split was RMB1,884.19 million, which was included in the bonds payable. The value of the exchange option component was RMB150.77 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of December 31, 2018, the fair value of the exchange option component was RMB276.17 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.
- 5: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 9, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the “CYP1 BV12 N2111”) through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 2 Co., Ltd. as the issuing body with no more than 202,898,346 shares of H-shares of China Construction Bank. The bond issue date was November 9, 2016 and the issue amount was Euros 200 million, the bond term was 5 years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$8.4600 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. The exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 9, 2016, the value of the liability portion after the split was RMB1,361.87 million, which was included in the bonds payable. The value of the exchange option component was RMB132.97 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of December 31, 2018, the fair value of the exchange option component was RMB215.99 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Bond name	Total par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issuing during the current year	Interest accrued at par value	Amortization of premiums and discounts	Decrease during the current year	Balance carried forward
2017										
09 CYPG bond	3,500,000,000.00	2009-07-30	10 years	3,500,000,000.00	3,489,647,123.29	—	167,300,000.00	4,020,000.00	—	3,493,667,123.29
02 CTG bond	5,000,000,000.00	2002-09-21	20 years	5,000,000,000.00	4,984,759,458.00	—	238,000,000.00	2,664,175.22	—	4,987,423,633.22
03 CTG bond	3,000,000,000.00	2003-08-01	30 years	3,000,000,000.00	2,982,248,702.35	—	145,800,000.00	1,069,885.02	—	2,983,318,587.37
15 CYPG MTN 001	3,000,000,000.00	2015-09-14	10 years	3,000,000,000.00	2,981,208,650.46	—	134,999,999.96	2,158,226.15	—	2,983,366,876.61
16 CYPG MTN 001	3,000,000,000.00	2016-01-13	5 years	3,000,000,000.00	2,987,414,121.51	—	91,191,125.05	3,116,584.56	—	2,990,530,706.07
16 CYPG MTN002	4,000,000,000.00	2016-08-01	5 years	4,000,000,000.00	3,989,678,150.00	—	124,799,999.99	2,398,683.68	—	3,992,076,835.68
16 CYPG bond 01	3,000,000,000.00	2016-10-17	10 years	3,000,000,000.00	2,997,785,794.29	—	100,500,000.00	239,868.56	—	2,998,025,662.85
17 CYPG bond 01 (Note 1)	2,500,000,000.00	2017-07-11	3 years	2,500,000,000.00	—	2,498,113,207.54	53,630,136.98	317,518.25	—	2,498,430,725.79
CYPI BV11 N2111 (Note 2)	USD300 million	2016-11-09	5 years	USD300 million	1,917,597,320.61	—	—	(109,534,454.04)	—	1,808,062,866.57
CYPI BV12 N2111 (Note 3)	EUR200 million	2016-11-09	5 years	EUR200 million	1,324,936,849.08	—	—	91,267,708.22	—	1,416,204,557.30
Total					27,655,276,169.59	2,498,113,207.54	1,056,221,261.98	(2,281,802.38)	—	30,151,107,574.75

Notes:

- 1: On July 11, 2017, the Company issued the First Batch Company Bond 2017 of China Yangtze Power Co., Ltd., (hereinafter referred to as the "17 CYPG 01") with the issuing amount of RMB2.5 billion, the coupon rate was 4.5% and the term was 3 years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Bonds payable (continued)

(2) Movements of bonds payable (continued)

2: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 9, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the "CYP1 BV11 N2111") through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 1 Co., Ltd. as the issuing body with no more than 294,639,058 shares of H-shares of China Construction Bank. The bond issue date was November 9, 2016 and the issue amount was USD300 million, the bond term was 5 years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$7.8960 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. Exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 9, 2016, the value of the liability portion after the split was RMB1,884.19 million, which was included in the bonds payable. The value of the exchange option component was RMB150.77 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of December 31, 2017, the fair value of the exchange option component was RMB278.44 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

3: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 9, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the "CYP1 BV12 N2111") through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 2 Co., Ltd. as the issuing body with no more than 202,898,346 shares of H-shares of China Construction Bank. The bond issue date was November 9, 2016 and the issue amount was Euros 200 million, the bond term was 5 years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$8.4600 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. The exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 9, 2016, the value of the liability portion after the split was RMB1,361.87 million, which was included in the bonds payable. The value of the exchange option component was RMB132.97 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of December 31, 2017, the fair value of the exchange option component was RMB235.51 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

34. Long-term payables

Item	2019	2018	2017
Long-term payables	21,232,945,436.94	34,632,945,436.94	41,232,945,436.94
Special payables	—	—	—
Total	21,232,945,436.94	34,632,945,436.94	41,232,945,436.94

Details of long-term payables by nature

Item	2019	2018	2017
Advanced project payment and interest of China Three Gorges Corporation	21,232,945,436.94	34,632,945,436.94	41,232,945,436.94
Total	21,232,945,436.94	34,632,945,436.94	41,232,945,436.94

35. Deferred income

(1) Details of deferred income

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward	Nature
2019					
Government subsidies	6,229,112.34	—	395,354.28	5,833,758.06	According to 2016-2018 Incentive Fund for Terminal Vessels Using Shore Power
Total	6,229,112.34	—	395,354.28	5,833,758.06	
2018					
Government subsidies	—	6,243,043.50	13,931.16	6,229,112.34	According to 2016-2018 Incentive Fund for Terminal Vessels Using Shore Power
Total	—	6,243,043.50	13,931.16	6,229,112.34	

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

35. Deferred income (continued)

(2) Government subsidy projects

Government subsidy projects	Balance brought forward	Additions	Charge to non-operating revenue during the year	Charge to other income during the year	Other changes	Balance carried forward	Asset-related/revenue-related
2019							
Guangxi Beibu Gulf Port (Fangchenggang District, Qinzhou Dalanping Bonded Port District) Shore Power Project.....	5,240,000.00	—	—	339,629.64	—	4,900,370.36	Assets-related
Yichang Taipingxi Port Shore Power Project	989,112.34	—	—	55,724.64	—	933,387.70	Assets-related
Total	<u>6,229,112.34</u>	<u>—</u>	<u>—</u>	<u>395,354.28</u>	<u>—</u>	<u>5,833,758.06</u>	
2018							
Guangxi Beibu Gulf Port (Fangchenggang District, Qinzhou Dalanping Bonded Port District) Shore Power Project.....	—	5,240,000.00	—	—	—	5,240,000.00	Assets-related
Yichang Taipingxi Port Shore Power Project	—	1,003,043.50	—	13,931.16	—	989,112.34	Assets-related
Total	<u>—</u>	<u>6,243,043.50</u>	<u>—</u>	<u>13,931.16</u>	<u>—</u>	<u>6,229,112.34</u>	

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

36. Capital stock

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
Total shares .	22,000,000,000.00	—	—	22,000,000,000.00
2018				
Total shares .	22,000,000,000.00	—	—	22,000,000,000.00
2017				
Total shares .	22,000,000,000.00	—	—	22,000,000,000.00

37. Capital reserves

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
Capital stock premium . .	43,820,006,348.75	—	—	43,820,006,348.75
Other capital reserves . . .	475,496,817.64	68,810,619.88	—	544,307,437.52
Total	44,295,503,166.39	68,810,619.88	—	44,364,313,786.27
2018				
Capital stock premium . .	43,820,006,348.75	—	—	43,820,006,348.75
Other capital reserves . . .	502,904,149.04	—	27,407,331.40	475,496,817.64
Total	44,322,910,497.79	—	27,407,331.40	44,295,503,166.39
2017				
Capital stock premium . .	43,818,011,315.44	1,995,033.31	—	43,820,006,348.75
Other capital reserves . . .	434,583,937.63	68,320,211.41	—	502,904,149.04
Total	44,252,595,253.07	70,315,244.72	—	44,322,910,497.79

Note: Movement of capital reserves — other capital reserves in 2019, 2018 and 2017 was mainly due to accounting other changes of owners' equity except for net profit or loss and other comprehensive income of the investees by equity method.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

38. Other comprehensive income

Item	Balance brought forward	Amount incurred before income tax during the current year	Less: Amount included in other comprehensive income in previous period and losses during the current period	Amount incurred in current year				Attributable to minority shareholders, net of tax	Balance carried forward
				Less: Income tax expenses	Less: Others	Attributable to the parent company, net of tax	Attributable to minority shareholders, net of tax		
2019									
I. Other comprehensive income that cannot be reclassified through profit or loss	(2,531,455.95)	69,290,389.03	—	(182,803,172.68)	(1,964,801,257.97)	2,216,474,208.87	420,610.81	2,213,942,752.92	
Including: changes arising from re-measurement of the defined benefit plan	—	—	—	—	—	—	—	—	—
Other comprehensive income that cannot be reclassified into profits or losses under the equity method	(2,531,455.95)	47,375,844.08	—	—	—	46,955,233.27	420,610.81	44,423,777.32	
Changes in fair value of other equity instrument investments	—	21,914,544.95	—	(182,803,172.68)	(1,964,801,257.97)	2,169,518,975.60	—	2,169,518,975.60	
II. Other comprehensive income that will be re-classified into profits or losses	3,190,445,748.62	155,905,636.10	—	—	3,207,059,196.18	(3,051,956,933.94)	803,373.86	138,488,814.68	
Including: Other comprehensive income that can be reclassified into profits or losses under the equity method	(5,517,783.62)	90,347,208.15	—	—	—	90,347,208.15	—	84,829,424.53	
Variable profit or loss in fair value of financial assets available for sale	3,207,059,196.18	—	—	—	3,207,059,196.18	—	—	—	
Differences arising from translation of foreign currency financial statements	(11,095,663.94)	65,558,427.95	—	—	—	64,755,054.09	803,373.86	53,659,390.15	
Total other comprehensive income	3,187,914,292.67	225,196,025.13	—	(182,803,172.68)	1,242,257,938.21	(835,482,725.07)	1,223,984.67	2,352,431,567.60	

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

38. Other comprehensive income (continued)

Item	Balance brought forward	Amount incurred before income tax during the current year	Less: Amount included in other comprehensive income in previous period and transferred to profits and losses during the current period	Amount incurred in current year			Attributable to minority shareholders, net of tax	Balance carried forward
				Less: Income tax expenses	Less: Others	Attributable to the parent company, net of tax		
2018								
I. Other comprehensive income that cannot be reclassified through profit or loss	1,278,985.48	(3,810,441.43)	—	—	—	(3,810,441.43)	—	(2,531,455.95)
Including: changes arising from re-measurement of the defined benefit plan	—	—	—	—	—	—	—	—
Other comprehensive income that cannot be reclassified into profits or losses under the equity method	1,278,985.48	(3,810,441.43)	—	—	—	(3,810,441.43)	—	(2,531,455.95)
II. Other comprehensive income that will be re-classified into profits or losses	3,697,671,245.62	(114,938,975.53)	602,067,230.79	(212,167,609.88)	—	(507,225,497.00)	2,386,900.56	3,190,445,748.62
Including: Other comprehensive income that can be reclassified into profits or losses under the equity method	239,582,235.25	(245,099,643.59)	375.28	—	—	(245,100,018.87)	—	(5,517,783.62)
Variable profit or loss in fair value of financial assets available for sale	3,548,860,680.30	48,097,761.51	602,066,855.51	(212,167,609.88)	—	(341,801,484.12)	—	3,207,059,196.18
Differences arising from translation of foreign currency financial statements	(90,771,669.93)	82,062,906.55	—	—	—	79,676,005.99	2,386,900.56	(11,095,663.94)
Total other comprehensive income	3,698,950,231.10	(118,749,416.96)	602,067,230.79	(212,167,609.88)	—	(511,035,938.43)	2,386,900.56	3,187,914,292.67

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

38. Other comprehensive income (continued)

Item	Balance brought forward	Amount incurred before income tax during the current year	Less: Amount included in other comprehensive income in previous period and transferred to profits and losses during the current period	Amount incurred in current year			Attributable to minority shareholders, net of tax	Balance carried forward
				Less: Income tax expenses	Less: Others	Attributable to the parent company, net of tax		
2017								
I. Other comprehensive income that cannot be reclassified through profit or loss	(19,312.89)	1,298,298.37	—	—	—	1,298,298.37	—	1,278,985.48
Including: changes arising from re-measurement of net liabilities or net assets of defined benefit plan	—	—	—	—	—	—	—	—
Other comprehensive income that cannot be reclassified into profits or losses under the equity method	(19,312.89)	1,298,298.37	—	—	—	1,298,298.37	—	1,278,985.48
II. Other comprehensive income that will be reclassified into profits or losses	3,440,428,514.79	486,944,699.31	(1,153,236.40)	230,855,204.88	—	257,242,730.83	—	3,697,671,245.62
Including: Other comprehensive income that can be reclassified into profits and losses under the equity method	265,104,098.98	(28,679,565.23)	(3,157,701.50)	—	—	(25,521,863.73)	—	239,582,235.25
Variable profit or loss in fair value of financial assets available for sale	3,015,275,778.37	766,444,571.91	2,004,465.10	230,855,204.88	—	533,584,901.93	—	3,548,860,680.30
Differences arising from translation of foreign currency financial statements	160,048,637.44	(250,820,307.37)	—	—	—	(250,820,307.37)	—	(90,771,669.93)
Total other comprehensive income	3,440,409,201.90	488,242,997.68	(1,153,236.40)	230,855,204.88	—	258,541,029.20	—	3,698,950,231.10

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

39. Surplus reserves

Item	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
Statutory surplus reserves . .	13,856,359,416.39	—	—	13,856,359,416.39
Discretionary surplus reserves	10,462,022,156.76	—	—	10,462,022,156.76
Others	1,140,860.78	—	—	1,140,860.78
Total	24,319,522,433.93	—	—	24,319,522,433.93
2018				
Statutory surplus reserves . .	12,591,836,712.77	1,264,522,703.62	—	13,856,359,416.39
Discretionary surplus reserves	9,197,499,453.14	1,264,522,703.62	—	10,462,022,156.76
Others	1,140,860.78	—	—	1,140,860.78
Total	21,790,477,026.69	2,529,045,407.24	—	24,319,522,433.93
2017				
Statutory surplus reserves . .	11,428,566,322.24	1,163,270,390.53	—	12,591,836,712.77
Discretionary surplus reserves	8,034,229,062.61	1,163,270,390.53	—	9,197,499,453.14
Others	1,140,860.78	—	—	1,140,860.78
Total	19,463,936,245.63	2,326,540,781.06	—	21,790,477,026.69

40. Undistributed profits

Item	2019	2018	2017
Balance brought forward, original amount	48,400,469,257.13	43,289,114,811.42	39,042,244,267.58
Add: Adjustment of opening balances	561,377,843.66	—	—
Including: Changes in accounting policies (Note 1)	561,377,843.66	—	—
Balance brought forward, restated amount	48,961,847,100.79	43,289,114,811.42	39,042,244,267.58
Add: Net profits attributable to owners of parent company during the current period	21,543,493,635.57	22,610,936,420.39	22,260,911,324.90
Others (Note 2)	928,566,099.89	—	—
Less: Transfer to statutory surplus reserve	—	1,264,522,703.62	1,163,270,390.53
Transfer to discretionary surplus reserves	—	1,264,522,703.62	1,163,270,390.53
Common stock dividends payable (Note 3)	14,960,000,000.00	14,960,000,000.00	15,687,500,000.00
Ordinary share dividends transferred into share capital	—	—	—
Others (Note 4)	—	10,536,567.44	—
Balance carried forward . .	56,473,906,836.25	48,400,469,257.13	43,289,114,811.42

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

40. Undistributed profits (continued)

Notes:

- 1: The amount represent the adjustment to the opening undistributed profit relating to the adoption of the New Financial Instruments Standards of RMB561,377,843.66.
- 2: The Company disposed of certain other equity instrument investments during the year ended December 31, 2019 and the amount of RMB928,566,099.89 that was transferred to the accumulated undistributed profits which was previously included in other comprehensive income during the year.
- 3: Pursuant to the Company's 2018 Profit Distribution Plan that was approved by the shareholders of the Company at its general meeting of the Company shareholders on May 23, 2019, based on the total 22,000,000,000 shares of the Company at the rate of RMB6.80 per 10 shares and thus, a total cash dividend of RMB14,960,000,000.00 was distributed to the shareholders of the Company.

According to the Company's 2017 Profit Distribution Plan reviewed and approved by the general meeting of the Company shareholders on May 23, 2018, based on the total quantity of 22,000,000,000 shares, the cash dividend of 6.80 yuan will be distributed for every 10 shares; a total cash dividend of 14,960,000,000.00 yuan is distributed.

According to the 2016 Annual Profit Distribution Plan of the Company considered and approved by the Company's general meeting of stockholders on May 20, 2017, the total cash dividends of 15,687,500,000.00 yuan were distributed. Among them, for 16.5 billion shares held by the Company's old shareholders before the Jinsha River major assets reorganization and 2 billion shares of supporting finance privately placed to seven strategic investors, the cash dividend to be paid would be 7.25 yuan per 10 shares. For 3.5 billion shares subscribed by China Three Gorges Corporation, Sichuan Energy Industry Investment Group Co., Ltd. and Yunnan Provincial Energy Investment Group Co., Ltd. through asset pricing, the cash dividend to be paid would be 6.50 yuan per 10 shares.

- 4: According to the Notice of the Ministry of Finance on Relevant Financial Management Issues Concerning the Separation of Social Functions of Enterprises (CQ [2005] No. 62), the book value of the transferred assets shall be written off and the retained earnings shall be offset when the Company transfers the assets free of charge with "water supply, power supply, heat supply and property management" in 2018.

41. Operating revenue and operating costs

Item	2019		2018		2017	
	Income	Cost	Income	Cost	Income	Cost
Main operation . . .	49,793,366,227.87	18,691,851,170.90	51,137,477,879.28	18,999,938,047.91	50,107,378,107.20	19,448,062,898.47
Other operation . .	80,720,647.08	5,442,953.03	76,487,867.24	5,217,505.76	38,125,662.42	5,670,823.02
Total	49,874,086,874.95	18,697,294,123.93	51,213,965,746.52	19,005,155,553.67	50,145,503,769.62	19,453,733,721.49

42. Taxes and surcharges

Item	2019	2018	2017
Business tax	—	—	363,399.18
City maintenance and construction tax	385,293,181.68	466,993,488.01	516,605,783.96
Educational surcharge	189,554,871.64	230,206,157.04	258,206,246.44
Local educational surcharge	109,646,033.52	132,109,200.40	137,606,792.76
Property tax	76,976,325.35	66,887,010.85	70,647,635.28
Stamp tax	22,231,151.61	20,008,594.67	20,036,299.03
Water resources tax	321,695,182.65	324,327,783.62	19,168,406.28
Land use tax	62,987,255.80	47,763,599.80	—
Others	430,150.00	205,947.84	33,378,783.04
Total	1,168,814,152.25	1,288,501,782.23	1,056,013,345.97

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

43. Selling and distribution expenses

Item	2019	2018	2017
Employee wages and other benefits	17,039,755.28	14,598,015.84	12,693,859.01
Travelling expenses	2,770,775.26	2,845,275.51	2,359,123.69
Electricity Transaction fees	4,990,991.18	5,818,157.11	3,174,049.33
Other expenses	2,990,614.97	1,770,242.04	898,759.57
Total	27,792,136.69	25,031,690.50	19,125,791.60

44. Administrative expenses

Item	2019	2018	2017
Employee wages and other benefits	222,025,479.29	200,627,403.02	223,977,319.05
Depreciation of fixed assets	66,017,241.45	137,950,166.08	157,604,683.07
Amortization of intangible assets and low value consumables	21,764,354.27	15,452,945.24	12,922,171.01
Navigation and waterway expenses	54,873,914.67	52,430,255.27	69,678,019.72
Repair and maintenance expenses	265,862,933.30	246,299,220.43	155,945,805.12
Traveling expenses	14,876,106.49	10,996,409.11	11,956,040.04
Property insurance expenses	8,993,685.74	11,678,610.25	15,094,996.58
Property management fees	39,742,436.81	52,949,991.47	31,370,490.49
Agency fees	7,088,741.52	6,851,497.00	10,953,535.34
Consultation expenses	36,664,976.43	16,729,241.46	38,753,061.00
Office expenses	3,837,253.24	3,373,168.94	7,101,743.76
Rentals	5,272,716.20	7,977,894.87	2,596,741.38
Other expenses	66,609,906.02	37,329,129.68	73,661,197.54
Total	813,629,745.43	800,645,932.82	811,615,804.10

45. Research and development expenses

Item	2019	2018	2017
Employee wages and other benefits	16,635,301.60	17,911,587.41	19,444,997.49
Depreciation	2,052,699.51	2,703,680.63	2,439,998.26
Consultation expenses	4,503,489.19	6,189,553.49	750,562.34
Project costs	15,342,316.83	12,969,162.01	5,033,842.39
Others	2,533,112.19	2,715,580.70	1,152,088.88
Total	41,066,919.32	42,489,564.24	28,821,489.36

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

46. Financial expenses

Item	2019	2018	2017
Interest expenses	5,200,957,545.39	5,922,238,642.38	6,141,175,864.31
Less: Interest income	71,556,891.30	75,978,656.86	68,518,471.93
Add: Exchange gains (losses)	36,243,084.10	(25,812,977.43)	(198,651,037.67)
Other expenditures	45,306,987.09	33,498,827.10	22,653,414.46
Total	<u>5,210,950,725.28</u>	<u>5,853,945,835.19</u>	<u>5,896,659,769.17</u>

47. Other income

Item	2019	2018	2017
VAT refund for electricity sales (<i>Note</i>)	—	716,596,053.62	2,290,638,487.36
VAT deduction	305,316.22	—	—
Refund of withholding service fee	1,559,670.43	1,515,049.59	1,344,805.47
Yichang Taipingxi Port Shore Power Project	55,724.64	13,931.16	—
Guangxi Beibu Gulf Port (Fangchenggang District, Qinzhou Dalanping Bonded Port District) Shore Power Project	339,629.64	—	—
Rental subsidies	337,000.00	—	—
Exemption from VAT	9,448.52	—	—
Total	<u>2,606,789.45</u>	<u>718,125,034.37</u>	<u>2,291,983,292.83</u>

Note: Pursuant to the regulations issued by Ministry of Finance and State Administration of Taxation relating to Notice on Value-Added Tax Policies of Large Hydropower Enterprise (CS [2014] No. 10), from January 1, 2013 to December 31, 2015, an entity is eligible for the refund VAT if the VAT is over 8% for those installation of hydropower station (including pump-generator plant) with the installed capacity over 1 million kilowatts; From January 01, 2016 to December 31, 2017, an entity is eligible for the refund VAT if the VAT is over 12%. The refund of VAT on electricity sales during 2018 included in other income represent the VAT tax refund that has not yet received in previous year.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

48. Investment income

Item	2019	2018	2017
Long-term equity investments income under the equity method	2,077,234,391.59	1,448,835,963.60	1,142,841,155.81
Investment income from disposal of long-term equity investments	—	(341,241.02)	646,313,755.82
Investment income from holding other non-current financial assets	96,312,190.64	—	—
Investment income from disposal of other non-current financial assets	488,772,947.29	—	—
Dividend income from investments in other equity instruments during the holding period	283,487,259.19	—	—
Investment income from available-for-sale financial assets during the holding period	—	448,726,596.36	395,322,227.39
Investment income from disposal of available-for-sale financial assets	—	763,470,632.75	12,884,400.36
Interest income from debts investments during the holding period	114,463,500.45	—	—
Investment income from financial assets measured at fair value and with the changes in fair value to be included to profit or loss during holding period	—	—	70.00
Investment income from disposal of financial assets at fair value through profit or loss	—	51,450.16	309,044.93
Investment income from entrusted loans	—	—	8,209,508.42
Others	14,483,332.83	46,304,130.72	105,819,889.91
Total	<u>3,074,753,621.99</u>	<u>2,707,047,532.57</u>	<u>2,311,700,052.64</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

49. Fair value gains (losses)

Item	2019	2018	2017
Other non-current financial assets	242,408,192.63	—	—
Financial assets measured at fair value and with their changes included in the current year profits and losses	—	(6,800.00)	(56,650.00)
Financial liabilities held for trading	(269,355,233.67)	—	—
Financial liabilities measured at fair value with their changes included in the current year profits and losses	—	36,500,196.71	(164,266,507.23)
Total	<u>(26,947,041.04)</u>	<u>36,493,396.71</u>	<u>(164,323,157.23)</u>

50. Credit impairment losses

Item	2019	2018	2017
Impairment of accounts receivables	2,467.92	—	—
Impairment of other receivables	3,340,233.74	—	—
Total	<u>3,342,701.66</u>	<u>—</u>	<u>—</u>

51. Asset impairment losses

Item	2019	2018	2017
Bad debts provision	—	837,339.57	(7,920,219.78)
Impairment of inventories	(35,595,283.18)	(33,268,952.42)	(196,693,584.64)
Impairment of financial assets available-for-sale	—	(242,420,140.00)	—
Total	<u>(35,595,283.18)</u>	<u>(274,851,752.85)</u>	<u>(204,613,804.42)</u>

52. Income from assets disposal

Item	2019	2018	2017
Gains from disposal of non-current assets	26,792.08	7,060,530.24	(37,373,018.98)
Including: Income from disposal of non-current assets not classified as the held-for-sale assets	26,792.08	7,060,530.24	(37,373,018.98)
Including: Income from disposal of fixed assets	26,792.08	7,060,530.24	(37,373,018.98)
Total	<u>26,792.08</u>	<u>7,060,530.24</u>	<u>(37,373,018.98)</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

52. Income from assets disposal (continued)

Amount included in non-recurring profits and losses

Item	2019	2018	2017
Gains from disposal of non-current assets	26,792.08	7,060,530.24	(37,373,018.98)
Including: Income from disposal of non-current assets not classified as the held-for-sale assets	26,792.08	7,060,530.24	(37,373,018.98)
Including: Income from disposal of fixed assets . . .	26,792.08	7,060,530.24	(37,373,018.98)
Total	<u>26,792.08</u>	<u>7,060,530.24</u>	<u>(37,373,018.98)</u>

53. Non-operating income

(1) Details of non-operating income

Item	2019	2018	2017
Government subsidies not related to ordinary activities of the enterprise	28,740,000.00	193,450.00	243,966.52
Others (Note)	479,094.32	11,669,277.24	292,375.89
Total	<u>29,219,094.32</u>	<u>11,862,727.24</u>	<u>536,342.41</u>

Amount included in non-recurring profits and losses

Item	2019	2018	2017
Government subsidies not related to ordinary activities of the enterprise	28,740,000.00	193,450.00	243,966.52
Others (Note)	479,094.32	11,669,277.24	292,375.89
Total	<u>29,219,094.32</u>	<u>11,862,727.24</u>	<u>536,342.41</u>

Note: Non-operating income for the year 2018—The “Others” non-operating income” mainly refers to the amounts in which the initial investment costs to Three Gorges Capital Holdings Co., Ltd. and Three Gorges Insurance Brokerage Co., Ltd., the associates of the Company, are less than their fair value share of the identifiable net assets of the investees when the investments are acquired.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

53. Non-operating income (continued)

(2) Details of government grants

Item	2019	2018	2017	Assets related/ Revenue-related
Assistance funds from central government finance for three supplies and one property (water supply, power supply, heat supply and property management) in 2019	27,790,000.00	—	—	Revenue-related
Yibin's Gradient Cultivation and Innovation Subsidy .	950,000.00	—	—	Revenue-related
Yibin Celebrity Enterprise Award	—	160,000.00	52,000.00	Revenue-related
Yibin Industrial Enterprise Comprehensive Strength Award	—	30,000.00	30,000.00	Revenue-related
Rewards for advanced enterprises and individuals	—	3,450.00	—	Revenue-related
Subsidy for yellow plate vehicles (<i>Note</i>) .	—	—	93,520.00	Revenue-related
Incentives for Yichang Patents	—	—	28,000.00	Revenue-related
Awards for "Top 100 Taxation Enterprises"	—	—	20,000.00	Revenue-related
Others	—	—	20,446.52	Revenue-related
Total	<u>28,740,000.00</u>	<u>193,450.00</u>	<u>243,966.52</u>	

Note: According to Subsidy Scheme for Early Elimination of Yellow Plate Vehicles in Yichang issued by Yichang Municipal Government, corresponding subsidy can be enjoyed for early elimination of eligible yellow label cars, scrap yellow plate vehicles subsidy of the Company for this phase was 93,520 yuan.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

54. Non-operating expenses

Item	2019	2018	2017
Losses from written-off of non-current assets	227.80	890,297.69	—
Donations	50,374,313.04	108,396,951.00	410,920,000.00
Overdue fines	323,785.10	33,677.72	6,487,862.64
Fund for research of Chinese sturgeon	2,250,000.00	2,250,000.00	2,250,000.00
Reservoir maintenance expenses	281,985,666.60	285,160,778.10	—
Other expenditures	—	95,000.00	3,396,801.82
Total	<u>334,933,992.54</u>	<u>396,826,704.51</u>	<u>423,054,664.46</u>

Amount included in non-recurring profits and losses

Item	2019	2018	2017
Losses from written-off of non-current assets	227.80	890,297.69	—
Donations	50,374,313.04	108,396,951.00	410,920,000.00
Overdue fines	323,785.10	33,677.72	6,487,862.64
Fund for research of Chinese sturgeon	—	—	—
Reservoir maintenance expenses	—	—	—
Other expenditures	—	95,000.00	3,396,801.82
Total	<u>50,698,325.94</u>	<u>109,415,926.41</u>	<u>420,804,664.46</u>

55. Income tax expenses

(1) Income tax expense

Item	2019	2018	2017
Current income tax	5,112,745,783.43	4,538,289,911.68	4,497,386,044.72
Deferred income tax	(53,181,128.83)	(174,735,031.28)	(117,610,295.66)
Total	<u>5,059,564,654.60</u>	<u>4,363,554,880.40</u>	<u>4,379,775,749.06</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

55. Income tax expenses (continued)

(2) Reconciliation of income tax expenses

Item	2019	2018	2017
Consolidated profits for the year	26,627,011,754.79	27,007,106,151.64	26,654,388,890.72
Income tax expense calculated at statutory/applicable tax rate	6,656,752,938.70	6,751,776,537.91	6,663,597,222.68
Effect of different tax rates applicable to subsidiaries ...	(999,809,548.67)	(1,932,886,128.90)	(2,014,196,598.88)
Effect of income tax during the period before adjustment ...	(225,783.71)	1,259,755.15	22,855,263.84
Effect of non-taxable income ..	(659,147,251.09)	(454,485,655.32)	(366,553,535.98)
Effect of cost, expense and loss nondeductible	14,464,735.77	(288,970.83)	74,579,365.26
Effect of deductible loss of the deferred income tax assets unrecognized in the previous period	(45,512.24)	—	—
Effect from deductible temporary balance or deductible losses of deferred income tax assets unrecognized during the current year	18,846.39	113,101.41	—
Others	47,556,229.45	(1,933,759.02)	(505,967.86)
Income tax expenses	<u>5,059,564,654.60</u>	<u>4,363,554,880.40</u>	<u>4,379,775,749.06</u>

56. Other comprehensive income

Refer to Note “VI. 38 Other comprehensive income” for details.

57. Items of cash flow statements

(1) Other cash received/paid relating to operating/investment/financing activities

1) Other cash received relating to operating activities

Item	2019	2018	2017
Transaction payments	95,675,832.87	49,679,884.01	68,621,776.87
Interest income	71,556,891.30	75,978,656.86	68,518,471.93
Non-operating income ...	27,910,673.21	279,017.80	515,895.89
Deferred income	—	6,243,043.50	—
Restricted monetary funds	—	—	8,096,483.88
Others	933,383.69	160,637.25	—
Total	<u>196,076,781.07</u>	<u>132,341,239.42</u>	<u>145,752,628.57</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

57. Items of cash flow statements (continued)

(1) Other cash received/paid relating to operating/investment/financing activities (continued)

2) Other cash paid relating to operating activities

Item	2019	2018	2017
Transaction payments . .	109,607,199.32	82,574,938.71	56,363,325.17
Administrative			
expenses	249,618,773.62	255,331,516.51	229,884,095.52
Selling and distribution			
expenses	10,659,495.71	9,341,836.31	6,203,039.70
Bank service charges . .	262,207.40	111,710.97	349,802.81
Non-operating			
expenses	323,785.10	128,677.72	8,956,415.38
Donations	156,374,313.04	352,396,951.00	60,920,000.00
Restricted monetary			
funds	3,116,035.50	1,175,690.70	—
Research and			
development			
expenses	767,365.08	6,289,823.51	1,196,582.00
Total	<u>530,729,174.77</u>	<u>707,351,145.43</u>	<u>363,873,260.58</u>

3) Other cash paid relating to investment activities

Item	2019	2018	2017
Others	—	—	280,287,924.17
Total	<u>—</u>	<u>—</u>	<u>280,287,924.17</u>

4) Other cash paid relating to financing activities

Item	2019	2018	2017
Service charges for			
issuance of short-term			
financing bills and			
bonds	32,320,833.35	15,427,274.58	30,840,733.29
Loan guarantee and			
service charges	6,011,219.18	7,033,754.71	20,555,670.00
Payment in installments			
for buying and			
constructing of fixed			
assets	14,604,539,810.95	11,468,034,354.30	13,663,561,854.27
Others	5,793,272.02	3,089,564.91	3,235,067.67
Total	<u>14,648,665,135.50</u>	<u>11,493,584,948.50</u>	<u>13,718,193,325.23</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

57. Items of cash flow statements (continued)

(2) Supplementary information of consolidated cash flow statement

Item	2019	2018	2017
1. Reconciliation of net profit to cash flows from operating activities:			
Net profit	21,567,447,100.19	22,643,551,271.24	22,274,613,141.66
Add: Provision for impairment of assets	35,595,283.18	274,851,752.85	204,613,804.42
Credit impairment losses	(3,342,701.66)	—	—
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	12,038,664,044.18	12,210,010,844.48	12,287,258,570.28
Amortization of intangible assets	20,345,046.84	13,143,570.33	11,104,720.50
Amortization of long-term prepayments	536,864.54	—	—
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with “-”)	(26,792.08)	(7,060,530.24)	37,373,018.98
Losses on retirement of fixed assets (gains to be listed with “-”)	227.80	890,297.69	—
Fair value gains (losses) (gains to be listed with “-”)	26,947,041.04	(36,493,396.71)	164,323,157.23
Financial expenses (gains to be listed with “-”)	5,281,953,849.47	5,929,270,327.14	5,960,925,919.42
Losses on investment (gains to be listed with “-”)	(3,074,753,621.99)	(2,707,047,532.57)	(2,311,700,052.64)
Decrease on deferred income tax asset (increases to be listed with “-”)	(27,850,006.10)	(174,733,331.28)	(118,270,451.80)
Increases in deferred income tax liabilities (decreases to be listed with “-”)	(25,331,122.73)	(1,700.00)	(14,162.50)
Decreases on inventory (increases to be listed with “-”)	(17,652,717.34)	26,316,421.64	(18,672,591.08)
Decreases on operating receivables (increases to be listed with “-”)	(300,121,582.59)	693,372,447.30	(376,645,056.05)
Increase on operating payables (decreases to be listed with “-”)	942,008,657.53	870,595,972.94	1,578,255,048.07
Others	—	—	—
Net cash flows generated from operating activities	36,464,419,570.28	39,736,666,414.81	39,693,165,066.49
2. Significant investing and financing activities not related to cash deposit and withdrawal:			
3. Net increase in cash and cash equivalents:			
Cash at the end of the year	7,317,940,980.02	5,334,485,176.04	5,200,233,272.82
Less: Cash at the beginning of the year	5,334,485,176.04	5,200,233,272.82	3,369,758,251.34
Add: Cash equivalents at the end of the year	—	—	—
Less: Cash equivalents at the beginning of the year	—	—	—
Net increase in cash and cash equivalents	1,983,455,803.98	134,251,903.22	1,830,475,021.48

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

57. Items of cash flow statements (continued)

(3) Cash and cash equivalents

Item	2019	2018	2017
Cash	7,317,940,980.02	5,334,485,176.04	5,200,233,272.82
Including: Cash on hand	—	—	—
Bank deposit available for payments at any time	4,989,301,496.47	4,210,275,094.14	5,195,584,636.08
Other monetary funds available for payment at any time	2,328,639,483.55	1,124,210,081.90	4,648,636.74
Accounts deposited in Central Bank available for payments	—	—	—
Deposits in other banks	—	—	—
Interbank loans	—	—	—
Cash equivalents	—	—	—
Including: Bond investment due within three months...	—	—	—
Closing balance of cash and cash equivalents	7,317,940,980.02	5,334,485,176.04	5,200,233,272.82
Including: Cash and cash equivalents with restricted limited use of the parent company or subsidiaries of the Group	—	—	—

58. Restricted assets

Item	2019	2018	2017	Reasons
Cash at bank and on hand ..	5,511,900.00	2,395,864.50	1,220,173.80	Bank balances pledged for performance bonds
Available-for-sale financial assets	—	3,101,870,425.03	3,143,954,298.01	Underlying exchange of shares for exchangeable bonds
Other equity instrument investments	3,490,544,613.74	—	—	Underlying exchange of shares for exchangeable bonds
Fixed assets	424,475,583.34	465,537,912.35	957,020,214.07	Certificate of titles have not yet been obtained
Intangible assets	97,112,400.52	119,581,525.38	138,367,609.86	Certificate of titles have not yet been obtained

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

59. Monetary items in foreign currency

(1) Monetary items for foreign currency

Item	Ending balance in foreign currency	Exchange rate upon translation	Closing balance in RMB (equivalent)
2019			
Cash at bank and on hand			
Including: USD	206,509,635.07	6.9762	1,440,652,516.18
EUR	23,201,132.30	7.8155	181,328,449.49
HKD	2,903,724,854.99	0.8958	2,601,156,725.10
Debt investment			
Including: EUR	146,923,153.15	7.8155	1,148,277,903.43
Accounts receivables			
Including: PKR	345,946,458.44	0.045	15,567,590.63
Other current assets			
Including: PKR	24,201.00	0.045	1,089.05
Other payables			
Including: PKR	1,797,057.11	0.045	80,867.57
Bonds payable			
Including: USD	277,262,970.15	6.9762	1,934,241,932.36
EUR	181,875,462.32	7.8155	1,421,447,675.76
2018			
Cash at bank and on hand			
Including: USD	25,614,800.40	6.8632	175,799,498.11
EUR	36,508,526.82	7.8473	286,493,362.51
HKD	1,270,336,614.46	0.8762	1,113,068,941.59
Other non-current assets			
Including: EUR	156,103,115.35	7.8473	1,224,987,977.12
Bonds payable			
Including: USD	276,985,150.99	6.8632	1,901,004,488.27
EUR	181,693,222.02	7.8473	1,425,801,221.16
2017			
Cash at bank and on hand			
Including: USD	19,355,943.80	6.5342	126,475,607.98
EUR	28,391,117.08	7.8023	221,516,012.79
HKD	26,635,409.60	0.8359	22,264,538.88
Other non-current assets			
Including: EUR	160,895,213.26	7.8023	1,255,352,722.43
Interest payable			
Including: USD	9,914.02	6.5342	64,780.20
Current portion of non-current liabilities			
Including: USD	1,792,692.54	6.5342	11,713,811.59
Bonds payable			
Including: USD	276,707,610.20	6.5342	1,808,062,866.57
EUR	181,511,164.31	7.8023	1,416,204,557.30

(2) Significant group companies incorporated oversea

Name of the company	Operation location	Recording currency	Basis for recording currency
China Yangtze Power International (Hong Kong) Co., Ltd.	Hong Kong	HKD	The business and operation is measured and settled primarily in its recording currency
China Three Gorges International Power Operation Co., Ltd	Hong Kong	HKD	The business and operation is measured and settled primarily in its recording currency

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VII. Changes in Consolidation Scope

1. Disposal of subsidiaries

The disposal of subsidiaries by the company in 2017 is as follows:

Name of subsidiary	The Three Gorges Industrial Co., Ltd. and Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.
Disposal consideration	472,490,697.57
Disposal proportion of equity (%)	100
Mode of disposal	Settled with non-monetary assets
Time point for loss of control	Year ended December 31, 2017
Basis for determining time point for loss of control	Loss of control
Difference between the consideration received and the corresponding proportion of the subsidiary's net assets	RMB53,746,137.13
Amount transferred from other comprehensive income to profit or loss relating to the equity investment cost on the subsidiary of the original subsidiary	Nil.

2. Changes in consolidation scope for other reasons

The Company has increased the consolidation scope due to the newly established subsidiaries in 2018, and the situation of the newly established subsidiaries is as follows:

Name of subsidiary	Three Gorges Changdian Big Data Technology (Yichang) Co., Ltd.	Three Gorges Electric Energy (Henan) Co., Ltd.
Registration place	Yichang, Hubei	Zhengzhou, Henan
Date of establishment	March 1, 2018	May 18, 2018
Registered capital	10 million yuan	200 million yuan
Nature of business	Business of Internet Data Center	Electricity and heat production and supply
Mode of contribution	Established through investment	Established through investment

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities

1. Interests in subsidiaries

Name of subsidiary	Operation location	Registration place	Nature of business	Proportion of shareholding		Acquisition method
				Direct	Indirect	
				%	%	
China Yangtze Power Capital Holding LLC.	Yichang, Hubei	Yichang, Hubei	Investment holding	100	—	Established through investment
Beijing Changjiang Juyuan Investment Management Co., Ltd.	Beijing	Beijing	Investment holding	—	85	Established through investment
Three Gorges High-tech Information Technology Co., Ltd.	Beijing	Beijing	Provision of high-technology and Software development services	90	—	Business combination
Three Gorges Changdian Big Data Technology (Yichang) Co., Ltd.	Yichang, Hubei	Yichang, Hubei	Business of Internet Data Center	—	100	Established through investment
China Yangtze Power International (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment holding	100	—	Established through investment
China Three Gorges International Power Operation Co., Ltd.	Hong Kong	Hong Kong	Operation and management of overseas power stations	—	80	Established through investment
China Yangtze Power International (BVI) 1 Co., Ltd. .	British Virgin Islands	British Virgin Islands	Special purpose entity	—	100	Established through investment
China Yangtze Power International (BVI) 2 Co., Ltd. .	British Virgin Islands	British Virgin Islands	Special purpose entity	—	100	Established through investment
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Hydropower development	100	—	Business combination

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Name of subsidiary	Operation location	Registration place	Nature of business	Proportion of shareholding		Acquisition method
				Direct	Indirect	
				%	%	
Three Gorges Electric Energy (Hubei) Co., Ltd. .	Yichang, Hubei	Yichang, Hubei	Electricity sales, technology investment and development	—	51	Established through investment
Three Gorges Electric Energy Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Power distribution and sales	70	—	Established through investment
Three Gorges Electric Energy (Henan) Co., Ltd. .	Zhengzhou, Henan	Zhengzhou, Henan	Electricity and heat production and supply	—	100	Established through investment

2. Interests in joint ventures or associated enterprises

(1) Significant joint ventures or associates

Name	Operation location	Registration place	Nature of business	Proportion of shareholding		Consolidated method
				Direct	Indirect	
				%	%	
2019						
Associated enterprises						
Three Gorges Finance Co., Ltd. .	Beijing	Beijing	Provision of financing services	19.35	—	Equity accounting method
Guangzhou Development Group Incorporated	Guangzhou	Guangzhou	Investment holding and provision of energy management, logistics, urban utilities and management services	17.98	1.98	Equity accounting method
Hubei Energy Group Co., Ltd.	Hubei	Wuhan, Hubei	Investment, development and management in energy	25.35	3.26	Equity accounting method
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. .	Chongqing	Chongqing	Production, construction, and operation of electric power	16.08	3.92	Equity accounting method

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(1) Significant joint ventures or associates (continued)

Name	Operation location	Registration place	Nature of business	Proportion of shareholding		Consolidated method
				Direct	Indirect	
				%	%	
Three Gorges Capital Holdings Co., Ltd.	Beijing	Beijing	Investment holding and assets management	10	—	Equity accounting method
SDIC Power Holdings Co., Ltd.	Beijing	Beijing	Power generation	10.61	0.1	Equity accounting method
Sichuan Chuantou Energy Co., Ltd. .	Chengdu	Chengdu	Investment in clean energy	11.26	—	Equity accounting method
2018						
Associated enterprises						
Three Gorges Finance Co., Ltd. .	Beijing	Beijing	Provision of financing services	19.35	—	Equity accounting method
Guangzhou Development Group Incorporated	Guangzhou	Guangzhou	Investment holding and provision of energy management, logistics, urban utilities and management services	15.68	1.98	Equity accounting method
Hubei Energy Group Co., Ltd.	Hubei province	Wuhan City, Hubei Province	Investment, development and management in energy	23.98	3.26	Equity accounting method
Hubei Qingneng Investment and Development Group Co., Ltd. . .	Hubei province	Wuhan City, Hubei Province	Real estate development and provision of property and hotel management	42.98	—	Equity accounting method
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. .	Chongqing	Chongqing	Production, construction, and operation of electric power	16.08	3.92	Equity accounting method

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(1) Significant joint ventures or associates (continued)

Name	Operation location	Registration place	Nature of business	Proportion of shareholding		Consolidated method
				Direct	Indirect	
				%	%	
Three Gorges Capital Holdings Co., Ltd.	Beijing	Beijing	Investment holding and assets management	10	—	Equity accounting method
2017						
Associated enterprises						
Three Gorges Finance Co., Ltd. .	Beijing	Beijing	Provision of financing services	19.35	—	Equity accounting method
Guangzhou Development Group Incorporated	Guangzhou	Guangzhou	Investment holding and provision of energy management, logistics, urban utilities and management services	11.87	1.98	Equity accounting method
Hubei Energy Group Co., Ltd.	Hubei province	Wuhan City, Hubei Province	Investment, development and management in energy	23.36	3.26	Equity accounting method
Hubei Qingneng Investment and Development Group Co., Ltd. . .	Hubei province	Wuhan City, Hubei Province	Real estate development and provision of property and hotel management	42.98	—	Equity accounting method
Shanghai Electric Power Company Limited	Shanghai	Shanghai	Operation of electric power and heating power and construction	2.59	—	Equity accounting method
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. .	Chongqing	Chongqing	Production, construction, and operation of electric power	12	3.9	Equity accounting method

Notes:

As at December 31, 2019, 2018 and 2017, the Company holds 19.35% equity interests in Three Gorges Finance Co., Ltd., and has assigned one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(1) Significant joint ventures or associates (continued)

As at December 31, 2019, 2018 and 2017, the Company holds 19.96%, 17.66% and 13.85% equity interest in Guangzhou Development Group Co., Ltd., respective and has assigned one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

As at December 31, 2019, 2018 and 2017, the Company holds 20.00%, 20.00% and 15.90% equity interest in Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd., respective and has assigned two directors to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

As at December 31, 2019 and 2018, the Company holds 10.00% equity interest in Three Gorges Capital Holdings Co., Ltd., respectively and has assigned one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

As at December 31, 2019, the Company holds 10.71% equity interest in SDIC Power Holdings Co., Ltd., and is eligible to nominate one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

As at December 31, 2019, the Company holds 11.26% equity interest in Sichuan Chuantou Energy Co., Ltd., the Company is the second major shareholder of the company and eligible to nominate directors to the company and accordingly, being considered has significant influence to the operation and business of the company.

As at December 31, 2017, the Company holds 2.59% equity interest in Shanghai Electric Power Co., Ltd., and has assigned one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

(2) Key financial information for significant associates

Item	Hubei Energy Group Co., Ltd.	Guangzhou Development Group Incorporated	Three Gorges Capital Holdings Co., Ltd.	SDIC Power Holdings Co., Ltd.	Sichuan Chuantou Energy Co., Ltd.
2019					
Current assets	5,424,357,455.95	9,987,657,576.90	3,537,066,262.61	24,933,681,339.32	5,442,710,103.46
Including: cash and cash equivalents	1,215,771,418.19	4,358,822,320.77	104,018,962.34	8,447,826,019.91	708,195,762.59
Non-current assets	54,940,620,189.02	32,397,762,533.29	43,971,108,091.06	199,787,831,879.48	32,012,587,167.54
Total assets	60,364,977,644.97	42,385,420,110.19	47,508,174,353.67	224,721,513,218.80	37,455,297,271.00
Current liabilities	12,380,797,972.01	8,028,054,526.99	8,334,766,814.94	34,219,864,091.92	5,584,889,099.74
Non-current liabilities	14,387,014,034.86	13,827,731,550.45	9,514,338,219.21	116,107,469,281.60	4,213,777,861.07
Total liabilities	26,767,812,006.87	21,855,786,077.44	17,849,105,034.15	150,327,333,373.52	9,798,666,960.81
Minority interests	6,305,071,387.07	3,386,988,410.31	—	34,011,667,621.63	527,710,564.05
Equity attributable to shareholders of the parent company	27,292,094,251.03	17,142,645,622.44	29,659,069,319.52	40,382,512,223.65	27,128,919,746.14
Shares of net assets calculated as per the shareholding proportion	7,808,268,165.22	3,421,672,066.24	2,965,906,931.95	4,324,967,059.15	3,054,716,363.42

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(2) Key financial information for significant associates (continued)

Item	Hubei Energy Group Co., Ltd.	Guangzhou Development Group Incorporated	Three Gorges Capital Holdings Co., Ltd.	SDIC Power Holdings Co., Ltd.	Sichuan Chuantou Energy Co., Ltd.
Adjustments	134,583,303.40	347,239,457.65	(53,414,565.52)	1,881,432,978.74	1,645,379,479.58
— Goodwill	134,682,276.40	346,794,253.51	—	1,881,432,978.74	1,645,379,479.58
— Unrealized profit of internal transaction ...	—	—	—	—	—
— Others	(98,973.00)	445,204.14	(53,414,565.52)	—	—
Book value of equity investments in associated enterprises ...	7,942,851,468.62	3,768,911,523.89	2,912,492,366.43	6,206,400,037.89	4,700,095,843.00
Fair value of equity investment in associated enterprises with public offer	7,765,193,159.61	3,558,435,307.32	—	6,671,917,117.26	4,883,224,367.15
Operating revenue	15,810,756,895.30	29,534,215,007.20	1,498,099,186.10	42,433,460,265.79	838,331,604.28
Financial expenses	663,386,409.36	656,461,436.93	611,668,588.69	4,779,200,990.74	288,846,266.67
Income tax expenses	657,235,845.63	199,648,676.41	159,308,626.21	1,586,010,055.27	32,557,429.82
Net profit	1,799,538,493.61	961,455,803.84	2,009,119,204.86	8,731,062,250.95	2,987,713,781.77
Net profits from discontinued operation	—	—	—	—	—
Other comprehensive income	292,463,956.81	207,123,789.66	797,745,799.73	(293,581,432.47)	1,468,532.48
Total comprehensive income	2,092,002,450.42	1,168,579,593.50	2,806,865,004.59	8,437,480,818.48	2,989,182,314.25
Dividends received from associated enterprises this year	203,655,565.41	53,415,773.90	97,823,736.79	163,527,380.33	148,727,645.70
				Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	Three Gorges Capital Holdings Co., Ltd.
		Guangzhou Development Group Incorporated	Three Gorges Finance Co., Ltd.		
2018					
Current assets	4,149,567,053.71	9,788,741,596.50	22,079,803,881.67	985,321,281.66	4,659,127,708.17
Including: cash and cash equivalents	1,158,341,186.48	5,405,470,066.74	7,785,422,614.71	459,358,167.11	356,067,993.24
Non-current assets	44,058,251,184.06	28,673,624,665.36	33,218,672,973.51	4,163,860,735.05	37,037,669,826.67
Total assets	48,207,818,237.77	38,462,366,261.86	55,298,476,855.18	5,149,182,016.71	41,696,797,534.84
Current liabilities	12,165,963,417.03	10,540,892,746.86	45,458,456,902.16	996,107,971.07	1,255,019,413.44
Non-current liabilities ...	6,672,222,889.15	8,383,390,678.03	116,661,316.41	1,362,884,525.83	11,987,685,643.29
Total liabilities	18,838,186,306.18	18,924,283,424.89	45,575,118,218.57	2,358,992,496.90	13,242,705,056.73
Minority interests	3,153,482,120.77	3,230,308,661.73	102,081,107.68	(61,510,979.61)	938,188,733.11

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(2) Key financial information for significant associates (continued)

Item	Hubei Energy Group Co., Ltd.	Guangzhou Development Group Incorporated	Three Gorges Finance Co., Ltd.	Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	Three Gorges Capital Holdings Co., Ltd.
Equity attributable to shareholders of the parent company	26,216,149,810.82	16,307,774,175.24	9,621,277,528.93	2,851,700,499.42	27,515,903,745.00
Shares of net assets calculated as per the shareholding proportion	7,141,279,208.47	2,879,952,919.35	1,861,717,201.85	570,340,099.88	2,751,590,374.50
Adjustments	117,512,512.64	362,498,512.30	(8,166,783.54)	1,325,497,562.24	—
— Goodwill	117,611,485.64	362,053,308.16	—	1,325,497,562.24	—
— Unrealized profit of internal transaction . . .	—	—	—	—	—
— Others	(98,973.00)	445,204.14	(8,166,783.54)	—	—
Book value of equity investments in associated enterprises . .	7,258,791,721.11	3,242,451,431.65	1,853,550,418.31	1,895,837,662.12	2,751,590,374.50
Fair value of equity investment in associated enterprises with public offer	6,505,939,611.63	2,725,586,555.70	—	1,453,588,339.44	—
Operating revenue	12,288,198,297.28	25,981,687,093.53	2,112,776,005.63	1,298,466,057.58	642,869,702.16
Financial expenses	394,767,365.12	660,653,888.09	(144,818.61)	47,550,693.05	472,345,525.40
Income tax expenses	328,354,151.22	245,269,548.52	433,626,153.89	31,157,486.94	146,378,493.86
Net profit	1,905,891,685.11	793,968,412.87	1,322,275,472.39	201,863,616.99	1,591,704,800.43
Net profits from discontinued operation	15,258,754.96	—	—	4,628,938.88	—
Other comprehensive income	(228,493,489.67)	(155,293,801.98)	(4,999,749.60)	(7,735,485.27)	(976,826,569.58)
Total comprehensive income	1,677,398,195.44	638,674,610.89	1,317,275,722.79	194,128,131.72	614,878,230.85
Dividends received from associated enterprises this year	175,195,053.00	44,168,301.60	108,687,841.73	21,843,540.62	34,794,129.43

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(2) Key financial information for significant associates (continued)

Item	Hubei Energy Group Co., Ltd.	Guangzhou Development Group Incorporated	Three Gorges Finance Co., Ltd.	Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	Hubei Qingneng Investment and Development Group Co., Ltd.
2017					
Current assets	4,258,104,727.23	10,531,974,941.47	18,002,965,193.93	1,124,848,697.61	13,630,224,404.90
Including: cash and cash equivalents	2,058,967,737.60	6,343,574,938.06	14,358,043,752.17	521,973,627.44	4,018,417,574.36
Non-current assets	42,098,830,142.69	28,017,407,778.30	26,471,358,190.91	3,837,276,121.97	1,601,423,218.33
Total assets	46,356,934,869.92	38,549,382,719.77	44,474,323,384.84	4,962,124,819.58	15,231,647,623.23
Current liabilities	12,520,718,024.26	8,462,826,416.48	35,427,165,097.80	1,061,383,672.55	7,999,402,612.53
Non-current liabilities	5,641,755,890.79	10,835,597,142.42	121,535,020.77	1,187,029,345.02	2,712,511,290.25
Total liabilities	18,162,473,915.05	19,298,423,558.90	35,548,700,118.57	2,248,413,017.57	10,711,913,902.78
Minority interests	2,678,443,661.17	3,228,332,741.23	92,923,716.33	(31,415,703.65)	830,752,882.93
Equity attributable to shareholders of the parent company	25,516,017,293.70	16,022,626,419.64	8,832,699,549.94	2,745,127,505.66	3,688,980,837.52
Shares of net assets calculated as per the shareholding proportion	6,792,363,803.58	2,219,133,759.12	1,709,127,362.92	436,475,273.40	1,585,523,963.97
Adjustments	109,940,186.99	315,310,393.37	(10,000.00)	1,063,776,651.26	4,502,813.25
— Goodwill	110,039,159.99	314,865,189.23	—	1,063,776,651.26	4,046,936.86
— Unrealized profit of internal transaction	—	—	—	—	—
— Others	(98,973.00)	445,204.14	(10,000.00)	—	455,876.39
Book value of equity investments in associates	6,902,303,990.57	2,534,444,152.49	1,709,117,362.92	1,500,251,924.66	1,590,026,777.22
Fair value of equity investment in associates with public offer	8,021,512,382.62	2,670,016,558.51	—	1,405,541,800.50	—
Operating income	11,567,951,117.15	24,651,887,806.25	1,802,585,966.31	1,217,622,519.61	3,814,243,568.56
Financial expenses	378,230,471.50	577,544,357.52	(28,810.58)	44,989,663.77	141,956,403.96
Income tax expenses	460,266,032.92	419,928,094.05	368,373,119.56	84,597,975.20	200,820,890.29
Net profit	2,075,926,643.61	894,151,680.68	1,151,716,657.17	294,810,817.76	458,917,349.27
Net profits from discontinued operation	72,958,311.03	—	—	—	—
Other comprehensive income	168,622,897.61	577,097,519.24	(21,147,735.44)	8,898,778.89	—
Total comprehensive income	2,244,549,541.22	1,471,249,199.92	1,130,568,921.73	303,709,596.65	458,917,349.27
Dividends received from associates in the current year	152,430,947.02	34,185,944.40	41,149,013.57	9,255,398.88	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(3) Summary of financial information of insignificant joint ventures and associates

Item	2019	2018	2017
Joint ventures:			
Total book value of investment	239,218,168.89	171,969,519.77	54,434,225.65
Total amount of following items according to shareholding proportion . . .			
— Net profit	10,501,107.25	(20,588,279.94)	(6,370,774.35)
— Other comprehensive income	—	—	—
— Total comprehensive income	10,501,107.25	(20,588,279.94)	(6,370,774.35)
Associates:			
Total book value of investment	14,488,262,095.17	4,312,839,798.03	1,865,259,976.46
Total amount of following items according to shareholding proportion . . .			
— Net profit	653,124,876.84	419,441,472.45	73,254,804.52
— Other comprehensive income	7,631,139.46	(63,252,781.46)	(147,111,457.96)
— Total comprehensive income	<u>660,756,016.30</u>	<u>356,188,690.99</u>	<u>(73,856,653.44)</u>

(4) Restrictions on transferring of funds from joint ventures or associates to the Company

None.

(5) Losses of joint ventures or associates in excess their investment costs

None.

(6) Unrecognized commitments related to investment in joint ventures

None.

(7) Contingent liabilities for investment in joint ventures or associates

Hunan Taohuajiang Nuclear Power Co., Ltd. (hereinafter referred to as Taohuajiang Nuclear Power) is an investee company of the Company and the Company holds 19.43% of equity interest to Taohuajiang Nuclear Power. The Company agreed to provide financing guarantee to Taohuajiang Nuclear Power in order to ensure the financing of Taohuajiang Nuclear Power.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(7) *Contingent liabilities for investment in joint ventures or associates (continued)*

On August 31, 2019, the Company published an announcement relating to “*Continuing to Provide Financing Guarantee and Related Transactions for Hunan Taohuajiang Nuclear Power Co., Ltd.*”, and agreed to provide the financing guarantee for Taohuajiang Nuclear Power. On October 15, 2019, this announcement was approved at the second extraordinary general meeting of 2019. On November 25, 2019, the Company signed the guarantee agreement with certain counter parties and the guarantees are general liability guarantee and guarantee period is two years from the expiration of terms of borrowings.

As at December 31, 2019, the Company’s outstanding guarantees to the borrowings was RMB259.47 million which is calculated by the Company’s share.

3. Important joint operation

None.

4. Structural body not incorporated into the consolidated financial statement

None.

IX. Risks related to financial instruments

The Company has risks of various financial instruments in its daily activities, including credit risk, liquidity risk, market risk (including exchange rate risk and interest rate risk). The overall risk management strategies of the Company is to reduce the potential adverse effect to the financial performance relating to the unpredictability of financial market. The risk management objectives and policies are as followings:

1. Credit risk

Credit risks of the Company are mainly from monetary funds, notes receivables, accounts receivables, other receivables and other non-current financial assets and available-for-sale financial assets, etc. The management sets up the appropriate credit policies and constantly considers the exposure of the credit risks.

The Company’s monetary funds are mainly funds deposited in financial institution such as state-controlled banks and other large and medium-sized commercial banks etc. The management considers that these commercial banks have high reputation and assets condition and should not have significant credit risks and thus, the Company would not suffer from any significant loss due to the default of these counterparties.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

1. Credit risk (continued)

For accounts receivables, other receivables and notes receivables, the Company sets up relevant policies to manage the credit risk exposure to the Company. The Company assesses credit quality of the customers and sets up corresponding credit period based on the customers' financial conditions, possibility in obtaining guarantee from third parties, credit record and other factors such as current market condition etc. The Company shall monitor the credit record of the customers regularly. For those customers with poor credit record, the Company will take measures, such as issuance of debts collection letter, shortening credit period or canceling the credit period to ensure that the overall credit risk is manageable.

As at December 31, 2019, 2018 and 2017, the top five receivables form customers accounted for 98.12%、99.58%、99.54% of total accounts receivables of the Company.

The maximum credit risk exposure taken by the Company is the carrying amounts of each financial assets (including derivative financial instruments) set out in the balance sheet. Except for financial guarantee made by the Company in Note VIII, the Company did not provide any guarantee that may cause the Company to suffer any credit risks.

2. Liquidity risk

Liquidity risk means the risk that the Company is unable to have sufficient fund on time to meet the businesses development requirements or to settle the debts and other obligations when they are mature.

The finance department of the Company constantly monitors short-term and long-term fund requirements of the Company to ensure that the Company has sufficient cash reserve. Meanwhile, the Company constantly monitors whether the Company complies to the terms of the borrowing agreements, to obtain the enough reserve funds from major financial institutions in order to meet short-term and long-term fund requirements.

Expiration date of financial liability of the Company remains on balance sheet date is listed as follows:

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
2019					
Short-term borrowings	21,308,000,000.00	—	—	—	21,308,000,000.00
Payables	21,147,785,508.64	—	—	—	21,147,785,508.64
Current portion of					
non-current liabilities	2,499,762,842.57	—	—	—	2,499,762,842.57
Other current liabilities	7,998,650,574.74	—	—	—	7,998,650,574.74
Long-term borrowings	—	10,600,000,000.00	14,000,000,000.00	—	24,600,000,000.00
Long-term payables	—	—	—	21,232,945,436.94	21,232,945,436.94
Bonds payable	—	15,850,338,725.59	18,972,806,680.33	8,971,647,086.29	43,794,792,492.21

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

2. Liquidity risk (continued)

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
2018					
Short-term borrowings	12,700,000,000.00	—	—	—	12,700,000,000.00
Payables	19,482,999,292.79	—	—	—	19,482,999,292.79
Current portion of					
non-current liabilities	15,297,687,123.29	—	—	—	15,297,687,123.29
Other current liabilities	6,496,298,972.17	—	—	—	6,496,298,972.17
Long-term borrowings	—	—	26,000,000,000.00	—	26,000,000,000.00
Long-term payables	—	—	—	34,632,945,436.94	34,632,945,436.94
Bonds payable	—	—	25,297,715,680.50	8,968,179,106.56	34,265,894,787.06
2017					
Short-term borrowings	19,005,000,000.00	—	—	—	19,005,000,000.00
Payables	20,199,271,797.16	—	—	—	20,199,271,797.16
Current portion of					
non-current liabilities	13,507,522,151.39	—	—	—	13,507,522,151.39
Other current liabilities	3,498,822,877.35	—	—	—	3,498,822,877.35
Long-term borrowings	—	13,200,000,000.00	18,300,000,000.00	—	31,500,000,000.00
Long-term payables	—	—	—	41,232,945,436.94	41,232,945,436.94
Bonds payable	—	3,493,667,123.29	17,692,729,324.63	8,964,711,126.83	30,151,107,574.75

3. Market risk

(1) Exchange rate risk

The Company's main business and operation are in China that are mainly settled in RMB. However, the Company has confirmed that the foreign currency assets and liabilities and future transactions in foreign currency still exists the risk of exchange rate (the currency for foreign currency assets and liabilities and foreign transactions mainly are HK dollars, US dollars and Euros). The Company closely monitors amounts of foreign currency transactions and foreign currency assets and liabilities to reduce exchange rate risks to maximum extent in avoiding exchange rate risks of the Company.

- 1) The amount of foreign currency financial assets and foreign currency financial liabilities held by the Company that is converted into RMB is listed as follows:

Item	USD items	HKD items	EUR items	PKR items	Total
2019					
Foreign currency financial					
assets:					
Cash at bank and on hand	1,440,652,516.18	2,601,156,725.10	181,328,449.49	—	4,223,137,690.77
Accounts receivables	—	—	—	15,567,590.63	15,567,590.63
Other current assets	—	—	—	1,089.05	1,089.05
Other non-current financial					
assets	—	825,438,170.71	—	—	825,438,170.71
Other equity instrument					
investments	—	4,432,380,427.04	—	—	4,432,380,427.04
Long-term equity					
investments	—	—	107,221,021.07	—	107,221,021.07
Debt investments	—	—	1,148,277,903.43	—	1,148,277,903.43
Subtotal					10,752,023,892.70

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk (continued)

(1) Exchange rate risk (continued)

Item	USD items	HKD items	EUR items	PKR items	Total
Foreign currency financial liabilities:					
Financial liabilities held for trading	463,751,512.28	—	304,651,628.82	—	768,403,141.10
Other payables	—	—	—	80,867.57	80,867.57
Bonds payable	1,934,241,932.36	—	1,421,447,675.76	—	3,355,689,608.12
Subtotal					4,124,173,616.79
2018					
Foreign currency financial assets:					
Cash at bank and on hand	175,799,498.11	1,113,068,941.59	286,493,362.51	—	1,575,361,802.21
Available-for-sale financial assets	—	5,491,617,040.94	1,843,434,201.57	—	7,335,051,242.51
Long-term equity investment	—	—	95,501,533.27	—	95,501,533.27
Other non-current assets	—	—	1,224,987,977.12	—	1,224,987,977.12
Subtotal					10,230,902,555.11
Foreign currency financial liabilities:					
Financial liabilities measured at fair value through profit or loss	276,171,784.58	—	215,992,807.33	—	492,164,591.91
Bonds payable	1,901,004,488.27	—	1,425,801,221.16	—	3,326,805,709.43
Subtotal					3,818,970,301.34
2017					
Foreign currency financial assets:					
Cash at bank and on hand	126,475,607.98	22,264,538.88	221,516,012.79	—	370,256,159.65
Available-for-sale financial assets	—	6,736,551,936.84	1,629,153,242.89	—	8,365,705,179.73
Long-term equity investment	—	—	68,554,488.03	—	68,554,488.03
Other non-current assets	—	—	1,255,352,722.43	—	1,255,352,722.43
Subtotal					10,059,868,549.84
Foreign currency financial liabilities:					
Financial liabilities measured at fair value through profit or loss	278,440,646.43	—	235,506,560.04	—	513,947,206.47
Interest payable	64,780.20	—	—	—	64,780.20
Current portion of non-current liabilities	11,713,811.59	—	—	—	11,713,811.59
Bonds payable	1,808,062,866.57	—	1,416,204,557.30	—	3,224,267,423.87
Subtotal					3,749,993,222.13

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk (continued)

(1) Exchange rate risk (continued)

2) Sensitivity analysis:

As at December 31, 2019, 2018 and 2017, as for the Company's foreign currency financial assets and foreign currency financial liabilities of the Company, if the exchange rate against RMB appreciated or depreciated by 10% against the foreign currencies while other factors remain unchanged, the Company's net profit would decrease or increase by about RMB480.78 million, RMB253.33 million and RMB161.04 million, respectively.

(2) Interest rate risk

The Company's interest rate risks are mainly arising from the long-term interest-bearing debts, such as long-term borrowings and bonds payable etc. If the Company's financial liabilities are in floating interest rate, the Company exposures to cash flow interest rate risk; if the Company's financial liabilities are in fixed interest rate, the Company exposures to fair value interest rate risk. The Company decides the relative proportion of the fixed interest rate and floating interest rate contracts in accordance with the current market environment.

The finance department of the Company constantly monitors interest rate level of the Company. Increasing in interest rate would increase costs for new interest-bearing debts and interest charges for unsettled interest-bearing debts of the Company calculated for the floating interest rate, and would have adverse effects on financial performance of the Company. The management would take appropriate adjustment according to the latest market condition to reduce interest rate risks of the Company.

1) As at December 31, 2019, 2018 and 2017, the Company's long-term interest-bearing debts are mainly long-term borrowings, bonds payable and long-term account payable. Out of which, long-term borrowings and long-term account payable are mainly at floating interest rate that are mainly denominated in RMB. The total amount of floating interest rate long-term borrowings and long-term account payable are RMB45,833 million, RMB60,633 million and RMB72,733 million and details of which are set out in Notes VI. 32, 33 and 34.

2) Sensitivity analysis:

As at December 31, 2019, 2018 and 2017, if the Company's borrowing interest rate calculated by floating interest rate has an increase or decrease by 50 basis points and while other factors remain unchanged, the net profit of the Company would decrease or increase about RMB185.99 million, RMB263.80 million and RMB326.50 million, respectively.

The above sensitivity analysis assumes that interest rate has been changed as at balance sheet date and applied to all floating interest rate borrowings of the Company.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk (continued)

(3) Price risk

Price risks of the Company are mainly the risk that the fair value of the equity financial instruments fluctuates due to change of market price factors except for market rate and foreign exchange rate. The Company mainly invests in stocks and funds etc. listed on stock exchanges; the significant market price risk is mainly due to the fair value of the holding of equity financial instruments.

The Company daily follows and manages the prices of financial assets, regularly or irregularly submits price analysis report on the changes to market environment and provide timely recommended suggestion to the management of the Company.

- 1) As at December 31, 2019, 2018 and 2017, the amounts of equity financial instruments holding by the Company measured by fair value are RMB10,244.42 million, RMB17,837.11 million and RMB12,790.37 million, respectively and details of which are set out in Note X.1. "Disclosure of Fair Value".
- 2) Sensitivity analysis:

As of December 31, 2019, 2018 and 2017, if the fair value of above investment rises or falls by 10% and while other factors remain unchanged, other comprehensive income of the Company would increase or decrease by about RMB344.61 million, RMB1,404.91 million and RMB1,014.04 million, and the net profit would increase or decrease by about RMB456.19 million, nil and RMB0.8 thousand, respectively.

X. Disclosure of Fair Value

1. Measurement level of amount and fair value of assets and liabilities measured at fair value at the end of the period

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
2019				
Continuous fair value measurement				
(I) Financial assets held for trading				
1. Financial assets at fair value through profit or loss	—	—	—	—
(1) Equity instrument investment	5,509,879,281.87	—	302,156,660.04	5,812,035,941.91
(II) Other equity instrument investments ...	4,432,380,427.04	—	—	4,432,380,427.04
Total amount of assets continuously measured at fair value	<u>9,942,259,708.91</u>	<u>—</u>	<u>302,156,660.04</u>	<u>10,244,416,368.95</u>
(I) Financial liabilities held for trading				
1. Derivative financial liabilities	—	768,403,141.10	—	768,403,141.10
Total amount of liabilities continuously measured at fair value	<u>—</u>	<u>768,403,141.10</u>	<u>—</u>	<u>768,403,141.10</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

X. Disclosure of Fair Value (continued)

1. Measurement level of amount and fair value of assets and liabilities measured at fair value at the end of the period (continued)

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
2018				
Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss				
1. Trading financial assets				
(1) Equity instrument investment	—	—	—	—
(II) Available-for-sale financial assets	—	—	—	—
1. Equity instrument investment	17,837,105,437.90	—	—	17,837,105,437.90
Total amount of assets continuously measured at fair value	<u>17,837,105,437.90</u>	<u>—</u>	<u>—</u>	<u>17,837,105,437.90</u>
(I) Financial liabilities at fair value through profit or loss				
1. Trading financial liabilities	—	—	—	—
(1) Derivative financial liabilities	—	492,164,591.91	—	492,164,591.91
Total amount of liabilities continuously measured at fair value	<u>—</u>	<u>492,164,591.91</u>	<u>—</u>	<u>492,164,591.91</u>
2017				
Continuous fair value measurement				
(I) Financial assets at fair value through profit or loss				
1. Trading financial assets	—	—	—	—
(1) Equity instrument investment	10,270.00	—	—	10,270.00
(II) Available-for-sale financial assets	—	—	—	—
1. Equity instrument investment	12,790,364,146.31	—	—	12,790,364,146.31
Total amount of assets continuously measured at fair value	<u>12,790,374,416.31</u>	<u>—</u>	<u>—</u>	<u>12,790,374,416.31</u>
(I) Financial liabilities at fair value through profit or loss				
1. Trading financial liabilities	—	—	—	—
(1) Derivative financial liabilities	—	513,947,206.47	—	513,947,206.47
Total amount of liabilities continuously measured at fair value	<u>—</u>	<u>513,947,206.47</u>	<u>—</u>	<u>513,947,206.47</u>

2. Determination of market prices of each item is subject to continuous and non-continuous level 1 fair value measurement

Equity instruments investments of the Company measured by recurring level I fair value are A-shares and H-shares held by the Company; determination basis of market report is closing price of the last trading day at the end of the year.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

X. Disclosure of Fair Value (continued)

3. Valuation techniques and qualitative and quantitative information about key parameters of items subject to continuous and non-continuous level 2 fair value measurement

Items of the Company measured by continuous level II fair value are fair value of exchangeable option of exchangeable bonds, fair value of exchangeable option is calculated and determined by using option pricing models (binomial model). Risk-free interest rate, standard deviation of underlying stock, and market price of underlying stock are major input variables.

4. Valuation techniques and qualitative and quantitative information about key parameters of items subject to continuous and non-continuous level 3 fair value measurement

The Company adopts continuous level 3 fair value measurement items as unlisted equity instrument investments, and the fair value of unlisted equity instrument investments is valued according to its net assets in 2019.

The Company has no items subject to continuous and non-continuous level 3 fair value measurement in 2018 and 2017.

5. Information on adjustment between beginning book value and ending book value of items subject to continuous level 3 fair value measurement and sensitivity analysis of non-observable parameters

The Company has no items subject to continuous level 3 fair value measurement.

6. Items measured by continuous fair value transfer of different levels during the current year

Items of the Company measured by continuous fair value did not have any transfer between different levels during the year.

7. Change of valuation techniques incurred during the current period and the reasons thereof:

There is no change on valuation techniques during the current year.

8. Assets and liabilities that are not measured at fair value but disclosed at fair value

None.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions

(I) Relationship of related parties

1. Controlling shareholder and ultimate controlling party

(1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder and ultimate controlling party	China Three Gorges Corporation
Registration place	Beijing
Nature of business	Provision of large-scale hydropower project development and operation
Registered capital	211,500,000,000.00
Shareholding proportion (%) to the Company	57.92%
Proportion (%) of voting right to the Company	57.92%

(2) Details and registered capital of the controlling shareholder and the changes during the year

Controlling shareholder	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward
2019				
China Three Gorges Corporation	211,500,000,000.00	—	—	211,500,000,000.00
2018				
China Three Gorges Corporation	211,500,000,000.00	—	—	211,500,000,000.00
2017				
China Three Gorges Corporation	149,536,711,395.60	61,963,288,604.40	—	211,500,000,000.00

(3) Details of shares or equity held by the controlling shareholder and the changes during the year

Controlling shareholder	Amount of shareholding	Shareholding proportion
		%
2019		
China Three Gorges Corporation	12,742,229,292.00	57.92
2018		
China Three Gorges Corporation	12,742,229,292.00	57.92
2017		
China Three Gorges Corporation	12,742,229,292.00	57.92

2. Subsidiaries

Details of the Company's subsidiaries are set out in Notes "VIII. 1. Interests in subsidiaries".

Notes to the Financial Statements**For the Year ended 31 December 2017, 2018 and 2019****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****3. Joint ventures and associated enterprises**

Details of the Company's significant joint ventures or associates are set out in "Note VIII. 2. (1) Important Joint Ventures or Associates" and the related disclosures. The balances and transaction of the other joint ventures or associates with the Company during the year are as followings;

<u>Name</u>	<u>Relationship with the Company</u>
Chongqing Fuling Energy Industry Group Co., Ltd.	Associated enterprises
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Associated enterprises
Hunan Taohuajiang Nuclear Power Co., Ltd.	Associated enterprises
CTG Base Development Co., Ltd.	Associated enterprises
Yangtze Smart Distributed Energy Co., Ltd.	Joint ventures
Three Gorges Electric Energy (Guangdong) Co., Ltd	Joint ventures
Hubei New Energy Venture Capital Fund Co., Ltd.	Associated enterprises

4. Other related parties

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Binxian Dageling Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Butuo Junsheng New Energy Co., Ltd.	Common controlled by controlling shareholders
Butuo Zhongtian New Energy Development Co., Ltd.	Common controlled by controlling shareholders
Chaohu Jiaoyang New Energy Co., Ltd	Common controlled by controlling shareholders
Cixi Changjiang Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Delingha Xiayang New Energy Power Generation Co., Ltd	Common controlled by controlling shareholders
Enshi Banqiao Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Fujian Three Gorges Offshore Wind Power Industry Park Operation Co., Ltd.	Common controlled by controlling shareholders
Fuqing Strait Power Generation Co., Ltd.	Common controlled by controlling shareholders
Fuzhou Strait Power Generation Co., Ltd.	Common controlled by controlling shareholders
Golmud Sunshine Qiheng New Energy Co. Ltd.	Common controlled by controlling shareholders
Guyuan Hengyi New Energy Co., Ltd	Common controlled by controlling shareholders
Guohong New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Huade Wind Farm Co., Ltd. of Guoshui Group	Common controlled by controlling shareholders
Hainan Prefecture Haijin Keshida New Energy Co., Ltd.	Common controlled by controlling shareholders
Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Hainan Prefecture Yixin New Energy Technology Co., Ltd.	Common controlled by controlling shareholders
Hainan Prefecture Zhuma Light Energy New Energy Co., Ltd.	Common controlled by controlling shareholders
Haixia Power Generation Co., Ltd.	Common controlled by controlling shareholders
Hubei Jingzhou Coal Port Co., Ltd.	Common controlled by controlling shareholders
Ezhou Power Generation Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Guangshui Wangzishan PV Power Generation Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Huangshi Wind Farm Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Jingmen Xianghe Wind Farm Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Laohoukou Sanjianshan PV Power Generation Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Macheng Wind Farm Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Macheng Yanjiahe PV Power Generation Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Qiyueshan Wind Farm Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Xiakoutang Hydropower Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
New Energy Development Co., Ltd. Of Hubei Energy Group	Common controlled by controlling shareholders
Hubei Qingjiang River Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Hubei Gaoxiapinghu Cruise Ship Co., Ltd.	Common controlled by controlling shareholders
Hubei Jiugongshan Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Hubei Coal Investment Development Co., Ltd.	Common controlled by controlling shareholders
Huili Zhaoguang New Energy Co., Ltd.	Common controlled by controlling shareholders
Jinfeng New Energy Gonghe Power Generation Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Jiujiang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	Common controlled by controlling shareholders
Jiuquan Chaoyang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Jiuquan Sanyang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Kaiyuan Hongyu Sunshine New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Leling Zhongtian New Energy Co., Ltd.	Common controlled by controlling shareholders
Leshan Damo Hydropower Co., Ltd.	Common controlled by controlling shareholders
Linqu Tianrong Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Lingwu Baitugang Angli Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Macheng Zhongguang Shenghui New Energy Co., Ltd.	Common controlled by controlling shareholders
Maguan Daliangzi Power Generation Co., Ltd.	Common controlled by controlling shareholders
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	Common controlled by controlling shareholders
Ningde Dagang Hydropower Station Development Co., Ltd.	Common controlled by controlling shareholders
Qingdao Runlai Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Pakistan No. 2 Wind Power Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Pakistan No. 3 Wind Power Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Three Gorges Finance (Hong Kong) Co., Ltd.	Common controlled by controlling shareholders
Three Gorges International Energy Investment Group Co., Ltd.	Common controlled by controlling shareholders
Three Gorges International Tendering Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Mechanical and Electrical Engineering Technology Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges Corporation (Yingkou) Energy Investment Co., Ltd.	Common controlled by controlling shareholders
CTG Tibet Energy Investment Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Zuoyun Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Angli (Lingwu) Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Binchuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Bole Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Dachaidan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Delingha Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Golmud Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Guyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Kumul Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Offshore Wind Power Operation and Maintenance Jiangsu Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Huaping Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Huili Zhongyi Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Jinchang Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Jiuquan Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Kangbao Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Laiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements**For the Year ended 31 December 2017, 2018 and 2019****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Lichuan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Longling Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Mengyin Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Mianning Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Panzhou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Pishan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Pingquan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Pingshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Puan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Puge Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements**For the Year ended 31 December 2017, 2018 and 2019****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Quyang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shanshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shangyi Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shidian Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Siziwang Wind Farm Co., Ltd. of China Three Gorges New Energy Co., Ltd.	Common controlled by controlling shareholders
Taiyangshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Diaobingshan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Wuzhong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Wujiaqu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Xinjiang Dabancheng Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Xintai Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yangjiang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yiwu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yuanmou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yunnan Shizong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yunnan Yaoan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Three Gorges Asset Management Co., Ltd	Common controlled by controlling shareholders
Shandong Jianeng Solar Energy Technology Co., Ltd.	Common controlled by controlling shareholders
Shanghai East China Engineering Consultation Company	Common controlled by controlling shareholders
Shanghai Jikai Engineering Testing Technology Co., Ltd.	Common controlled by controlling shareholders
Shanghai Investigation, Design & Research Institute Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements**For the Year ended 31 December 2017, 2018 and 2019****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Sheqi Guohe Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Shenmu Yuanhang New Energy Development Co. Ltd.	Common controlled by controlling shareholders
Shuangliao Qingda Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Suixian Aikang Energy Investment Co., Ltd.	Common controlled by controlling shareholders
Weixi Longdu Power Generation Co., Ltd.	Common controlled by controlling shareholders
Wulan Jinfeng New Energy Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Wuhu Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	Common controlled by controlling shareholders
Xiyang Sineng New Energy Co., Ltd.	Common controlled by controlling shareholders
Xiangshui Changjiang Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Suzhou Fuyang Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Yichang Three Gorges Duoneng Asset Management Co., Ltd.	Common controlled by controlling shareholders
Yongdeng Hongyang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Yunnan Longling Lazhai Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Yunnan Mile Shidongshan Power Generation Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Yunnan Longling Ouhua Hydropower Co., Ltd.	Common controlled by controlling shareholders
Yunnan Yongshan Sanfa Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Zhangjiachuan Tianyuan Wind Farm Co., Ltd.	Common controlled by controlling shareholders
Zhangpu Strait Power Generation Co., Ltd.	Common controlled by controlling shareholders
CTG Media Co., Ltd.	Common controlled by controlling shareholders
CTG Fujian Energy Investment Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Common controlled by controlling shareholders
Pakistan Company of Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Tourism Development Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Common controlled by controlling shareholders
The Three Gorges Ecological Garden Co., Ltd.	Common controlled by controlling shareholders
The Three Gorges Industrial Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd	Common controlled by controlling shareholders
Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	Common controlled by controlling shareholders
Yangtze Eco-environmental Protection (Hong Kong) Investment Co., Ltd.	Common controlled by controlling shareholders
Yangtze Ecology and Environment Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements**For the Year ended 31 December 2017, 2018 and 2019****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Zhejiang Changlongshan Pumped Storage Power Station Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges (LuXembourg) Energy Co., Ltd	Common controlled by controlling shareholders
China Three Gorges (Europe) Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges (Hong Kong) Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges Publishing Media Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges Construction Management Co., Ltd	Common controlled by controlling shareholders
South Asia Investment Co., Ltd. of China Three Gorges Corporation	Common controlled by controlling shareholders
China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
China International Water & Electric Corporation	Common controlled by controlling shareholders
The Institute of Chinese Sturgeon of China Three Gorges Corporation	Common controlled by controlling shareholders
Zhongxian Jidian New Energy Co., Ltd.	Common controlled by controlling shareholders
Chongqing Wulong Daliangzi Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Chongqing Changjiang Xiaonanhai Hydropower Station Development Co., Ltd	Common controlled by controlling shareholders
Zhucheng Tianrong Wind Power Generation Co., Ltd	Common controlled by controlling shareholders

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000)

1. Related party transactions of purchasing or selling goods and rendering or receiving services

(1) Purchasing goods/receiving services

		Unit: 10,000 yuan		Currency: RMB ⁴
Related party	Details of transactions	2019	2018	2017
Controlling shareholder				
China Three Gorges Corporation	Provision of training and entrusted management services	2,313.64	1,570.34	13.93
Joint venture or associated enterprise				
Three Gorges Finance Co., Ltd.	Provision of agency and administrative services	614.99	614.64	1,165.00
CTG Base Development Co., Ltd.	Provision of property and entrusted management and rentals and network system trusteeship	2,486.61	2,144.63	10.51
Enterprises Common controlled by the controlling shareholders				
CTG Media Co., Ltd.	Provision of laboring services	7.55	7.55	69.22
Three Gorges International Tendering Co., Ltd.	Provision of bidding agency services	286.69	104.54	45.72
Shanghai Investigation, Design & Research Institute Co., Ltd.	Provision of planning, design and consultation services	225.13	466.2	490.62
Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Provision of entrusted management, repair and engineering laboring services	1,606.88	1,582.92	4,020.58
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Provision of laboring, material collection, procurement and custody, storage management services	3,909.12	3,715.73	5,468.02
The Three Gorges Ecological Garden Co., Ltd.	Provision of property management	1,071.07	1,670.66	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(1) Purchasing goods/receiving services (continued)

<u>Related party</u>	<u>Details of transactions</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
The Three Gorges Industrial Co., Ltd.	Provision of property, asset management and office administrative services	40,954.72	39,211.65	—
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Provision of entrusted management, equipment and facilities maintenance services	16,225.35	18,779.61	—
China Three Gorges Construction Management Co., Ltd.	Provision of entrusted management services	13,502.47	15,745.08	19,272.40
China Three Gorges Publishing Media Co., Ltd.	Provision of promotion services	114.7	53.33	—
Three Gorges Tourism Development Co., Ltd. ...	Provision of property management and transportation services and rentals	2,731.01	1,430.08	1,280.52
Three Gorges Mechanical and Electrical Engineering Technology Co., Ltd.	Provision of entrusted management services	2,908.70	3,217.16	—
The Institute of Chinese Surgeon of China Three Gorges Corporation	Provision of entrusted management services	20.83	638	93.77
Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	Water charges	1,011.92	377.48	—
Three Gorges Finance (Hong Kong) Co., Ltd. ...	Provision guarantee administrative services	29.69	—	—
Total		<u>90,021.07</u>	<u>91,329.60</u>	<u>31,930.29</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services

		Unit: 10,000 yuan		Currency: RMB
Related party	Details of transactions	2019	2018	2017
Controlling shareholder				
China Three Gorges Corporation	Sales of goods and provision of technical services	3,641.34	2,870.42	19,332.95
Joint venture or associates				
Chongqing Fuling Energy Industry Group Co., Ltd.	Sales of goods	—	11.93	—
CTG Base Development Co., Ltd.	Sales of goods and provision of technical services	13.81	8.53	—
Three Gorges Finance Co., Ltd.	Provision of technical services	25.17	18.94	88.94
Hubei Energy Group Co., Ltd.	Provision of technical services	37.66	—	—
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Sales of goods	—	—	22.14
Enterprises controlled by controlling shareholders				
Siziwang Wind Farm Co., Ltd. of China Three Gorges New Energy Co., Ltd.	Sales of goods and provision of technical services	72.33	11.81	—
Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd. . . .	Sales of goods and provision of technical services	1,937.57	1,854.09	22,884.03
Lichuan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods	—	3.45	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Fujian Three Gorges Offshore Wind Power Industry Park Operation Co., Ltd.	Sales of goods	5.09	158.2	—
Fuqing Strait Power Generation Co., Ltd.	Sales of goods and provision of technical services	98.31	5.29	—
Yangjiang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods	85.33	14.67	—
Huili Zhaoguang New Energy Co., Ltd.	Sales of goods and provision of technical services	14.81	11.63	—
CTG Fujian Energy Investment Co., Ltd.	Sales of goods and provision of technical services	47.32	17.38	49.13
Ezhou Power Generation Co., Ltd. of Hubei Energy Group	Sales of goods	—	12.39	—
Hubei Qingjiang River Hydropower Development Co., Ltd.	Provision of technical services	—	3.21	3.4
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	Sales of goods and provision of technical services	—	126.42	133.02
Butuo Junsheng New Energy Co., Ltd.	Sales of goods	—	3.2	—
Qiyueshan Wind Farm Co., Ltd. of Hubei Energy Group	Sales of goods	—	6.03	—
Macheng Zhongguang Shenghui New Energy Co., Ltd.	Sales of goods and provision of technical services	—	6.7	—
Hubei Coal Investment Development Co., Ltd.	Sales of goods	—	14.45	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

<u>Related party</u>	<u>Details of transactions</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Hubei Jingzhou Coal Port Co., Ltd.	Sales of goods	—	12.39	—
Fuzhou Strait Power Generation Co., Ltd.	Sales of goods and provision of technical services	—	20.83	—
Zhangpu Strait Power Generation Co., Ltd.	Sales of goods and provision of technical services	—	18.13	—
Maguan Daliangzi Power Generation Co., Ltd.	Provision of technical services	—	2.46	—
Yunnan Longling Ouhua Hydropower Co., Ltd. ...	Provision of technical services	—	2.2	—
Three Gorges International Tendering Co., Ltd.	Sales of goods and provision of technical services	168.87	175.19	33.5
Mianning Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods	40.17	10.56	—
Puge Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods and provision of technical services	6.67	9.53	—
Zhongxian Jidian New Energy Co., Ltd.	Sales of goods	8.8	2.15	—
China Three Gorges New Energy Corporation	Provision of technical services	8.83	313.61	—
China International Water & Electric Corporation	Sales of goods and provision of technical services	422.25	454.04	—
Haixia Power Generation Co., Ltd.	Provision of technical services	15.22	56.58	10.07
Butuo Zhongtian New Energy Development Co., Ltd.	Provision of technical services	6.6	6.2	6.6

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	Sales of goods	121.35	104.12	—
The Institute of Chinese Sturgeon of China Three Gorges Corporation	Provision of technical services and property engineering	5.81	12.57	132.03
Zhejiang Changlongshan Pumped Storage Power Station Co., Ltd.	Sales of goods and provision of technical services	415.66	501.98	245.85
Three Gorges Tourism Development Co., Ltd. ...	Provision of technical services	426.69	334.75	120.11
China Three Gorges Construction Management Co., Ltd.	Sales of goods and provision of technical services	69.3	27.32	699.76
Three Gorges International Energy Investment Group Co., Ltd.	Provision of technical services	4.72	2.43	—
Shanghai Investigation, Design & Research Institute Co., Ltd.	Provision of technical services	140.49	16.17	51.12
Zhucheng Tianrong Wind Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Linqu Tianrong Wind Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Cixi Changjiang Wind Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Xiangshui Changjiang Wind Power Generation Co., Ltd.	Provision of technical services	8.86	8.86	—
Ningde Dagang Hydropower Station Development Co., Ltd.	Provision of technical services	4.43	4.43	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Yunnan Longling Lazhai Hydropower Development Co., Ltd.	Provision of technical services	9.24	9.24	—
Weixi Longdu Power Generation Co., Ltd.	Provision of technical services	0.97	0.97	—
Shangyi Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Huade Wind Farm Co., Ltd. of Guoshui Group	Provision of technical services	3.78	3.78	—
Diaobingshan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	19.19	19.19	—
Xinjiang Dabancheng Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.77	2.77	—
Dachaidan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Kumul Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	12.52	12.52	—
Yunnan Yaoan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	11.17	11.17	—
Golmud Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	8.85	8.86	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Jinchang Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	17.71	17.71	—
Yunnan Mile Shidongshan Power Generation Co., Ltd.	Provision of technical services	14.9	14.9	—
Yunnan Shizong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	6.31	6.32	—
Wuzhong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Qingdao Runlai Wind Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Shanshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	1.07	1.07	—
Pishan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.23	2.24	—
Angli (Lingwu) Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Wulan Jinfeng New Energy Photovoltaic Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Hainan Prefecture Yixin New Energy Technology Co., Ltd.	Provision of technical services	4.43	4.43	—

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Hainan Prefecture Haijin Keshida New Energy Co., Ltd.	Provision of technical services	4.43	4.43	—
Quyang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	8.86	8.86	—
Yiwu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.77	2.77	—
Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	2.83
Yuanmou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	1.54	1.54	—
Binchuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.31	2.31	—
Wujiaqu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	11.27	11.27	—
Binxian Dageling Wind Power Generation Co., Ltd.	Provision of technical services	19.19	19.19	—
Jiuquan Sanyang New Energy Power Generation Co., Ltd.	Provision of technical services	2.21	2.21	—
Jiuquan Chaoyang New Energy Power Generation Co., Ltd.	Provision of technical services	2.21	2.21	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Huili Zhongyi Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	10.87	—
Xintai Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Pingquan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Sheqi Guohe Wind Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Jiuquan Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Zhangjiachuan Tianyuan Wind Farm Co., Ltd.	Provision of technical services	4.43	4.43	—
Shandong Jianeng Solar Energy Technology Co., Ltd.	Provision of technical services	4.43	4.43	—
Mengyin Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Laiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Taiyangshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	8.86	8.86	—

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Bole Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.77	2.77	—
Guyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Hainan Prefecture Zhuma Light Energy New Energy Co., Ltd.	Provision of technical services	4.43	4.43	—
Yiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Lingwu Baitugang Angli Photovoltaic Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Kangbao Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Shidian Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	3.7	3.7	—
Huaping Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.31	2.31	—
Pingshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Puan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	3.24	3.24	—

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Zuoyun Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Shuangliao Qingda Photovoltaic Power Generation Co., Ltd.	Provision of technical services	19.19	19.19	—
Delingha Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	4.43	4.43	—
Kaiyuan Hongyu Sunshine New Energy Power Generation Co., Ltd.	Provision of technical services	2.36	2.36	—
Golmud Sunshine Qiheng New Energy Co. Ltd.	Provision of technical services	4.43	4.43	—
Chaohu Jiaoyang New Energy Co., Ltd.	Provision of technical services	4.43	4.43	—
Suzhou Fuyang Photovoltaic Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Jinfeng New Energy Gonghe Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Guyuan Hengyi New Energy Co., Ltd.	Provision of technical services	4.43	4.43	—
Xiyang Sineng New Energy Co., Ltd.	Provision of technical services	4.43	4.43	—
Yongdeng Hongyang New Energy Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—
Delingha Xiayang New Energy Power Generation Co., Ltd.	Provision of technical services	4.43	4.43	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Leling Zhongtian New Energy Co., Ltd.	Provision of technical services	4.43	4.43	—
Shenmu Yuanhang New Energy Development Co. Ltd.	Provision of technical services	4.43	4.43	—
Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	Provision of technical services	—	4.43	—
South Asia Investment Co., Ltd. of China Three Gorges Corporation	Provision of technical services	123.1	61.37	—
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Sales of goods and provision of technical services	84.73	15.11	23.73
The Three Gorges Industrial Co., Ltd.	Sales of goods and provision of technical services	284.96	336.82	—
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Provision of technical services	19.5	8.85	—
Yangtze Three Gorges Technology & Economy Development Co., Ltd. ...	Provision of technical services	26.26	180.44	198.84
China Three Gorges (Hong Kong) Co., Ltd.	Provision of consultation service	1,263.35	1,260.80	2,092.90
China Three Gorges (Europe) Co., Ltd.	Provision of technical services	17.11	—	16.48
Enshi Banqiao Wind Power Generation Co., Ltd.	Sales of goods and provision of technical services	12.8	—	—
Jiujiang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	Sales of goods and provision of technical services	19.69	—	—

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Leshan Damo Hydropower Co., Ltd.	Sales of goods and provision of technical services	10.4	—	—
Offshore Wind Power Operation and Maintenance Jiangsu Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods	33.31	—	—
Wuhu Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	Sales of goods and provision of technical services	8.7	—	—
Chongqing Wulong Daliangzi Wind Power Generation Co., Ltd.	Sales of goods	8.8	—	—
Yangtze Ecology and Environment Co., Ltd. ...	Sales of goods and provision of technical services	477.68	—	—
Shanghai Jikai Engineering Testing Technology Co., Ltd.	Provision of technical services	2.17	—	—
China Three Gorges Publishing Media Co., Ltd.	Provision of technical services	47.28	—	35.89
Longling Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	2.2	—	—
CTG Tibet Energy Investment Co., Ltd.	Provision of technical services	59.43	—	28.37

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	2019	2018	2017
Pakistan Company of Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Provision of technical services	85.41	—	—
Shanghai East China Engineering Consultation Company	Provision of technical services	5.21	—	—
Suixian Aikang Energy Investment Co., Ltd.	Sales of goods and provision of technical services	12.81	—	—
Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	Provision of technical services	4.43	—	—
Three Gorges Asset Management Co., Ltd. ...	Provision of technical services	4.92	—	—
Panzhou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	3.7	—	—
Three Gorges Pakistan No. 1 Wind Power Co., Ltd. ...	O&M service	446.89	—	—
Three Gorges Pakistan No. 2 Wind Power Co., Ltd. ...	O&M service	500.61	—	—
Three Gorges Pakistan No. 3 Wind Power Co., Ltd. ...	O&M service	603.76	—	—
The Three Gorges Ecological Garden Co., Ltd.	Provision of technical services	3.16	—	—
Yunnan Yongshan Sanfa Hydropower Development Co., Ltd.	Provision of engineering contracting	—	—	4.46
Chongqing Changjiang Xiaonanhai Hydropower Station Development Co., Ltd.	Project property management and project contracting	—	—	218.54

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

<u>Related party</u>	<u>Details of transactions</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CTG Media Co., Ltd.	Provision of consulting, agency service and property management	—	—	9.25
Yichang Three Gorges Duoneng Asset Management Co., Ltd. . . .	Provision of merchandise procurement and administrative services	—	—	63.68
Xiakoutang Hydropower Co., Ltd. of Hubei Energy Group	Sales of goods and provision of technical services	—	—	10.65
Hubei Gaoxiapinghu Cruise Ship Co., Ltd.	Provision of greening management	—	—	6.13
Guangshui Wangzishan PV Power Generation Co., Ltd. of Hubei Energy Group	Sales of goods	—	—	13.62
China Three Gorges Corporation (Yingkou) Energy Investment Co., Ltd.	Sales of goods	—	—	17.03
Guohong New Energy Power Generation Co., Ltd.	Provision of consultation services	—	—	2.83
Total		<u>12,402.10</u>	<u>9,505.80</u>	<u>46,557.88</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

2. Leasing of property Related party lease

(1) The Company as the lessor

		Unit: 10,000 yuan Currency: RMB			
Lessor	Lessee	Details of leasing assets	2019	2018	2017
China Yangtze Power Co., Ltd.	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	building	—	6.11	—
China Yangtze Power Co., Ltd.	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	building	—	6.94	—
China Yangtze Power Co., Ltd.	Three Gorges International Energy Investment Group Co., Ltd.	building	1,516.90	1,490.23	1,550.16
China Yangtze Power Co., Ltd.	The Three Gorges Industrial Co., Ltd.	building	461.17	—	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Three Gorges Tourism Development Co., Ltd.	building	384.05	379.98	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Yangtze Three Gorges Equipment & Materials Co., Ltd.	building	—	127.46	126.32
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Shanghai Investigation, Design & Research Institute Co., Ltd.	building	—	48.87	48.43
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Three Gorges Finance Co., Ltd.	building	—	49.06	48.61

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For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

2. Leasing of property Related party lease (continued)

(1) The Company as the lessor (continued)

<u>Lessor</u>	<u>Lessee</u>	<u>Details of leasing assets</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Three Gorges International Tendering Co., Ltd.	building	—	116.51	115.46
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	China Three Gorges New Energy Corporation	building	—	18.83	31.99
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	building	—	125.64	124.51
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	China Three Gorges Publishing Media Co., Ltd.	building	—	34.25	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	The Three Gorges Industrial Co., Ltd.	building	371.81	—	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	CTG Media Co., Ltd.	building	—	—	33.95
			=====	=====	=====

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

2. Leasing of property Related party lease (continued)

(2) The Company as the Lessee:

		Unit: 10,000 yuan Currency: RMB			
Lessor	Lessee	Details of leasing assets	2019	2018	2017
China Three Gorges Corporation	China Yangtze Power Co., Ltd.	land	7,394.94	7,394.94	7,948.59
The Three Gorges Industrial Co., Ltd.	China Yangtze Power Co., Ltd.	building	114.86	—	—
Yichang Three Gorges Duoneng Asset Management Co., Ltd.	China Yangtze Power Co., Ltd.	building	115.51	—	—
			=====	=====	=====

3. Related party guarantees

(1) The Company serves as a Guarantor

		Unit: 10,000 yuan Currency: RMB		
Guarantee	Amount	Starting date of guarantee	Due date of guarantee	Whether the guarantee has been fulfilled
Hunan Taohuajiang Nuclear Power Co., Ltd.	25,946.80	November 2019	November 2025	No
	=====			

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

3. Related party guarantees (continued)

(2) Related parties provide guarantee to the Company

Unit: 10,000 yuan Currency: RMB					
Guarantor	Guarantee	Guaranteed amount	From	To	Whether the guarantee has been fulfilled
China Three Gorges Corporation (Note 1)	China Yangtze Power Co., Ltd.	800,000.00	20 September 2002	1 August 2033	No
China Three Gorges Corporation (Note 2)	China Yangtze Power Co., Ltd.	350,000.00	30 July 2009	30 July 2019	Yes
China Three Gorges Corporation (Note 3)	China Yangtze Power Co., Ltd.	54,000.00	27 December 2013	24 May 2018	Yes

Notes:

- 1: Pursuant to the Letter of Guarantee issued by China Three Gorges Group on June 30, 2009 and the “Guarantee Agreement” it signed with the Company in August 2009, China Three Gorges Group agreed to provide irrevocable joint liability guarantee on principal, interest payable, liquidated damages, damages, expense of credit realization and other payable expenses of Three Gorges Bonds in total amount of RMB16 billion. If the Company fails to pay principals and interest on bonds as stipulated in the respective Three Gorges Bonds documents, China Three Gorges Group is required to take up the joint liability guarantee and shall unconditionally pay all bonds payable and expenses for the Company. As at December 31, 2019, the Company has paid RMB8 billion of the mature Three Gorges Bonds, the outstanding guarantee balance was RMB8 billion.
- 2: Pursuant to the approval of the 3rd 2007 Extraordinary General Meeting and with the approval of the CSRC, and further approved by the 30th Meeting of the 2nd Board of Directors of the Company, the Company issued the 2009 Phase I Company Bonds with the issuing amount of RMB3.5 billion. The bonds were issued by par value, the bond term was 10 years, the par value rate was fixed during the duration of bonds. The interest was calculated on an annual basis at simple interest rate without compound interest and overdue date of the bond was July 30, 2019. China Three Gorges Group provided the corporate bonds with full amount and unconditional irrevocable joint liability guarantee during the current year.
- 3: Pursuant to “Agreements on Transfer Arrangement of Relevant Asset Debts of Jinsha River Xiluodu and Xiangjiaba Hydropower Stations and Guarantee Contract” signed by the Company and China Three Gorges Group, the China Three Gorges Group agreed to provide guarantee on project loan principal, interest, penalty interest, compound interest, compensation, liquidated damages, damages, expense of credit realization in total amount of RMB11,439 million to the Company. As at December 31, 2017, the Company has aggregate paid RMB10,899 million and the outstanding guarantee balance at the end of the year was RMB540 million, and out of which the amount due within one year amount was RMB540 million.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

4. Capital borrowing or lending between related parties

		Unit: 10,000 yuan Currency: RMB		
Name of related party	Borrowing/lending	Amount	From	To
2019				
China Three Gorges Corporation	Borrowing	700,000.00	2017.01.16	2022.01.16
China Three Gorges Corporation	Borrowing	2,123,294.54	2013.05.01	2028.05.01
China Three Gorges Corporation	Borrowing	1,100,000.00	2019.03.18	2020.03.18
China Three Gorges Corporation	Borrowing	1,060,000.00	2017.07.14	2021.07.14
China Three Gorges Corporation	Borrowing	700,000.00	2019.07.17	2022.07.17
Three Gorges Finance Co., Ltd.	Borrowing	500,000.00	2019.02.26	2020.02.26
Three Gorges Finance Co., Ltd.	Borrowing	80,000.00	2019.06.19	2020.06.19
Three Gorges Finance Co., Ltd.	Borrowing	150,000.00	2019.10.21	2020.09.17
Three Gorges Finance Co., Ltd.	Borrowing	100,000.00	2019.12.20	2020.09.17
Three Gorges Finance Co., Ltd.	Borrowing	150,000.00	2019.12.26	2020.12.26
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Borrowing	800.00	2019.08.06	2020.02.06
2018				
China Three Gorges Corporation	Borrowing	300,000.00	2016.03.17	2019.03.17
China Three Gorges Corporation	Borrowing	600,000.00	2016.06.21	2019.06.21
China Three Gorges Corporation	Borrowing	100,000.00	2016.12.30	2019.08.30
China Three Gorges Corporation	Borrowing	700,000.00	2017.01.16	2022.01.16
China Three Gorges Corporation	Borrowing	1,130,000.00	2017.07.14	2021.07.14
China Three Gorges Corporation	Borrowing	200,000.00	2018.04.03	2021.07.14
China Three Gorges Corporation	Borrowing	570,000.00	2018.05.02	2021.07.14
China Three Gorges Corporation	Borrowing	420,000.00	2018.02.26	2019.02.26
China Three Gorges Corporation	Borrowing	60,000.00	2018.06.22	2019.05.02
China Three Gorges Corporation	Borrowing	3,463,294.54	2013.05.01	2028.05.01
Three Gorges Finance Co., Ltd.	Borrowing	180,000.00	2016.03.30	2019.03.30
Three Gorges Finance Co., Ltd.	Borrowing	200,000.00	2018.06.19	2019.06.19
Three Gorges Finance Co., Ltd.	Borrowing	20,000.00	2018.08.23	2019.08.23
Three Gorges Finance Co., Ltd.	Borrowing	100,000.00	2018.10.31	2019.10.31
Three Gorges Finance Co., Ltd.	Borrowing	100,000.00	2018.12.04	2019.12.04
2017				
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Borrowing	500.00	2016.07.28	2018.01.28
China Three Gorges Corporation	Borrowing	1,000,000.00	2015.02.26	2018.02.26
China Three Gorges Corporation	Borrowing	300,000.00	2017.03.09	2018.03.09
China Three Gorges Corporation	Borrowing	70,000.00	2017.05.02	2018.03.09
China Three Gorges Corporation	Borrowing	230,000.00	2017.05.02	2018.05.02
China Three Gorges Corporation	Borrowing	770,000.00	2017.07.12	2018.05.02
China Three Gorges Corporation	Borrowing	300,000.00	2016.03.17	2019.03.17
China Three Gorges Corporation	Borrowing	600,000.00	2016.06.21	2019.06.21
China Three Gorges Corporation	Borrowing	100,000.00	2016.12.30	2019.08.30
China Three Gorges Corporation	Borrowing	1,130,000.00	2017.07.14	2021.07.14
China Three Gorges Corporation	Borrowing	700,000.00	2017.01.16	2022.01.16
China Three Gorges Corporation	Borrowing	4,418,875.37	2013.05.01	2028.05.01
Three Gorges Finance Co., Ltd.	Borrowing	30,000.00	2017.01.16	2018.01.16
Three Gorges Finance Co., Ltd.	Borrowing	100,000.00	2017.06.20	2018.06.20
Three Gorges Finance Co., Ltd.	Borrowing	100,000.00	2017.09.11	2018.09.11
Three Gorges Finance Co., Ltd.	Borrowing	320,000.00	2016.03.30	2019.03.30

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

5. Related party asset transfer and debt restructuring

Name of related party	Transaction type	Unit: 10,000 yuan	Currency: RMB
		Amount	
2017			
CTG Base Development Co., Ltd. . . .	Transfer of equity in hydropower and industry companies	47,249.07	

6. Other related transactions

(1) Receive interest from the related party

Name of related party	Content of transaction	Unit: 10,000 yuan			Currency: RMB
		2019	2018	2017	Pricing method and decision-making process
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Interest income of entrusted loan	—	—	115.28	Note 1
China Three Gorges (LuXembourg) Energy Co., Ltd. . .	Interest income of entrusted loan	—	—	705.67	Agreed price
Three Gorges Finance Co., Ltd.	Interest income	3,641.98	4,103.98	3,430.68	Note 2
Three Gorges Finance (Hong Kong) Co., Ltd. . .	Interest income	949.55	224.10	—	Note 3
Three Gorges International Tendering Co., Ltd.	Interest income	0.02	0.06	—	—
Yangtze Eco-environmental Protection (Hong Kong) Investment Co., Ltd.	Fixed annualized income from holding shares on behalf of others	5,250.86	—	—	Agreed price

Notes

- Based on coterminous RMB loan interest rate published by People's Bank of China.
- Accounted according to coterminous current deposit interest published by People's Bank of China.
- Based on the deposit interest published by Bank of China (Hong Kong) Limited.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

6. Other related transactions (continued)

(2) Pay interest to related parties

		Unit: 10,000 yuan			Currency: RMB
Name of related party	Content of transaction	2019	2018	2017	Pricing method and decision-making process
Three Gorges Finance Co., Ltd. .	Interests on borrowings	30,933.12	27,072.40	37,720.64	Note 1
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Interest of entrusted loan	14.31	1.69	—	Note 1
China Three Gorges Corporation	Interest of entrusted loan	165,834.39	203,733.43	207,393.48	Note 1
China Three Gorges Corporation	Interest of long-term payables	118,606.36	190,213.51	219,266.74	Agreed price
Three Gorges Finance (Hong Kong) Co., Ltd. . .	Interests on borrowings	674.09	—	—	Agreed price
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Interest of entrusted loan	—	—	40.02	Note 1

Note 1: Based on coterminous RMB loan interest rate published by People's Bank of China.

(3) Provision guarantee fee to the related party

		Unit: 10,000 yuan			Currency: RMB
Name of related party	Content of transaction	2019	2018	2017	Pricing method and decision-making process
China Three Gorges Corporation	Guarantee cost	600.82	703.08	721.76	Agreed price

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

6. Other related transactions (continued)

(4) Pay research fund for the related party

Unit: 10,000 yuan					Currency: RMB
Transaction type	Name of related party	2019	2018	2017	Pricing method and decision-making process
Fund for research . .	The Institute of Chinese Surgeon of China Three Gorges Corporation	225	225	225	Agreed price
		==	==	==	

(5) Share of public costs with Three Gorges Project

During the year ended December 31, 2019, 2018 and 2017, public costs and public facilities operation and maintenance expenses of Three Gorges Project of RMB619.66 million, RMB652.92 million and RMB661.81 million has been shared between China Three Gorges Group and the Company in the proportion of 25:75, in which: China Three Gorges Group bore RMB154.92 million, RMB163.23 million and RMB165.45 million and the Company bore RMB464.75 million, RMB489.69 million and RMB496.36 million, respectively.

7. Compensation of key management personnel

Unit: 10,000 yuan				Currency: RMB
Item	2019	2018	2017	
Total compensation	<u>728.77</u>	<u>687.41</u>	<u>672.01</u>	

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds

1. Receivables

		Unit: 10,000 yuan Currency: RMB					
Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
	Controlling shareholder						
Accounts receivables	China Three Gorges Corporation	1,075.24	0.09	276.35	0.02	800.12	2.4
Other receivables . .	China Three Gorges Corporation	1.62	0.07	—	—	—	—
	Joint venture or associated enterprise						
Accounts receivables	Chongqing Fuling Energy Industry Group Co., Ltd.	—	—	0.91	—	—	—
Accounts receivables	CTG Base Development Co., Ltd.	0.51	—	0.31	—	—	—
Accounts receivables	Chongqing Liangjiang Changxing Electric Power Co., Ltd.	—	—	—	—	1.3	—
Other receivables . .	Chongqing Liangjiang Changxing Electric Power Co., Ltd.	16.18	0.02	12.87	0.01	—	—
Other receivables . .	Yangtze Smart Distributed Energy Co., Ltd.	0.95	0.09	—	—	—	—
Other receivables . .	Three Gorges Electric Energy (Guangdong) Co., Ltd.	29.23	0.03	—	—	—	—
Dividends receivables	Hubei Qingneng Investment and Development Group Co., Ltd.	5,004.50	—	2,990.90	—	2,586.72	—
	Enterprises controlled by controlling shareholders	—	—	—	—	—	—
Accounts receivables	Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	10.24	—	10.34	—	8.58	0.02
Accounts receivables	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	121.09	0.4	120.08	0.01	16.88	0.05
Accounts receivables	Three Gorges Tourism Development Co., Ltd.	20.23	—	10.43	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Yangtze Three Gorges Equipment & Materials Co., Ltd.	4.37	—	1.45	—	—	—
Accounts receivables	Lichuan Wind Farm Co., Ltd. of China	0.2	—	4.00	—	0.29	0.01
Accounts receivables	Three Gorges New Energy Corporation Huili Zhongyi Power Generation Co., Ltd. of China	2.24	—	0.36	—	—	—
Accounts receivables	Three Gorges New Energy Corporation Puge Power Generation Co., Ltd. of China	2.3	—	0.3	—	—	—
Accounts receivables	Three Gorges New Energy Corporation Mianning Power Generation Co., Ltd. of China	1.11	—	0.61	—	—	—
Accounts receivables	Three Gorges New Energy Corporation Butuo Zhongtian New Energy Development Co., Ltd.	0.36	—	0.36	—	7.00	0.02
Accounts receivables	Butuo Junsheng New Energy Co., Ltd.	0.19	—	0.19	—	—	—
Accounts receivables	Shanghai Investigation, Design & Research Institute Co., Ltd.	120.06	0.01	18.51	—	—	—
Accounts receivables	CTG Fujian Energy Investment Co., Ltd.	1.08	—	2.00	—	2.00	—
Accounts receivables	Fujian Three Gorges Offshore Wind Power Industry Park Operation Co., Ltd.	9.15	0.01	53.46	0.01	—	—
Accounts receivables	Qiyueshan Wind Farm Co., Ltd. of Hubei	0.35	—	7.00	—	—	—
Accounts receivables	Energy Group Macheng Zhongguang Shenghui New Energy Co., Ltd.	0.39	—	0.39	—	—	—
Accounts receivables	Fuzhou Strait Power Generation Co., Ltd.	1.15	—	1.15	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Zhangpu Strait Power Generation Co., Ltd.	1.00	—	1.00	—	—	—
Accounts receivables	Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	434.22	0.05	145.24	0.01	95.68	0.29
Accounts receivables	Huili Zhaoguang New Energy Co., Ltd.	2.77	—	0.39	—	—	—
Accounts receivables	The Three Gorges Industrial Co., Ltd.	38.32	—	57.41	—	37.37	0.11
Accounts receivables	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	0.47	—	3.36	—	—	—
Accounts receivables	China Three Gorges Construction Management Co., Ltd.	21.47	—	1.00	—	—	—
Accounts receivables	Ezhou Power Generation Co., Ltd. of Hubei Energy Group	—	—	3.95	—	2.5	0.13
Accounts receivables	Guangshui Wangzishan PV Power Generation Co., Ltd. of Hubei Energy Group	—	—	0.8	—	0.8	—
Accounts receivables	China Three Gorges New Energy Corporation	16.76	0.03	16.76	—	—	—
Accounts receivables	Zhejiang Changlongshan Pumped Storage Power Station Co., Ltd.	229.77	0.02	56.85	0.01	5.06	0.01
Accounts receivables	China Three Gorges Corporation (Yingkou) Energy Investment Co., Ltd.	—	—	1.00	—	1.00	—
Accounts receivables	CTG Tibet Energy Investment Co., Ltd.	—	—	1.66	0.01	1.66	—
Accounts receivables	Hubei Coal Investment Development Co., Ltd.	—	—	16.77	—	—	—
Accounts receivables	Cixi Changjiang Wind Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	China Three Gorges (Europe) Co., Ltd.	7.00	—	—	—	17.47	0.05

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Xiangshui Changjiang Wind Power Generation Co., Ltd.	3.75	—	—	—	—	—
Accounts receivables	Ningde Dagang Hydropower Station Development Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Yunnan Longling Lazhai Hydropower Development Co., Ltd.	3.92	—	—	—	—	—
Accounts receivables	Weixi Longdu Power Generation Co., Ltd.	0.41	—	—	—	—	—
Accounts receivables	Shangyi Wind Farm Co., Ltd. of China	0.47	—	—	—	—	—
Accounts receivables	Three Gorges New Energy Corporation	—	—	—	—	—	—
Accounts receivables	Huade Wind Farm Co., Ltd. of Guoshui Group	1.6	—	—	—	—	—
Accounts receivables	Diaobingshan Wind Farm Co., Ltd. of China	8.13	—	—	—	—	—
Accounts receivables	Three Gorges New Energy Corporation	—	—	—	—	—	—
Accounts receivables	Xinjiang Dabancheng Wind Farm Co., Ltd. of China	1.18	—	—	—	—	—
Accounts receivables	Three Gorges New Energy Corporation	—	—	—	—	—	—
Accounts receivables	Dachaidan Wind Farm Co., Ltd. of China	1.88	—	—	—	—	—
Accounts receivables	Three Gorges New Energy Corporation	—	—	—	—	—	—
Accounts receivables	Kumul Wind Farm Co., Ltd. of China	5.31	—	—	—	—	—
Accounts receivables	Three Gorges New Energy Corporation	—	—	—	—	—	—
Accounts receivables	Yunnan Yaoan Power Generation Co., Ltd. of China	4.73	—	—	—	—	—
Accounts receivables	Three Gorges New Energy Corporation	—	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Golmud Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	3.75	—	—	—	—	—
Accounts receivables	Jinchang Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	7.51	—	—	—	—	—
Accounts receivables	Yunnan Mile Shidongshan Power Generation Co., Ltd.	6.32	—	—	—	—	—
Accounts receivables	Yunnan Shizong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	2.68	—	—	—	—	—
Accounts receivables	Wuzhong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Qingdao Runlai Wind Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Enshi Banqiao Wind Power Generation Co., Ltd.	0.72	—	—	—	—	—
Accounts receivables	Shanshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.46	—	—	—	—	—
Accounts receivables	Pishan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.95	—	—	—	—	—
Accounts receivables	Angli (Lingwu) Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Wulan Jinfeng New Energy Photovoltaic Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Hainan Prefecture Yixin New Energy Technology Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Hainan Prefecture Haijin Keshida New Energy Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Quyang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.94	—	—	—	—	—
Accounts receivables	Yiwu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.18	—	—	—	—	—
Accounts receivables	Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Yuanmou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.65	—	—	—	—	—
Accounts receivables	Binchuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.98	—	—	—	—	—
Accounts receivables	Wujiaqu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	4.78	—	—	—	—	—
Accounts receivables	Binxian Dageling Wind Power Generation Co., Ltd.	8.14	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Jiuquan Sanyang New Energy Power Generation Co., Ltd.	0.94	—	—	—	—	—
Accounts receivables	Jiuquan Chaoyang New Energy Power Generation Co., Ltd.	0.94	—	—	—	—	—
Accounts receivables	Xintai Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Pingquan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	—	—	—	—	—
Accounts receivables	Sheqi Guohe Wind Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Jiuquan Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Zhangjiachuan Tianyuan Wind Farm Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Shandong Jianeng Solar Energy Technology Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Mengyin Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Laiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Taiyangshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	3.75	—	—	—	—	—
Accounts receivables	Bole Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.18	—	—	—	—	—
Accounts receivables	Guyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	—	—	—	—	—
Accounts receivables	Hainan Prefecture Zhuma Light Energy New Energy Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Yiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Lingwu Baitugang Angli Photovoltaic Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Kangbao Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	—	—	—	—	—
Accounts receivables	Shidian Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.57	—	—	—	—	—
Accounts receivables	Huaping Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.98	—	—	—	—	—
Accounts receivables	Leshan Damo Hydropower Co., Ltd.	11.48	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	South Asia Investment Co., Ltd. of China Three Gorges Corporation	94.79	0.01	—	—	92.25	4.61
Accounts receivables	Pingshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	—	—	—	—	—
Accounts receivables	Puan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.37	—	—	—	—	—
Accounts receivables	Chongqing Wulong Daliangzi Wind Power Generation Co., Ltd.	0.5	—	—	—	—	—
Accounts receivables	Zuoyun Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	—	—	—	—	—
Accounts receivables	Shuangliao Qingda Photovoltaic Power Generation Co., Ltd.	8.14	—	—	—	—	—
Accounts receivables	Delingha Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.88	—	—	—	—	—
Accounts receivables	Kaiyuan Hongyu Sunshine New Energy Power Generation Co., Ltd.	1.00	—	—	—	—	—
Accounts receivables	Fuqing Strait Power Generation Co., Ltd.	24.36	0.01	—	—	—	—
Accounts receivables	Golmud Sunshine Qiheng New Energy Co. Ltd.	1.88	—	—	—	—	—
Accounts receivables	Chaohu Jiaoyang New Energy Co., Ltd.	1.88	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Suzhou Fuyang Photovoltaic Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Yangjiang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	4.84	—	—	—	—	—
Accounts receivables	Jinfeng New Energy Gonghe Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Guyuan Hengyi New Energy Co., Ltd.	0.47	—	—	—	—	—
Accounts receivables	Xiyang Sineng New Energy Co., Ltd.	0.47	—	—	—	—	—
Accounts receivables	Yongdeng Hongyang New Energy Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Delingha Xiayang New Energy Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Leling Zhongtian New Energy Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Shenmu Yuanhang New Energy Development Co. Ltd.	1.88	—	—	—	—	—
Accounts receivables	Zhongxian Jidian New Energy Co., Ltd.	0.4	—	—	—	—	—
Accounts receivables	Offshore Wind Power Operation and Maintenance Jiangsu Co., Ltd. of China Three Gorges New Energy Corporation	37.64	—	—	—	—	—
Accounts receivables	Linqu Tianrong Wind Power Generation Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Zhucheng Tianrong Wind Power Generation Co., Ltd.	1.88	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Longling Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.93	—	—	—	—	—
Accounts receivables	Shanghai East China Engineering Consultation Company	5.52	—	—	—	—	—
Accounts receivables	Shanghai Jikai Engineering Testing Technology Co., Ltd.	2.3	—	—	—	—	—
Accounts receivables	Suixian Aikang Energy Investment Co., Ltd.	0.72	—	—	—	—	—
Accounts receivables	Jiujiang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	22.12	—	—	—	—	—
Accounts receivables	Yangtze Ecology and Environment Co., Ltd.	171.28	0.02	—	—	—	—
Accounts receivables	Wuhu Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	9.73	—	—	—	—	—
Accounts receivables	Panzhou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.57	—	—	—	—	—
Accounts receivables	Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	447.31	—	—	—	—	—
Accounts receivables	Three Gorges Pakistan No. 2 Wind Power Co., Ltd.	502.17	—	—	—	—	—
Accounts receivables	Three Gorges Pakistan No. 3 Wind Power Co., Ltd.	607.28	—	—	—	—	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	The Three Gorges Ecological Garden Co., Ltd.	1.88	—	—	—	—	—
Accounts receivables	Siziwang Wind Farm Co., Ltd. of China	15.29	—	—	—	—	—
Other receivables	Three Gorges New Energy Co., Ltd.	2.25	0.23	2.25	—	—	—
Other receivables	Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	17.00	0.02	445.2	72.72	460.4	30.56
Other receivables	Three Gorges International Tendering Co., Ltd.	38.09	2.96	30.05	0.03	—	—
Other receivables	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	2.00	0.2	2.00	—	—	—
Other receivables	Yichang Three Gorges Duoneng Asset Management Co., Ltd.	—	—	140.21	0.14	—	—
Other receivables	Yangtze Three Gorges Equipment & Materials Co., Ltd.	—	—	53.76	0.05	26.88	0.08
Other receivables	Shanghai Investigation, Design & Research Institute Co., Ltd.	—	—	37.68	0.04	—	—
Other receivables	CTG Media Co., Ltd.	0.73	—	—	—	—	—
Other receivables	China Three Gorges Publishing Media Co., Ltd.	—	—	—	—	—	—
Other receivables	The Three Gorges Industrial Co., Ltd.	405.27	0.41	—	—	505	8.57
Prepayment	Three Gorges International Tendering Co., Ltd.	58.92	—	59.31	—	717.62	—
Dividends receivables	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	—	—	2,330.94	—	5,827.36	—
Accounts receivables	Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	—	—	—	—	44.43	0.13

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	2019		2018		2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables	Jingmen Xianghe Wind Farm Co., Ltd. of Hubei Energy Group	—	—	—	—	0.3	0.01
Accounts receivables	Macheng Yanjiahe PV Power Generation Co., Ltd. of Hubei Energy Group	—	—	—	—	0.3	0.01
Accounts receivables	Huangshi Wind Farm Co., Ltd. of Hubei Energy Group	—	—	—	—	0.3	0.01
Accounts receivables	Laohekou Sanjianshan PV Power Generation Co., Ltd. of Hubei Energy Group	—	—	—	—	0.3	0.01
Accounts receivables	Macheng Wind Farm Co., Ltd. of Hubei Energy Group	—	—	—	—	0.3	0.01
Accounts receivables	Tongcheng Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	—	—	—	—	0.29	0.01
Accounts receivables	New Energy Development Co., Ltd. Of Hubei Energy Group	—	—	—	—	2.03	0.1
Accounts receivables	Xiakoutang Hydropower Co., Ltd. of Hubei Energy Group	—	—	—	—	0.85	—
Accounts receivables	Hubei Jiugongshan Wind Power Generation Co., Ltd.	—	—	—	—	0.29	0.01
Dividends receivables	The Three Gorges Industrial Co., Ltd.	—	—	—	—	7,573.36	—
Other receivables	Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	—	—	—	—	848.16	307.2
Other receivables	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	—	—	—	—	6.41	0.02
	Total	9,811.36	4.68	6,919.56	73.06	19,691.26	354.43

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

2. Payables

		Unit: 10,000 yuan Currency: RMB		
Item	Related party	2019	2018	2017
Controlling shareholder				
Other payables	China Three Gorges Corporation	36,911.58	36,807.41	35,800.47
Long-term payables	China Three Gorges Corporation	2,123,294.54	3,463,294.54	4,123,294.54
Short-term borrowings	China Three Gorges Corporation	1,100,000.00	480,000.00	1,370,000.00
Long-term borrowings	China Three Gorges Corporation	2,460,000.00	2,600,000.00	2,830,000.00
Interest payable	China Three Gorges Corporation	7,708.51	10,349.10	12,508.15
Current portion of non-current liabilities	China Three Gorges Corporation	—	1,000,000.00	1,295,580.83
Joint venture or associated enterprise				
Other payables	Chongqing Fuling Energy Industry Group Co., Ltd.	4.46	4.45	—
Other payables	CTG Base Development Co., Ltd.	1556.7	17.49	0.86
Other payables	Three Gorges Finance Co., Ltd.	600	600	360
Short-term borrowings	Three Gorges Finance Co., Ltd.	980,000.00	420,000.00	230,000.00
Interest payable	Three Gorges Finance Co., Ltd.	1,115.53	776.97	691.36
Current portion of non-current liabilities	Three Gorges Finance Co., Ltd.	—	180,000.00	—
Long-term borrowings	Three Gorges Finance Co., Ltd.	—	—	320,000.00
Enterprises controlled by controlling shareholders				
Accounts payable	The Three Gorges Industrial Co., Ltd.	1,301.82	983.25	—
Accounts payable	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	12.8	6.79	—
Accounts payable	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	297.74	—	—
Other payables	CTG Media Co., Ltd.	—	41.2	65.83
Other payables	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	6,758.59	2,601.76	6,894.80

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

2. Payables (continued)

Item	Related party	2019	2018	2017
Other payables	Shanghai Investigation, Design & Research Institute Co., Ltd.	42.51	318.43	169.86
Other payables	China Three Gorges Publishing Media Co., Ltd.	16.7	2.95	—
Other payables	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	523.25	2,302.15	4,313.15
Other payables	Three Gorges Tourism Development Co., Ltd.	20	876.43	—
Other payables	Yangtze Three Gorges Equipment & Materials Co., Ltd.	1,538.07	897.56	458.47
Other payables	The Three Gorges Ecological Garden Co., Ltd.	88.76	53.73	0.66
Other payables	The Three Gorges Industrial Co., Ltd.	25,260.84	3,112.39	11,111.59
Other payables	Three Gorges Mechanical and Electrical Engineering Technology Co., Ltd.	1,496.71	953.01	—
Other payables	Three Gorges International Energy Investment Group Co., Ltd.	200	—	—
Accounts received in advance	Three Gorges International Energy Investment Group Co., Ltd.	878.84	882.64	859.77
Short-term borrowings	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	800	—	500
Interest payable	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	1.06	—	0.66
Other payables	Three Gorges International Tendering Co., Ltd.	—	—	120.59
Other payables	The Institute of Chinese Surgeon of China Three Gorges Corporation	—	—	50
	Total	<u>6,750,429.01</u>	<u>8,204,882.25</u>	<u>10,242,781.59</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(IV) Commitments by related parties

None.

(V) Others

Bank deposits

		Unit: 10,000 yuan Currency: RMB		
Name of related party	Item	2019	2018	2017
Three Gorges Finance Co., Ltd.	Deposit	268,201.35	216,808.32	332,379.25
Total		<u>268,201.35</u>	<u>216,808.32</u>	<u>332,379.25</u>

XII. Contingencies

For contingent liabilities relating to investment of joint ventures or associates, see the relevant contents of “Note VIII, 2.(7) Contingent liabilities relating to investment of joint ventures or associates”.

As at December 31, 2019, the Company did not have any provision of debt guarantee for non-affiliated unites.

As at December 31, 2019, the Company has no other significant contingencies that shall be disclosed but not yet disclosed except for the above-mentioned ones.

XIII. Commitments

1. As at December 31, 2019, capital expenditure and revenue expenditure commitments such as asset purchasing etc. signed but need not to be confirmed on the financial statement of the Company was RMB94.85 million.
2. The Company signed land employment right renting contract for Gezhouba District with China Three Gorges Group in December 2007, the lease term was 20 years from January 1, 2007, and for every three years, the rental can be adjusted through negotiation between both parties.
3. The Company signed land employment right renting contract for Three Gorges District with China Three Gorges Group in September 2009, the lease term was 20 years from September 28, 2009, for every 3 years, the rental can be adjusted through negotiation between both parties. The latest adjustment by both parties was in 2014.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XIII. Commitments (continued)

4. Relevant agreements and commitments in Report for China Yangtze Power Co., Ltd. to Pay for Major Assets and the Connected Transaction between China Three Gorges Group and the Company:
 - (1) Relevant expenses or costs that shall be listed in power-generating cost of Three Gorges Hydropower Station would be borne by the Company.
 - (2) China Three Gorges Group and the Company agreed that when relevant transaction conditions are met, China Three Gorges Group will sell equity of Yangtze Three Gorges Technology & Economy Development Co., Ltd. held by itself to the Company, and the Company committed to purchase the above equity.

As at December 31, 2019, the Company has no other significant commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

XIV. Events after the balance sheet date

1. Important non-adjusting events

The Company, through a wholly-owned subsidiary Yangtze Power International, agreed to purchase the certain Sempra Energy's power distribution and other assets in Peru and further, the company entered into a Purchase and Sale Agreement between Sempra Energy International Holdings N.V. as Seller and China Yangtze International (Hong Kong) Co., LTD as Buyer (hereinafter referred to as "Equity Acquisition Agreement") with Sempra Energy International Holdings N.V. (hereinafter referred to as "Sempra Netherlands") on 28 September 2019. The underlying assets of the transaction are 100% equity interest in Sempra Americas Bermuda Ltd. (hereinafter referred to as "SAB Company") and about 50.00000069% equity interest in Peruvian Opportunity Company S.A.C. (hereinafter referred to as "POC Company") held by Sempra Netherlands, with the remaining about 49.99999931% equity interest in POC Company remaining to be held by SAB Company. The core assets owned by SAB Company and POC Company are 83.64% equity interest in Luzdel Sur S.A.A. (hereinafter referred to as "LDS Company") which are listed on Bolsa de Valores de Lima. This investment has been considered and approved at the 9th Meeting of the 5th Board of Directors and the 2019 2nd Extraordinary General Meeting of Shareholders. The Company has completed all necessary regulatory approvals and filing for this investment in power distribution project in South America, including Peru's anti-monopoly review and approval, approval by the Bermuda Monetary Authority, and overseas investment filing by the National Development and Reform Commission and the Ministry of Commerce.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XIV. Events after the balance sheet date (continued)

1. Important non-adjusting events (continued)

On 24 April 2020, both parties to the transaction completed the transaction in accordance with the Equity Acquisition Agreement, with the consideration of USD3.59 billion for the entire underlying transaction. After the completion date, the Buyer will conduct an audit about the conditions of the assets at the completion date which consider to be final purchase accordance in accordance with the acquisition price adjustment mechanism as stipulated in the Equity Acquisition Agreement. At the same time, SAB Company and POC Company will complete the registration relating to the changes of shareholders. After the completion of the transaction, the Company will hold 100% equity interest in SAB Company and 50.00000069% equity interest of POC Company, and indirectly hold 83.64% equity interest in LDS Company through Yangtze Andes. After the completion of this acquisition, it will become a mandatory takeover bid for the remaining shares not exceeding about 13.7% of LDS Company, and the Company is required to fulfill the requirements of the mandatory takeover bid in the subsequent period.

2. Profit distribution

Item	Content
Profit or dividend to be distributed	14,960,000,000.00

Pursuant to the 2019 profit distribution proposal which was approved by the board of directors of the Company, the Company decided to distribute an amount of RMB14,960,000,000.00 (tax inclusive) as cash dividends which is subject to the approval at the coming general meeting of the Company.

3. Issuance of bonds

On December 30, 2019, the Company issued the Fifth Batch of the Super and Short-term commercial paper 2019 amounting to RMB1.5 billion with a term of 150 days and an issue interest rate was 2.40%.

On January 8, 2020, the Company issued the first issue of the Super and Short-term commercial paper 2020 amounting to RMB1.0 billion with a term of 245 days and an issue interest rate was 2.45%.

On January 8, 2020, the Company issued the First Batch Corporate Bonds 2020, amounting to RMB1.5 billion with a term of 3 years and interest rate was 3.37% in variety I; amounting to RMB0.5 billion with a term of 5 years and an issue interest rate was 3.70% in variety II.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XIV. Events after the balance sheet date (continued)

3. Issuance of bonds (continued)

On March 12, 2020, the Company issued the First Batch Medium-term Notes (epidemic prevention and control bonds) 2020 amounting to RMB2.5 billion with a term of 3 years and an issue interest rate was 2.95%.

On April 13, 2020, the Company issued the Second Batch Medium-term Notes 2020 amounting to RMB2.5 billion with a term of 5 years and an issue interest rate was 3.07%.

4. There are no other significant events after the balance sheet date for the Company to disclose, except for those above-mentioned.

XV. Other significant events

1. Correction and effect of prior period errors

- (1) *There are any prior period accounting errors with retrospective restatement found in the current year*

No major errors with retrospective restatement are found during the reporting period.

- (2) *There are any prior period accounting errors with prospective application method found in the period.*

No major errors with prospective application method are found during the reporting period.

2. Replacement of non-monetary assets

On December 31, 2017, the Company transferred 100% equity of Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. and The Three Gorges Industrial Co., Ltd. to Three Gorges Base Development Co., Ltd. (hereinafter referred to as “Three Gorges Base”), and obtained 30% equity of Three Gorges Base. It is expected that there is no significant difference between the present values of future cash flows of the assets received and the assets disposal, and the transaction is a related party transaction with similar subsidiaries of China Three Gorges Corporation. The Company categorizes the transaction as the non-monetary assets exchange without commercial substance, and the value of the assets received is recognized to be RMB444,768,400.98 based on the value of the assets disposal of and thus, no profit or loss is recognized.

In March 2018, the Company transferred 37% equity of Yuxin Tongda held to Changdian United, replacing 8.05% equity and other non-current assets of RMB18 millions of Changdian Union. The projected present value of future cash flows and future cash flows of the swapped-in and swapped-out assets has no obvious difference in risk, time and amount. Therefore, the transaction is a non-monetary asset exchange without commercial substance. The book value of the swapped-in assets confirmed by the book value of the swapped-out assets is RMB299,300,371.50, including RMB280,614,321.28 for long-term equity investment and RMB18,686,050.22 for other non-current assets and thus, no profit or loss has been recognized.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XV. Other significant events (continued)

3. Annuity plan

Enterprise annuity plan is implemented in the Company after submitted by Three Gorges Corporation to Labor and Social Security Bureau for record-filing. The Company includes enterprise annuity cost that it should bear into current profits and losses as employee compensation, and remits the payable enterprise annuity payments to the bank accounts employees open at the account manager on time. By the end of December 31, 2019, no major change has occurred to annuity plan.

4. Termination of operation

Item	2017
1. Income from discontinued operations	909,277,777.16
Less: termination costs and operating expenses	839,678,221.28
2. Total profit from discontinued operations	69,599,555.88
Less: income tax expenses from discontinued operations	17,550,098.02
3. Net profit from discontinued operations	52,049,457.86
Including: net profit from discontinued operations attributable to the parent company	50,529,667.87
Add: net proceeds from disposal businesses (after-tax)	—
Including: total of disposal profit or loss	—
Less: income tax expenses (or proceeds)	—
4. Total net profit from discontinued operations	52,049,457.86
Including: total net profits from discontinued operations attributable to owners of the parent company	50,529,667.87
5. Net amount of cash flow from termination of operation	(12,536,137.43)
Including: net cash flow of operating activities	15,278,326.92
Net cash flows from investing activities	(27,814,464.35)
Net cash flows from financing activities	—

Note: On December 31, 2017, the Company disposes of the equity of original subsidiaries Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. and The Three Gorges Industrial Co., Ltd. and discontinues operations in accordance with the Accounting Standards for Business Enterprises

5. Other significant transactions and events affecting investors' decisions

The Company has no significant transactions and events affecting investors' decisions to explain.

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements

1. Accounts receivables

(1) Disclosure of accounts receivables by aging

Account age	2019	2018	2017
Within 1 year	1,640,765,860.31	1,507,431,486.44	1,595,101,310.63
Total	1,640,765,860.31	1,507,431,486.44	1,595,101,310.63

(2) Classified disclosure by bad debt accrual method

Category	Carrying amount		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion	
		%		%	
2019					
Bad debt provision made individually . . .	—	—	—	—	—
Bad debt provision made as per portfolio	1,640,765,860.31	100.00	—	—	1,640,765,860.31
Including: Power generation business grouping	1,636,258,291.59	99.73	—	—	1,636,258,291.59
Other portfolios	4,507,568.72	0.27	—	—	4,507,568.72
Total	1,640,765,860.31	—	—	—	1,640,765,860.31

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

1. Accounts receivables (continued)

(2) Classified disclosure by bad debt accrual method (continued)

Category	Carrying amount		Bad debt provision		Book value
	Amount	Proportion	Amount	Proportion	
		%		%	
2018					
Accounts receivables with significant single amount and bad debt provision made individually	—	—	—	—	—
Accounts receivables with bad debt provision drawn by portfolio of credit risk features	1,507,431,486.44	100.00	4,522,294.46	0.30	1,502,909,191.98
Accounts receivables with insignificant single amount but bad debt provision drawn on single item	—	—	—	—	—
Total	<u>1,507,431,486.44</u>	100.00	<u>4,522,294.46</u>	0.30	<u>1,502,909,191.98</u>
2017					
Accounts receivables with significant single amount and bad debt provision made individually	—	—	—	—	—
Accounts receivables with bad debt provision drawn by portfolio of credit risk features	1,595,101,310.63	100.00	4,785,303.93	0.30	1,590,316,006.70
Accounts receivables with insignificant single amount but bad debt provision drawn on single item	—	—	—	—	—
Total	<u>1,595,101,310.63</u>	100.00	<u>4,785,303.93</u>	0.30	<u>1,590,316,006.70</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

1. Accounts receivables (continued)

(3) Movements of impairment for accounts receivables

Category	Balance brought forward	Provision	Accounts recovered or transferred back	Amounts charged or written off	Others	Balance carried forward
2019						
Accounts receivables	4,522,294.46	—	—	—	(4,522,294.46)	—
Total	<u>4,522,294.46</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,522,294.46)</u>	<u>—</u>
2018						
Accounts receivables	4,785,303.93	—	263,009.47	—	—	4,522,294.46
Total	<u>4,785,303.93</u>	<u>—</u>	<u>263,009.47</u>	<u>—</u>	<u>—</u>	<u>4,522,294.46</u>
2017						
Accounts receivables	5,008,396.15	—	223,092.22	—	—	4,785,303.93
Total	<u>5,008,396.15</u>	<u>—</u>	<u>223,092.22</u>	<u>—</u>	<u>—</u>	<u>4,785,303.93</u>

(4) List of top five accounts receivables

Company name	Amount	Account age	Proportion in total closing balance %	Closing balance of bad debt provision
2019				
State Grid Corporation of China	934,294,587.56	Within 1 year	56.94	—
China Southern Power Grid Company Limited	420,334,572.50	Within 1 year	25.62	—
Central China Branch of State Grid Corporation of China	272,474,956.59	Within 1 year	16.61	—
SGCC Hubei Electric Power Company	9,089,500.22	Within 1 year	0.55	—
Three Gorges Electric Energy Co., Ltd.	4,182,565.36	Within 1 year	0.25	—
Total	<u>1,640,376,182.23</u>		<u>99.97</u>	<u>—</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

1. Accounts receivables (continued)

(4) List of top five accounts receivables (continued)

Company name	Amount	Account age	Proportion in total closing balance %	Closing balance of bad debt provision
2018				
State Grid Corporation of China	953,587,764.82	Within 1 year	63.26	2,860,763.29
China Southern Power Grid Company Limited	281,218,941.54	Within 1 year	18.66	843,656.82
Central China Branch of State Grid Corporation of China	264,262,852.40	Within 1 year	17.53	792,788.56
SGCC Hubei Electric Power Company	5,968,819.83	Within 1 year	0.40	17,906.46
Three Gorges Electric Energy Co., Ltd.	1,872,301.85	Within 1 year	0.12	5,616.91
Total	<u>1,506,910,680.44</u>		<u>99.97</u>	<u>4,520,732.04</u>
2017				
State Grid Corporation of China	1,035,824,172.04	Within 1 year	64.94	3,107,472.52
China Southern Power Grid Company Limited	274,550,958.87	Within 1 year	17.21	823,652.88
Central China Branch of State Grid Corporation of China	271,299,668.67	Within 1 year	17.01	813,899.01
SGCC Hubei Electric Power Company	11,080,428.60	Within 1 year	0.69	33,241.29
Three Gorges Electric Energy Co., Ltd.	455,532.00	Within 1 year	0.03	1,366.60
Total	<u>1,593,210,760.18</u>		<u>99.88</u>	<u>4,779,632.30</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables

Item	2019	2018	2017
Interest receivables	—	—	—
Dividends receivables	50,045,000.00	53,218,435.00	159,874,360.70
Other receivables	17,270,820.17	4,819,180.00	172,235,091.25
Total	<u>67,315,820.17</u>	<u>58,037,615.00</u>	<u>332,109,451.95</u>

2.1 Dividends receivables

(1) Breakdown

Item (or the investee)	2019	2018	2017
Hubei Qingneng Investment and Development Group Co., Ltd.	50,045,000.00	29,909,000.00	25,867,212.14
The Three Gorges Industrial Co., Ltd.	—	—	75,733,561.07
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	—	23,309,435.00	58,273,587.49
Total	<u>50,045,000.00</u>	<u>53,218,435.00</u>	<u>159,874,360.70</u>

(2) Significant dividends receivables with aging over one year

Item (or the investee)	Amount	Account age	Reason for not recoverable	Whether impairment occurs and the basis for judgment
2019				
Hubei Qingneng Investment and Development Group Co., Ltd.	29,909,000.00	1-2 years	Fund not yet received	No
Total	<u>29,909,000.00</u>			
2018				
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd. . .	23,309,435.00	1-2 years	Fund not yet received	No
Total	<u>23,309,435.00</u>			

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables (continued)

2.2 Other receivables

(1) Other receivables listed as per aging

Account age	2019	2018	2017
Within 1 year	14,981,448.79	4,098,781.61	166,174,280.75
1-2 years	2,098,451.03	21,595.14	437,910.29
2-3 years	—	437,910.29	4,528,289.67
3-4 years	400,000.00	628,266.93	4,824,188.32
4-5 years	206,300.00	238,588.32	542,963.32
Over 5 years	—	542,963.32	—
Total	<u>17,686,199.82</u>	<u>5,968,105.61</u>	<u>176,507,632.35</u>

(2) Disclosure of other receivables by nature

Nature	2019	2018	2017
Guarantee deposit and security deposit	739,300.00	—	—
Petty cash	—	—	50,000.00
Advance payment	—	1,263,024.00	1,347,534.02
Transaction payments	15,605,295.12	2,244,371.42	21,702,006.13
Equity subscription amount and equity subscription bond	—	—	152,500,000.00
Others	1,341,604.70	2,460,710.19	908,092.20
Total	<u>17,686,199.82</u>	<u>5,968,105.61</u>	<u>176,507,632.35</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(3) Movements of impairment for other receivables

Bad debt provision		Stage 1 — Expected credit loss in the future 12 months	Stage 2 — Expected credit loss within whole duration (no credit impairment occurs)	Stage 3 — Expected credit loss within whole duration (credit impairment has occurred)	Total
Balance on January 1, 2019		888,104.20	—	—	888,104.20
Accounts recovered or transferred back this year		472,724.55	—	—	472,724.55
Balance on December 31, 2019		415,379.65	—	—	415,379.65

Amount changed during the current year						
Category	Balance brought forward	Provision	Accounts recovered or transferred back	Amounts charged or written off	Others	Balance carried forward
2018						
Other receivables ...	4,272,541.10	—	3,123,615.49	—	1,148,925.61	—
Total	4,272,541.10	—	3,123,615.49	—	1,148,925.61	—
2017						
Other receivables ...	3,445,645.12	826,895.98	—	—	4,272,541.10	—
Total	3,445,645.12	826,895.98	—	—	4,272,541.10	—

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

- (4) Conditions about other receivables of top five balances as at the end of year collected by the borrowers:

Company name	Nature	Amount	Account age	Proportion in total closing balance	Closing balance of bad debt provision
2019					
China Three Gorges International Power Operation Co., Ltd.	Transaction payments	13,101,031.98	0-2 years	74.07	202,063.13
China Yangtze Power International (Hong Kong) Co., Ltd.	Transaction payments	2,425,888.14	0-2 years	13.72	4,112.54
Yichang Labor Security Supervision Detachment ..	Guarantee deposit	739,300.00	1-5 years	4.18	207,784.00
Shanghai Clearing House ...	Others	585,552.26	Within 1 year	3.31	585.55
China Yangtze Power Capital Holding LLC.	Transaction payments	78,375.00	Within 1 year	0.44	78.38
Total		<u>16,930,147.38</u>		<u>95.72</u>	<u>414,623.60</u>
2018					
China Three Gorges International Power Operation Co., Ltd.	Transaction payments	2,226,983.28	Within 1 year	37.32	6,680.95
Commission for individual income tax withheld	Others	1,420,611.00	Within 1 year	23.8	4,261.83
Yichang Labor Security Supervision Detachment ..	Others	739,300.00	1-5 years	12.39	183,549.00
Shanghai Clearing House ...	Others	282,467.73	Within 1 year	4.73	847.4
China Yangtze Power International (Hong Kong) Co., Ltd.	Transaction payments	17,388.14	Within 1 year	0.29	52.16
Total		<u>4,686,750.15</u>		<u>78.53</u>	<u>195,391.34</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

- (4) Conditions about other receivables of top five balances as at the end of year collected by the borrowers: (continued)

Company name	Nature	Amount	Account age	Proportion in total closing balance	Closing balance of bad debt provision
2017					
Chongqing Fuling Energy Industry Group Co., Ltd. .	Equity subscription money	150,000,000.00	Within 1 year	84.97	450,000.00
Three Gorges High-tech Information Technology Co., Ltd.	Transaction payments	9,000,000.00	Within 1 year	5.1	27,000.00
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	Transaction payments	8,481,600.00	2-4 years	4.81	3,072,000.00
Chongqing Changdian Energy Co., Ltd.	Equity subscription money	2,500,000.00	Within 1 year	1.42	7,500.00
China Three Gorges International Power Operation Co., Ltd.	Transaction payments	2,026,704.57	Within 1 year	1.15	6,080.11
Total		<u>172,008,304.57</u>		<u>97.45</u>	<u>3,562,580.11</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments

(1) Details of long-term equity investments

<u>Item</u>	<u>Carrying amount</u>	<u>Impairment provision</u>	<u>Book value</u>
2019			
Investment in subsidiaries	41,155,584,107.25	—	41,155,584,107.25
Investment in joint ventures and associates	36,892,005,071.35	—	36,892,005,071.35
Total	<u>78,047,589,178.60</u>	<u>—</u>	<u>78,047,589,178.60</u>
2018			
Investment in subsidiaries	41,155,584,107.25	—	41,155,584,107.25
Investment in joint ventures and associates	18,623,601,710.45	—	18,623,601,710.45
Total	<u>59,779,185,817.70</u>	<u>—</u>	<u>59,779,185,817.70</u>
2017			
Investment in subsidiaries	40,646,584,107.25	—	40,646,584,107.25
Investment in joint ventures and associates	13,433,413,985.47	—	13,433,413,985.47
Total	<u>54,079,998,092.72</u>	<u>—</u>	<u>54,079,998,092.72</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(2) Investment in subsidiaries

The investee	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward	Impairment provision during the current year	Ending balance impairment loss
2019						
China Yangtze Power Capital Holding LLC.....	2,600,000,000.00	—	—	2,600,000,000.00	—	—
China Yangtze Power International (Hong Kong) Co., Ltd.	965,367,563.77	—	—	965,367,563.77	—	—
Three Gorges High-tech Information Technology Co., Ltd.	23,234,350.43	—	—	23,234,350.43	—	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	36,866,982,193.05	—	—	36,866,982,193.05	—	—
Three Gorges Electric Energy Co., Ltd.	700,000,000.00	—	—	700,000,000.00	—	—
Total	41,155,584,107.25	—	—	41,155,584,107.25	—	—
2018						
China Yangtze Power Capital Holding LLC.....	2,100,000,000.00	500,000,000.00	—	2,600,000,000.00	—	—
China Yangtze Power International (Hong Kong) Co., Ltd.	965,367,563.77	—	—	965,367,563.77	—	—
Three Gorges High-tech Information Technology Co., Ltd.	14,234,350.43	9,000,000.00	—	23,234,350.43	—	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	36,866,982,193.05	—	—	36,866,982,193.05	—	—
Three Gorges Electric Energy Co., Ltd.	700,000,000.00	—	—	700,000,000.00	—	—
Total	40,646,584,107.25	509,000,000.00	—	41,155,584,107.25	—	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(2) Investment in subsidiaries (continued)

The investee	Balance brought forward	Increase during the current year	Decrease during the current year	Balance carried forward	Impairment provision during the current year	Ending balance impairment loss
2017						
China Yangtze Power Capital Holding LLC.....	1,500,000,000.00	600,000,000.00	—	2,100,000,000.00	—	—
The Three Gorges Industrial Co., Ltd.	173,659,919.93	—	173,659,919.93	—	—	—
Three Gorges Electric Energy (Hubei) Co., Ltd. ...	10,200,000.00	—	10,200,000.00	—	—	—
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	135,310,797.72	—	135,310,797.72	—	—	—
Three Gorges High-tech Information Technology Co., Ltd.	14,234,350.43	—	—	14,234,350.43	—	—
China Yangtze Power International (Hong Kong) Co., Ltd.	965,367,563.77	—	—	965,367,563.77	—	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	36,866,982,193.05	—	—	36,866,982,193.05	—	—
Three Gorges Electric Energy Co., Ltd.	391,548,555.10	308,451,444.90	—	700,000,000.00	—	—
Total	<u>40,057,303,380.00</u>	<u>908,451,444.90</u>	<u>319,170,717.65</u>	<u>40,646,584,107.25</u>	<u>—</u>	<u>—</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
2019											
I. Associated enterprises											
Hubei Energy Group Co., Ltd.	6,198,584,362.26	371,316,002.21	—	371,641,818.56	42,770,339.85	41,896,644.77	180,299,481.01	—	—	6,845,909,686.64	—
Hubei Qingneng Investment and Development Group Co., Ltd.	1,724,516,370.94	—	—	202,304,574.90	—	—	20,136,000.00	—	—	1,906,684,945.84	—
Guangzhou Development Group Incorporated	2,663,339,250.77	369,570,985.78	—	140,812,441.47	35,510,512.55	11,881,147.68	48,015,773.90	—	—	3,173,098,564.35	—
Three Gorges Finance Co., Ltd.	1,853,550,418.31	—	—	266,259,706.99	8,935,682.61	—	106,685,419.10	—	—	2,022,060,388.81	—
Shanghai Electric Power Company Limited	431,280,212.52	626,199,322.10	—	36,787,977.75	3,310,355.91	(12,732,287.40)	32,893,986.51	—	—	1,051,951,594.37	—
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	224,119,537.52	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	1,538,007,806.76	—	—	30,821,232.84	16,464.92	17,290,342.99	15,966,340.20	—	—	1,570,169,507.31	—
CTG Base Development Co., Ltd.	339,312,755.31	—	—	38,214,884.01	2,451,961.24	(4,165.70)	7,547,957.01	—	—	372,427,477.85	—
Chongqing Youtai Energy Co., Ltd.	31,706,997.54	—	—	(2,815,952.30)	—	—	—	—	—	28,891,045.24	—
Chongqing Fuling Energy Industry Group Co., Ltd.	561,524,442.11	—	—	12,141,487.90	—	(1,045,768.37)	—	—	—	572,620,161.64	—
Chongqing Changdian United Energy Co., Ltd.	306,069,181.91	—	—	24,398,934.97	2,849,992.37	10,143,000.00	—	—	—	343,461,109.25	—
Three Gorges Capital Holdings Co., Ltd.	2,751,590,374.50	—	—	192,690,940.50	79,774,579.97	(13,739,791.75)	97,823,736.79	—	—	2,912,492,366.43	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
Chongqing Fuling Three Gorges Changtu Equity Investment Fund Partnership (Limited Partnership)	—	40,000,000.00	—	-5,274.42	—	—	—	—	—	39,994,725.58	—
SDIC Power Holdings Co., Ltd.	—	5,955,052,317.84	—	393,153,945.92	(37,279,619.75)	(785,958.77)	161,997,380.33	—	—	6,148,143,304.91	—
Sichuan Chuantou Energy Co., Ltd.	—	4,602,115,600.26	—	246,729,372.41	-21,483.97	—	148,727,645.70	—	—	4,700,095,843.00	—
Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership)	—	40,000,000.00	—	1,029,335.77	—	—	—	—	—	41,029,335.77	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
Chongqing Qianjiang Three Gorges Changhong Equity Investment Fund Partnership (Limited Partnership).....	—	40,000,000.00	—	87,715.80	—	—	—	—	—	40,087,715.80	—
CNNP Xiapu Nuclear Power Co., Ltd.	—	900,000.00	—	64,722.61	—	193,038.43	—	—	—	1,157,761.04	—
Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co., Ltd. .	—	4,897,610,000.00	—	—	—	—	—	—	—	4,897,610,000.00	—
Total	18,623,601,710.45	16,942,764,228.19	—	1,954,317,865.68	138,318,785.70	53,096,201.88	820,093,720.55	—	—	36,892,005,071.35	—

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For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
2018											
I. Associated enterprises											
Hubei Energy Group Co., Ltd.	5,864,902,433.10	169,530,827.38	311,906.96	425,510,145.24	(53,468,007.18)	-53,616,880.32	153,962,249.00	—	—	6,198,584,362.26	—
Hubei Qingeng Investment and Development Group Co., Ltd.	1,590,026,777.22	—	—	164,398,581.58	—	—	29,908,987.86	—	—	1,724,516,370.94	—
Guangzhou Development Group Incorporated	1,974,966,968.11	658,709,007.92	—	98,091,971.37	(32,650,930.96)	2,990,535.93	38,768,301.60	—	—	2,663,339,250.77	—
Three Gorges Finance Co., Ltd.	1,709,117,362.91	—	—	254,331,134.24	(1,146,697.87)	-63,539.24	108,687,841.73	—	—	1,853,550,418.31	—
Shanghai Electric Power Company Limited	275,939,984.44	101,920,785.54	—	60,491,342.60	(7,282,632.90)	11,310,204.04	11,099,471.20	—	—	431,280,212.52	—
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	224,119,537.52	—

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For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	1,147,473,604.65	376,160,578.23	—	33,239,189.45	(1,274,175.30)	(28,416.05)	17,562,974.22	—	—	1,538,007,806.76	—
CTG Base Development Co., Ltd.	308,970,717.65	—	—	27,984,586.64	2,357,451.02	—	—	—	—	339,312,755.31	—
Chongqing Yuxin Tongda Energy Co., Ltd.	337,896,599.87	—	336,111,579.16	(1,785,020.71)	—	—	—	—	—	—	—
Chongqing Yutai Energy Co., Ltd.	—	36,811,207.66	—	(5,104,210.12)	—	—	—	—	—	31,706,997.54	—
Chongqing Fuling Energy Industry Group Co., Ltd.	—	550,000,000.00	—	8,034,131.52	—	3,490,310.59	—	—	—	561,524,442.11	—
Chongqing Changdian Energy Co., Ltd.	—	283,114,321.28	—	22,954,860.63	—	—	—	—	—	306,069,181.91	—
Three Gorges Capital Holdings Co., Ltd.	—	2,708,091,722.09	—	157,509,920.58	(97,682,656.96)	18,465,518.22	34,794,129.43	—	—	2,751,590,374.50	—
Total	13,433,413,985.47	4,884,338,450.10	336,423,486.12	1,245,656,633.02	-191,147,650.15	-17,452,266.83	394,783,955.04	—	—	18,623,601,710.45	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
2017											
I. Associated enterprises											
Hubei Energy Group Co., Ltd.	5,448,464,707.49	—	—	507,659,700.72	39,390,308.88	7,724,099.10	138,336,383.09	—	—	5,864,902,433.10	—
Hubei Qingeng Investment and Development Group Co., Ltd.	1,519,731,206.27	—	—	96,162,783.09	—	—	25,867,212.14	—	—	1,590,026,777.22	—
Guangzhou Development Group Incorporated	1,763,701,623.27	70,102,545.94	—	80,446,444.17	77,934,944.42	14,152,840.41	31,371,430.10	—	—	1,974,966,968.11	—
Three Gorges Finance Co., Ltd.	1,498,283,088.78	—	—	246,183,079.31	(4,357,162.30)	9,076,463.63	40,068,106.51	—	—	1,709,117,362.91	—
Shanghai Electric Power Company Limited	618,277,340.65	—	335,274,405.33	24,035,818.55	(5,362,465.55)	(14,180,303.88)	11,556,000.00	—	—	275,939,984.44	—
Invested by Chongqing Liangjiang Changxing Electric Power Co., Ltd.	112,957,780.77	—	137,457,927.33	—	—	24,500,146.56	—	—	—	—	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	Others	Balance carried forward	Closing balance of impairment provision
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	224,119,537.52	—
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	—	1,111,007,820.17	—	41,206,429.43	1,043,423.16	1,303,851.89	7,087,920.00	—	—	1,147,473,604.65	—
CTG Base Development Co., Ltd.	—	308,970,717.65	—	—	—	—	—	—	—	308,970,717.65	—
Chongqing Yuxin Tongda Energy Co., Ltd.	316,314,502.86	—	—	21,582,097.01	—	—	—	—	—	337,896,599.87	—
Total	<u>11,501,849,787.61</u>	<u>1,490,081,083.76</u>	<u>472,732,332.66</u>	<u>1,017,276,352.28</u>	<u>108,649,048.61</u>	<u>42,577,097.71</u>	<u>254,287,051.84</u>	<u>—</u>	<u>—</u>	<u>13,433,413,985.47</u>	<u>—</u>

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

4. Operating revenue and operating costs

Item	2019		2018		2017	
	Income	Cost	Income	Cost	Income	Cost
Main operation	25,485,490,294.18	9,179,257,872.79	26,313,091,897.54	9,163,966,813.03	25,436,753,937.33	9,178,574,903.48
Other operation	58,389,114.18	1,254,682.92	54,599,132.47	1,092,446.00	16,890,712.09	1,343,455.14
Total	<u>25,543,879,408.36</u>	<u>9,180,512,555.71</u>	<u>26,367,691,030.01</u>	<u>9,165,059,259.03</u>	<u>25,453,644,649.42</u>	<u>9,179,918,358.62</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

5. Investment income

Item	2019	2018	2017
Long-term equity investment income under the equity method	1,954,317,865.68	1,245,656,633.02	1,017,276,352.28
Investment income from disposal of long-term equity investment	—	77,744.98	446,265,702.52
Long-term equity investment income calculated with the cost method	3,153,382.63	1,529,348.47	135,342,247.40
Investment income from holding other non-current financial assets	67,542,211.45	—	—
Investment income from disposal of other non-current financial assets	407,395,571.14	—	—
Dividend income from investments in other equity instruments during the holding period	264,877,578.00	—	—
Investment income from financial assets measured at fair value and with the variance included into current profits and losses during holding period of the financial assets	—	—	70.00
Investment income from disposal of financial assets at fair value through profit or loss	—	17,389.14	14,576.34
Investment income from available-for-sale financial assets during the holding period	—	422,573,079.77	373,464,130.40
Investment income from disposal of available-for-sale financial assets	—	763,470,632.75	10,234,113.85
Investment income from entrusted loans	1,248,231.13	143,632.08	1,152,771.23
Others	10,185,846.74	13,988,411.79	35,280,753.49
Total	<u>2,708,720,686.77</u>	<u>2,447,456,872.00</u>	<u>2,019,030,717.51</u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

Supplementary Information of Financial Statements

1. List of non-recurring loss/gain in current year

(1) In accordance with the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit and Loss (2008)* issued by China Securities Regulatory Commission, the non-recurring profit and loss of the Company for 2017-2019 is stated as follows:

Item	2019	2018	2017
Profit and loss of non-current assets disposal	26,792.08	6,719,289.22	608,940,736.84
Unauthorized approval or without official approval document or occasional tax returns and concessions . . .	—	—	—
Government subsidies included in current profits and losses (exclusive of those which are closely related with the enterprise business or granted according to national standard fixed rate or quantity)	32,271,193.34	3,267,515.32	5,804,886.25
Payment for the use of state funds included in the current profit and loss and collected from non-financial business	—	—	—
Income arising from the fair value of net identifiable assets of the investee the enterprise should enjoy when the cost of investment it acquired from the subsidiary, associated enterprise and joint venture was less than the investment it obtained	—	10,474,742.13	—
Non-monetary assets exchange profit and loss	—	—	—
Profit and loss on the assets by entrusting others to invest or manage	—	—	—
Each provision for the impairment of assets withdrawn due to force majeure factor, say, suffering from a natural disaster	—	—	—

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

Supplementary Information of Financial Statements (continued)

1. List of non-recurring loss/gain in current year (continued)

<u>Item</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt restructuring profit and loss	—	—	—
Enterprise restructuring charges, such as the staffing expenditure and integrating expenses	—	—	—
Profit and loss of the part exceeding the fair value arising from the transaction with the bargain price losing fairness	—	—	—
Net gains or losses from the beginning of a subsidiary from merger of companies under the same parent company to the date of merger in the current period	—	—	—
Profit and loss arising from contingencies irrelevant to the Company's normal business operation	—	—	—
Profit and loss of fair value change produced from the holding of held for trading financial assets and held for trading financial liabilities except valid hedging business related to the Company's normal operations, and income on investment acquired from the disposal of held for trading financial assets, held for trading financial liabilities and available-for-sale financial assets	461,825,906.25	800,015,479.62	(151,129,711.94)
Reversed provision for diminution in value of receivables under independent impairment test	—	1,027,147.83	—
Profit and loss acquired from externally entrusted loans ..	—	—	8,209,508.42

Notes to the Financial Statements
For the Year ended 31 December 2017, 2018 and 2019
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

Supplementary Information of Financial Statements (continued)

1. List of non-recurring loss/gain in current year (continued)

<u>Item</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Profit and loss arising from changes in the fair value of investment property by using the fair value model for subsequent measurement	—	—	—
Influence made by the one-off adjustment of the current profit and loss according to requirements of tax revenue and accounting laws and regulations on the current profit and loss	—	—	—
Trustee fee income achieved from the entrusted management	—	—	—
Other non-operating income and expenses than the above items	(50,219,231.62)	(108,221,391.30)	(420,491,842.05)
Other losses and profits conforming to the definition of non-recurring profit and loss	66,991,950.45	15,998,784.43	39,059,904.71
Subtotal	<u>510,896,610.50</u>	<u>729,281,567.25</u>	<u>90,393,482.23</u>
Amount affected by income tax	97,663,591.54	172,977,589.15	61,927,978.65
Amount affected by minority shareholder's equity (after-tax)	13,414.08	(83,201.53)	9,130.73
Total	<u><u>413,219,604.88</u></u>	<u><u>556,387,179.63</u></u>	<u><u>28,456,372.85</u></u>

Notes to the Financial Statements

For the Year ended 31 December 2017, 2018 and 2019

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

Supplementary Information of Financial Statements (continued)

2. Return on net assets and earnings per share

Based on the provisions in *Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share* (revised in 2010) issued by China Securities Regulatory Commission, the weighted average return on net assets, basic earnings per share, and diluted earnings per share for the Company for 2017-2019 are listed below:

Profit in the report period	Report period	Weighted average Return on net assets (%)	Earnings per share (EPS)	
			Basic EPS	Diluted EPS
Net profit attributable to the parent company's shareholders	2019	14.77	0.9792	0.9792
	2018	16.31	1.0278	1.0278
	2017	16.91	1.0119	1.0119
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss	2019	14.49	0.9605	0.9605
	2018	15.91	1.0025	1.0025
	2017	16.89	1.0106	1.0106

To All the Shareholders of China Yangtze Power Co., Ltd.:

We have reviewed the financial statements of China Yangtze Power Co., Ltd. (hereinafter referred to as “CYPC” or the “Company”), which comprise of the Consolidated and Company’s Balance Sheet as at June 30, 2020, and the Consolidated and Company’s Income Statement, the Consolidated and Company’s Statement of Changes in Shareholder’s Equity and the Consolidated and Company’s Cash Flow Statement for the six months ended June 30, 2020, and the notes to the relevant financial statements. The preparation of these financial statements is the responsibility of the management of CYPC and our responsibility is to express a report on review of these financial statements based on our review.

We conducted our review in accordance with China Certified Public Accountant Review Standard No. 2101 Review of Financial Statements. This standard requires us to plan and implement the review to obtain limited assurance about whether these financial statements are free from material misstatement. A review is primarily to procedures as enquiry of entity’s personnel and analytical review procedures applied to the financial information and thus provides less assurance than an audit. We have not performed an audit, and therefore we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises and are not present fairly, in all material respects, the Consolidated and the Company’s financial position as at June 30, 2020, and Consolidated and the Company’s operating performance and cash flows for the six months ended June 30, 2020.

ShineWing Certified Public Accountants LLP

Certified Public Accountant of China: Zhan Jun
(Engagement Partner)

Certified Public Accountant of China: Qiu Xin

Beijing, China

August 27, 2020

Consolidated Balance Sheet
As at 30 June 2020 and 31 December 2019

Unit: RMB

Item	Notes VI	As at 30 June 2020	As at 31 December 2019
Current assets:			
Cash at bank and on hand	1	7,937,500,349.28	7,323,452,880.02
Notes receivables	2	4,210,000.00	2,560,000.00
Accounts receivables	3	6,937,421,803.71	2,944,436,813.72
Advances to suppliers	4	34,744,336.93	14,453,284.98
Other receivables	5	1,283,081,446.69	68,071,011.56
Including: Dividends receivables	5	1,084,786,965.56	50,045,000.00
Inventories	6	347,400,739.12	222,400,775.52
Other current assets	7	420,152,086.13	459,771,956.64
Total current assets		<u>16,964,510,761.86</u>	<u>11,035,146,722.44</u>
Non-current assets:			
Debt investments	8	1,159,295,721.46	1,148,277,903.43
Long-term equity investments	9	45,851,439,011.06	40,258,231,503.89
Other equity instrument investments ..	10	4,124,574,705.96	4,432,380,427.04
Other non-current financial assets	11	4,288,270,891.78	5,812,035,941.91
Investment real estates	12	117,911,382.53	27,552,840.37
Fixed assets	13	232,267,346,707.87	226,291,965,212.17
Construction in progress	14	7,616,317,787.86	6,880,639,435.66
Intangible assets	15	265,435,988.58	191,462,744.50
Long-term deferred expenses	16	1,584,154.77	1,742,787.89
Deferred income tax assets	17	420,007,899.24	369,173,036.54
Other non-current assets	18	19,642,305,771.02	34,272,485.05
Total non-current assets		<u>315,754,490,022.13</u>	<u>285,447,734,318.45</u>
Total assets		<u><u>332,719,000,783.99</u></u>	<u><u>296,482,881,040.89</u></u>

Consolidated Balance Sheet
As at 30 June 2020 and 31 December 2019 (continued)

Unit: RMB

Item	Notes VI	As at 30 June 2020	As at 31 December 2019
Current liabilities:			
Short-term borrowings	19	42,792,767,555.85	21,308,000,000.00
Financial liabilities held for trading . . .	20	670,933,190.42	768,403,141.10
Notes payable	21	19,298,745.71	18,701,549.83
Accounts payable	22	874,322,753.50	86,819,605.55
Advances from customers		—	9,164,940.98
Contractual liabilities	23	75,697,929.62	—
Employee compensation payable	24	243,767,523.81	120,539,909.11
Taxes payable	25	2,103,250,632.67	2,106,242,913.91
Other payables	26	33,650,956,784.72	21,042,264,353.26
Including: Interest payable	26	1,582,185,335.48	897,073,966.87
Dividends payable	26	15,000,925,425.84	—
Current portion of non-current liabilities	27	6,198,304,106.45	2,499,762,842.57
Other current liabilities	28	6,495,735,583.47	7,998,650,574.74
Total current liabilities		93,125,034,806.22	55,958,549,831.05
Non-current liabilities:			
Long-term borrowings	29	22,799,130,922.93	24,600,000,000.00
Bonds payable	30	50,937,241,026.84	43,794,792,492.21
Long-term payables	31	20,152,714,346.01	21,232,945,436.94
Estimated liabilities		28,931,403.28	—
Deferred income	32	5,840,895.74	5,833,758.06
Deferred income tax liabilities	17	2,181,572,271.42	874,792,997.65
Total non-current liabilities		96,105,430,866.22	90,508,364,684.86
Total liabilities		189,230,465,672.44	146,466,914,515.91
Owners' equity:			
Capital stock	33	22,000,000,000.00	22,000,000,000.00
Capital reserves	34	44,335,375,206.60	44,364,313,786.27
Other comprehensive income	35	1,709,810,836.90	2,352,431,567.60
Surplus reserves	36	24,319,522,433.93	24,319,522,433.93
Undistributed profits	37	49,419,299,048.56	56,473,906,836.25
Total shareholders' equity attributable to parent company		141,784,007,525.99	149,510,174,624.05
Minority interests		1,704,527,585.56	505,791,900.93
Total stockholders' equity		143,488,535,111.55	150,015,966,524.98
Total liabilities and stockholders' equity		332,719,000,783.99	296,482,881,040.89

Company's Balance Sheet
As at 30 June 2020 and 31 December 2019

Unit: RMB

Item	Notes XVI	As at 30 June 2020	As at 31 December 2019
Current assets:			
Cash at bank and on hand		3,141,727,325.52	4,195,981,088.98
Notes receivables		3,900,000.00	2,300,000.00
Accounts receivables	1	2,970,756,074.07	1,640,765,860.31
Advances to suppliers		11,868,521.66	13,370,253.30
Other receivables	2	1,100,195,876.95	67,315,820.17
Including: Dividends receivables	2	1,038,032,507.17	50,045,000.00
Inventories		143,723,233.84	128,785,215.82
Other current assets		300,001,350.00	315,531,193.73
Total current assets		7,672,172,382.04	6,364,049,432.31
Non-current assets:			
Long-term equity investments	3	85,841,596,998.85	78,047,589,178.60
Other equity instrument investments . .		3,716,957,360.32	3,912,606,164.86
Other non-current financial assets		2,846,164,838.52	4,255,519,358.34
Investment real estates		27,006,581.37	27,552,840.37
Fixed assets		93,436,162,950.75	95,931,292,255.59
Construction in progress		1,079,161,507.71	946,462,767.36
Intangible assets		78,509,061.16	89,336,000.23
Deferred income tax assets		109,481,654.36	98,251,997.77
Other non-current assets		15,586,434.83	34,272,485.05
Total non-current assets		187,150,627,387.87	183,342,883,048.17
Total assets		194,822,799,769.91	189,706,932,480.48

Company's Balance Sheet
As at 30 June 2020 and 31 December 2019 (continued)

Unit: RMB

Item	Notes XVI	As at 30 June 2020	As at 31 December 2019
Current liabilities:			
Short-term borrowings		3,420,000,000.00	4,920,000,000.00
Notes payable		19,298,745.71	18,701,549.83
Accounts payable		81,107,955.03	49,275,071.09
Advances from customers		—	8,788,393.37
Contractual liabilities		1,285,095.26	—
Employee compensation payable		100,065,804.77	97,805,901.99
Taxes payable		960,085,336.11	1,018,564,145.60
Other payables		17,342,519,187.74	4,082,085,127.73
Including: Interest payable		1,373,970,739.11	837,531,967.98
Dividends payable		14,960,000,000.00	—
Current portion of non-current liabilities		5,498,412,857.54	2,499,762,842.57
Other current liabilities		6,495,735,583.47	7,998,650,574.74
Total current liabilities		33,918,510,565.63	20,693,633,606.92
Non-current liabilities:			
Long-term borrowings		15,600,000,000.00	17,600,000,000.00
Bonds payable		44,439,636,475.67	40,439,102,884.09
Deferred income tax liabilities		772,312,924.12	902,756,097.24
Total non-current liabilities		60,811,949,399.79	58,941,858,981.33
Total liabilities		94,730,459,965.42	79,635,492,588.25
Owners' equity:			
Capital stock		22,000,000,000.00	22,000,000,000.00
Capital reserves		46,881,652,439.14	46,906,964,332.39
Other comprehensive income		2,254,779,685.81	2,502,766,455.34
Surplus reserves		22,934,762,401.97	22,934,762,401.97
Undistributed profits		6,021,145,277.57	15,726,946,702.53
Total stockholders' equity		100,092,339,804.49	110,071,439,892.23
Total liabilities and stockholders' equity		194,822,799,769.91	189,706,932,480.48

Legal Representative:
Lei Mingshan

Chief Financial Officer:
Zhan Pingyuan

Accounting Manager:
Zhang Na

Consolidated Income Statement
For the six months ended 30 June 2020 and 30 June 2019

		Unit: RMB	
Item	Notes VI	For the six months ended 30 June 2020	For the six months ended 30 June 2019
I. Total operating revenue		19,912,547,312.05	20,362,755,734.25
Including: Operating revenue	38	19,912,547,312.05	20,362,755,734.25
II. Total operating costs		12,043,887,316.23	12,172,832,622.37
Including: Operating costs	38	8,748,642,092.66	8,756,811,149.72
Taxes and surcharges	39	402,936,716.04	475,609,815.16
Selling and distribution expenses	40	38,156,291.06	8,866,361.93
Administrative expenses	41	351,511,301.20	260,932,507.13
Research and development expenses ..	42	7,813,094.33	12,907,845.69
Financial expenses	43	2,494,827,820.94	2,657,704,942.74
Including: Interest expenses	43	2,538,595,610.31	2,648,759,426.82
Interest income	43	43,734,022.62	28,848,872.17
Add: Other income	44	4,242,216.94	307,714.22
Investment income	45	2,244,771,186.76	1,905,791,217.42
Including: Investment income from related enterprise and joint venture ..		1,453,713,613.92	986,117,017.09
Add: Fair value gains (losses)	46	(377,309,943.60)	299,507,111.26
Credit impairment losses	47	(4,630,647.71)	(4,517,161.30)
Income from assets disposal	48	11,004,117.11	(10,959,604.00)
III. Operating profit		9,746,736,925.32	10,380,052,389.48
Add: Non-operating income	49	54,286,310.56	651,254.44
Less: Non-operating expenses	50	292,427,286.10	152,449,111.35
IV. Total profit		9,508,595,949.78	10,228,254,532.57
Less: Income tax expenses	51	1,556,014,398.90	1,653,005,765.79
V. Net profit		7,952,581,550.88	8,575,248,766.78
(I) Classified according to operating continuity		7,952,581,550.88	8,575,248,766.78
1. Net profit from continuing operations		7,952,581,550.88	8,575,248,766.78
(II) Classified according to attribution of the ownership		7,952,581,550.88	8,575,248,766.78
1. Net profit attributable to owners of the parent company		7,902,525,711.57	8,572,419,522.92
2. Minority interests income		50,055,839.31	2,829,243.86
VI. Other net comprehensive income after-tax		(638,036,808.90)	391,921,864.96
Other net after-tax comprehensive income attributable to the owner of the parent company		(638,368,120.56)	391,770,633.48
(I) Other comprehensive income that cannot be reclassified through profit or loss		(276,757,124.07)	258,957,673.05
1. Other comprehensive income that cannot be reclassified into profits or losses under the equity method		(11,020,240.34)	20,495,717.03
2. Changes in fair value of other equity instrument investments .		(265,736,883.73)	238,461,956.02

Consolidated Income Statement

For the six months ended 30 June 2020 and 30 June 2019 (continued)

Unit: RMB

Item	Notes VI	For the six months ended 30 June 2020	For the six months ended 30 June 2019
(II) Other comprehensive income that will be reclassified into profits or losses		(361,610,996.49)	132,812,960.43
1. Other comprehensive income that can be reclassified into profits or losses under the equity method		(69,247,193.91)	105,832,919.25
2. Differences arising from translation of foreign currency financial statements		(292,363,802.58)	26,980,041.18
3. Other comprehensive income after-tax attributable to minority shareholders		331,311.66	151,231.48
VII. Total comprehensive income		7,314,544,741.98	8,967,170,631.74
Total comprehensive income attributable to shareholders of the parent company		7,264,157,591.01	8,964,190,156.40
Total comprehensive income attributable to minority shareholders		50,387,150.97	2,980,475.34
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		0.3592	0.3897
(II) Diluted earnings per share (RMB/share)		0.3592	0.3897

Legal Representative:
Lei Mingshan

Chief Financial Officer:
Zhan Pingyuan

Accounting Manager:
Zhang Na

Company's Income Statement
For the six months ended 30 June 2020 and 30 June 2019

				Unit: RMB
Item	Notes	For the six months ended 30 June 2020	For the six months ended 30 June 2019	
	XVI			
I. Operating revenue	4	10,388,037,592.33	10,935,232,959.67	
Less: Operating costs	4	3,838,688,378.57	4,336,688,934.84	
Taxes and surcharges		165,590,300.33	199,538,517.21	
Selling and distribution expenses		3,620,044.52	4,524,626.01	
Administrative expenses		186,732,990.24	152,351,129.17	
Research and development expenses		6,011,325.18	10,650,542.47	
Financial expenses		1,415,303,686.92	1,341,435,855.09	
Including: Interest expense		1,463,387,974.36	1,350,172,322.73	
Interest income		17,195,210.01	23,859,103.69	
Add: Other income		3,178,181.22	—	
Investment income	5	2,021,107,311.63	1,669,918,341.44	
Including: Investment income from related enterprise and joint venture		1,389,088,155.65	923,236,870.02	
Add: Fair value gains(losses)		(358,740,954.62)	114,290,056.84	
Credit impairment losses		(1,686,086.84)	41,179.42	
Income from assets disposal		11,033,140.97	(10,959,604.00)	
II. Operating profit		6,446,982,458.93	6,663,333,328.58	
Add: Non-operating income		50,405,061.31	236,544.97	
Less: Non-operating expenses		193,000,000.00	45,305,275.53	
III. Total profit		6,304,387,520.24	6,618,264,598.02	
Less: Income tax expenses		1,052,073,613.50	1,157,520,139.68	
IV. Net profit		5,252,313,906.74	5,460,744,458.34	
(I) Net profit from continuing operations		5,252,313,906.74	5,460,744,458.34	
(II) Net profit from discontinuing operations		—	—	
V. Other comprehensive income net of tax		(245,136,777.16)	274,255,051.14	
(I) Other comprehensive income that cannot be reclassified through profit or loss		(156,427,438.70)	186,406,758.01	
1. Other comprehensive income that cannot be reclassified into profits or losses under the equity method		(9,690,835.30)	17,703,242.24	
2. Changes in fair value of other equity instrument investments		(146,736,603.40)	168,703,515.77	
(II) Other comprehensive income that will be reclassified into profits or losses		(88,709,338.46)	87,848,293.13	
1. Other comprehensive income that can be reclassified into profits or losses under the equity method		(88,709,338.46)	87,848,293.13	
VI. Total comprehensive income		5,007,177,129.58	5,734,999,509.48	

Legal Representative:
Lei Mingshan

Chief Financial Officer:
Zhan Pingyuan

Accounting Manager:
Zhang Na

Consolidated Cash Flow Statement
For the six months ended 30 June 2020 and 30 June 2019

		Unit: RMB	
Item	Notes VI	For the six months ended 30 June 2020	For the six months ended 30 June 2019
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		19,809,515,746.39	21,164,687,243.53
Other cash received relating to operating activities	53	68,216,406.28	61,736,253.40
Subtotal of cash inflows from operating activities		19,877,732,152.67	21,226,423,496.93
Cash paid for goods and services		2,056,666,685.59	1,389,881,565.21
Cash paid to and for employees		717,031,944.47	660,786,646.03
Taxes and surcharges cash payments		4,654,155,609.01	5,128,398,357.99
Other cash paid relating to operating activities ...	53	383,481,449.37	219,350,406.42
Subtotal of cash outflows from operating activities		7,811,335,688.44	7,398,416,975.65
Net cash flows from operating activities		12,066,396,464.23	13,828,006,521.28
II. Cash flows from investing activities:			
Cash received from return of investment		43,751,416,086.00	41,455,967,541.00
Cash received from investment income		285,088,140.15	242,128,631.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		23,560.00	10,247,355.78
Other cash received relating to investing activities	53	—	33,684,803.72
Subtotal of cash inflows from investing activities		44,036,527,786.15	41,742,028,331.92
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		1,625,302,994.12	1,318,744,817.64
Cash paid for investment		49,825,863,799.56	43,928,138,377.99
Net cash paid to acquire subsidiaries and other business units	53	24,919,784,717.56	—
Subtotal of cash outflows from investing activities		76,370,951,511.24	45,246,883,195.63
Net cash flows from investing activities		(32,334,423,725.09)	(3,504,854,863.71)
III. Cash flows from financing activities:			
Cash received from loans		56,312,036,160.29	46,565,655,623.00
Subtotal of cash inflows from financing activities		56,312,036,160.29	46,565,655,623.00
Cash paid for debt repayment		32,683,963,131.69	42,600,000,000.00
Cash paid for distributing dividends and profits or paying interests		1,402,645,918.16	1,198,489,850.45
Including: dividends and profits paid to minority shareholders by subsidiaries		2,940,000.00	—
Other cash paid relating to financing activities ...	53	1,632,381,891.11	11,116,207,569.83
Subtotal of cash outflows from financing activities		35,718,990,940.96	54,914,697,420.28
Net cash flows from financing activities		20,593,045,219.33	(8,349,041,797.28)
IV. Effects from change of exchange rate to cash and cash equivalents		289,029,510.79	6,086,735.70
V. Net increase in cash and cash equivalents		614,047,469.26	1,980,196,595.99
Add: Cash and cash equivalents at the beginning of the period	53	7,317,940,980.02	5,334,485,176.04
VI. Cash and cash equivalents at the end of the period		7,931,988,449.28	7,314,681,772.03

Legal Representative:
Lei Mingshan

Chief Financial Officer:
Zhan Pingyuan

Accounting Manager:
Zhang Na

Company's Cash Flow Statement
For the six months ended 30 June 2020 and 30 June 2019

Item	Notes	Unit: RMB	
		For the six months ended 30 June 2020	For the six months ended 30 June 2019
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		10,299,882,082.96	11,099,933,035.79
Other cash received relating to operating activities		37,912,793.15	48,072,433.39
Subtotal of cash inflows from operating activities		10,337,794,876.11	11,148,005,469.18
Cash paid for goods and services		780,238,960.01	708,746,717.66
Cash paid to and for employees		436,262,095.53	439,547,296.50
Taxes and surcharges cash payments		2,639,270,880.83	3,092,615,420.16
Other cash paid relating to operating activities		275,619,702.63	176,142,761.99
Subtotal of cash outflows from operating activities		4,131,391,639.00	4,417,052,196.31
Net cash flows from operating activities		6,206,403,237.11	6,730,953,272.87
II. Cash flows from investing activities:			
Cash received from return of investment		38,458,240,840.00	32,221,808,210.15
Cash received from investment income		200,212,081.93	146,473,332.88
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		23,560.00	10,247,355.78
Subtotal of cash inflows from investing activities		38,658,476,481.93	32,378,528,898.81
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		157,721,339.94	106,048,601.29
Cash paid for investment		46,862,163,548.95	34,522,340,533.31
Subtotal of cash outflows from investing activities		47,019,884,888.89	34,628,389,134.60
Net cash flows from investing activities		(8,361,408,406.96)	(2,249,860,235.79)
III. Cash flows from financing activities:			
Cash received from loans		13,500,000,000.00	20,548,200,000.00
Subtotal of cash inflows from financing activities		13,500,000,000.00	20,548,200,000.00
Cash paid for debt repayment		11,500,000,000.00	22,835,000,000.00
Cash paid for distributing dividends and profits or paying interests		926,949,203.23	601,901,877.17
Other cash paid relating to financing activities		21,919,884.83	18,258,450.21
Subtotal of cash outflows from financing activities		12,448,869,088.06	23,455,160,327.38
Net cash flows from financing activities		1,051,130,911.94	(2,906,960,327.38)
IV. Effects from change of exchange rate to cash and cash equivalents		49,620,494.45	4,402,945.39
V. Net increase in cash and cash equivalents		(1,054,253,763.46)	1,578,535,655.09
Add: Cash and cash equivalents at the beginning of the period		4,195,981,088.98	3,359,038,785.81
VI. Cash and cash equivalents at the end of the period		3,141,727,325.52	4,937,574,440.90

Legal Representative:
Lei Mingshan

Chief Financial Officer:
Zhan Pingyuan

Accounting Manager:
Zhang Na

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2020 and Year ended 31 December 2019

Item	Equity attributable to shareholders of the parent company						Minority interests	Total stockholders' equity
	Capital stock	Capital reserves	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits		
Year ended 30 June 2020								
I. Closing balance of the previous year	22,000,000,000.00	44,364,313,786.27	2,352,431,567.60	—	24,319,522,433.93	56,473,906,836.25	505,791,900.93	150,015,966,524.98
II. Opening balance of the current year	22,000,000,000.00	44,364,313,786.27	2,352,431,567.60	—	24,319,522,433.93	56,473,906,836.25	505,791,900.93	150,015,966,524.98
III. Increase/decrease in the current year	—	(28,938,579.67)	(642,620,730.70)	—	—	(7,054,607,787.69)	1,198,735,684.63	(6,527,431,413.43)
(I) Total comprehensive income	—	—	(638,368,120.56)	—	—	7,902,525,711.57	50,387,150.97	7,314,544,741.98
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—	—	—
1. Others	—	—	—	—	—	—	1,154,695,142.29	1,154,695,142.29
(III) Profit distribution	—	—	—	—	—	(14,960,000,000.00)	(6,276,205.65)	(14,966,276,205.65)
1. Distribution to owners	—	—	—	—	—	(14,960,000,000.00)	(6,276,205.65)	(14,966,276,205.65)
(IV) Internal carry-over in shareholders' equity	—	—	(4,252,610.14)	—	—	3,831,824.81	420,785.33	—
1. Retained earnings carried over from other comprehensive income	—	—	(4,252,610.14)	—	—	3,831,824.81	420,785.33	—
(V) Special reserve	—	—	—	—	—	—	—	—
(VI) Others	—	(28,938,579.67)	—	—	—	(965,324.07)	(491,188.31)	(30,395,092.05)
IV. Closing balance of the current year	22,000,000,000.00	44,335,375,206.60	1,709,810,836.90	—	24,319,522,433.93	49,419,299,048.56	1,704,527,585.56	143,488,535,111.55

Unit: RMB

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020 and Year ended 31 December 2019 (continued)

Item	Equity attributable to shareholders of the parent company							Unit: RMB
	Other							
	Capital stock	Capital reserves	comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Minority interests	
Year ended 31 December 2019								
I. Closing balance of the previous year	22,000,000,000.00	44,295,503,166.39	3,187,914,292.67	—	24,319,522,433.93	48,400,469,257.13	481,143,916.91	142,684,553,067.03
Add: Changes in accounting policies	—	—	(543,118,753.60)	—	—	561,377,843.66	6,742.18	18,265,832.24
II. Opening balance of the current year	22,000,000,000.00	44,295,503,166.39	2,644,795,539.07	—	24,319,522,433.93	48,961,847,100.79	481,150,659.09	142,702,818,899.27
III. Increase/decrease in the current year	—	68,810,619.88	(292,363,971.47)	—	—	7,512,059,735.46	24,641,241.84	7,313,147,625.71
(I) Total comprehensive income	—	—	406,775,213.14	—	—	21,543,493,635.57	25,177,449.29	21,975,446,298.00
(II) Capital invested and decreased by shareholders	—	—	—	—	—	—	—	—
(III) Profit distribution	—	—	—	—	—	(14,960,000,000.00)	(2,592,739.85)	(14,962,592,739.85)
1. Distribution to owners (or shareholders)	—	—	—	—	—	(14,960,000,000.00)	(2,592,739.85)	(14,962,592,739.85)
(IV) Internal carry-over in shareholders' equity	—	—	(699,139,184.61)	—	—	699,139,184.61	—	—
1. Retained earnings carried over from other comprehensive income	—	—	(699,139,184.61)	—	—	699,139,184.61	—	—
(V) Special reserve	—	—	—	—	—	229,426,915.28	2,056,532.40	300,294,067.56
(VI) Others	—	68,810,619.88	—	—	—	—	—	—
IV. Closing balance of the current year	22,000,000,000.00	44,364,313,786.27	2,352,431,567.60	—	24,319,522,433.93	56,473,906,836.25	505,791,900.93	150,015,966,524.98

Legal Representative: Lei Mingshan

Chief Financial Officer: Zhan Pingyuan

Accounting Manager: Zhang Na

Company's Statement of Changes in Equity
For the six months ended 30 June 2020 and Year ended 31 December 2019

Item	Capital stock	Capital reserves	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Unit: RMB	
							Total stockholders' equity	
Year ended 30 June 2020								
I. Closing balance of the previous year	22,000,000,000.00	46,906,964,332.39	2,502,766,455.34	—	22,934,762,401.97	15,726,946,702.53	110,071,439,892.23	
II. Opening balance of the current year	22,000,000,000.00	46,906,964,332.39	2,502,766,455.34	—	22,934,762,401.97	15,726,946,702.53	110,071,439,892.23	
III. Increase/decrease in the current year	—	(25,311,893.25)	(247,986,769.53)	—	—	(9,705,801,424.96)	(9,979,100,087.74)	
(I) Total comprehensive income	—	—	(245,136,777.16)	—	—	5,252,313,906.74	5,007,177,129.58	
(II) Capital invested and decreased								
by shareholders	—	—	—	—	—	—	—	
(III) Profit distribution	—	—	—	—	—	(14,960,000,000.00)	(14,960,000,000.00)	
1. Distribution to owners (or shareholders)	—	—	—	—	—	(14,960,000,000.00)	(14,960,000,000.00)	
(IV) Internal carry-over in shareholders' equity	—	—	(2,849,992.37)	—	—	2,849,992.37	—	
1. Retained earnings carried over from other comprehensive income	—	—	(2,849,992.37)	—	—	2,849,992.37	—	
(V) Special reserve	—	—	—	—	—	—	—	
(VI) Others	—	(25,311,893.25)	—	—	—	(965,324.07)	(26,277,217.32)	
IV. Closing balance of the current year	22,000,000,000.00	46,881,652,439.14	2,254,779,685.81	—	22,934,762,401.97	6,021,145,277.57	100,092,339,804.49	

Company's Statement of Changes in Equity

For the six months ended 30 June 2020 and Year ended 31 December 2019 (continued)

Item	Capital stock	Capital reserves	Other comprehensive income	Special reserve	Surplus reserves	Undistributed profits	Unit: RMB	
							Total stockholders' equity	
Year ended 31 December 2019								
I. Closing balance of the previous year	22,000,000,000.00	46,853,868,130.51	3,240,207,021.24	—	22,934,762,401.97	17,219,511,325.08	112,248,348,878.80	
Add: Changes in accounting policies	—	—	(327,349,833.51)	—	—	330,937,170.41	3,587,336.90	
II. Opening balance of the current year	22,000,000,000.00	46,853,868,130.51	2,912,857,187.73	—	22,934,762,401.97	17,550,448,495.49	112,251,936,215.70	
III. Increase/decrease in the current year								
(I) Total comprehensive income	—	53,096,201.88	(410,090,732.39)	—	—	(1,823,501,792.96)	(2,180,496,323.47)	
(II) Capital invested and decreased by shareholders	—	—	—	—	—	12,207,932,107.15	12,496,980,559.37	
(III) Profit distribution	—	—	—	—	—	—	—	
1. Distribution to owners (or shareholders)	—	—	—	—	—	(14,960,000,000.00)	(14,960,000,000.00)	
(IV) Internal carry-over in shareholders' equity	—	—	(699,139,184.61)	—	—	699,139,184.61	—	
1. Retained earnings carried over from other comprehensive income	—	—	(699,139,184.61)	—	—	699,139,184.61	—	
(V) Special reserve	—	—	—	—	—	—	—	
(VI) Others	—	53,096,201.88	—	—	—	229,426,915.28	282,523,117.16	
IV. Closing balance of the current year	22,000,000,000.00	46,906,964,332.39	2,502,766,455.34	—	22,934,762,401.97	15,726,946,702.53	110,071,439,892.23	

Legal Representative: Lei Mingshan

Chief Financial Officer: Zhan Pingyuan

Accounting Manager: Zhang Na

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB)

I. General information of the Company

China Yangtze Power Co., Ltd. (hereinafter referred to as “CYPC” or the “Company”) is a limited liability company established by the principal promoter, namely China Three Gorges Corporation (former China Three Gorges Project Corporation, hereinafter referred to as “CTG”) and other 5 promoter including Huaneng Power International Inc., China National Nuclear Corporation, China National Petroleum Corporation, China Gezhouba Construction Group Corporation for Water Resources and Hydropower and Changjiang Institute of Survey, Planning, Design and Research of Changjiang Water Resources Commission. CYPC was established on September 23, 2002 according to the approval of “GJMQG [2002] No. 700” issued by the former State Economic and Trade Commission and completed its industrial and commercial registration in the State Administration for Industry & Commerce on November 04, 2002.

As approved by China Securities Regulatory Commission, CYPC issued A-shares to the public in the form of placement and was listed on Shanghai Stock Exchange on November 18, 2003.

In 2009, according to the resolution of the first extraordinary general meeting of 2009 of CYPC and as approved by China Securities Regulatory Commission, CYPC implemented major assets restructuring and acquired the power generation assets of Three Gorges Project and shares of 5 specialized auxiliary production companies.

On March 25, 2016, as approved by China Securities Regulatory Commission, the Company issued shares to purchase assets and raise subscription funds. A total of 3,500,000,000 shares were issued to CTG, Sichuan Energy Investment (Group) Co., Ltd. and Yunnan Provincial Energy Investment Group Co., Ltd. to acquire 100% of shares of Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. jointly held by them. At the same time, 2,000,000,000 shares were issued through private placement to 7 investors including Ping An Asset Management Co., Ltd., Sunshine Life Insurance Co., Ltd., China Life Insurance Co., Ltd., Guangzhou Development Group Incorporated, CPIC Asset Management Co., Ltd., GIC Private Limited and Shanghai Chongyang Strategic Investment Co., Ltd. After the above-mentioned issue of shares, the total number of shares of the Company was changed to 22,000,000,000.

The Company obtained its Business License of Enterprise Legal Person with the number 91110000710930405L that was approved and issued by the State Administration for Industry & Commerce. Lei Mingshan is the legal representative of the Company. The Company’s registration place is Beijing.

As of June 30, 2020, the Company has issued 22,000,000,000 shares with a registered capital of RMB22,000,000,000.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

I. General information of the Company (continued)

The controlling shareholder of CYPC is CTG and the principal subsidiaries are as follows:

1. CYPC Capital Holding Co., Ltd. (former known as Beijing Yangtze Power Innovation Investment Management Co., Ltd., hereinafter referred to as “CYPC Capital”);
2. China Yangtze Power International (Hongkong) Co., Ltd. (hereinafter referred to as “CYPC International”);
3. Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd. (hereinafter referred to as “Three Gorges Chuanyun Company”);
4. Three Gorges High-tech Information Technology Co., Ltd. (hereinafter referred to as “Three Gorges High-tech”);
5. Three Gorges Power Co., Ltd. (hereinafter referred to as “Three Gorges Power”).

CYPC is engaged in the power generation industry and its main products or services are power generation, operation and investment, and technical consultation of power generation.

II. Scope of consolidated financial statements

There are 29 entities included in the consolidation scope this period. See relevant contents of “VIII. Interests in Other Entities” in the Notes for details.

On April 24, 2020, the Company acquired 100% equity of Sempra America Bermuda Ltd. (now renamed Andes Bermuda Ltd., hereinafter referred to as “AB Company”) and about 50.00000069% equity of Peruvian Opportunity Company S.A.C. (hereinafter referred to as “POC Company”), of which the remaining 49.99999931% equity of POC Company is owned by AB Company (the above acquired company is hereinafter referred to as “Peru company”). As of the date when the financial statements of the company are published, the audit and evaluation of the book value and fair value of the identifiable net assets of the acquiree on the purchase date are still in progress, and the acquisition premium value is apportioned within 12 months after the acquisition.

III. Basis of preparation for financial statements

(1) Basis of preparation

The financial statements of the Company are prepared on the basis of going-concern assumption and actual transactions and events, and in accordance with the Accounting Standards for Business Enterprises and relevant provisions issued by Ministry of Finance, and the accounting policies and accounting estimates specified in “IV. Significant Accounting Policies and Accounting Estimates” in the Notes.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

III. Basis of preparation for financial statements (continued)

(2) Going concern

CYPC has evaluated the going-concern ability within 12 months since the end of the reporting period and has not found any event or condition causing substantial doubt about the going-concern ability. It is believed reasonable that the Company's financial statements have been prepared based on going concern for recent profit-making history and sourced financial support.

IV. Significant accounting policies and accounting estimates

1. Declaration on compliance with ASBE

The financial statements prepared by the Company meet the requirements of ASBE and truly and fully reflect the financial position and such relevant information as business performance and cash flow of the Company.

2. Accounting period

The Company has adopted the calendar year as its accounting year, i.e. from January 1 to December 31.

3. Business cycle

The business cycle of the Company is 12 months.

4. Recording currency

The Company's recording currency is Renminbi (RMB).

5. Accounting method for business merger under the common control and not under the common control

The assets and liabilities acquired by the Company, as the merging party, from business merger under common control should be measured based on the book value in the final controlling party's consolidated financial statement of the merged party on merger date. The difference between the book value of the net assets acquired and that of the paid combination consideration shall be adjusted to the capital reserve. Where the capital reserve is insufficient for offset, retained earnings shall be adjusted.

The identifiable assets, liabilities and contingent liabilities acquired from the acquiree in the business merger not under common control are measured at fair value on the acquisition date. The combination cost consists of the fair value of cash or non-cash assets paid, liabilities issued or assumed and equity securities issued by the Company on the acquisition date for acquiring control over the acquiree, and all costs directly related to the business merger (for business merger achieved in stages through multiple transactions, the combination cost refers to the sum of costs of all individual transactions). Where the combination cost is larger than the fair value of the identifiable net assets of the acquiree obtained by the Company on the acquisition date, the difference shall be recognized as

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

5. Accounting method for business merger under the common control and not under the common control (continued)

goodwill; if the combination cost is less than the share of the fair value of net identifiable assets of the acquiree obtained in the combination, the Company shall firstly review the fair value of various identifiable assets, liabilities and contingent liabilities obtained in business combination, and non-cash asset of combination consideration or issued equity securities and other fair value. After the review, in case the combination cost is still less than the share of fair value of identifiable net assets of the acquiree obtained by the Company, the balance shall be included in non-operating income during the current year.

6. Preparation of consolidated financial statements

The Company shall include all subsidiaries and structured entities in the scope of consolidated financial statements.

In preparing the consolidated financial statements, where the accounting policies or the accounting period adopted by subsidiaries are inconsistent with that adopted by the Company, necessary adjustments shall be made to the financial statements of subsidiaries according to the accounting policies or the accounting period of the Company.

All significant internal transactions, balances and unrealized profits within the scope of consolidation shall be eliminated during the preparation of consolidated financial statements. Shares in owners' equity of subsidiaries but not attributable to the parent company, net profit and loss for the current period, other comprehensive income and total comprehensive income attributable to minority interests shall be disclosed in consolidated financial statements as "minority interests, minority interests income, other comprehensive income attributable to minority shareholders and total comprehensive income attributable to minority shareholders", respectively.

For the subsidiary acquired in the business combination under common control, its operating performance and cash flow are included into the consolidated financial statements from the beginning of the current period of the business combination. During the preparation of comparative consolidated financial statements, relevant items of the financial statements of the previous periods shall be adjusted. It shall be deemed that the reporting entity formed after the business combination has existed since the beginning of the control by the ultimate controlling party.

For the subsidiary acquired in the business combination not under common control, its operating performance and cash flow are included into the consolidated financial statements from the date that the Company acquires its control. In preparing the consolidated financial statements, financial statements of the subsidiary are adjusted based on the fair value of all identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

6. Preparation of consolidated financial statements (continued)

Where the Company partially disposes long-term equity investment in a subsidiary without losing control, in the consolidated financial statements, the balance between the disposal consideration and the share of net assets in the subsidiary corresponding to the disposal of long-term equity investment and measured constantly from the acquisition date or combination date shall be adjusted to the capital premium or share premium. Where the capital reserves are insufficient for offset, retained earnings shall be adjusted.

In the event the Company loses the control over an investee due to partial disposal of equity investment or other reasons, in the preparation of consolidated financial statements, the residual equity shall be measured again according to its fair value on the day when the Company loses the control. The balance between the sum of consideration acquired from disposal of equity and the fair value of the remaining equity and the share of net assets of the original subsidiary measured constantly based on the original proportion of the shareholding from the acquisition date or combination date shall be recognized as the profit and loss on investment of the period at the loss of control and the goodwill shall be offset. Other comprehensive income in connection with equity investment of the original subsidiary shall be transferred to the profit and loss on investment of the period at the loss of control.

For the multiple transactions for step-by-step equity disposal by the Company that lead to the loss of control over the subsidiary, if the above transactions belong to the package deal, they shall be subject to the accounting treatment oriented for subsidiary disposal and loss of control. However, prior to the loss of control, the balance between the consideration of each disposal and the share of net assets in the subsidiary corresponding to the investment disposed is recognized as other comprehensive income in the consolidated financial statements and will be transferred to the profit and loss on investment of the period when the control was lost.

7. Classification of joint venture arrangements

The Company's joint venture arrangement is a joint venture.

8. Cash and cash equivalents

Cash in the cash flow statement of the Company indicates both cash on hand and the deposit held in bank which are available for payment at any time. Cash equivalents in the cash flow statement are referred as investment that held less than 3 months, highly liquid and were readily convertible to known amounts of cash and subject to insignificant risk of value change.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

9. Foreign currency transactions and foreign exchange translation for financial statements

(1) Foreign currency transactions

Foreign currency transactions are translated into RMB using the spot exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets.

(2) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the shareholders' equity items, the items other than "undistributed profits" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates (or according to the actual situation). The differences arising from the above translation are presented separately in other comprehensive income items. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows (or according to the actual situation). The effect of exchange rate changes on cash is presented separately in the cash flow statement.

10. Financial assets and financial liabilities

An item of financial asset or financial liability is recognized when the Company becomes a party to the contract of the financial instruments.

(1) Financial assets

1) Classification, recognition and measurement of financial assets

Based on the business model of the financial assets under management and the contractual cash flow characteristics, the Company classified financial assets into financial assets measured at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss.

The Company classified financial assets that meet the following conditions as financial assets measured at amortized cost: (1) the goal of the business mode for managing the financial assets is to collect contractual cash flows. (2) The contract terms of the financial asset stipulate that, the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Such financial assets shall be initially measured at fair value, and the relevant transaction expenses shall be included in the initially recognized amount;

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

1) Classification, recognition and measurement of financial assets (continued)

and the subsequent measurement will be conducted at the amortized cost. Apart from the assets designated hedging items, the difference between the initial amount and the due amount shall be amortized by the effective interest rate method, and the gain or loss arising from its amortization, impairment, exchange gain or loss and derecognition shall be included in the current profits and losses. The Company's financial assets classified as financial assets measured at amortized cost include cash at bank and on hand, notes receivables and accounts receivables, other receivables, debt investments, etc.

The Company recognizes the interest income by effective interest rate. Interest income is calculated and determined according to the book balance of the financial asset multiplied by the actual interest rate, except for the following circumstances: ①(1) for the financial assets that the credit impairment has occurred, the interest income is calculated and determined according to the amortized cost of the financial asset and the effective interest rate adjusted by credit impairment from the initial recognition,. (2) for financial assets that credit impairment has not occurred but the credit impairment has occurred in the subsequent periods, the interest income shall be calculated and determined at their amortized costs and by the effective interest rate of the financial assets in subsequent periods.

The Company designates the non-trading equity instrument investment as the financial assets at fair value through other comprehensive income. Once the designation is made, it cannot be revoked. The non-trading equity instrument investment designated by the Company at fair value through other comprehensive income shall be initially measured at the fair value, and the relevant transaction costs shall be included in the initially recognized amount; except for the dividends received (except for those belonging to the investment cost recovered) which are recognized in the current profits and losses, other relevant gains and losses (including the exchange gain or loss) shall be included in other comprehensive income and shall not be transferred into the current profits and losses subsequently. When its recognition is terminated, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income and recorded to the retained earnings. The Company presented such equity instrument investments as investments in other equity instruments.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

1) Classification, recognition and measurement of financial assets (continued)

Financial assets other than the above financial assets measured at the amortized cost and the financial assets measured at the fair value with through other comprehensive income, the Company classified such financial assets measured at fair value through profit or loss. Such financial assets shall be initially measured at the fair value, and the relevant transaction expenses shall be directly included in the current profits and losses. The gain or loss of such financial assets shall be included in the current profits and losses. The Company presented those financial assets at fair value through profit or loss, with maturity longer than one year from the balance sheet date and expected to be held for more than one year as other non-current financial assets.

If the contingent consideration recognized by the Company in the business combinations not under common control constitutes a financial asset, the financial asset is classified as a financial asset at fair value through profit or loss.

2) Recognition and measurement for transfer of financial assets

Financial assets shall be derecognized where any of the following conditions is met: (1) the contractual right to acquire cash flow of the financial assets is terminated; (2) the financial assets have been transferred and the Company transfers substantially all the risks and rewards of ownership of the financial assets to the transferee; and (3) the financial assets have been transferred, and the Company has not retained its control over the financial assets, despite that the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets.

If the entire transfer of the financial assets meets derecognition conditions, the difference between the book value of transferred financial assets and the sum of consideration received from the transfer and accumulated amount of changes in fair value previously recognized in other comprehensive income should be included in current profits and losses. Where the partial transfer of the financial assets meets derecognition conditions, the book value of the transferred financial assets should be appointed between the derecognized and non-derecognized portions as per their relative fair values respectively; and the difference between the sum of consideration received from the transfer and accumulated amount of changes in fair value previously recognized in other comprehensive income and appointed to the derecognized portion, and the aforesaid book value appointed should be included in current profits and losses.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

3) *Impairment of financial assets*

The Company recognizes loss allowance for financial assets measured at amortized cost, debt instruments investment measured at fair value through other comprehensive income and loan commitment based on their expected credit losses.

The Company considers reasonable and reliable information about past events, current situation and forecast of future economic situation, taking the weight risk of default, calculating the probability weighted amount of the present value of the difference between the cash flow receivable from the contract and the cash flow expected to be received and recognizing the expected credit loss.

At each balance sheet date, the Company separately measures the expected credit losses of financial instruments at different stages. If the credit risk of financial instruments has not increased significantly since the initial recognition, it is in the first stage. The Company shall measure the provision for loss based on the expected credit loss in the next 12 months. If the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage, and the Company shall measure the provision for loss based on the expected credit loss of the instrument throughout its life. If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures their loss provision based on the lifetime expected credit loss.

For the financial instruments with low credit risk at the balance sheet date, the Company assumes their credit risk did not increase significantly since the initial recognition and measures their loss provision based on the expected credit loss in the next 12 months.

For the financial instruments at stage 1 and stage 2, and those with low credit risk, the Company measures their interest income based on their book value before deducting provision for impairment and their effective interest rate. For financial instruments in the third stage, the interest income shall be measures based on their book balance minus the amortized cost after provision for impairment and the actual interest rate. For accounts receivables, regardless of whether there is any significant financing component, the Company measures the provision for losses based on expected credit losses over the entire duration.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) Financial assets (continued)

3) Impairment of financial assets (continued)

For accounts receivables with objective evidence indicating impairment and other accounts receivables applicable for individual assessment, impairment test shall be conducted individually to recognize expected credit loss and recognize individual provision for impairment. For accounts receivables without objective evidence of impairment or when information of the expected credit loss for an individual financial asset cannot be evaluated at a reasonable cost, the Company classified receivables into certain groupings based on their credit risk characteristics and calculated expected credit loss based on the grouping basis. Basis for grouping is as follows:

(1) Notes receivables

Grouping: Bank acceptance bills

(2) Accounts receivables

Grouping 1: Hydropower receivables

Grouping 2: Peru Company receivables

Grouping 3: Other business receivables

(3) Other receivables

Grouping 1: Dividends receivables

Grouping 2: Peru Company receivables

Grouping 3: Other business receivables

For notes receivables classified on the grouping basis, the Company measures the expected credit loss by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default and lifetime expected credit loss ratio for the entire duration.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(1) *Financial assets (continued)*

3) *Impairment of financial assets (continued)*

For accounts receivables classified on the grouping basis, the Company measures the expected credit loss by referring to historical credit loss experience, considering current situation and future economic conditions, and based on the exposure at default and lifetime expected credit loss ratio for the entire duration.

For other receivables classified on the grouping basis, the Company measures the expected credit loss by referring to the historical credit loss experience, combines the current situation with the forecast of the future economic situation, and based on the expected credit loss through default risk exposure and the expected credit loss rate in the next 12 months and lifetime expected credit loss ratio for the entire duration.

The Company recognizes provision or reversal of losses in profit or loss for the current period. For debt instruments at fair value through other comprehensive income, the Company recognizes impairment losses or gains into profit or loss for the current period and adjusts other comprehensive income in the meanwhile.

(2) *Financial liabilities*

1) *Classification, recognition and measurement of financial liabilities*

At the time of initial recognition, the financial liabilities of the Company are classified into the financial liabilities at fair value through profit or loss and other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated into financial liabilities at profit or loss at initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value; dividends and interest expenditure related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(2) *Financial liabilities (continued)*

2) *Conditions for derecognition of financial liabilities*

A financial liability (or a part of financial liability) is derecognized when and only when the obligation specified in the contract is discharged or cancelled. An agreement between the Company and a lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. As for substantive changes made to the contract terms (whole or in part) of the existing financial liabilities, the existing financial liabilities (or part of it) will be derecognized. And financial liabilities after term revision will be recognized as a new financial liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss for the period.

(3) *Method for determination of fair values of financial assets and financial liabilities*

Fair values of financial assets and financial liabilities of the Company are measured by fair values in an active market to determine the fair values of financial assets and financial liabilities of the Company. In case there is no active market, fair values of financial assets and financial liabilities are determined using the price which is the most favorable to the market, and using valuation technology which is the most appropriate at that time and with sufficient available data and other information. The input values for measuring fair value are divided into three levels. Level 1 input is the unadjusted quoted market prices of the identical asset or liability that is available on the measurement day in the active market; level 2 input is the input value that can be observed directly or indirectly of the relevant asset or liability other than those in level 1; level 3 input is the unobservable input of the relevant asset or liability. The Company gives priority in use of the input value for the first level and finally uses that of the third level. The level of the fair value measurement is determined by the lowest level of the input value which is of great significance to the whole of the fair value measurement.

(4) *Offset of financial assets and financial liabilities*

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are met, the net amount offset by each other is listed in the balance sheet: (1) The Company has a statutory right to offset the confirmed amount, and such legal right is currently enforceable; (2) The Company plans to settle the net assets or realize the financial assets and liquidate the financial liabilities at the same time.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(5) *Distinction between financial liability and equity instrument and related treatment method*

The Company distinguishes financial liabilities and equity instruments according to the following principles: (1) if the Company unconditionally performs one contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of financial liability. While some financial instruments do not expressly include the terms and conditions for the obligation to deliver cash or other financial assets, it is possible to form contractual obligations indirectly through other terms and conditions. (2) if one financial instrument must or can be settled by the Company's own equity instrument, the Company's own equity instrument used for settling such instrument shall be considered as a substitute of cash or other financial assets, or as residual equity in the issuer's assets that the instrument holder enjoys after deducting all the liabilities. If it is the former one, this instrument is the financial liability of the Issuer. If it is the latter, the instrument is the equity instrument of the Issuer. Under certain circumstances, a financial instrument contract requires that the Company must or may settle the financial instrument with its own equity instruments, where the amount of contractual rights or contractual obligations is equal to the number of own equity instruments available or to be delivered multiplied by the fair value upon its settlement. In this case, regardless of whether the amount of the contractual right or obligation is a fixed value or changes based in whole or in part on changes in variables other than the market price of the Company's own equity instrument (such as interest rates, the price of a good or the price of a financial instrument), the contract is classified as financial liabilities.

When classifying a financial instrument (or its components) in the consolidated financial statements, the Company takes into consideration all the terms and conditions agreed between members of the Company and holders of financial instruments. If the Company as a whole has assumed the obligation to deliver cash, other financial assets or settle it by other means of rendering the instrument a financial liability, the instrument shall be classified as a financial liability.

Where the financial instruments or their components are classified as financial liabilities, the related interest, stock dividends (or dividends), gains or losses, gains or losses arising from redemption or refinancing, etc. are included by the Company in the profits and losses of the current period.

Where the financial instruments or their components are classified as equity instrument, its issue (including refinancing), repurchase, sale or cancellation is treated as a change in equity and the fair value change of the equity instrument is not recognized.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

10. Financial assets and financial liabilities (continued)

(6) *Exchangeable bonds*

The exchangeable bonds issued by the Company, including liabilities and exchangeable options at the same time, are split and recognized at the time of initial recognition respectively. Wherein, the exchangeable option, which is used to exchange the principal and interest included in the liability portion for the financial assets held by the Company for settlement, is reported as a trading financial liability.

At the time of initial recognition, the fair value of the liability portion is determined by discounting the bond cash flow, and the fair value of the exchange option portion is determined by option binary tree method in the manner of Bermuda call option. In the exchangeable bond, the value of liability and that of exchangeable option are respectively distributed in the entire issue price based on a proportion of the fair value of the liability part or that of the exchangeable option to the sum of the fair value of the liability part and that of the exchangeable option.

At the time of subsequent measurement, the liability portion of the exchangeable bonds is measured at the amortized cost by the effective interest method, and the value of the exchangeable option that is classified as financial liabilities continues to remain in liabilities. Exchangeable bonds are due or exchanged do not recognize any profit or loss.

The transaction costs arising from the issuance of exchangeable bonds are amortized between the liability portion and the exchangeable option portion at their relative fair values, respectively. The transaction costs associated with the exchangeable option portion are directly recognized as the current profit and loss. The transaction costs associated with the liability portion are recognized as the book value of the liabilities and amortized by the effective interest method during the term of the exchangeable bonds.

11. Inventories

The inventories of the Company mainly include raw materials, turnover materials, spare parts, packaging materials, low value consumables, goods in stock, etc.

Inventories are accounted for using the perpetual inventory system and initially valued according to the actual cost when acquired, including procurement cost, processing cost and other costs. Inventories are measured by either the weighted average method or the specific identification method when they are delivered.

Subsequent to the review of the inventories by the Company at the end of the period, any excess of the cost over the net realizable value of each item of inventories is used to adjust provision for inventory impairment. For finished goods, goods in stock, inventories directly for selling during normal production and operation process and ect., the net realizable value is measured at the amount of the estimated selling price less estimated

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

11. Inventories (continued)

selling expense and relevant taxes; for inventories held for use for the normal production and operation process, the net realizable value shall be recognized at the amount of the estimated selling price of the finished products less estimated cost incurred till the completion of production, estimated selling expense and relevant taxes; for inventories held to satisfy sales or service contracts, the net realizable value is measured based on the contract price and if the quantity of inventories held is greater than the ordered quantity of the sales contract, the net realizable value of the excess part is measured based on the general selling price.

Inventories provision is recognized individually at the end of reporting period. If there are a large numbers of low value inventories, provision for impairment in inventories are recognized based on the categories of the inventories. If the inventories are related to a series of products that are produced and sold in the same area and in the same or similar end use or purpose, and are difficult to be measured separately from other items, impairment provision are recognized on a consolidated manner.

If the circumstances that previously caused inventories to be written down below cost are no longer exist, the provision for decline in value of inventories is reversed and the reversal is included in profit or loss for the current period.

12. Long-term equity investments

The Company's long-term equity investments are mainly investments in subsidiaries, associates and joint ventures.

The Company determines that a common control exists when all parties or groups of parties control that arrangement collectively and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

The Company holds, directly or through subsidiaries, more than 20 percent but less than 50% of the voting power of the investee, is considered has significant influence over investee. When the Company holds less than 20% of the voting power of the investee, significant influence shall be considered under actual fact and circumstances such as there is a delegate of the investor in the investee's the Board of Directors and other similar authority bodies, the investors are involved in the investee's financial and operating policies decision-making process, there are significant transactions occurred between the investor and the investee, the investor assigns management personnel to the investee and the investor provides key technical support to the investee.

When investee is controlled by the Company, it is considered as the Company's subsidiary. The investment cost for long-term equity investment acquired through business combination under common control, the share of book value of net assets of the acquired company in the consolidated financial statements of the ultimate controlling party shall be

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

recognized as the initial investment costs of long-term equity investment on the combination date. The investment cost is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

Under the circumstance that the equity of the investees under common control is obtained through multiple transactions step by step, which results in business combination, supplementary disclosure to treatment methods for long-term equity investment in parent company financial statements shall be made in the reporting period acquiring the control. For example, as to equity of the investee under common control acquired step-by-step through multiple transactions and a business combination finally completed, which belongs to a package deal, the Company takes all transactions as a control power acquiring transaction for accounting treatment. If it is not a package deal, the combined party's portion of book value of net assets in the final controlling party's consolidated financial statement owned on the combination date is taken as the initial investment cost for long-term equity investments. The balance between the initial investment cost and the sum of the book value of long-term equity investment which has reached the amount before the combination and the book value of new payment consideration obtained on the combination date shall be applied to adjust capital reserves. If the capital reserves are insufficient to set it off, the retained earnings shall be written down.

For long-term equity investment acquired via business combination not under common control, the combination cost is taken as the initial investment cost.

For equity interests in investees not under common control acquired in a series of transaction which constitute business combination, supplementary disclosure on the accounting of cost of long-term equity investments in company's financial statements for the reporting period in which the control is acquired. For example, for equity interests in investees not under common control acquired in a series of transactions which constitute business combination which belongs to a package deal, the Company accounts for each transaction as a transaction in which the control has been obtained. If it does not belong to a package deal, the sum of the carrying value of the equity investment which it originally held and new investment cost is taken as the initial investment cost calculated by the cost method. For shareholding which it holds before the date of acquisition which uses equity method, other related comprehensive income which use equity method for accounting shall not be adjusted, such investment shall use the same accounting basis as the investee when it directly disposes of related assets or liabilities upon disposal. If the equity held before the acquisition date is calculated by fair value, the accumulated change in fair value which is originally included in other comprehensive income shall be change to profit or loss for current period on the date of combination.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

Apart from the long-term equity investments acquired through business combination as mentioned above, the long-term equity investments acquired by cash payment is recorded as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments invested in the Company by the investor, the investment cost is the agreed consideration as specified in the contract or agreement. If the Company has long-term equity investment acquired through debt restructuring and exchange of non-monetary assets, the method of determining investment cost shall be disclosed as per relevant accounting rules of enterprises and considering actual conditions of the Company.

Investments in subsidiaries are accounted for the Company using cost method, while investments in the associates and joint ventures are accounted for under equity method.

For long-term equity investments for which the subsequent measure is accounted for using cost method, when there are additional investments, carrying value of the long-term equity investments will be increased based on the fair value of cost of additional investments and the related expenses incurred by related transactions. For cash dividend or profit paid by the investee, it shall be recognized as investment income for current period using the amount which it entitles.

For long-term equity investment for which the subsequent measurement is accounted for under equity method, carrying value of long-term equity investment shall be increased or decreased accordingly based on the changes in the shareholders' equity of the investee. When determining the amount of proportion of net profit or loss in the investee which it entitles, fair value of each identifiable assets of the investee at the time when the investment is obtained shall be used as basis and after offsetting profit or loss incurred in internal transaction between associates and joint ventures, and calculate the proportion which is attributable to the investing company according to the shareholding, and recognized after adjustment is made to the net profit of the investee in accordance with the accounting policies and accounting period of the Company.

On disposal of a long-term equity investment, the difference between the carrying value and the consideration actually received is recognized as investment income for the current period. For long-term equity investments accounted for under equity method, the movements of shareholder's equity, other than the net profit or loss, of the investee, previously recorded in the shareholder's equity of the Company shall be transferred to the current year profits and losses according to corresponding proportion on disposal.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

12. Long-term equity investments (continued)

In case that the Company loses the joint control of or the significant influence on the investee due to disposal of part of the equity investment, the residual equity after the disposal shall be calculated as per relevant regulations of the standards for financial instrument recognition and measurement, and difference between fair value and the carry value on the date of loss of common control or significant influence will be included in the profit or loss for current period. Other comprehensive income recognized in the original equity investment which is accounted for using equity method, upon it will no longer be accounted for under equity method; it shall be using the same accounting basis as the investee directly disposing related assets or liabilities.

For loss of control in the investee due to partly disposed long-term equity investment, for remaining shareholding which can apply common control or impose significant influence to the investee after disposal, shall be accounted for under equity method. Difference between the carrying value of equity disposal and the disposal consideration shall be included as investment income. Such remaining shareholding shall be treated as accounting for under equity method since the shareholding is obtained and make adjustment. For remaining shareholding which cannot apply common control or impose significant influence after disposal, is changed to accounting treatment based on related regulations of relevant regulations of the standards for financial instrument recognition and measurement, and difference between carrying value of equity disposal and the disposal consideration shall be included as investment income, difference between fair value and the carrying value of remaining shareholding on the date loss of control shall be included in the investment profit or loss for such period.

If the transactions from the step-by-step disposal of equity to the loss of controlling equity do not fall under a series of transactions, the Company shall separately carry out accounting treatment for each transaction. If the transaction falls under a series of transactions, each transaction is accounted for as a disposal of subsidiary with control lost. However, the difference between the consideration for each transaction before losing control and the carrying value of the long-term equity investments corresponding to the equity disposed of is recognized as other comprehensive income and transferred to profit or loss upon loss of control.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

13. Investment real estates

Investment real estates of the Company are premises and buildings have already rented out and measured at cost.

The investment real estates of the Company adopt the cost model which shall be depreciated subsequently. The estimated service life, net residual rate and annual rate of depreciation of investment real estates are as follows:

Category	Depreciation period	Estimated residual rate	Annual rate of depreciation
	Year	%	%
Premises and buildings	8-50	0-3	1.94-12.50

14. Fixed assets

The fixed assets of the Company feature the following characteristics: tangible assets with a high unit value and held for the sake of producing goods, rendering services, renting or operating management, with a service life in excess of one year.

The fixed assets shall be recognized only when the related economic benefits are likely to flow into the company and the costs can be measured reliably. The fixed assets of the Company consist of water-retaining structures, premises and buildings, machinery equipment, electronic equipment, transportation equipment, office equipment, Peruvian land and others.

Apart from fixed assets that has fully depreciated and continue to be in use and the land that is separately valued and recorded, the Company recognized depreciation for all its fixed assets. The Company recognized depreciation for its water-retaining structures, premises and buildings, machinery equipment, transportation equipment, office equipment using straight-line method and is separately included in the costs of relevant assets or current expenses according to the purpose. The useful life, estimated residual value ratio and depreciation rate of fixed assets of the Company are categorized as below:

Sequence	Category	Maximum economic life	Estimated residual rate	Annual rate of depreciation
		Year	%	%
1	Water-retaining structures	40-60	—	1.67-2.50
2	Premises and buildings	8-50	0-3	1.94-12.50
3	Machinery equipment	5-32	0-3	3.03-20.00
4	Transportation equipment	3-10	0-3	9.70-33.33
5	Electronic equipment and others	3-12	0-3	8.08-33.33

Note: Water-retaining structures include Gezhouba Dam, Three Gorges Dam, Xiangjiaba Dam, Xiluodu Dam and others.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

14. Fixed assets (continued)

The Company reviews the expected service life, expected net salvage and depreciation method of the fixed assets at the end of each year. Any change shall be handled as changes in accounting estimates.

15. Construction in progress

Construction in progress ready for intended use is transferred to fixed assets based on the estimated value according to construction budget, project cost or actual project cost. The depreciation shall begin from the next month. After going through procedures of completion settlement, the difference of the original value of the fixed assets shall be adjusted.

16. Borrowing costs

The borrowing costs directly belonging to fixed assets, Investment real estates and inventories that require more than one year of acquisition or construction to be ready for intended use or selling shall be capitalized when the expenditures of the assets and the borrowing costs incurred and acquisition or construction activities necessary for making the assets be ready for intended use or selling begin. When the qualified assets under acquisition, construction or production are ready for intended use or sale, the capitalization shall be terminated, and the borrowing costs incurred subsequently shall be included in current profits and losses. If assets eligible for capitalization are suddenly suspended in acquisition or construction or production for more than three months continuously, the capitalization of borrowing costs shall be suspended until the restart of acquisition or construction and production activities of the assets.

The actually incurred interest costs of special borrowings in current period shall be capitalized after the interest income from deposits in banks or investment income from temporary investment with the unused borrowings is deducted from it. The capitalized amount of general borrowings shall be obtained by multiplying the weighted average of the excess of the accumulated asset expenditures over the asset expenditures of special borrowings with the capitalization rate of general borrowings used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

17. Intangible assets

The intangible assets of the Company includes the land use rights, software, parking space use right, franchise rights and others are measured at actual cost when being acquired; wherein, for the purchased intangible assets are measured at the prices actually paid and related other expenditure as the actual cost; for the intangible assets invested by the investor, the value agreed in accordance with investment contract or agreement is recognized as actual cost, except value agreed in the contract or agreement is unfair, in such case, the actual cost shall be recognized at fair value. Intangible assets acquired in

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

17. Intangible assets (continued)

business combination not under common control which are previously held by the acquiree but are not recognized in the financial statements of the acquiree, shall be recognized as intangible assets at the fair value at the initial recognition of assets of the acquiree.

Land use rights are amortized from the date of transfer on an average basis for the term of transfer: Software, patented technology and other intangible assets are amortized on a straight line basis based on the estimated useful life, useful life under contract or effective period stipulated by laws, whichever is the shortest. The amortized amounts are included in current profits and losses and relevant asset costs according to beneficiaries. The estimated useful life and the amortization method of intangible assets with limited useful life shall be reviewed at the end of each year. Any change shall be accounted for as changes in accounting estimates.

The Company rechecks the expected service life of intangible assets with uncertain service life in each accounting period.

The expected life of intangible assets with limited life used by the Company is as follows:

Sequence	Category	Expected useful life
		Year
1	Software	3-4
2	Parking space use right	40-50
3	Land use right	30-40

18. Research and development expenditure

The expenditures for research and development projects are classified as expenditure for research stage and expenditure for development stage according to natures of the expenditures and whether the expenditures have a great uncertainty in the conversion of the research and development activities into intangible assets. The expenditures in research stage shall be included in current profits and losses when incurred. The expenditures in development stage shall be recognized as intangible assets when the following conditions are met:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) The Company has the intention to complete the intangible asset and use or sell it;
- (3) There are exist markets for products produced by using the intangible assets or markets of the intangible assets;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

18. Research and development expenditure (continued)

- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Development expenditures which do not meet the above conditions shall be included in current profits and losses when incurring. The development expenditures that have been included in the profits and losses previously shall not be recognized as assets in the subsequent period. The capitalized expenditures in the development stage shall be presented as development expenditures on the balance sheet and shall be transferred into intangible assets from the date when the project meets the expected conditions for use.

19. Impairment of long-term assets

The Company shall assess intangible assets such as long-term equity investment, investment real estates measured by the cost model, fixed assets, construction in progress and intangible assets with limited useful lives at each of the balance sheet date. When there is indication that there is impairment, the Company shall consider impairment assessment. Impairment assessment is conducted for goodwill and intangible assets with uncertain useful life, at the end of the period regardless of whether there is indication of impairment loss.

If the impairment test shows that the book value of the asset is greater than its recoverable value, the difference between the two shall be recognized as impairment loss. Such impairment loss, once recognized, shall not be reversed in subsequent accounting period.

20. Employee benefits

Employee benefits of the Company include short-term employee remunerations, post-employment benefits, termination benefits and other long-term welfare.

The short-term employee compensation includes salaries, bonuses, allowances & subsidy, staff welfare, social insurance charges, housing funds, labor union expenditures, personnel education fund and relevant expenditures spent in obtaining the staff's service; the Company shall recognize the short-term employee compensation actually incurred as liability and record it in the current profits and losses or relevant asset costs during the accounting period when employees provide services.

The post-employment benefits mainly include basic pension insurance, unemployment insurance expense, enterprise annuity and supplement welfare provided by the Company for retired staff, and classified as defined contribution plan and defined benefit plan depending on the risk and obligation assumed by the Company. For the defined contribution plan, the contribution that paid to individual subject for the services provided by the employees in the accounting period on the balance sheet date shall be

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

20. Employee benefits (continued)

recognized as liabilities and included in current profits and losses or related asset cost as per the benefit object. For the defined benefit plan, the Company shall use an actuarial assumption that is unbiased and mutually compatible to make a reliable estimate of the variables on population and finance according to the projected accumulated benefit unit method, measure obligations generated by defined benefit plan and determine the period to which relevant obligations belong. The deficit or surplus formed by the present value of obligations under defined benefit plan minus the fair value of assets under defined benefit plan shall be recognized as a net liability or a net asset under defined benefit plan. In case that the defined benefit plan has surplus, the Company measures the net asset under defined benefit plan as per the surplus under defined benefit plan and the upper asset limit, whichever is lower.

All defined benefit plans obligations, including the obligation to pay within 12 months after the end of annual reporting period when the employees provided service, were discounted based on the balance sheet date based on the market return on the national bonds matching with the obligations under the defined benefit plan in terms of the term and currency or based on the high-quality corporation bonds in the active market.

The service cost arising from the defined benefit plan and the net amount of interest of the net liability or net asset of the defined benefit plan shall be included in current profits and losses or relevant asset cost; the changes arising from re-measurement of the net liability or net asset of the defined benefit plan shall be included in other comprehensive income and shall never be reversed to profits or losses in subsequent accounting periods. For settlement of the defined benefit plan, the settlement gain or loss shall be recognized as per the difference between the present value of the defined benefit plan obligation and the settlement price determined on the date of settlement.

Termination benefits are the compensation to employees when the Company terminates the employment relationship with employee before the expiry of the employment contracts or provides compensation as an offer to encourage employee to accept voluntary redundancy.

Other long-term employee welfare refers to the employee benefits except for short-term benefits, post-employment welfare and dismissal welfare.

21. Estimated liabilities

Where the business related to external guarantee, trade acceptance discount, pending litigations or arbitrations, product quality assurance, etc. meets the following conditions, the Company will recognize it as liabilities: current obligation borne by the Company; great possibility of economic benefit outflow because of performing the obligations; reliable measurement for the amount of the obligations.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

21. Estimated liabilities (continued)

Estimated liabilities are initially measured at the best estimate required to be paid when performing relevant current obligations, with comprehensive consideration of such factors as risks, uncertainties and time value of money related to contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future cash outflow. The book value of provisions shall be reviewed on each balance sheet date, which shall also be adjusted to reflect the current optimal estimation.

22. Revenue recognition principles and measuring methods

The Company has fulfilled the performance obligation in the contract, that is, when the customer obtains the control right of the relevant goods or services, the revenue is recognized.

If the contract contains two or more performance obligations, the Company shall, at the beginning date of the contract, apportion the transaction price to each performance obligation according to the relative proportion of the individual selling price of the commodities or services promised by each performance obligation, and measure the revenue according to the transaction price apportioned to each performance obligation.

The transaction price is the amount of consideration that the Company is expected to be entitled to receive for the transfer of commodities or services to the customer, excluding payments received on behalf of third parties. The transaction price confirmed by the Company shall not exceed the amount of accumulative confirmed revenue that will most likely not be great reverse when the relevant uncertainty is removed. The amount expected to be refunded to the consumer shall not be included in the transaction price as the return liabilities. Where there is a material financing element in the contract, the Company determines the transaction price on the basis of the amount payable in cash assuming that the customer acquired control of the goods or services at the time of acquisition. The difference between the transaction price and the contract consideration shall be amortized over the contract period using the effective interest rate method. By the commence date of the contract, if the Company estimates that the interval between customer's control rights of goods or services and the payments of the customer is not more than one year, the significant financing components existing in the contract shall not be considered.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

22. Revenue recognition principles and measuring methods (continued)

In case one of the following conditions is met, the Company will perform the performance obligations within a period of time. Otherwise, it will perform the performance obligations at a time point:

- (1) The customer obtains and consumes the economic benefits brought by the performance of the contract by the Company at the same time.
- (2) The customer can control the goods under construction during the Company's performance;
- (3) The goods generated during the performance of the Company are irreplaceable, and the Company is entitled to receive payment for the performance accumulated so far throughout the term of the contract.

For the performance obligations performed within a certain period of time, the Company shall recognize the revenue within that period according to the performance progress. If the performance progress cannot be reasonably confirmed, and the costs incurred by the Company can be expected to be compensated, the incomes shall be recognized according to the amount of costs incurred until the performance progress can be reasonably confirmed.

For performance obligations performed at a certain time point, the Company shall confirm the revenue at the time point when the customer gains control rights of the relevant commodities or services. In determining whether a customer has obtained the control rights of the goods or services, the Group shall take the following indications into consideration:

- (1) The Company enjoys the current collection right in regard to such goods or services.
- (2) The Company has transferred the physical goods to the customer.
- (3) The Company has transferred the legal ownership of such goods or the main risks and rewards in terms of ownership to the customer;
- (4) The customer has accepted such goods or services, etc.

23. Government subsidy

Government subsidies are monetary or non-monetary assets obtained from the governments, excluding the contributed capital from the government investor and are classified as the asset-related government subsidy and revenue-related government subsidy.

The asset-related government subsidies refer to those obtained by the Company and used for the acquisition or construction of long-term assets or obtainment of such assets by other forms. The revenue-related government subsidies refer to those other than the

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

23. Government subsidy (continued)

asset-related government subsidies. If no assistance object is specified in the government documents, the Company shall determine it based on the above identifying principles. For those hard to be identified, classify them totally in the income-related government subsidy.

Where the government subsidy is monetary asset, it shall be measured at the amount received; for subsidy granted as per the fixed quota standard, when there are unambiguous evidences showing that related conditions as stipulated in the financial supporting policies are met and it is expected that the financial supporting assets can be obtained, such subsidy shall be measured as per the receivable amount; where the government subsidy is non-monetary asset, it shall be measured at the fair value; if the fair value cannot be obtained reliably, then it shall be measured at its nominal amount (RMB1).

Government subsidies related to assets are used to offset the book value of the related assets or are recognized as deferred income. Asset-related government subsidies be recognized as deferred income shall be distributed with a reasonable and systematic method within the service life of related assets and included in profits and losses.

When the related assets are sold, assigned, scraped or damaged before the end of service life, all the undistributed deferred income shall be transferred to the profit or loss of the current period of assets disposal.

The revenue-related government subsidies used to compensate for the related charges or losses of future period shall be included in the deferred income, and shall be included in the current profits or losses or offset relevant costs during the period when they are recognized. The government subsidies related to daily activities shall be included in other income or offset relevant costs based on the substance of business transactions. The government subsidies not related to daily activities shall be included in the non-operating income and expenses.

If any government grant recognized by the Company is required to be returned, the accounting treatments shall be conducted during the current period when the return is required as followings:

- 1) If the government grant is utilized to offset the carrying value of the relevant assets at initial recognition, the carrying value of the assets shall be adjusted.
- 2) Any deferred income is utilized to offset the book balance of the relevant deferred income and any excess is included in profit or loss for the current period.
- 3) Under any other circumstances, they are directly included in profit and loss for the current period.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

24. Deferred income tax assets and liabilities

The deferred income tax assets and deferred income tax liabilities of the Company shall be calculated and recognized bases on the taxation base of assets and liabilities and the balance of their book values (temporary balance). For the deductible loss of taxable income that can be deducted in the future years as specified by tax laws, corresponding deferred income tax assets shall be recognized. For temporary difference with respect to initial recognition of goodwill, the Company shall not recognize relevant deferred income tax liabilities. For the temporary difference with respect to initial recognition of assets or liabilities incurred in transaction which is not business merger and the occurrence of which has no impact on the accounting profits and the taxable income (or deductible losses), relevant deferred income tax assets and liabilities shall not be recognized. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The deferred income tax assets shall be recognized to the extent of the future taxable income likely to be obtained for deducting deductible temporary difference, deductible loss, and tax deduction by the Company.

25. Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Accounting treatment methods of operating lease is as follows:

- (1) The lease expenses paid by the Company for leasing of the assets shall be amortized based on the straight-line basis and included in current expenses during the entire lease period including the rent-free period. The initial direct expenses related to the lease transaction paid by the Company shall be included in current period expenses.

The lessors are responsible to the leasing related expenses that should be borne by the Company, the Company shall deduct such expenses from the total rental, and rental after deduction shall be amortized within the lease term and included in current period expenses.

- (2) The lease fees charged for leasing the assets received by the Company shall be amortized based on the straight-line method and included in leasing rental during the entire lease period including the rent-free period. The initial direct expenses related to the lease transaction paid by the Company shall be included in current period expenses; if the amount is relatively significant, it shall be capitalized and the amount should be included in the current period revenue with the same basis for recognition of lease rental within the entire lease term.

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****IV. Significant accounting policies and accounting estimates (continued)****25. Lease (continued)**

If the Company are responsible to the leasing rental expenses that should be borne by the lessee, the Company shall deduct such expenses from the total amount of rental income and the expenses after deduction shall be allocated over the lease term.

26. Other significant accounting policies and accounting estimates

None.

27. Changes in significant accounting policies and accounting estimates***(1) Changes in significant accounting policies***

Contents and reasons of changes in accounting policies

Approval of the Company

Remarks

In July 2017, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No. 14 – Revenue (CK [2017] No. 22) (hereinafter referred to as the new revenue standard).

Changes of relevant accounting policies have been reviewed and approved in the 15th Meeting of the Fifth Board of Directors of the Company.

Since January 1, 2020, the Company has implemented the new revenue standard, disclosed the financial statements according to the requirements of such standard, adjusted the initial retained earnings and other related items in the financial statements, and did not adjust the information of comparable periods. The implementation of the above new standards will not have a material impact on the Company's financial statements.

(2) Changes in significant accounting estimates

None.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) *The effect of the Company's first implementation of the new revenue standard on the consolidated balance sheet and the Company's balance sheet on January 1, 2020 is summarized as follows:*

1) Consolidated Balance Sheet

Unit: RMB

Item	As at 31 December 2019	As at 1 January 2020	Restated amount
Current assets:			
Cash at bank and on hand . . .	7,323,452,880.02	7,323,452,880.02	—
Notes receivables	2,560,000.00	2,560,000.00	—
Accounts receivables	2,944,436,813.72	2,944,436,813.72	—
Advances to suppliers	14,453,284.98	14,453,284.98	—
Other receivables	68,071,011.56	68,071,011.56	—
Including: Dividends receivables	50,045,000.00	50,045,000.00	—
Inventories	222,400,775.52	222,400,775.52	—
Other current assets	459,771,956.64	459,771,956.64	—
Total current assets	11,035,146,722.44	11,035,146,722.44	—
Non-current assets:			
Debt investments	1,148,277,903.43	1,148,277,903.43	—
Long-term equity investments	40,258,231,503.89	40,258,231,503.89	—
Other equity instrument investments	4,432,380,427.04	4,432,380,427.04	—
Other non-current financial assets	5,812,035,941.91	5,812,035,941.91	—
Investment real estates	27,552,840.37	27,552,840.37	—
Fixed assets	226,291,965,212.17	226,291,965,212.17	—
Construction in progress	6,880,639,435.66	6,880,639,435.66	—
Intangible assets	191,462,744.50	191,462,744.50	—
Long-term deferred expenses	1,742,787.89	1,742,787.89	—
Deferred income tax assets . .	369,173,036.54	369,173,036.54	—
Other non-current assets	34,272,485.05	34,272,485.05	—
Total non-current assets . . .	285,447,734,318.45	285,447,734,318.45	—
Total assets	296,482,881,040.89	296,482,881,040.89	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) *The effect of the Company's first implementation of the new revenue standard on the consolidated balance sheet and the Company's balance sheet on January 1, 2020 is summarized as follows: (continued)*

1) Consolidated Balance Sheet (continued)

Item	As at 31 December 2019	As at 1 January 2020	Restated amount
Current liabilities:			
Short-term borrowings	21,308,000,000.00	21,308,000,000.00	—
Financial liabilities held for trading	768,403,141.10	768,403,141.10	—
Notes payable	18,701,549.83	18,701,549.83	—
Accounts payable	86,819,605.55	86,819,605.55	—
Advances from customers	9,164,940.98	—	-9,164,940.98
Contractual liabilities	—	9,164,940.98	9,164,940.98
Employee compensation payable	120,539,909.11	120,539,909.11	—
Taxes payable	2,106,242,913.91	2,106,242,913.91	—
Other payables	21,042,264,353.26	21,042,264,353.26	—
Including: Interest payable	897,073,966.87	897,073,966.87	—
Current portion of non-current liabilities	2,499,762,842.57	2,499,762,842.57	—
Other current liabilities	7,998,650,574.74	7,998,650,574.74	—
Total current liabilities	55,958,549,831.05	55,958,549,831.05	—
Non-current liabilities:			
Long-term borrowings	24,600,000,000.00	24,600,000,000.00	—
Bonds payable	43,794,792,492.21	43,794,792,492.21	—
Long-term payables	21,232,945,436.94	21,232,945,436.94	—
Deferred income	5,833,758.06	5,833,758.06	—
Deferred income tax liabilities	874,792,997.65	874,792,997.65	—
Total non-current liabilities	90,508,364,684.86	90,508,364,684.86	—
Total liabilities	146,466,914,515.91	146,466,914,515.91	—
Owners' equity:			
Capital stock	22,000,000,000.00	22,000,000,000.00	—
Capital reserves	44,364,313,786.27	44,364,313,786.27	—
Other comprehensive income	2,352,431,567.60	2,352,431,567.60	—
Surplus reserves	24,319,522,433.93	24,319,522,433.93	—
Undistributed profits	56,473,906,836.25	56,473,906,836.25	—
Total shareholders' equity attributable to parent company	149,510,174,624.05	149,510,174,624.05	—
Minority interests	505,791,900.93	505,791,900.93	—
Total stockholders' equity	150,015,966,524.98	150,015,966,524.98	—
Total liabilities and stockholders' equity	296,482,881,040.89	296,482,881,040.89	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) *The effect of the Company's first implementation of the new revenue standard on the consolidated balance sheet and the Company's balance sheet on January 1, 2020 is summarized as follows: (continued)*

2) Company's Balance Sheet

Unit: RMB

Item	As at 31 December 2019	As at 1 January 2020	Restated amount
Current assets:			
Cash at bank and on hand . .	4,195,981,088.98	4,195,981,088.98	—
Notes receivables	2,300,000.00	2,300,000.00	—
Accounts receivables	1,640,765,860.31	1,640,765,860.31	—
Advances to suppliers	13,370,253.30	13,370,253.30	—
Other receivables	67,315,820.17	67,315,820.17	—
Including: Dividends receivables	50,045,000.00	50,045,000.00	—
Inventories	128,785,215.82	128,785,215.82	—
Other current assets	315,531,193.73	315,531,193.73	—
Total current assets	6,364,049,432.31	6,364,049,432.31	—
Non-current assets:			
Long-term equity investments	78,047,589,178.60	78,047,589,178.60	—
Other equity instrument investments	3,912,606,164.86	3,912,606,164.86	—
Other non-current financial assets	4,255,519,358.34	4,255,519,358.34	—
Investment real estates	27,552,840.37	27,552,840.37	—
Fixed assets	95,931,292,255.59	95,931,292,255.59	—
Construction in progress . . .	946,462,767.36	946,462,767.36	—
Intangible assets	89,336,000.23	89,336,000.23	—
Deferred income tax assets .	98,251,997.77	98,251,997.77	—
Other non-current assets . . .	34,272,485.05	34,272,485.05	—
Total non-current assets . .	183,342,883,048.17	183,342,883,048.17	—
Total assets	189,706,932,480.48	189,706,932,480.48	—
Current liabilities:			
Short-term borrowings	4,920,000,000.00	4,920,000,000.00	—
Notes payable	18,701,549.83	18,701,549.83	—
Accounts payable	49,275,071.09	49,275,071.09	—
Advances from customers . .	8,788,393.37	—	-8,788,393.37
Contractual liabilities	—	8,788,393.37	8,788,393.37
Employee compensation payable	97,805,901.99	97,805,901.99	—
Taxes payable	1,018,564,145.60	1,018,564,145.60	—
Other payables	4,082,085,127.73	4,082,085,127.73	—
Including: Interest payable .	837,531,967.98	837,531,967.98	—
Current portion of non-current liabilities	2,499,762,842.57	2,499,762,842.57	—
Other current liabilities	7,998,650,574.74	7,998,650,574.74	—
Total current liabilities . . .	20,693,633,606.92	20,693,633,606.92	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IV. Significant accounting policies and accounting estimates (continued)

27. Changes in significant accounting policies and accounting estimates (continued)

(3) *The effect of the Company's first implementation of the new revenue standard on the consolidated balance sheet and the Company's balance sheet on January 1, 2020 is summarized as follows: (continued)*

2) *Company's Balance Sheet (continued)*

Item	As at 31 December 2019	As at 1 January 2020	Restated amount
Non-current liabilities:			
Long-term borrowings	17,600,000,000.00	17,600,000,000.00	—
Bonds payable	40,439,102,884.09	40,439,102,884.09	—
Deferred income tax liabilities	902,756,097.24	902,756,097.24	—
Total non-current liabilities	58,941,858,981.33	58,941,858,981.33	—
Total liabilities	79,635,492,588.25	79,635,492,588.25	—
Owners' equity:			
Capital stock	22,000,000,000.00	22,000,000,000.00	—
Capital reserves	46,906,964,332.39	46,906,964,332.39	—
Other comprehensive income	2,502,766,455.34	2,502,766,455.34	—
Surplus reserves	22,934,762,401.97	22,934,762,401.97	—
Undistributed profits	15,726,946,702.53	15,726,946,702.53	—
Total stockholders' equity	110,071,439,892.23	110,071,439,892.23	—
Total liabilities and stockholders' equity	189,706,932,480.48	189,706,932,480.48	—

V. Taxes

1. Main taxes and tax rates

Category	Tax basis	Tax rate	Remarks
Value-added tax . . .	Income from selling electricity and commodities; income from lease of moveable properties	13%, 3%	
	Income from lease of real properties	9%	
	Taxable service income and taxable labor service income	3%, 6%	
	Income from transfer of financial commodities	6%	

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

V. Taxes (continued)

1. Main taxes and tax rates (continued)

Category	Tax basis	Tax rate	Remarks
City maintenance and construction tax	Taxable amount of turnover tax	7%, 5%	
Educational surcharge	Taxable amount of turnover tax	3%	
Local educational surcharge	Taxable amount of turnover tax	2%, 1.5%	Note 1
Income tax	Taxable income	15%, 16.5%, 25%, 29.5%	Note 2, Note 3, Note 4 and Note 5
Property tax	70% or 75% of the original value of the property and rental income	1.2%, 12%	Note 6
Water resources tax	Actual electricity generation and water intake	RMB0.008/kWh, RMB0.09/m ³ and RMB0.1/m ³	Note 7

Note 1: Pursuant to EZBF [2016] No. 27, since May 01, 2016, the additional tax rate of enterprise local educational surcharge in Hubei region is reduced from 2% to 1.5%, and the duration of reducing levy rate is temporarily implemented for two years. Pursuant to EZBF [2018] No.13, the preferential policy of local educational surcharge for enterprises in Hubei region has been extended to December 31, 2020.

Note 2: On November 30, 2018, pursuant to the relevant provisions of the Measures for the Recognition and Management of High-tech Enterprises (GKFH (2016) No. 32) and the Guidelines for the Recognition and Management of High-tech Enterprises (GKFH (2016) No. 195), Three Gorges High-tech Information Technology Co., Ltd. was recognized as a high-tech enterprise with a validity period of three years. The Company is eligible to enjoy preferential policy for high-tech enterprise income tax at the rate of 15%.

Note 3: Pursuant to the Announcement of the State Administration of Taxation [2012] No.12, policies such as Notice on Issues Concerning Enterprise Income Tax Relating to Further Implementing the Western Region Development Strategy, Chuanyun Company meets conditions of preferential policy for Western region development and enterprise income tax would be reduced to 15%.

Note 4: The applicable tax rate of profit income taxes in Hong Kong for CYPC International is 16.5%.

Note 5: The Peruvian income tax rate applicable to Peru Company is 29.5%.

Note 6: The Company's property tax base is 70% to the original value of the property (Beijing, Chengdu, Yibin, Shuifu, Leibo and Yongshan) or 75% to the original value of the property (Yichang) at the tax rate of 1.2%, or the Company's rental income is the tax bases at the tax rate of 12% (Chengdu, Beijing and Yichang). The original taxable value of underground workshop is 50% to the original price of the property (Yichang) and the tax base is 75% to the original taxable value of the property value (Yichang) at the tax rate of 1.2%.

Note 7: Pursuant to the Notice on Printing and Issuing the Implementation Measures for Expanding the Water Resources Tax Reform Pilot (CS [2017] No. 80) jointly issued by the Ministry of Finance, the State Administration of Taxation and the Ministry of Water Resources, Sichuan Province is specified as the second batch of water resources tax reform pilot provinces in China. Since December 1, 2017, Chuanyun Company has commenced to pay the water resources tax and the levy standards are as the followings:

Category	Classification	Tax basis	Levy rates
Water resources tax	Water for power generation	Actual electricity generation	RMB0.008/kWh
	Production water	Actual water intake	Xiluodu Hydropower Station RMB0.09/m ³ Xiangjiaba Hydropower Station RMB0.1/m ³

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement

1. Cash at bank and on hand

Item	As at 30 June 2020	As at 31 December 2019
Cash on hand	17,006,315.64	—
Cash in bank	7,882,064,047.12	4,989,301,496.47
Other cash at bank and on hand	38,429,986.52	2,334,151,383.55
Total	7,937,500,349.28	7,323,452,880.02
Including: Total amount deposited		
overseas	<u>4,094,075,484.25</u>	<u>4,231,648,449.48</u>

Note: The performance guarantee in other cash at bank and on hand of the Company is RMB5,511,900.00 and belongs to the cash at bank and on hand whose ownership is restricted. Other cash at bank and on hand are investment funds, without mortgage, freeze and other constraints.

2. Notes receivables

Item	As at 30 June 2020	As at 31 December 2019
Bank acceptance bills	4,210,000.00	2,560,000.00
Total	<u>4,210,000.00</u>	<u>2,560,000.00</u>

Note: The Company did not have notes receivables which were pledged, had been endorsed or discounted but not yet expired on the balance sheet date, and were transferred for accounts receivables due to the drawer's inability of performance at the end of the period.

3. Accounts receivables

(1) Disclosure of accounts receivables by aging

Item	As at 30 June 2020
Within 1 year	6,915,844,026.24
1-2 years	20,159,470.75
2-3 years	1,925,712.57
3-4 years	419,800.83
4-5 years	234,477.43
Over 5 years	898,435.00
Total	<u>6,939,481,922.82</u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

3. Accounts receivables (continued)

(2) *Classified disclosure by bad debt accrual method*

	As at 30 June 2020						As at 31 December 2019					
Category	Carrying amount		Bad debt provision		Book value		Carrying amount		Bad debt provision		Book value	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Bad debt provision made individually	—	—	—	—	—	—	—	—	—	—	—	—
Bad debt provision made as per portfolio	6,939,481,922.82	100.00	2,060,119.11	0.03	6,937,421,803.71	2,945,342,993.44	906,179.72	0.03	2,944,436,813.72	0.03	2,944,436,813.72	0.03
Including: Grouping of hydropower business receivables.....	5,472,908,786.41	78.87	—	—	5,472,908,786.41	2,878,922,946.13	—	—	2,878,922,946.13	—	2,878,922,946.13	—
Grouping of Peru Company receivables.....	1,391,444,515.08	20.05	1,027,127.55	0.07	1,390,417,387.53	—	—	—	—	—	—	—
Other portfolios	75,128,621.33	1.08	1,032,991.56	1.38	74,095,629.77	66,420,047.31	906,179.72	1.36	65,513,867.59	1.36	65,513,867.59	1.36
Total	6,939,481,922.82	—	2,060,119.11	—	6,937,421,803.71	2,945,342,993.44	906,179.72	—	2,944,436,813.72	—	2,944,436,813.72	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

3. Accounts receivables (continued)

(3) Movements of impairment for accounts receivables

Category	Change of amount in the current period					Balance carried forward
	Balance brought forward	Provision	Accounts recovered or transferred back	Amounts charged or written off	Others	
Grouping of Peru						
Company receivables . .	—	1,046,728.99	—	—	(19,601.44)	1,027,127.55
Other portfolios	906,179.72	126,811.84	—	—	—	1,032,991.56
Total	906,179.72	1,173,540.83	—	—	(19,601.44)	2,060,119.11

(4) List of top five accounts receivables

Company name	Amount	Account age	Proportion in total closing balance (%)	Closing balance of bad debt provision
State Grid Corporation of China . .	3,587,538,471.43	Within 1 year	51.70	—
China Southern Power Grid Company Limited	1,483,159,983.85	Within 1 year	21.37	—
Central China Branch of State Grid Corporation of China	388,311,350.09	Within 1 year	5.60	—
SGCC Hubei Electric Power Company	13,710,136.56	Within 1 year	0.20	—
Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	13,102,962.39	Within 1 year	0.19	—
Total	5,485,822,904.32		79.06	—

4. Advances to suppliers

(1) Disclosure of advances to suppliers by aging

Item	As at 30 June 2020		As at 31 December 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	29,667,348.18	85.39	12,782,997.04	88.45
1 – 2 years	4,107,948.35	11.82	799,384.22	5.53
2 – 3 years	799,384.22	2.30	169,656.18	1.17
3 – 4 years	169,656.18	0.49	701,247.54	4.85
Total	34,744,336.93	100.00	14,453,284.98	100.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

4. Advances to suppliers (continued)

(2) Significant advance to suppliers with aging over one year

Company name	Amount	Account age	Reasons for no settlement
Zhenjiang East China Electric Power Equipment Company Ltd.	2,053,514.06	1-4 years	The contract has yet not been executed
Xi'an XD Switchgear Electric Co., Ltd.	1,479,069.18	1-3 years	The contract has yet not been executed
Jiangsu Wujin Hydraulic Hoist Co., Ltd.	604,743.36	1-2 years	The contract has yet not been executed
Three Gorges International Tendering Co., Ltd.	589,197.86	1-2 years	The contract has yet not been executed
PICC Property and Casualty Company Limited Yichang Branch	193,461.77	1-2 years	The contract has yet not been executed
Total	<u>4,919,986.23</u>		

(3) List of top five advance to suppliers

Company name	Amount	Account age	Proportion in total closing balance (%)
Three Gorges International Tendering Co., Ltd.	2,945,989.24	0-2 years	8.48
Zhenjiang East China Electric Power Equipment Company Ltd.	2,053,514.06	1-4 years	5.91
Xi'an XD Switchgear Electric Co., Ltd. ..	1,479,069.18	1-3 years	4.26
Jiangsu Wujin Hydraulic Hoist Co., Ltd. .	604,743.36	1-2 years	1.74
PICC Property and Casualty Company Limited Yichang Branch	579,617.73	0-2 years	1.67
Total	<u>7,662,933.57</u>		<u>22.06</u>

5. Other receivables

Item	As at 30 June 2020	As at 31 December 2019
Dividends receivables	1,084,786,965.56	50,045,000.00
Other receivables	198,294,481.13	18,026,011.56
Total	<u>1,283,081,446.69</u>	<u>68,071,011.56</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

5. Other receivables (continued)

5.1 Dividends receivables

Breakdown

Item (or the investee)	As at 30 June 2020	As at 31 December 2019
Hubei Qingneng Investment and Development Group Co., Ltd.	—	50,045,000.00
SDIC Power Holdings Co., Ltd.	213,443,805.93	—
China Construction Bank Corporation Limited	207,677,760.00	—
Sichuan Chuantou Energy Co., Ltd.	197,984,028.78	—
Three Gorges Capital Holdings Co., Ltd. ..	135,353,223.35	—
Shenergy Group Company Limited	87,969,227.06	—
Hubei Energy Group Co., Ltd.	186,215,663.30	—
Guangzhou Development Group Incorporated	27,205,162.90	—
Three Gorges Insurance Brokerage Co., Ltd.	2,223,754.57	—
Hubei Changyao New Material Co., Ltd. ..	500,000.00	—
China General Nuclear Power Corporation .	21,207,951.32	—
China Datang Corporation Renewable Power Co., Limited	5,006,388.35	—
Total	<u>1,084,786,965.56</u>	<u>50,045,000.00</u>

5.2 Other receivables

(1) Disclosure of other receivables by aging

Account age	As at 30 June 2020
Within 1 year	184,865,760.43
1-2 years	8,819,548.17
2-3 years	1,849,229.52
3-4 years	2,051,160.00
4-5 years	1,507,294.88
Over 5 years	8,123,340.67
Total	<u>207,216,333.67</u>

(2) Disclosure of other receivables by nature

Nature	As at 30 June 2020	As at 31 December 2019
Guarantee deposit and security deposit	2,334,547.63	2,530,947.63
Advance payment	873,501.81	333,391.71
Transaction payments	55,798,006.84	10,786,040.44
Cash consideration	7,600,400.00	—
Peru Company receivables	129,321,348.06	—
Others	11,288,529.33	7,149,495.67
Total	<u>207,216,333.67</u>	<u>20,799,875.45</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

5. Other receivables (continued)

5.2 Other receivables (continued)

(3) Movements of impairment for other receivables

	Stage 1-	Stage 2-	Stage 3-	
	Expected credit loss in the future 12 months	Expected credit loss within whole duration (no credit impairment occurs)	Expected credit loss within whole duration (credit impairment has occurred)	Total
Bad debt provision				
Balance on January 1, 2020 ..	2,773,863.89	—	—	2,773,863.89
Provision in this period	3,457,106.88	—	—	3,457,106.88
Increase due to consolidation				
of Peru Company	2,690,881.77	—	—	2,690,881.77
Balance on June 30, 2020 ...	<u>8,921,852.54</u>	<u>—</u>	<u>—</u>	<u>8,921,852.54</u>

(4) Conditions about accounts receivable bad debts

	Amount changed during the current period					
Category	Balance brought forward	Provision	Accounts recovered or transferred back	Amounts charged or written off	Others	Balance carried forward
Grouping of Peru Company receivables	—	—	—	—	2,690,881.77	2,690,881.77
Other receivables ..	2,773,863.89	3,457,106.88	—	—	—	6,230,970.77
Total	<u>2,773,863.89</u>	<u>3,457,106.88</u>	<u>—</u>	<u>—</u>	<u>2,690,881.77</u>	<u>8,921,852.54</u>

(5) List of top five accounts receivables

Company name	Nature	Amount	Account age	Proportion in total closing balance (%)	Closing balance of bad debt provision
Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	Transaction payments	40,758,316.05	1-3 years	19.67	44,622.64
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	Cash consideration	7,600,400.00	Within 1 year	3.67	7,600.40
The Three Gorges Industrial Co., Ltd. ...	Transaction payments	4,052,675.35	1-2 years	1.96	397,162.18

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

5. Other receivables (continued)

5.2 Other receivables (continued)

(5) List of top five accounts receivables (continued)

Company name	Nature	Amount	Account age	Proportion in total closing balance	Closing balance of bad debt provision
				(%)	
Sichuan Huaxi Building Decoration Engineering Co., Ltd.	Transaction payments	1,244,605.02	Over 5 years	0.60	1,244,605.02
Chengdu Power Supply Company of Sichuan Electric Power Company, SGCC	Transaction payments	882,204.08	1-3 years	0.43	95,246.31
Total		<u>54,538,200.50</u>	—	<u>26.33</u>	<u>1,789,236.55</u>

6. Inventories

(1) Classification

Item	As at 30 June 2020			As at 31 December 2019		
	Carrying amount	Provision for decline in value	Book value	Carrying amount	Provision for decline in value	Book value
Raw materials	132,014,464.15	67,131,741.58	64,882,722.57	117,135,291.94	66,955,890.76	50,179,401.18
Goods in stock ...	10,098,463.25	—	10,098,463.25	4,493,652.52	—	4,493,652.52
Spare parts	527,872,285.36	255,609,169.46	272,263,115.90	421,127,053.13	253,403,543.13	167,723,510.00
Others	157,714.15	1,276.75	156,437.40	5,488.57	1,276.75	4,211.82
Total	<u>670,142,926.91</u>	<u>322,742,187.79</u>	<u>347,400,739.12</u>	<u>542,761,486.16</u>	<u>320,360,710.64</u>	<u>222,400,775.52</u>

(2) Impairment provision of inventories

Item	Balance brought forward	Increase during the current period		Decrease during the current period		Balance carried forward
		Provision	Others	Reversal or write-off	Other transfer-out	
Raw materials	66,955,890.76	—	176,665.31	814.49	—	67,131,741.58
Goods in stock	—	—	—	—	—	—
Spare parts	253,403,543.13	—	3,919,875.97	1,714,249.64	—	255,609,169.46
Others	1,276.75	—	—	—	—	1,276.75
Total	<u>320,360,710.64</u>	<u>—</u>	<u>4,096,541.28</u>	<u>1,715,064.13</u>	<u>—</u>	<u>322,742,187.79</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

7. Other current assets

Item	As at 30 June 2020	As at 31 December 2019
Retained tax of VAT tax amount	3,985,145.63	16,450,697.70
Reversal of repurchase of Government Treasury Bonds (<i>Note</i>)	412,402,442.00	442,307,961.50
Prepaid tax	3,764,498.50	1,013,297.44
Total	<u>420,152,086.13</u>	<u>459,771,956.64</u>

Note: The reverse repo of treasury bonds is the principal of the Company's capital lending through the reverse repo of treasury bonds market to obtain the interest income during the current period. The Company's holding period for reverse repo of treasury bonds during the current year includes 1 day, 2 days, 3 days, 4 days, 7 days, 14 days and 28 days. The interest income is calculated at the actual interest rate at the time of repo transaction between Shanghai Stock Exchange and Shenzhen Stock Exchange.

8. Debt investments

Item	As at 30 June 2020			As at 31 December 2019		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Preferred shares and shareholder loans . . .	1,159,295,721.46	—	1,159,295,721.46	1,148,277,903.43	—	1,148,277,903.43
Total	<u>1,159,295,721.46</u>	<u>—</u>	<u>1,159,295,721.46</u>	<u>1,148,277,903.43</u>	<u>—</u>	<u>1,148,277,903.43</u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

9. Long-term equity investments

The investee	Increase or decrease during the current period								Closing balance of impairment provision
	Balance brought forward	Additions	Decreases	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	
I. Joint ventures									
Three Gorges Electric Energy (Anhui) Co., Ltd.	72,404,849.29	—	—	(5,200,291.08)	—	—	—	—	67,204,558.21
Yangtze Smart Distributed Energy Co., Ltd.	84,587,864.85	8,400,000.00	—	(765,863.99)	—	865,677.84	—	—	93,087,678.70
Three Gorges Electric Energy (Guangdong) Co., Ltd.	31,166,705.99	—	—	7,503.37	—	—	—	—	31,174,209.36
Shaanxi Yan'an Electricity Industry Co., Ltd.	13,182,398.63	15,000,000.00	—	1,839,929.50	—	(320,597.48)	—	—	29,701,730.65
Yunnan Changjiang Agricultural Reclamation Energy Development Co., Ltd.	37,876,350.13	—	—	(652,705.88)	—	—	—	—	37,223,644.25
II. Associates									
Hubei Energy Group Co., Ltd.	7,942,851,468.62	—	—	357,075,950.25	7,754,540.77	(33,372,487.96)	186,215,663.30	—	8,088,093,808.38
Hubei Qingeng Investment and Development Group Co., Ltd. .	1,906,684,945.84	—	—	(22,949,177.36)	—	(2,610,006.94)	—	—	1,881,125,761.54
Guangzhou Development Group Incorporated	3,768,911,523.89	—	—	107,358,738.00	(13,639,428.41)	13,114,399.51	27,205,162.90	—	3,848,540,070.09
Three Gorges Finance Co., Ltd. ...	2,022,060,388.81	—	—	163,711,681.56	2,198,452.12	—	—	—	2,187,970,522.49
Shanghai Electric Power Company Limited	1,051,951,594.37	504,005,119.88	—	55,541,221.33	(384,519.91)	40,165.62	25,612,345.59	—	1,585,541,235.70

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

9. Long-term equity investments (continued)

The investee	Increase or decrease during the current period							Closing balance of impairment provision			
	Balance brought forward	Additions	Decreases	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay		Charge of impairment provision	Others	Balance carried forward
Hunan Taohujiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	—	224,119,537.52	—
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	1,935,840,645.13	851,049,375.14	—	35,779,686.34	—	61,458.59	20,280,119.50	—	—	2,802,451,045.70	—
CTG Base Development Co., Ltd.	508,225,161.18	—	—	7,719,971.28	—	—	—	—	—	515,945,132.46	—
Shenenergy Group Company Limited (Note)	—	2,413,423,358.80	—	—	—	—	—	—	—	2,413,423,358.80	—
Chongqing Youtai Energy Co., Ltd.	28,891,045.24	—	—	(7,559,925.75)	—	—	—	—	—	21,331,119.49	—
Chongqing Fuling Energy Industry Group Co., Ltd.	572,620,161.64	—	—	27,431,945.53	—	7,144.63	—	—	—	600,059,251.80	—
Chongqing Changdian United Energy Co., Ltd.	343,461,109.25	—	344,093,435.53	5,601,312.56	—	(4,968,986.28)	—	—	—	—	—
Three Gorges Capital Holdings Co., Ltd.	2,912,492,366.43	—	—	171,368,099.77	(92,517,054.50)	4,098,360.43	135,353,223.35	—	—	2,860,088,548.78	—
SDIC Power Holdings Co., Ltd.	6,206,400,037.89	1,110,194,778.50	—	366,236,270.92	(2,454,729.83)	948,809.82	213,443,805.93	—	—	7,467,881,361.37	—
Sichuan Chuantou Energy Co., Ltd.	4,700,095,843.00	775,744,065.02	—	153,181,714.76	158,675.76	(25,961.20)	197,984,028.78	—	—	5,431,170,308.56	—

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

9. Long-term equity investments (continued)

The investee	Increase or decrease during the current period							Closing balance of impairment provision		
	Balance brought forward	Additions	Decreases	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay		Charge of impairment provision	Others
Chongqing Fuling Three Gorges Changfu Equity Investment Fund Partnership (Limited Partnership).....	39,994,725.58	—	—	(2,765.96)	—	—	—	—	—	39,991,959.62
Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership)	41,029,335.77	—	—	574,793.95	—	—	—	—	—	41,604,129.72
Chongqing Qianjiang Three Gorges Changhong Equity Investment Fund Partnership (Limited Partnership)	40,087,715.80	—	—	594,039.22	—	—	—	—	—	40,681,755.02
Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co. Ltd.	4,897,610,000.00	—	—	31,257,803.00	—	—	—	—	—	4,928,867,803.00
CCB International Medical Industry Equity Investment Co., Ltd.	49,150,715.11	—	—	3,332,823.92	(7,570,734.24)	—	28,626,278.70	—	—	16,286,526.09
Hubei New Energy Venture Capital Fund Co., Ltd.	44,503,247.21	—	—	(477,478.19)	—	—	—	—	—	44,025,769.02

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

9. Long-term equity investments (continued)

The investee	Increase or decrease during the current period								Closing balance of impairment provision	
	Balance brought forward	Additions	Decreases	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision		Balance carried forward
Hubei Longteng Landscape Engineering Co., Ltd..... Three Gorges Insurance	21,046,121.34	—	—	(3,487,266.29)	—	—	—	—	17,558,855.05	—
Brokerage Co., Ltd..... Zhengzhou Hydraulic Machinery Co., Ltd.....	29,934,352.03	—	—	250,878.00	—	—	2,223,754.57	—	27,961,475.46	—
China Three Gorges Offshore	187,927,800.00	—	—	(924,923.34)	—	—	—	—	187,002,876.66	—
Luxembourg S.a.r.l..... Chongqing Changxingyou Energy Co., Ltd.....	107,221,021.07	—	—	10,687,661.29	26,186,956.76	—	—	—	1,851,205.80	—
Green Energy Mixed Equity Investment Fund (Guangzhou) Partnership (Limited Partnership).....	25,846,117.66	—	—	(3,867,746.00)	—	—	—	—	21,978,371.66	—
Others	117,990,431.38	—	—	2,748,651.19	—	—	—	—	120,739,082.57	—
Total	292,065,923.24	11,000,000.00	267,794,638.44	(2,698,917.98)	581.75	87,729.85	—	—	32,660,678.42	—
	40,258,231,503.89	5,688,816,697.34	611,888,073.97	1,453,713,613.92	(80,267,259.73)	(22,074,293.57)	836,944,382.62	1,851,205.80	45,851,439,011.06	—

Note: In the January – June 2020, the Company increased its holdings of Shenergy Group Company Limited by 155,001,162.00 shares. As of June 2020, the Company holds 399,860,123.00 shares of Shenergy Group Company Limited, and the Company is its second largest shareholder and sent a director to it, exerting a significant influence on it, turning it into a long-term equity investment and the subsequent measurement is made under the equity method.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

10. Other equity instrument investments

(1) Other equity instrument investments

Item	As at 30 June 2020	As at 31 December 2019
Non-trading equity instrument	4,124,574,705.96	4,432,380,427.04
Total	<u>4,124,574,705.96</u>	<u>4,432,380,427.04</u>

(2) Other equity instrument investments in the current period

Item	Amount	Total
Dividend income recognized in the current period	228,749,930.91	228,749,930.91
Cumulative profits	2,646,204,866.00	2,646,204,866.00
Cumulative loss	—	—
Amount of other comprehensive income transferred to retained earnings	—	—
Reasons for being designated as being measured at fair value through other comprehensive income	Long-term holding	—
Reasons for transferring other comprehensive income to retained earnings	—	—

11. Other non-current financial assets

Item	As at 30 June 2020	As at 31 December 2019
Classification as financial assets at fair value through profit or loss	4,288,270,891.78	5,812,035,941.91
Including: equity instrument investments . .	4,288,270,891.78	5,812,035,941.91
Total	<u>4,288,270,891.78</u>	<u>5,812,035,941.91</u>

12. Investment real estates

Investment real estates measured at cost

Item	Premises and buildings	Total
I. Original book value		
1. As at 31 December 2019	44,432,089.06	44,432,089.06
2. Increase during the current period	98,944,860.95	98,944,860.95
(1) Increase due to business combination	98,944,860.95	98,944,860.95
3. Decrease during the current period	—	—
4. Translation differences arising from foreign currency transactions	(8,040,059.79)	(8,040,059.79)
5. As at 30 June 2020	135,336,890.22	135,336,890.22

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

12. Investment real estates (continued)

Investment real estates measured at cost (continued)

Item	Premises and buildings	Total
II. Accumulated depreciation and accumulated amortization		
1. As at 31 December 2019	16,879,248.69	16,879,248.69
2. Increase during the current period	546,259.00	546,259.00
(1) Provision or amortization	546,259.00	546,259.00
3. Decrease during the current period	—	—
4. As at 30 June 2020	17,425,507.69	17,425,507.69
III. Impairment provision		
1. As at 31 December 2019	—	—
2. Increase during the current period	—	—
3. Decrease during the current period	—	—
4. As at 30 June 2020	—	—
IV. Book value		
1. As at 30 June 2020	117,911,382.53	117,911,382.53
2. As at 31 December 2019	27,552,840.37	27,552,840.37

13. Fixed assets

Item	As at 30 June 2020	As at 31 December 2019
Fixed assets	232,246,821,849.83	226,290,667,101.97
Fixed assets pending for disposal	20,524,858.04	1,298,110.20
Total	<u>232,267,346,707.87</u>	<u>226,291,965,212.17</u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

13. Fixed assets (continued)

13.1 Fixed assets

(1) Details of fixed assets

Item	Water-retaining structures	Premises and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Peruvian land	Total
I. Original book value							
1. As at 31 December 2019	141,895,865,197.29	89,691,386,575.64	101,283,382,806.28	202,702,510.64	905,369,243.76	—	333,978,706,333.61
2. Increase during the current period	—	1,870,001,848.74	13,473,761,338.66	108,870,781.22	461,641,383.78	1,204,249,293.14	17,118,524,645.54
(1) Purchase	—	145,771.38	3,388,510.57	6,364,829.49	6,447,383.08	—	16,346,494.52
(2) Transferred from construction in progress	—	2,367,466.79	44,383,721.07	298,968.12	4,990,992.35	—	52,041,148.33
(3) Increase due to business combination	—	1,867,488,610.57	13,425,989,107.02	102,206,983.61	450,203,008.35	1,204,249,293.14	17,050,137,002.69
3. Decrease during the current period	231,575.16	1,942,516.33	194,911,882.90	3,295,663.55	10,647,205.79	—	211,028,843.73
(1) Disposal or retirement	231,575.16	1,942,516.33	194,911,882.90	3,295,663.55	10,647,205.79	—	211,028,843.73
4. Translation differences arising from foreign currency transactions	—	(76,815,246.24)	(557,909,808.31)	(254,346.83)	(18,894,106.80)	(56,391,624.05)	(710,265,132.23)
5. As at 30 June 2020	141,895,633,622.13	91,482,630,661.81	114,004,322,453.73	308,023,281.48	1,337,469,314.95	1,147,857,669.09	350,175,937,003.19
II. Accumulated depreciation							
1. As at 31 December 2019	30,264,402,807.38	19,777,731,189.85	57,045,533,235.65	148,139,869.48	452,232,129.28	—	107,688,039,231.64
2. Increase during the current period	1,602,538,522.54	1,394,087,676.03	7,249,182,469.46	59,533,965.77	342,281,989.30	—	10,647,624,623.10
(1) Provision	1,602,538,522.54	1,210,020,709.46	2,819,669,745.26	9,752,189.72	30,307,244.98	—	5,672,288,411.96
(2) Increase due to business combination	—	184,066,966.57	4,429,512,724.20	49,781,776.05	311,974,744.32	—	4,975,336,211.14

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

13. Fixed assets (continued)

13.1 Fixed assets (continued)

(1) Details of fixed assets (continued)

Item	Water-retaining structures	Premises and buildings	Machinery equipment	Transportation equipment	Electronic equipment and others	Peruvian land	Total
3. Decrease during the current period	81,840.24	1,807,781.97	186,101,158.82	2,851,274.84	10,343,546.44	—	201,185,602.31
(1) Disposal or retirement	81,840.24	1,807,781.97	186,101,158.82	2,851,274.84	10,343,546.44	—	201,185,602.31
4. Translation differences arising from foreign currency transactions	—	(7,298,428.83)	(184,098,144.25)	(162,829.37)	(13,803,696.62)	—	(205,363,099.07)
5. As at 30 June 2020	31,866,859,489.68	21,162,712,655.08	63,924,516,402.04	204,659,731.04	770,366,875.52	—	117,929,115,153.36
III. Impairment provision							
1. As at 31 December 2019	—	—	—	—	—	—	—
2. Increase during the current period	—	—	—	—	—	—	—
(1) Provision	—	—	—	—	—	—	—
3. Decrease during the current period	—	—	—	—	—	—	—
(1) Disposal or retirement	—	—	—	—	—	—	—
4. As at 30 June 2020	—	—	—	—	—	—	—
IV. Book value							
1. As at 30 June 2020	110,028,774,132.45	70,319,918,006.73	50,079,806,051.69	103,363,550.44	567,102,439.43	1,147,857,669.09	232,246,821,849.83
2. As at 31 December 2019	111,631,462,389.91	69,913,655,385.79	44,237,849,570.63	54,562,641.16	453,137,114.48	—	226,290,667,101.97

Note: Peruvian land is the land ownership of Peru Company.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

13. Fixed assets (continued)

13.1 Fixed assets (continued)

(2) Certificate of titles have not yet been obtained

Item	Amount	Status in obtaining certificate of titles
Premises and buildings	409,653,250.32	Applications are still in process
Total	<u>409,653,250.32</u>	

13.2 Fixed assets pending for disposal

Item	As at 30 June 2020	As at 31 December 2019
Fixed assets pending for disposal	20,524,858.04	1,298,110.20
Total	<u>20,524,858.04</u>	<u>1,298,110.20</u>

14. Construction in progress

Item	As at 30 June 2020	As at 31 December 2019
Construction in progress	7,587,278,925.44	6,820,572,132.91
Construction materials	29,038,862.42	60,067,302.75
Total	<u>7,616,317,787.86</u>	<u>6,880,639,435.66</u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

14. Construction in progress (continued)

14.1 Construction in progress

(1) Details of construction in progress

Item	As at 30 June 2020			As at 31 December 2019		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Xiangjiaba Project (Note).....	5,816,003,194.55	—	5,816,003,194.55	5,816,605,608.15	—	5,816,605,608.15
Auxiliary house at Kunming Base	563,956,377.77	—	563,956,377.77	541,058,560.68	—	541,058,560.68
Reconstruction of 220kV switchyard in Gezhouba Hydropower Station.....	137,273,187.21	—	137,273,187.21	122,424,114.45	—	122,424,114.45
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba Hydropower Station	64,850,718.57	—	64,850,718.57	49,230,429.26	—	49,230,429.26
Reconstruction of 170MW Hydrogenerator Unit in Gezhouba Hydropower Station ..	30,963,713.88	—	30,963,713.88	—	—	—
Gezhouba hub rendering lighting project ..	28,352,970.15	—	28,352,970.15	28,304,013.79	—	28,304,013.79
GCB switches added at the outlet of 6 generators of the Three Gorges Left Bank Power Station	26,209,628.66	—	26,209,628.66	25,766,816.02	—	25,766,816.02
Reconstruction of monitoring system of Three Gorges Left Bank Power Station...	22,250,066.15	—	22,250,066.15	22,248,937.01	—	22,248,937.01
Retrofit of 12 governors in Three Gorges Left Bank Power Station	19,347,119.90	—	19,347,119.90	19,347,119.90	—	19,347,119.90
Others	878,071,948.60	—	878,071,948.60	195,586,533.65	—	195,586,533.65
Total	<u>7,587,278,925.44</u>	<u>—</u>	<u>7,587,278,925.44</u>	<u>6,820,572,132.91</u>	<u>—</u>	<u>6,820,572,132.91</u>

Note: Fixed assets are transferred in when main works of Xiangjiaba Hydropower Station achieve the predetermined usable state, accounting of construction in progress is closing works construction of Xiangjiaba Project.

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

14. Construction in progress (continued)

14.1 Construction in progress (continued)

(2) Movement of significant construction in progress project

Project name	Balance brought forward	Increase during the current period	Decrease during the current period		Balance carried forward
			Transferred to fixed assets	Other decreases	
Xiangjiaba Project	5,816,605,608.15	—	—	602,413.60	5,816,003,194.55
Auxiliary house at Kunming Base	541,058,560.68	22,897,817.09	—	—	563,956,377.77
Reconstruction of 220kV switchyard in Gezhouba Hydropower Station	122,424,114.45	14,849,072.76	—	—	137,273,187.21
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba Hydropower Station	49,230,429.26	15,620,289.31	—	—	64,850,718.57
Reconstruction of 170MW Hydrogenerator Unit in Gezhouba Hydropower Station	—	30,963,713.88	—	—	30,963,713.88
Gezhouba hub rendering lighting project	28,304,013.79	48,956.36	—	—	28,352,970.15
GCB switches added at the outlet of 6 generators of the Three Gorges Left Bank Power Station	25,766,816.02	442,812.64	—	—	26,209,628.66
Reconstruction of monitoring system of Three Gorges Left Bank Power Station	22,248,937.01	1,129.14	—	—	22,250,066.15
Retrofit of 12 governors in Three Gorges Left Bank Power Station	19,347,119.90	—	—	—	19,347,119.90
Total	6,624,985,599.26	84,823,791.18	—	602,413.60	6,709,206,976.84

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

14. Construction in progress (continued)

14.1 Construction in progress (continued)

(2) Movement of significant construction in progress project (continued)

Project name	Budget	Ratio of total investment to budget (%)	Project progress (%)	Accumulated amount of capitalized interest	Including: amount of capitalized interest in the current period	Capitalization rate of interest in current period (%)	Source of funding
Xiangjiaba Project	54,165,000,000.00	—	—	—	—	—	Self-funding
Auxiliary house at							
Kunming Base	616,250,000.00	91.51	99.96	—	—	—	Self-funding
Reconstruction of 220kV switchyard in Gezhouba							
Hydropower Station	393,350,000.00	50.34	85.00	—	—	—	Self-funding
Renovation, reconstruction and capacity increase of water turbine generator unit in Gezhouba Hydropower Station	1,800,000,000.00	75.50	90.00	—	—	—	Self-funding
Reconstruction of 170MW Hydrogenerator Unit in Gezhouba Hydropower Station	471,500,000.00	6.57	5.00	—	—	—	Self-funding

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

14. Construction in progress (continued)

14.1 Construction in progress (continued)

(2) Movement of significant construction in progress project (continued)

Project name	Budget	Ratio of total investment to budget (%)	Project progress (%)	Accumulated amount of capitalized interest	Including: amount of capitalized interest in the current period	Capitalization rate of interest in current period (%)	Source of funding
Gezhouba hub rendering lighting project	44,000,000.00	64.44	95.00	—	—	—	Self-funding
GCB switches added at the outlet of 6 generators of the Three Gorges Left Bank Power Station	49,000,000.00	53.48	95.00	—	—	—	Self-funding
Reconstruction of monitoring system of Three Gorges Left Bank Power Station	70,000,000.00	31.78	30.00	—	—	—	Self-funding
Retrofit of 12 governors in Three Gorges Left Bank Power Station	27,000,000.00	71.65	95.00	—	—	—	Self-funding
Total	57,636,100,000.00	—	—	—	—	—	—

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

14. Construction in progress (continued)

14.2 Construction materials

Item	As at 30 June 2020			As at 31 December 2019		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Materials for engineering	29,038,862.42	—	29,038,862.42	60,067,302.75	—	60,067,302.75
Total	29,038,862.42	—	29,038,862.42	60,067,302.75	—	60,067,302.75

15. Intangible assets

(1) Details of intangible assets

Item	Land use right	Software	Parking space use right	Franchise and others	Total
I. Original book value					
1. As at 31 December 2019	122,644,899.00	186,889,656.45	47,061,908.89	—	356,596,464.34
2. Increase during the current period	—	94,357,431.25	740,953.63	70,607,430.14	165,705,815.02
(1) Purchase	—	285,271.88	740,953.63	1,205,749.26	2,231,974.77
(2) Internal research and development	—	—	—	—	—
(3) Increase due to business combination	—	94,072,159.37	—	69,401,680.88	163,473,840.25
3. Decrease during the current period	—	333,542.14	—	—	333,542.14
(1) Disposal or scrapping	—	333,542.14	—	—	333,542.14
4. Translation differences arising from foreign currency transactions	—	(4,197,506.77)	—	(2,927,311.02)	(7,124,817.79)
5. As at 30 June 2020	122,644,899.00	276,716,038.79	47,802,862.52	67,680,119.12	514,843,919.43

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

15. Intangible assets (continued)

(1) Details of intangible assets (continued)

Item	Land use right	Software	Parking space use right	Franchise and others	Total
II. Accumulated amortization					
1. As at 31 December 2019	18,413,759.48	139,590,356.34	7,129,604.02	—	165,133,719.84
2. Increase during the current period	1,538,213.24	84,141,178.23	573,265.24	1,318,556.10	87,571,212.81
(1) Provision	1,538,213.24	12,241,074.50	573,265.24	87,953.12	14,440,506.10
(2) Increase due to business combination	—	71,900,103.73	—	1,230,602.98	73,130,706.71
3. Decrease during the current period	—	333,542.14	—	—	333,542.14
(1) Disposal or scrapping	—	333,542.14	—	—	333,542.14
4. Translation differences arising from foreign currency transactions	—	(2,910,633.21)	—	(52,826.45)	(2,963,459.66)
5. As at 30 June 2020	19,951,972.72	220,487,359.22	7,702,869.26	1,265,729.65	249,407,930.85
III. Impairment provision					
1. As at 31 December 2019	—	—	—	—	—
2. Increase during the current period	—	—	—	—	—
(1) Provision	—	—	—	—	—
3. Decrease during the current period	—	—	—	—	—
(1) Disposal	—	—	—	—	—
4. As at 30 June 2020	—	—	—	—	—
IV. Book value					
1. As at 30 June 2020	102,692,926.28	56,228,679.57	40,099,993.26	66,414,389.47	265,435,988.58
2. As at 31 December 2019	104,231,139.52	47,299,300.11	39,932,304.87	—	191,462,744.50

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

15. Intangible assets (continued)

(2) Certificate of titles have not yet been obtained

Item	Amount	Status in obtaining certificate of titles
Land use rights	95,686,017.28	Applications are still in process
Total	<u>95,686,017.28</u>	—

16. Long-term deferred expenses

Item	Balance brought forward	Increase during the current period	Amortization during the current period	Other decreases during the current period	Balance carried forward
Office decoration costs	1,742,787.89	—	158,633.12	—	1,584,154.77
Total	<u>1,742,787.89</u>	<u>—</u>	<u>158,633.12</u>	<u>—</u>	<u>1,584,154.77</u>

17. Deferred income tax assets and liabilities

(1) Deferred income tax assets have not yet been offset

Item	As at 30 June 2020		As at 31 December 2019	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	326,086,274.15	76,748,389.30	324,035,755.25	76,529,364.02
Employee benefits	41,440,302.22	10,360,075.56	41,440,302.22	10,360,075.56
Depreciation of fixed assets	701,621,303.78	91,385,473.23	631,917,685.53	80,929,930.49
Social function transfer costs	1,146,288,805.00	177,440,604.75	1,163,482,497.00	181,739,027.75
Accrued expenses	121,041,327.99	18,156,199.20	121,041,327.99	18,156,199.20
Government subsidies ...	5,840,895.74	1,460,223.94	5,833,758.06	1,458,439.52
Changes in fair value of other non-current financial assets	10,588,546.24	2,647,136.56	—	—
Projects of Peru Company	141,728,124.39	41,809,796.70	—	—
Total	<u>2,494,635,579.51</u>	<u>420,007,899.24</u>	<u>2,287,751,326.05</u>	<u>369,173,036.54</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

17. Deferred income tax assets and liabilities (continued)

(2) *Deferred income tax liabilities have not yet been offset*

Item	As at 30 June 2020		As at 31 December 2019	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of other non-current financial assets	—	—	352,848,712.87	88,212,178.23
Changes in fair value of investment of other equity instruments	2,950,674,473.12	737,668,618.28	3,146,323,277.66	786,580,819.42
Projects of Peru Company	4,894,588,654.72	1,443,903,653.14	—	—
Total	<u>7,845,263,127.84</u>	<u>2,181,572,271.42</u>	<u>3,499,171,990.53</u>	<u>874,792,997.65</u>

(3) *Details of unrecognized deferred income tax assets*

Item	As at 30 June 2020	As at 31 December 2019
Deductible temporary difference	758,480,878.84	479,216,399.45
Deductible loss	909,137.02	340,642.14
Total	<u>759,390,015.86</u>	<u>479,557,041.59</u>

18. Other non-current assets

Item	As at 30 June 2020			As at 31 December 2019		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Premium to be shared by Peru Company	19,626,719,336.19	—	19,626,719,336.19	—	—	—
Others	15,586,434.83	—	15,586,434.83	34,272,485.05	—	34,272,485.05
Total	<u>19,642,305,771.02</u>	<u>—</u>	<u>19,642,305,771.02</u>	<u>34,272,485.05</u>	<u>—</u>	<u>34,272,485.05</u>

Note: The increase in other non-current assets at the end of the period was mainly caused by the acquisition of Peru Company. Refer to “II. Scope of consolidated financial statements” in this note for details.

19. Short-term borrowings

Category of borrowings	As at 30 June 2020	As at 31 December 2019
Pledge borrowings	3,724,074.29	—
Guaranteed borrowings	24,353,480,000.00	—
Credit borrowings	18,435,563,481.56	21,308,000,000.00
Total	<u>42,792,767,555.85</u>	<u>21,308,000,000.00</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

20. Financial liabilities held for trading

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
Financial liabilities held for trading	768,403,141.10	—	97,469,950.68	670,933,190.42
Including: Options for exchangeable bonds (Note) . . .	768,403,141.10	—	97,469,950.68	670,933,190.42
Total	<u>768,403,141.10</u>	<u>—</u>	<u>97,469,950.68</u>	<u>670,933,190.42</u>

Note: For details, please refer to Note 4 and Note 5 of Notes “VI. 30. Bonds Payable”.

21. Notes payable

Item	As at 30 June 2020	As at 31 December 2019
Commercial acceptance bills	19,298,745.71	18,701,549.83
Total	<u>19,298,745.71</u>	<u>18,701,549.83</u>

22. Accounts payable

Item	As at 30 June 2020	As at 31 December 2019
Within 1 year	799,899,481.41	72,801,074.57
1-2 years	53,407,805.05	13,022,392.72
2-3 years	2,019,619.41	731,546.04
Over 3 years	18,995,847.63	264,592.22
Total	<u>874,322,753.50</u>	<u>86,819,605.55</u>

Note: The accounts payable at the end of the period are mainly electricity purchase funds of Peru Company.

23. Contractual liabilities

Item	As at 30 June 2020	As at 31 December 2019
Contractual liabilities	75,697,929.62	—
Total	<u>75,697,929.62</u>	<u>—</u>

24. Employee compensation payable

(1) Details of employee compensation payable

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
Short-term employee remunerations	120,539,909.11	718,218,109.19	594,990,494.49	243,767,523.81
Post-resignation benefits – defined contribution plan	—	48,229,410.82	48,229,410.82	—
Total	<u>120,539,909.11</u>	<u>766,447,520.01</u>	<u>643,219,905.31</u>	<u>243,767,523.81</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

24. Employee compensation payable (continued)

(2) Details of Short-term employee remunerations

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
Salary, bonuses, allowances and subsidy	34,970,719.17	500,166,758.82	431,282,485.65	103,854,992.34
Employee welfare expenses	—	33,709,913.82	32,243,894.99	1,466,018.83
Social insurance charges	—	55,375,855.26	50,539,651.15	4,836,204.11
Including: Basic medical insurance	—	15,432,034.66	15,432,034.66	—
Work-related safety insurance charges	—	295,371.56	295,371.56	—
Maternity insurance charges	—	1,928,371.64	1,928,371.64	—
Supplementary medical insurance charges	—	26,610,662.66	26,610,662.66	—
Social insurance charges of Peru Company	—	11,109,414.74	6,273,210.63	4,836,204.11
Housing funds	—	49,979,448.41	49,979,448.41	—
Labor union expenditures and personnel education fund	85,569,189.94	18,154,793.81	12,978,500.00	90,745,483.75
Other short-term employees benefits	—	60,831,339.07	17,966,514.29	42,864,824.78
Total	<u>120,539,909.11</u>	<u>718,218,109.19</u>	<u>594,990,494.49</u>	<u>243,767,523.81</u>

(3) Details of defined contribution plan

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
Basic endowment insurance premiums	—	10,120,884.98	10,120,884.98	—
Unemployment insurance premiums	—	375,589.34	375,589.34	—
Enterprise annuity payment	—	37,732,936.50	37,732,936.50	—
Total	<u>—</u>	<u>48,229,410.82</u>	<u>48,229,410.82</u>	<u>—</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

25. Taxes payable

Item	As at 30 June 2020	As at 31 December 2019
Value-added tax	776,242,944.26	565,168,563.12
Water resources tax	60,754,508.84	110,122,250.31
Enterprise income tax	748,251,202.60	994,450,590.67
Individual income tax	9,464,538.28	32,967,873.52
City maintenance and construction tax	45,766,722.02	35,919,275.51
Property tax	150,533,031.16	154,495,388.93
Land use tax	141,777,653.04	169,132,142.26
Educational surcharge	33,072,699.52	27,008,248.59
IGV tax of Peru Company	126,618,930.31	—
Others	10,768,402.64	16,978,581.00
Total	<u>2,103,250,632.67</u>	<u>2,106,242,913.91</u>

26. Other payables

Item	As at 30 June 2020	As at 31 December 2019
Interest payable	1,582,185,335.48	897,073,966.87
Dividends payable	15,000,925,425.84	—
Other payables	17,067,846,023.40	20,145,190,386.39
Total	<u>33,650,956,784.72</u>	<u>21,042,264,353.26</u>

26.1 Interest payable

Item	As at 30 June 2020	As at 31 December 2019
Interest of long-term borrowings for which interest to be paid in installment, principal to be paid when due	53,564,560.12	63,195,356.45
Interest for bonds	1,340,146,341.05	690,571,246.89
Interest payable of short-term financing bills	70,523,972.60	117,587,021.83
Interest payable for short-term borrowing ..	117,950,461.71	25,720,341.70
Total	<u>1,582,185,335.48</u>	<u>897,073,966.87</u>

26.2 Dividends payable

Item	As at 30 June 2020	As at 31 December 2019
Common stock dividend	14,963,336,205.66	—
Dividends payable of Peru Company	37,589,220.18	—
Total	<u>15,000,925,425.84</u>	<u>—</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

26. Other payables (continued)

26.3 Other payables

(1) Details of other payables by nature

Item	As at 30 June 2020	As at 31 December 2019
Accrual of construction costs	13,395,436,827.90	14,321,897,653.78
Guarantee deposits and security deposits . . .	446,576,912.76	466,446,442.12
Accrual charges	3,158,174,678.14	5,319,872,751.01
Others	67,657,604.60	36,973,539.48
Total	17,067,846,023.40	20,145,190,386.39

(2) Details of significant other payables with aging over 1 year

Company name	Amount	Reasons for not yet settled
China Gezhouba Group Co., Ltd. .	122,628,747.63	Still within the credit period
Sinohydro Bureau 14 Co., Ltd. . .	48,682,681.87	Still within the credit period
Sinohydro Bureau 8 Co., Ltd. . . .	45,389,378.83	Still within the credit period
Sinohydro Bureau 7 Co., Ltd. . . .	16,278,406.84	Still within the credit period
Sinohydro Bureau 4 Co., Ltd	15,683,205.50	Still within the credit period
Total	248,662,420.67	—

27. Current portion of non-current liabilities

Item	As at 30 June 2020	As at 31 December 2019
Current portion of long-term borrowings . . .	543,038,460.63	—
Bonds payable due within one year	5,652,558,423.78	2,499,762,842.57
Current portion of long-term accounts payable	2,707,222.04	—
Total	6,198,304,106.45	2,499,762,842.57

28. Other current liabilities

(1) Details of other current liabilities

Item	As at 30 June 2020	As at 31 December 2019
Short-term bonds payable	6,495,735,583.47	7,998,650,574.74
Total	6,495,735,583.47	7,998,650,574.74

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

28. Other current liabilities (continued)

(2) Details of short-term bond payable

Bond name	Par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issue during the current period	Interest accrued at par value	Amortization of premiums and discounts	Payback during the current period	Balance carried forward
First batch of the Short-term Commercial Paper 2019	2,500,000,000.00	2019-3-20	1 year	2,500,000,000.00	2,499,464,699.93	—	17,538,934.44	535,300.07	2,500,000,000.00	—
Second batch of the Short-term Commercial Paper 2019	2,500,000,000.00	2019-5-16	1 year	2,500,000,000.00	2,498,940,792.84	—	30,887,978.16	1,059,207.16	2,500,000,000.00	—
Third batch of the Short-term Commercial Paper 2019	3,000,000,000.00	2019-12-5	1 year	3,000,000,000.00	3,000,245,081.97	—	47,588,524.59	(1,739,901.03)	—	2,998,505,180.94
Fifth batch of the Super and Short-term Commercial Paper 2019	1,500,000,000.00	2019-12-30	150 days	1,500,000,000.00	—	1,499,233,490.57	14,754,098.36	766,509.43	1,500,000,000.00	—
First batch of the Super and Short-term Commercial Paper 2020 (Note 1)	1,000,000,000.00	2020-1-8	245 days	1,000,000,000.00	—	999,165,356.40	11,647,540.98	923,265.31	—	1,000,088,621.71
First batch of the Short-term Commercial Paper 2020 (Note 2)	2,500,000,000.00	2020-5-14	1 year	2,500,000,000.00	—	2,496,750,000.00	5,273,972.60	391,780.82	—	2,497,141,780.82
Total	—	—	—	13,000,000,000.00	7,998,650,574.74	4,995,148,846.97	127,691,049.13	1,936,161.76	6,500,000,000.00	6,495,735,583.47

Note 1: The Company issued the first batch of the Super and Short-term Commercial Paper 2020 of China Yangtze Power Co., Ltd. on January 08, 2020 with the issuing amount of RMB1 billion, the term is 245 days and the coupon rate is 2.45%. The interest commencement date was January 09, 2020 and the repayment date is September 10, 2020 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.

Note 2: The Company issued the first batch of the Short-term Commercial Paper 2020 of China Yangtze Power Co., Ltd. on May 14, 2020 with the issuing amount of RMB2.5 billion, the term is 1 year and the coupon rate is 1.75%. The interest commencement date was May 18, 2020 and the repayment date is May 18, 2021 and the principal of and interest of the commercial paper will be fully repayable upon the maturity of the commercial paper.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

29. Long-term borrowings

<u>Category of borrowings</u>	<u>As at 30 June 2020</u>	<u>As at 31 December 2019</u>
Credit borrowings	22,799,130,922.93	24,600,000,000.00
Total	<u>22,799,130,922.93</u>	<u>24,600,000,000.00</u>

30. Bonds payable

(1) Details of bonds payable

<u>Item</u>	<u>As at 30 June 2020</u>	<u>As at 31 December 2019</u>
Other bonds payable	53,177,295,452.01	42,938,865,726.66
Less: Bonds payable due within one year .	5,652,558,423.78	2,499,762,842.57
Add: Exchangeable bonds	3,412,503,998.61	3,355,689,608.12
Total	<u>50,937,241,026.84</u>	<u>43,794,792,492.21</u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

30. Bonds payable (continued)

(2) Movements of bonds payable

Bond name	Total par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issuing during the current period
02 CTG bond	5,000,000,000.00	2002/9/21	20 years	5,000,000,000.00	4,992,751,983.66	—
03 CTG bond	3,000,000,000.00	2003/8/1	30 years	3,000,000,000.00	2,985,458,357.41	—
15 CYPC MTN001	3,000,000,000.00	2015/9/14	10 years	3,000,000,000.00	2,987,683,328.91	—
16 CYPC MTN001	3,000,000,000.00	2016/1/13	5 years	3,000,000,000.00	2,996,763,875.19	—
16 CYPC MTN002	4,000,000,000.00	2016/8/1	5 years	4,000,000,000.00	3,996,874,207.06	—
18 CYPC MTN001	2,000,000,000.00	2018/12/3	5 years	2,000,000,000.00	1,995,627,683.95	—
19 CYPC MTN 001	3,000,000,000.00	2019/3/13	5 years	3,000,000,000.00	2,992,947,857.61	—
19 CYPC MTN002	2,000,000,000.00	2019/8/7	5 years	2,000,000,000.00	1,994,815,813.12	—
16 CYPC bond 01	3,000,000,000.00	2016/10/17	10 years	3,000,000,000.00	2,998,505,399.97	—
18 CYPC bond 01	2,500,000,000.00	2018/7/26	3 years	2,500,000,000.00	2,499,069,411.92	—
18 CYPC bond 02	3,000,000,000.00	2018/9/27	3 years	3,000,000,000.00	3,001,941,623.30	—
19 CYPC bond 01	3,000,000,000.00	2019/2/19	5 years	3,000,000,000.00	2,998,820,864.88	—
19 CYPC bond 02	2,000,000,000.00	2019/9/4	5 years	2,000,000,000.00	1,998,946,085.44	—
19 CYPC bond 03	2,000,000,000.00	2019/12/6	3 years	2,000,000,000.00	1,998,896,391.67	—
20 CYPC bond 01 (Note 1)	1,500,000,000.00	2020/1/8	3 years	1,500,000,000.00	—	1,499,150,943.39
20 CYPC bond 02 (Note 1)	500,000,000.00	2020/1/8	5 years	500,000,000.00	—	499,716,981.13
20 CYPC COVID-19 MTN001 (Note 2)	2,500,000,000.00	2020/3/12	3 years	2,500,000,000.00	—	2,492,500,000.00
20 CYPC MTN002 (Note 3)	2,500,000,000.00	2020/4/13	5 years	2,500,000,000.00	—	2,497,113,207.55
CYPBV11 N2111 (Note 4)	USD300 million	2016/11/9	5 years	USD300 million	1,934,241,932.36	—
CYPBV12 N2111 (Note 5)	EUR200 million	2016/11/9	5 years	EUR200 million	1,421,447,675.76	—
B.C.LUZ DEL SUR 2P 2EM						
S-U-SECOND	PEN27,210,000.00	2011/10/26	10 years	PEN27,210,000.00	—	—
B.C.LUZ DEL SUR 2P 6EM						
S-U-SECOND	PEN77,580,000.00	2012/10/29	10 years	PEN77,580,000.00	—	—
B.C.LUZ DEL SUR 2P 9EM						
S-U-SECOND	PEN83,460,000.00	2013/12/20	8 years	PEN83,460,000.00	—	—
B.C.LUZ DEL SUR 2P 10EM S-U-SECOND	PEN84,570,000.00	2014/2/12	8 years	PEN84,570,000.00	—	—
B.C.LUZ DEL SUR 3PIEM						
S-A-THIRD	PEN138,950,000.00	2014/6/5	10 years	PEN138,950,000.00	—	—

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

30. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Bond name	Total par value	Date of issuance	Bond term	Amount issued	Balance brought forward	Issuing during the current period
B.C.LUZ DEL SUR 3P2EM						
S-A-THIRD	PEN81,175,000.00	2015/9/3	11 years	PEN81,175,000.00	—	—
B.C.LUZ DEL SUR 3P3EM						
S-A-THIRD	PEN143,150,000.00	2014/9/22	15 years	PEN143,150,000.00	—	—
B.C.LUZ DEL SUR 3P4EM						
S-A-THIRD	PEN164,100,000.00	2016/7/14	9 years	PEN164,100,000.00	—	—
B.C.LUZ DEL SUR 3P5EM						
S-A-THIRD	PEN162,450,000.00	2017/2/7	6 years	PEN162,450,000.00	—	—
B.C.LUZ DEL SUR 3P6EM						
S-A-THIRD	PEN161,800,000.00	2017/12/14	10 years	PEN161,800,000.00	—	—
B.C.LUZ DEL SUR 3P7EM						
S-A-THIRD	PEN167,350,000.00	2018/10/30	10 years	PEN167,350,000.00	—	—
B.C.LUZ DEL SUR 3P8EM						
S-A-THIRD	PEN82,800,000.00	2019/4/3	7 years	PEN82,800,000.00	—	—
B.C.LUZ DEL SUR 4P1EM						
S-A-FOURTH	PEN168,500,000.00	2019/10/17	15 years	PEN168,500,000.00	—	—
Total	—	—	—	—	43,794,792,492.21	6,988,481,132.07
	—	—	—	—	—	—

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

30. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Bond name	Increase due to business combination	Interest accrued at par value	Amortization of premiums and discounts	Decrease during the current period	Balance carried forward
02 CTG bond	—	118,349,726.79	1,328,438.08	—	4,994,080,421.74
03 CTG bond	—	72,501,639.35	533,476.91	—	2,985,991,834.32
15 CYPC MTN001	—	67,131,147.54	1,076,156.60	—	2,988,759,485.51
16 CYPC MTN001	—	45,350,819.67	1,554,022.99	2,998,317,898.18	—
16 CYPC MTN002	—	62,059,016.39	1,196,056.97	—	3,998,070,264.03
18 CYPC MTN001	—	38,786,885.25	598,028.46	—	1,996,225,712.41
19 CYPC MTN001	—	54,525,409.83	896,551.72	—	2,993,844,409.33
19 CYPC MTN002	—	33,814,207.64	597,701.16	—	1,995,413,514.28
16 CYPC bond 01	—	49,975,409.83	119,605.69	—	2,998,625,005.66
18 CYPC bond 01	—	52,088,797.81	332,116.79	—	2,499,401,528.71
18 CYPC bond 02	—	48,483,606.56	298,905.11	—	3,002,240,528.41
19 CYPC bond 01	—	51,467,213.11	298,905.11	—	2,999,119,769.99
19 CYPC bond 02	—	37,792,349.73	119,540.23	—	1,999,065,625.67
19 CYPC bond 03	—	34,709,289.63	199,270.09	—	1,999,095,661.76
20 CYPC bond 01 (Note 1)	—	24,170,081.97	143,704.38	—	1,499,294,647.77
20 CYPC bond 02 (Note 1)	—	8,845,628.40	28,735.63	—	499,745,716.76
20 CYPC COVID-19 MTN001 (Note 2)	—	21,619,863.02	732,876.71	—	2,493,232,876.71
20 CYPC MTN002 (Note 3)	—	16,191,095.89	316,265.06	—	2,497,429,472.61
CYPIBV11 N2111 (Note 4)	—	—	29,625,496.98	—	1,963,867,429.34
CYPIBV12 N2111 (Note 5)	—	—	27,188,893.51	—	1,448,636,569.27
B.C.LUZ DEL SUR 2P 2EM S-U-SECOND ..	57,015,834.00	663,123.43	(2,615,044.65)	—	54,400,789.35
B.C.LUZ DEL SUR 2P 6EM S-U-SECOND ..	162,561,132.00	1,399,261.97	(7,455,904.60)	—	155,105,227.40
B.C.LUZ DEL SUR 2P 9EM S-U-SECOND ..	174,882,084.00	2,016,048.02	(8,021,007.97)	—	166,861,076.03

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

30. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Bond name	Increase due to business combination	Interest accrued at par value	Amortization of premiums and discounts	Decrease during the current period	Balance carried forward
B.C.LUZ DEL SUR 2P 10EM S-U-SECOND .	177,207,978.00	2,151,813.62	(8,127,685.65)	—	169,080,292.35
B.C.LUZ DEL SUR 3P1EM S-A-THIRD	291,155,830.00	3,192,363.22	(13,353,930.71)	—	277,801,899.29
B.C.LUZ DEL SUR 3P2EM S-A-THIRD	170,094,095.00	2,440,171.23	(7,801,405.73)	—	162,292,689.27
B.C.LUZ DEL SUR 3P3EM S-A-THIRD	299,956,510.00	3,381,068.80	(13,757,575.98)	—	286,198,934.02
B.C.LUZ DEL SUR 3P4EM S-A-THIRD	343,855,140.00	3,664,476.08	(15,770,996.98)	—	328,084,143.02
B.C.LUZ DEL SUR 3P5EM S-A-THIRD	340,397,730.00	3,557,868.22	(15,612,422.06)	—	324,785,307.94
B.C.LUZ DEL SUR 3P6EM S-A-THIRD	339,035,720.00	3,300,441.91	(15,549,953.15)	—	323,485,766.85
B.C.LUZ DEL SUR 3P7EM S-A-THIRD	350,665,190.00	4,024,516.48	(16,083,341.53)	—	334,581,848.47
B.C.LUZ DEL SUR 3P8EM S-A-THIRD	173,499,120.00	1,635,641.55	(7,957,578.00)	—	165,541,542.00
B.C.LUZ DEL SUR 4P1EM S-A-FOURTH . . .	353,074,900.00	3,021,039.13	(16,193,863.43)	—	336,881,036.57
Total	3,233,401,263.00	872,310,022.07	(81,115,962.26)	2,998,317,898.18	50,937,241,026.84

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

30. Bonds payable (continued)

(2) Movements of bonds payable (continued)

Note 1: On January 8, 2020, the Company issued the 2020 corporate bonds of China Yangtze Power Co., Ltd.. Variety 1 is referred to as 20 CYPC 01, with a total par value of RMB1.5 billion, a coupon rate of 3.37%, and a term of three years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond. Variety 2 is referred to as 20 CYPC 02, with a total par value of RMB500 million, a coupon rate of 3.70%, and a term of five years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.

Note 2: On March 12, 2020, the Company issued the First Batch Medium-term Notes 2020 of China Yangtze Power Co., Ltd., (hereinafter referred to as the “20 CYPC (COVID-19) MTN001”, with the issuing amount of RMB2.5 billion, the coupon rate was 2.95% and the term was three years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.

Note 3: On April 13, 2020, the Company issued the Second Batch Medium-term Notes 2020 of China Yangtze Power Co., Ltd., (hereinafter referred to as the “20 CYPC MTN002”) with the issuing amount of RMB2.5 billion, the coupon rate was 3.07% and the term was five years. The interest will be payable annually and the principal and interest of the last phase will be fully repayable upon the maturity of the bond.

Note 4: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 09, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the “CYPI BVI1 N2111”) through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 1 Co., Ltd. as the issuing body with no more than 294,639,058 shares of H-shares of China Construction Bank. The bond issue date was November 09, 2016 and the issue amount was USD300 million, the bond term was five years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$7.8960 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. Exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 09, 2016, the value of the liability portion after the split was RMB1,884.19 million, which was included in the bonds payable. The value of the exchange option component was RMB150.77 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of June 30, 2020, the fair value of the exchange option component was RMB406.40 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

Note 5: With the approval from the 10th Meeting of the 4th Board of Directors of China Yangtze Power Co., Ltd. on November 09, 2016, the Company privately issued exchangeable bonds (hereinafter referred to as the “CYPI BVI2 N2111”) through its wholly-owned subsidiary, China Yangtze Power International (British Virgin Islands) 2 Co., Ltd. as the issuing body with no more than 202,898,346 shares of H-shares of China Construction Bank. The bond issue date was November 09, 2016 and the issue amount was Euros 200 million, the bond term was five years and the coupon rate was 0%. The share exchange period in general was from December 20, 2016 to October 26, 2021, and while, in case of early redemption of the bond, it was from December 20, 2016 to 10 days before the designated redemption date. The initial share exchange price was HK\$8.4600 per share and the listing place of the exchangeable bonds was The Stock Exchange of Hong Kong Limited. The exchangeable bonds are compound financial instruments. The value of exchangeable bonds and exchange options are split at the initial measurement. The value of exchangeable bonds and exchange options are based on the fair value of the liability component or the fair value of exchange options. The proportion of the sum of the fair value of the liability part and the fair value of the exchange option is allocated to the overall issue price. On November 09, 2016, the value of the liability portion after the split was RMB1,361.87 million, which was included in the bonds payable. The value of the exchange option component was RMB132.97 million, which was included in financial liabilities measured at fair value and such changes are included in the current profit and loss. As of June 30, 2020, the fair value of the exchange option component was RMB264.53 million. The amortization of premiums and discounts during the year is mainly due to the impact of exchange rate changes.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

31. Long-term payables

Item	As at 30 June 2020	As at 31 December 2019
Long-term payables	20,152,714,346.01	21,232,945,436.94
Special payables	—	—
Total	<u>20,152,714,346.01</u>	<u>21,232,945,436.94</u>

Details of long-term payables by nature

Item	As at 30 June 2020	As at 31 December 2019
Advanced project payment of China Three Gorges Corporation	20,132,945,436.94	21,232,945,436.94
Others	19,768,909.07	—
Total	<u>20,152,714,346.01</u>	<u>21,232,945,436.94</u>

32. Deferred income

(1) Details of deferred income

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward	Nature
Government subsidies	5,833,758.06	200,000.00	192,862.32	5,840,895.74	According to 2016- 2018 Incentive Fund for Terminal Vessels Using Shore Power
Total	<u>5,833,758.06</u>	<u>200,000.00</u>	<u>192,862.32</u>	<u>5,840,895.74</u>	—

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

32. Deferred income (continued)

(2) Government subsidy projects

Government subsidy projects	Balance brought forward	Additions	Charge to non-operating revenue during the period	Charge to other income during the period	Others Changes	Balance carried forward	Asset-related/revenue-related
Guangxi Beibu Gulf Port (Fangchenggang District, Qinzhou Dalanping Bonded Port District)							
Shore Power Project	4,900,370.36	—	—	145,555.56	—	4,754,814.80	Assets-related
Yichang Taipingxi Port							
Shore Power Project . . .	933,387.70	200,000.00	—	47,306.76	—	1,086,080.94	Assets-related
Total	<u>5,833,758.06</u>	<u>200,000.00</u>	<u>—</u>	<u>192,862.32</u>	<u>—</u>	<u>5,840,895.74</u>	<u>—</u>
							<u>—</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

33. Capital stock

Item	Balance brought forward	Increase (+)/Decrease (-) during the period					Balance carried forward
		New shares	Allotment	Turned from reserve	Others	Subtotal	
Total shares . . .	22,000,000,000.00	—	—	—	—	—	22,000,000,000.00

34. Capital reserves

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
Capital stock premium	43,820,006,348.75	—	—	43,820,006,348.75
Other capital reserves (Note)	544,307,437.52	—	28,938,579.67	515,368,857.85
Total	<u>44,364,313,786.27</u>	<u>—</u>	<u>28,938,579.67</u>	<u>44,335,375,206.60</u>

Note: Movement of capital reserves – other capital reserves during the current period was mainly due to accounting other changes of owners' equity except for net profit or loss and other comprehensive income of the investees by equity method.

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

35. Other comprehensive income

	For the six months ended 30 June 2020							
	Balance brought forward	Amount incurred before income tax during the current period	Less: Amount included in other comprehensive income in previous period and transferred to profits and losses during the current period	Less: Income tax expenses	Less: Others	Attributable to the parent company, net of tax	Attributable to minority shareholders, net of tax	Balance carried forward
I. Other comprehensive income that cannot be reclassified through profit or loss	2,213,942,752.92	(325,669,150.69)	—	(48,912,201.14)	4,252,610.14	(281,009,734.21)	174.52	1,932,933,018.71
Including: changes arising from re-measurement of the defined benefit plan	—	—	—	—	—	—	—	—
Other comprehensive income that cannot be reclassified into profit or loss under the equity method	44,423,777.32	(11,020,065.82)	—	—	4,252,610.14	(15,272,850.48)	174.52	29,150,926.84
Changes in fair value of other equity instrument investments	2,169,518,975.60	(314,649,084.87)	—	(48,912,201.14)	—	(265,736,883.73)	—	1,903,782,091.87
II. Other comprehensive income that will be re-classified into profits or losses	138,488,814.68	(361,279,859.35)	—	—	—	(361,610,996.49)	331,137.14	(223,122,181.81)

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

35. Other comprehensive income (continued)

For the six months ended 30 June 2020								
Item	Balance brought forward	Amount incurred before income tax during the current period	Less: Amount included in other comprehensive income in previous period and transferred to profits and losses during the current period	Less: Income tax expenses	Less: Others	Attributable to the parent company, net of tax	Attributable to minority shareholders, net of tax	Balance carried forward
Including: Other comprehensive income that can be reclassified into profits or losses under the equity method	84,829,424.53	(69,247,193.91)	—	—	—	(69,247,193.91)	—	15,582,230.62
Differences arising from translation of foreign currency financial statements	53,659,390.15	(292,032,665.44)	—	—	—	(292,363,802.58)	331,137.14	(238,704,412.43)
Total other comprehensive income	2,352,431,567.60	(686,949,010.04)	—	(48,912,201.14)	4,252,610.14	(642,620,730.70)	331,311.66	1,709,810,836.90

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

36. Surplus reserves

Item	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
Statutory surplus reserves	13,856,359,416.39	—	—	13,856,359,416.39
Discretionary surplus reserves	10,462,022,156.76	—	—	10,462,022,156.76
Others	1,140,860.78	—	—	1,140,860.78
Total	24,319,522,433.93	—	—	24,319,522,433.93

37. Undistributed profits

Item	For the six months ended 30 June 2020	2019
Balance brought forward, original amount ..	56,473,906,836.25	48,400,469,257.13
Add: adjustment of opening balances	—	561,377,843.66
Including: Changes in accounting policies	—	561,377,843.66
Balance brought forward, restated amount ..	56,473,906,836.25	48,961,847,100.79
Add: Net profits attributable to owners of parent company during the current period ...	7,902,525,711.57	21,543,493,635.57
Others	3,831,824.81	928,566,099.89
Less: Transfer to statutory surplus reserve	—	—
Transfer to discretionary surplus reserves	—	—
Appropriation to general risk reserves	—	—
Common stock dividends payable (<i>Note</i>)	14,960,000,000.00	14,960,000,000.00
Ordinary share dividends transferred into share capital	—	—
Others	965,324.07	—
Balance carried forward	49,419,299,048.56	56,473,906,836.25

Note: According to the Company's 2019 Profit Distribution Plan reviewed and approved by the general meeting of the Company shareholders on May 21, 2020, based on the total quantity of 22,000,000,000 shares, the cash dividend of RMB6.8 will be distributed for every 10 shares; a total cash dividend of RMB14,960,000,000.00 will be distributed.

38. Operating revenue and operating costs

Item	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Income	Cost	Income	Cost
Main operation	19,752,650,734.50	8,632,905,241.28	20,345,054,937.99	8,755,838,126.70
Other operation	159,896,577.55	115,736,851.38	17,700,796.26	973,023.02
Total	19,912,547,312.05	8,748,642,092.66	20,362,755,734.25	8,756,811,149.72

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

39. Taxes and surcharges

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
City maintenance and construction tax	139,705,983.68	163,097,256.43
Educational surcharge	68,273,498.29	79,523,152.58
Local educational surcharge	39,024,765.30	45,495,461.11
Property tax	23,649,222.20	37,534,171.53
Stamp tax	3,126,265.60	3,325,858.88
Water resources tax	112,190,305.46	121,932,308.83
Land use tax	16,202,360.45	24,266,465.66
Others	764,315.06	435,140.14
Total	402,936,716.04	475,609,815.16

40. Selling and distribution expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Employee wages and other benefits	24,375,494.76	5,417,443.62
Traveling expenses	353,273.94	1,301,532.05
Electricity transaction fees	1,803,641.45	1,471,695.96
Other expenses	11,623,880.91	675,690.30
Total	38,156,291.06	8,866,361.93

41. Administrative expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Employee wages and other benefits	88,403,367.52	75,708,578.18
Depreciation of fixed assets	45,003,462.30	34,285,429.19
Amortization of intangible assets and low value consumables	13,961,318.39	9,517,399.73
Navigation and waterway expenses	28,165,735.49	26,493,451.20
Repair and maintenance expenses	85,544,700.98	58,557,090.09
Traveling expenses	4,555,254.94	3,869,401.46
Property insurance expenses	2,938,116.37	4,145,671.43
Property management fees	24,947,224.78	26,512,192.19
Consultation expenses	35,755,575.16	6,592,634.15
Other expenses	22,236,545.27	15,250,659.51
Total	351,511,301.20	260,932,507.13

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

42. Research and development expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Employee wages and other benefits	6,698,074.96	6,109,736.46
Depreciation	835,062.58	1,219,277.01
Consultation expenses	471.70	634,468.05
Project costs	107,368.45	4,647,512.81
Others	172,116.64	296,851.36
Total	7,813,094.33	12,907,845.69

43. Financial expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Interest expenses	2,538,595,610.31	2,648,759,426.82
Less: Interest income	43,734,022.62	28,848,872.17
Add: Exchange gains (losses)	(47,283,148.21)	17,851,103.66
Other expenditures	47,249,381.46	19,943,284.43
Total	2,494,827,820.94	2,657,704,942.74

44. Other income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
VAT deduction	554,547.09	77,537.25
Refund of withholding service fee	3,492,662.97	8,240.57
Yichang Taipingxi Port Shore Power Project	47,306.76	27,862.32
Guangxi Beibu Gulf Port (Fangchenggang District, Qinzhou Dalanping Bonded Port District) Shore Power Project	145,555.56	194,074.08
Exemption from VAT	2,144.56	—
Total	4,242,216.94	307,714.22

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

45. Investment income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Long-term equity investments income under the equity method	1,453,713,613.92	986,117,017.09
Investment income from disposal of long-term equity investments	—	—
Investment income from holding other non-current financial assets	218,395,331.07	80,179,458.89
Investment income from disposal of other non-current financial assets	103,483,918.32	486,779,361.42
Dividend income from investments in other equity instruments during the holding period	228,749,930.91	283,119,169.56
Investment income from available-for-sale financial assets during the holding period . . .	—	—
Investment income from disposal of available- for-sale financial assets	—	—
Interest income from debt investments during the holding period	30,255,984.06	59,909,001.97
Investment income from disposal of financial assets at fair value through profit or loss . . .	—	—
Others	210,172,408.48	9,687,208.49
Total	<u>2,244,771,186.76</u>	<u>1,905,791,217.42</u>

46. Fair value gains (losses)

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Other non-current financial assets	(485,635,350.34)	145,701,875.73
Financial liabilities held for trading	108,325,406.74	153,805,235.53
Total	<u>(377,309,943.60)</u>	<u>299,507,111.26</u>

47. Credit impairment losses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Impairment of accounts receivables	(1,173,540.83)	(39,811.17)
Impairment of other receivables	(3,457,106.88)	(4,477,350.13)
Total	<u>(4,630,647.71)</u>	<u>(4,517,161.30)</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

48. Income from assets disposal

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Amount included in non-recurring profits and losses
Gains from disposal of non-current assets	11,004,117.11	(10,959,604.00)	11,004,117.11
Including: Income from disposal of non-current assets not classified as the held-for-sale assets	11,004,117.11	(10,959,604.00)	11,004,117.11
Including: Income from disposal of fixed assets	11,004,117.11	(10,959,604.00)	11,004,117.11
Total	11,004,117.11	(10,959,604.00)	11,004,117.11

49. Non-operating income

Details of non-operating income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Amount included in non-recurring profits and losses
Others	54,286,310.56	651,254.44	54,286,310.56
Total	54,286,310.56	651,254.44	54,286,310.56

50. Non-operating expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Amount included in non-recurring profits and losses
Losses from written-off of non-current assets . .	—	—	—
Donations	193,000,000.00	45,300,000.00	193,000,000.00
Overdue fines	—	293,934.90	—
Reservoir maintenance expenses	98,178,356.10	106,855,176.45	—
Other expenditures	1,248,930.00	—	1,248,930.00
Total	292,427,286.10	152,449,111.35	194,248,930.00

51. Income tax expenses

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Current income tax	1,653,571,492.27	1,733,100,515.35
Deferred income tax	(97,557,093.37)	(80,094,749.56)
Total	1,556,014,398.90	1,653,005,765.79

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

52. Other comprehensive income

Refer to Note “VI. 35 Other comprehensive income” for details.

53. Items of cash flow statements

(1) Other cash received/paid relating to operating/investment/financing activities

1) Other cash received relating to operating activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Transaction payments	20,174,992.45	32,822,484.23
Interest income	43,734,022.62	28,848,872.17
Non-operating income	262,819.93	55,873.00
Deferred income	200,000.00	—
Others	3,844,571.28	9,024.00
Total	<u>68,216,406.28</u>	<u>61,736,253.40</u>

2) Other cash paid relating to operating activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Transaction payments	80,958,307.12	53,669,641.09
Administrative expenses	99,395,301.84	52,328,651.49
Selling and distribution expenses	8,691,751.51	4,699,971.83
Bank service charges	96,809.64	136,975.91
Donations	193,000,000.00	106,300,000.00
Restricted monetary funds	—	2,000,035.50
Others	1,339,279.26	215,130.60
Total	<u>383,481,449.37</u>	<u>219,350,406.42</u>

3) Other cash received relating to investment activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Dividends from on behalf of Beijing Enterprises Water Group Limited to hold shares	—	33,684,803.72
Total	<u>—</u>	<u>33,684,803.72</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

53. Items of cash flow statements (continued)

(1) Other cash received/paid relating to operating/investment/financing activities (continued)

4) Other cash paid relating to financing activities

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Service charges for issuance of short-term financing bills and bonds	21,384,672.22	17,012,112.29
Loan guarantee and service charges	28,398,022.12	—
Payment in installments for buying and constructing of fixed assets	1,582,063,984.16	11,097,932,840.67
Others	535,212.61	1,262,616.87
Total	1,632,381,891.11	11,116,207,569.83

(2) Supplementary information to consolidated cash flow statement

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	7,952,581,550.88	8,575,248,766.78
Add: Provision for impairment of assets	—	—
Credit impairment losses	4,630,647.71	4,517,161.30
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	5,672,834,670.96	6,062,218,649.59
Amortization of intangible assets	14,440,506.10	9,517,399.73
Amortization of long-term prepayments	158,633.12	195,957.96
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains to be listed with “-”)	(11,004,117.11)	10,959,604.00
Losses on retirement of fixed assets (gains to be listed with “-”)	—	—
Fair value gains (losses) (gains to be listed with “-”)	377,309,943.60	(299,507,111.26)
Financial expenses (gains to be listed with “-”)	2,538,459,375.22	2,686,126,080.32
Losses on investment (gains to be listed with “-”)	(2,244,771,186.76)	(1,905,791,217.42)
Decreases on deferred income tax assets (increases to be listed with “-”)	(5,889,085.81)	(8,712,203.67)
Increases in deferred income tax liabilities (decreases to be listed with “-”)	(91,668,007.56)	(71,382,545.89)
Decreases on inventory (increases to be listed with “-”)	(38,406,938.26)	(24,702,635.62)
Decreases on operating receivables (increases to be listed with “-”)	(2,518,525,565.44)	(2,091,885,339.73)

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

53. Items of cash flow statements (continued)

(2) *Supplementary information to consolidated cash flow statement (continued)*

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Increases on operating payables (decreases to be listed with “-”)	466,496,069.45	881,203,955.19
Others	(50,250,031.87)	—
Net cash flows generated from operating activities	12,066,396,464.23	13,828,006,521.28
2. Significant investing and financing activities not related to cash deposit and withdrawal:		
3. Net increase in cash and cash equivalents:		
Cash at the end of the period	7,931,988,449.28	7,314,681,772.03
Less: Cash at the beginning of the period	7,317,940,980.02	5,334,485,176.04
Add: Cash equivalents at the end of the period	—	—
Less: Cash equivalents at the beginning of the period	—	—
Net increase in cash and cash equivalents	<u>614,047,469.26</u>	<u>1,980,196,595.99</u>

(3) *Net cash paid for acquisition of subsidiaries in the current period*

Item	Amount
Cash or cash equivalents paid in the current period for business combination occurred during current period	25,782,490,300.84
Less: Cash and cash equivalents held by subsidiaries on acquisition date	862,705,583.28
Add: Cash or cash equivalents paid in the current period for business combination occurred during previous periods	—
Net cash paid for acquisition of subsidiaries	<u>24,919,784,717.56</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

53. Items of cash flow statements (continued)

(4) Cash and cash equivalents

Item	As at 30 June 2020	As at 31 December 2019
Cash	7,931,988,449.28	7,317,940,980.02
Including: Cash on hand	17,006,315.64	—
Bank deposit available for payments at any time	7,882,064,047.12	4,989,301,496.47
Other monetary funds available for payment at any time	32,918,086.52	2,328,639,483.55
Accounts deposited in Central Bank available for payments	—	—
Deposits in other banks	—	—
Interbank loans	—	—
Cash equivalents	—	—
Including: Bond investment due within three months	—	—
Closing balance of cash and cash equivalents ..	<u>7,931,988,449.28</u>	<u>7,317,940,980.02</u>
Including: Cash and cash equivalents with restricted limited use of the parent company or subsidiaries of the Group	<u>—</u>	<u>—</u>

54. Restricted assets

Item	As at 30 June 2020	Cause
Cash at bank and on hand	5,511,900.00	Performance bonds
Other equity instrument investments	3,316,000,881.99	Underlying exchange of shares for exchangeable bonds
Fixed assets	409,653,250.32	Certificate of titles have not yet been obtained
Intangible assets	95,686,017.28	Certificate of titles have not yet been obtained

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

55. Monetary items in foreign currency

(1) Monetary items in foreign currency

Item	Ending balance in foreign currency	Exchange rate upon translation	Closing balance in RMB (equivalent)
Cash at bank and on hand			
Including: USD	44,502,819.76	7.0795	315,057,712.49
EUR	5,409,173.93	7.9610	43,062,433.66
HKD	2,924,531,037.28	0.9134	2,671,266,649.45
PKR	155,108,214.53	0.0421	6,530,055.83
PEN	525,556,157.91	1.9993	1,050,744,426.51
Debt investment			
Including: EUR	145,621,871.81	7.9610	1,159,295,721.46
Accounts receivables			
Including: PKR	519,028,326.71	0.0421	21,851,092.55
PEN	695,965,845.58	1.9993	1,391,444,515.08
Other receivables			
Including: PEN	64,683,313.19	1.9993	129,321,348.06
Short-term borrowings			
Including: USD	3,440,000,000.00	7.0795	24,353,480,000.00
PEN	617,998,040.09	1.9993	1,235,563,481.56
Accounts payable			
Including: PEN	396,303,162.37	1.9993	792,328,912.53
Interests payable			
Including: USD	12,621,084.80	7.0795	89,350,969.84
PEN	34,700,869.41	1.9993	69,377,448.22
Dividends payable			
Including: PEN	18,801,190.51	1.9993	37,589,220.18
Other payables			
Including: PKR	211,511,431.06	0.0421	8,904,631.25
PEN	11,388,116.77	1.9993	22,768,261.86
Current portion of non- current liabilities			
Including: PEN	350,068,148.31	1.9993	699,891,248.91
Long-term borrowings			
Including: PEN	99,600,321.58	1.9993	199,130,922.93
Bonds payable			
Including: USD	277,401,995.81	7.0795	1,963,867,429.34
EUR	181,966,658.62	7.9610	1,448,636,569.27
PEN	1,543,090,357.91	1.9993	3,085,100,552.56
Long-term payables			
Including: PEN	9,887,915.31	1.9993	19,768,909.07

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VI. Notes to main items in consolidated financial statement (continued)

55. Monetary items in foreign currency (continued)

(2) Significant group companies incorporated overseas

Name of the company	Operation location	Recording currency	Basis for recording currency
China Yangtze Power International (Hong Kong) Co., Ltd.	Hong Kong	USD	The business and operation is measured and settled primarily in its recording currency
China Three Gorges International Power Operation Co., Ltd. . .	Hong Kong	USD	The business and operation is measured and settled primarily in its recording currency
Grupo de Contratistas Internacionales S.A.C.	Lima, Peru	PEN	The business and operation is measured and settled primarily in its recording currency
Los Andes Servicios Corporativos S.A.C. .	Lima, Peru	PEN	The business and operation is measured and settled primarily in its recording currency
Tecsur S.A.	Lima, Peru	PEN	The business and operation is measured and settled primarily in its recording currency
Luz del Sur S.A.A.	Lima, Peru	PEN	The business and operation is measured and settled primarily in its recording currency
Inmobiliaria Luz del Sur S.A.	Lima, Peru	PEN	The business and operation is measured and settled primarily in its recording currency
Inland Energy S.A.C. . .	Lima, Peru	PEN	The business and operation is measured and settled primarily in its recording currency

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VII. Changes in Consolidation Scope

1. Business combination not under common control

(1) Basic information

Unit: RMB100 million					
Name of acquiree	Time point of acquisition of equity	Acquisition cost of equity	Acquisition proportion of equity (%)	Acquisition method of equity	Acquisition date
Peru Company	April 24, 2020	256.91	100	Cash purchase	April 24, 2020
				Basis for determination of acquisition date	Income of acquiree from acquisition date to the end of the period
				After the asset delivery is completed, the Company obtains the actual control right of the acquiree.	10.04
					Net profit of acquiree from acquisition date to the end of the period
					1.52

Note: Refer to “II. Scope of consolidated financial statements” in this note for details.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VII. Changes in Consolidation Scope (continued)

2. Changes in consolidation scope for other reasons

Sequence	Name of the company	Level	Reasons for change
1	Yangtze Andes Holding Co., Limited	Grade III	Newly established

VIII. Interests in other entities

1. Interests in subsidiaries

Name of subsidiary	Operation location	Registration place	Nature of business	Proportion of shareholding		Acquisition method
				Direct (%)	Indirect (%)	
China Yangtze Power Capital Holding LLC.	Yichang, Hubei	Yichang, Hubei	Investment holding	100	—	Established through investment
Beijing Changjiang Juyuan Investment Management Co., Ltd.	Beijing	Beijing	Investment holding	—	85	Established through investment
Three Gorges High-tech Information Technology Co., Ltd.	Beijing	Beijing	Provision of high-technology and Software development services	90	—	Business combination
Three Gorges Changdian Big Data Technology (Yichang) Co., Ltd.	Yichang, Hubei	Yichang, Hubei	Business of Internet Data Center	—	100	Established through investment
China Yangtze Power International (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment holding	100	—	Established through investment
China Three Gorges International Power Operation Co., Ltd	Hong Kong	Hong Kong	Operation and management of overseas power stations	—	80	Established through investment
China Yangtze Power International (BVI) 1 Co., Ltd.	British Virgin Islands	British Virgin Islands	Special purpose entity	—	100	Established through investment
China Yangtze Power International (BVI) 2 Co., Ltd.	British Virgin Islands	British Virgin Islands	Special purpose entity	—	100	Established through investment

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Name of subsidiary	Operation location	Registration place	Nature of business	Proportion of shareholding		Acquisition method
				Direct (%)	Indirect (%)	
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	Chengdu, Sichuan	Chengdu, Sichuan	Hydropower development	100	—	Business combination
Three Gorges Electric Energy (Hubei) Co., Ltd. .	Yichang, Hubei	Yichang, Hubei	Electricity sales, technology investment and development	—	51	Established through investment
Three Gorges Electric Energy Co., Ltd.	Wuhan, Hubei	Wuhan, Hubei	Power distribution and sales	70	—	Established through investment
Three Gorges Electric Energy (Henan) Co., Ltd. .	Zhengzhou, Henan	Zhengzhou, Henan	Electricity and heat production and supply	—	100	Established through investment
Yangtze Andes Holding Co., Limited	Hong Kong	Hong Kong	Consulting services and operation management of energy investment, distribution, sales and generation	—	100	Established through investment
Grupo de Contratistas Internacionales S.A.C.	Lima, Peru	Lima, Peru	Emergency maintenance	—	90.2	Business combination
Los Andes Servicios Corporativos S.A.C.	Lima, Peru	Lima, Peru	Transportation	—	90.2	Business combination
Tecsur S.A.	Lima, Peru	Lima, Peru	Project development and consultation	—	90.2	Business combination
Inversiones en Servicios Electricos S.R.L. .	Lima, Peru	Lima, Peru	Shareholding platform	—	100	Business combination
Peruvian Services Company S.R.L. .	Lima, Peru	Lima, Peru	Shareholding platform	—	100	Business combination

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

1. Interests in subsidiaries (continued)

Name of subsidiary	Operation location	Registration place	Nature of business	Proportion of shareholding		Acquisition method
				Direct (%)	Indirect (%)	
Peruvian Services Company II S.R.L.	Lima, Peru	Lima, Peru	Shareholding platform	—	100	Business combination
Blue River Corp S.A.C.	Lima, Peru	Lima, Peru	Electric power	—	100	Business combination
Luz del Sur S.A.A. .	Lima, Peru	Lima, Peru	Power distribution	—	83.64	Business combination
Inmobiliaria Luz del Sur S.A.	Lima, Peru	Lima, Peru	Real estate	—	99.99	Business combination
Inland Energy S.A.C.	Lima, Peru	Lima, Peru	Power generation	—	100	Business combination
Andes Power S.A.C.	Lima, Peru	Lima, Peru	Electric power	—	100	Business combination
Energy Business International S.R.L.	Lima, Peru	Lima, Peru	Shareholding platform	—	100	Business combination
Ontario-Quinta S.R.L.	Lima, Peru	Lima, Peru	Shareholding platform	—	100	Business combination
Andes Bermuda Ltd.	Bermuda	Bermuda	Shareholding platform	—	100	Business combination
Peruvian Opportunity Company S.A.C. .	Lima, Peru	Lima, Peru	Shareholding platform	—	100	Business combination

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises

(1) Significant joint ventures or associates

Name	Operation location	Registration place	Nature of business	Proportion of shareholding		Consolidated method
				Direct	Indirect	
				(%)	(%)	
Associated enterprises						
Guangzhou Development Group Incorporated	Guangzhou	Guangzhou	Investment holding and provision of energy management, logistics, urban utilities and management services	17.98	1.98	Equity accounting method
Hubei Energy Group Co., Ltd.	Hubei	Wuhan, Hubei	Investment, development and management in energy	25.35	3.26	Equity accounting method
Three Gorges Capital Holdings Co., Ltd.	Beijing	Beijing	Investment holding and assets management	10	—	Equity accounting method
SDIC Power Holdings Co., Ltd.	Beijing	Beijing	Power generation	12.72	0.1	Equity accounting method
Sichuan Chuantou Energy Co., Ltd. .	Chengdu	Chengdu	Investment in clean energy	13.23	—	Equity accounting method
Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co., Ltd.	Kunming	Kunming	Investment, construction and management of power station	23	—	Equity accounting method

Note:

As at June 30, 2020, the Company holds 19.96% equity interest in Guangzhou Development Group Co., Ltd., and has assigned one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

As at June 30, 2020, the Company holds 10.00% equity interest in Three Gorges Capital Holdings Co., Ltd., and has assigned one director to the board of the company and accordingly, being considered has significant influence to the operation and business of the company.

As at June 30, 2020, the Company holds 12.82% equity interest in SDIC Power Holdings Co., Ltd., has assigned one director to the company and accordingly, being considered has significant influence to the operation and business of the company.

The Company holds 13.23% equity interest in Sichuan Chuantou Energy Co., Ltd., and is the second major shareholder of the company and accordingly, the has right to nominate directors, being considered has significant influence to the operation and business of the company.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(2) Key financial information for significant associates

As at 30 June 2020/For the six months ended 30 June 2020					
Item	Hubei Energy Group Co., Ltd.	Guangzhou Development Group Incorporated	Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co., Ltd.	SDIC Power Holdings Co., Ltd.	Sichuan Chuantou Energy Co., Ltd.
Current assets	6,421,510,874.22	9,155,216,163.35	2,520,528,745.68	20,008,254,481.21	8,330,423,682.80
Including: cash and cash equivalents	1,037,789,501.43	2,424,252,180.78	1,827,329,478.94	9,862,594,610.28	3,793,884,992.81
Non-current assets	55,243,706,105.65	32,972,074,717.66	25,698,011,867.89	202,511,140,428.00	31,023,770,115.88
Total assets	61,665,216,979.87	42,127,290,881.01	28,218,540,613.57	222,519,394,909.21	39,354,193,798.68
Current liabilities	11,116,147,262.65	7,474,565,966.23	1,752,115,427.21	34,057,513,636.71	7,258,820,445.85
Non-current liabilities	16,142,551,948.82	13,849,111,707.54	18,633,707,885.15	113,741,482,657.14	4,675,130,394.29
Total liabilities	27,258,699,211.47	21,323,677,673.77	20,385,823,312.36	147,798,996,293.85	11,933,950,840.14
Minority interests	6,555,126,264.31	3,449,925,424.26	6,095,279.30	32,557,873,930.80	545,309,212.89
Equity attributable to shareholders of the parent company	27,851,391,504.09	17,353,687,782.98	7,826,622,021.91	42,162,524,684.56	26,874,933,745.65
Shares of net assets calculated as per the shareholding proportion	7,968,283,109.32	3,463,796,081.48	1,800,123,065.04	5,405,235,664.56	3,555,553,734.55
Adjustments	119,810,699.06	384,743,988.61	3,128,744,737.96	2,062,645,696.81	1,875,616,574.01
— Goodwill	119,909,672.06	384,298,784.47	3,128,744,737.96	2,062,645,696.81	1,875,616,574.01
— Unrealized profit of internal transaction	—	—	—	—	—
— Others	(98,973.00)	445,204.14	—	—	—
Book value of equity investments in associated enterprises	8,088,093,808.38	3,848,540,070.09	4,928,867,803.00	7,467,881,361.37	5,431,170,308.56
Fair value of equity investment in associated enterprises with public offer	6,554,791,348.16	2,987,126,886.42	—	6,839,251,180.68	5,397,976,314.09
Operating revenue	7,954,496,623.68	14,018,452,112.71	1,254,649,398.68	17,470,336,116.13	306,566,317.49
Financial expenses	353,330,544.70	297,494,973.27	454,423,397.97	2,160,746,171.12	167,728,639.01
Income tax expenses	346,126,656.16	99,140,691.74	16,268,412.91	1,059,140,674.26	14,762,661.75
Net profit	1,468,638,932.42	595,546,139.59	135,936,187.33	5,048,018,283.28	1,260,371,957.65
Net profits from discontinued operation	—	—	—	541,902,718.31	—
Other comprehensive income	46,280,039.18	(68,333,809.67)	—	(36,679,144.39)	(48,546.10)
Total comprehensive income	1,514,918,971.60	527,212,329.92	135,936,187.33	5,011,339,138.89	1,260,323,411.55
Dividends received from associated enterprises this period	186,215,663.30	27,205,162.90	—	213,443,805.93	197,984,028.78

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(2) Key financial information for significant associates (continued)

As at 31 December 2019/For the six months ended 30 June 2019					
Item	Hubei Energy Group Co., Ltd.	Guangzhou Development Group Incorporated	Three Gorges Capital Holdings Co., Ltd.	SDIC Power Holdings Co., Ltd.	Sichuan Chuantou Energy Co., Ltd.
Current assets	5,424,357,455.95	9,987,657,576.90	3,537,066,262.61	24,933,681,339.32	5,442,710,103.46
Including: cash and cash equivalents	1,215,771,418.19	4,358,822,320.77	104,018,962.34	8,447,826,019.91	708,195,762.59
Non-current assets	54,940,620,189.02	32,397,762,533.29	43,971,108,091.06	199,787,831,879.48	32,012,587,167.54
Total assets	60,364,977,644.97	42,385,420,110.19	47,508,174,353.67	224,721,513,218.80	37,455,297,271.00
Current liabilities	12,380,797,972.01	8,028,054,526.99	8,334,766,814.94	34,219,864,091.92	5,584,889,099.74
Non-current liabilities	14,387,014,034.86	13,827,731,550.45	9,514,338,219.21	116,107,469,281.60	4,213,777,861.07
Total liabilities	26,767,812,006.87	21,855,786,077.44	17,849,105,034.15	150,327,333,373.52	9,798,666,960.81
Minority interests	6,305,071,387.07	3,386,988,410.31	—	34,011,667,621.63	527,710,564.05
Equity attributable to shareholders of the parent company	27,292,094,251.03	17,142,645,622.44	29,659,069,319.52	40,382,512,223.65	27,128,919,746.14
Shares of net assets calculated as per the shareholding proportion	7,808,268,165.22	3,421,672,066.24	2,965,906,931.95	4,324,967,059.15	3,054,716,363.42
Adjustments	134,583,303.40	347,239,457.65	(53,414,565.52)	1,881,432,978.74	1,645,379,479.58
— Goodwill	134,682,276.40	346,794,253.51	—	1,881,432,978.74	1,645,379,479.58
— Unrealized profit of internal transaction	—	—	—	—	—
— Others	(98,973.00)	445,204.14	(53,414,565.52)	—	—
Book value of equity investments in associated enterprises	7,942,851,468.62	3,768,911,523.89	2,912,492,366.43	6,206,400,037.89	4,700,095,843.00
Fair value of equity investment in associated enterprises with public offer	7,765,193,159.61	3,558,435,307.32	—	6,671,917,117.26	4,883,224,367.15
Operating revenue	7,676,353,791.30	12,910,512,866.75	478,150,922.19	19,609,475,053.75	318,941,096.28
Financial expenses	222,185,320.71	320,083,920.24	268,004,679.86	2,361,238,941.06	141,976,657.92
Income tax expenses	469,259,615.10	83,634,734.20	142,486,486.46	748,584,281.28	18,467,998.88
Net profit	1,144,114,468.51	498,511,728.59	1,519,955,145.17	4,103,117,740.32	1,172,606,368.62
Net profits from discontinued operation	—	—	—	—	—
Other comprehensive income	225,496,166.39	119,047,551.60	818,156,606.15	(232,523,497.68)	103,424.30
Total comprehensive income	1,369,610,634.90	617,559,280.19	2,338,111,751.32	3,870,594,242.64	1,172,709,792.92
Dividends received from associated enterprises this period	203,655,565.41	53,415,773.90	97,823,736.79	163,527,380.33	146,842,535.70

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(3) Summary of financial information of insignificant joint ventures and associates

Item	As at 30 June 2020/For the six months ended 30 June 2020	As at 31 December 2019/For the six months ended 30 June 2019
Joint ventures:		
Total book value of investment	258,391,821.17	239,218,168.89
Total amount of following items according to shareholding proportion	—	—
— Net profit	(4,771,428.08)	(21,946,579.47)
— Other comprehensive income	—	—
— Total comprehensive income	(4,771,428.08)	(21,946,579.47)
Associates:		
Total book value of investment	15,828,493,838.49	14,488,262,095.17
Total amount of following items according to shareholding proportion	—	—
— Net profit	443,374,565.07	313,309,989.51
— Other comprehensive income	(72,086,318.02)	19,388,952.61
— Total comprehensive income	371,288,247.05	332,698,942.12

(4) Restrictions on transferring of funds from joint ventures or associates to the Company

None.

(5) Losses of joint ventures or associates in excess their investment costs

None.

(6) Unrecognized commitments related to investment in joint ventures

None.

(7) Contingent liabilities for investment in joint ventures or associates

Hunan Taohuajiang Nuclear Power Co., Ltd. (hereinafter referred to as Taohuajiang Nuclear Power) is an investee company of the Company and the Company holds 19.43% of equity interest to Taohuajiang Nuclear Power. The Company agreed to provide financing guarantee to Taohuajiang Nuclear Power in order to ensure the financing of Taohuajiang Nuclear Power.

On August 31, 2019, the Company published an announcement relating to Continuing to Provide Financing Guarantee and Related Transactions for Hunan Taohuajiang Nuclear Power Co., Ltd., and agreed to provide the financing guarantee for Taohuajiang Nuclear Power. On October 15, 2019, this announcement was approved at the second extraordinary general meeting of 2019. On November 25, 2019, the Company signed the guarantee agreement with certain counter parties and the guarantees are general liability guarantee and guarantee period is two years from the expiration of terms of borrowings.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

VIII. Interests in other entities (continued)

2. Interests in joint ventures or associated enterprises (continued)

(7) *Contingent liabilities for investment in joint ventures or associates (continued)*

As at June 30, 2020, the Company's outstanding guarantees to the borrowings was RMB255.47 million which is calculated by the Company's share.

3. Important joint operation

None.

4. Structural body not incorporated into the consolidated financial statement

None.

IX. Risks related to financial instruments

The Company has risks of various financial instruments in its daily activities, including credit risk, liquidity risk, market risk (including exchange rate risk and interest rate risk). The overall risk management strategies of the Company is to reduce the potential adverse effect to the financial performance relating to the unpredictability of financial market. The risk management objectives and policies are as followings:

1. Credit risk

Credit risks of the Company are mainly from monetary funds, notes receivables, accounts receivables, other receivables and other non-current financial assets, etc. The management sets up the appropriate credit policies and constantly considers the exposure of the credit risks.

The Company's monetary funds are mainly funds deposited in financial institution such as state-controlled banks and other large and medium-sized commercial banks etc. The management considers that these commercial banks have high reputation and assets condition and should not have significant credit risks and thus, the Company would not suffer from any significant loss due to the default of these counterparties.

For accounts receivables, other receivables and notes receivables, the Company sets up relevant policies to manage the credit risk exposure to the Company. The Company assesses credit quality of the customers and sets up corresponding credit period based on the customers' financial conditions, possibility in obtaining guarantee from third parties, credit record and other factors such as current market condition etc. The Company shall monitor the credit record of the customers regularly. For those customers with poor credit record, the Company will take measures, such as issuance of debts collection letter, shortening credit period or canceling the credit period to ensure that the overall credit risk is manageable.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

1. Credit risk (continued)

As at June 30, 2020, the top five receivables from customers accounted for 79.06% of total accounts receivables of the Company.

The maximum credit risk exposure taken by the Company is the carrying amounts of each financial assets (including derivative financial instruments) set out in the balance sheet. Except for financial guarantee made by the Company in Note VIII, the Company did not provide any guarantee that may cause the Company to suffer any credit risks.

2. Liquidity risk

Liquidity risk means the risk that the Company is unable to have sufficient fund on time to meet the businesses development requirements or to settle the debts and other obligations when they are mature.

The finance department of the Company constantly monitors short-term and long-term fund requirements of the Company to ensure that the Company has sufficient cash reserve. Meanwhile, the Company constantly monitors whether the Company complies to the terms of the borrowing agreements, to obtain the enough reserve funds from major financial institutions in order to meet short-term and long-term fund requirements.

Expiration date of financial liability of the Company remains on balance sheet date is listed as follows:

	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	42,792,767,555.85	—	—	—	42,792,767,555.85
Payables	34,544,578,283.93	—	—	—	34,544,578,283.93
Current portion of non-					
current liabilities	6,198,304,106.45	—	—	—	6,198,304,106.45
Other current liabilities	6,495,735,583.47	—	—	—	6,495,735,583.47
Long-term borrowings	—	15,799,130,922.93	7,000,000,000.00	—	22,799,130,922.93
Long-term payables	—	180,234.92	673,094.98	20,151,861,016.11	20,152,714,346.01
Bonds payable	—	16,301,678,247.48	23,725,120,493.67	10,910,442,285.69	50,937,241,026.84

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk

(1) Exchange rate risk

The Company's main business and operation are in China that are mainly settled in RMB. However, the Company has confirmed that the foreign currency assets and liabilities and future transactions in foreign currency still exists the risk of exchange rate (the currency for foreign currency assets and liabilities and foreign transactions mainly are HK dollars, US dollars, PEN and Euros). The Company closely monitors amounts of foreign currency transactions and foreign currency assets and liabilities to reduce exchange rate risks to maximum extent in avoiding exchange rate risks of the Company.

- 1) As at June 30, 2020, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Company that is converted into RMB is listed as follows:

Item	As at 30 June 2020					
	USD items	HKD items	EUR items	PKR items	PEN items	Total
Foreign currency financial assets:						
Cash at bank and on hand	315,057,712.49	2,671,266,649.45	43,062,433.66	6,530,055.83	1,050,744,426.51	4,086,661,277.94
Accounts receivables	—	—	—	21,851,092.55	1,391,444,515.08	1,413,295,607.63
Other receivables	—	—	—	—	129,321,348.06	129,321,348.06
Other non-current financial assets	—	685,317,265.25	—	—	—	685,317,265.25
Other equity instrument investments	—	4,124,574,705.96	—	—	—	4,124,574,705.96
Long-term equity investments	—	—	145,946,844.92	—	—	145,946,844.92
Debt investments	—	—	1,159,295,721.46	—	—	1,159,295,721.46
Subtotal						11,744,412,771.22
Foreign currency financial liabilities:						
Short-term borrowings	24,353,480,000.00	—	—	—	1,235,563,481.56	25,589,043,481.56
Accounts payable	—	—	—	—	792,328,912.53	792,328,912.53
Interest payable	89,350,969.84	—	—	—	69,377,448.22	158,728,418.06
Dividends payable	—	—	—	—	37,589,220.18	37,589,220.18
Financial liabilities held for trading	406,403,042.97	—	264,530,147.45	—	—	670,933,190.42
Other payables	—	—	—	8,904,631.25	22,768,261.86	31,672,893.11
Current portion of non-current liabilities	—	—	—	—	699,891,248.91	699,891,248.91
Long-term borrowings	—	—	—	—	199,130,922.93	199,130,922.93
Bonds payable	1,963,867,429.34	—	1,448,636,569.27	—	3,085,100,552.56	6,497,604,551.17
Long-term payables	—	—	—	—	19,768,909.07	19,768,909.07
Subtotal						34,696,691,747.94

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk (continued)

(1) Exchange rate risk (continued)

Item	As at 31 December 2019				
	USD items	HKD items	EUR items	PKR items	Total
Foreign currency financial assets:	—	—	—	—	—
Cash at bank and on hand...	1,440,652,516.18	2,601,156,725.10	181,328,449.49	—	4,223,137,690.77
Accounts receivables	—	—	—	15,567,590.63	15,567,590.63
Other current assets	—	—	—	1,089.05	1,089.05
Other non-current financial assets	—	825,438,170.71	—	—	825,438,170.71
Other equity instruments	—	4,432,380,427.04	—	—	4,432,380,427.04
Long-term equity investments	—	—	107,221,021.07	—	107,221,021.07
Debt investments	—	—	1,148,277,903.43	—	1,148,277,903.43
Subtotal					<u>10,752,023,892.70</u>
Foreign currency financial liabilities:	—	—	—	—	—
Financial liabilities held for trading	463,751,512.28	—	304,651,628.82	—	768,403,141.10
Other payables	—	—	—	80,867.57	80,867.57
Bonds payable	<u>1,934,241,932.36</u>	<u>—</u>	<u>1,421,447,675.76</u>	<u>—</u>	<u>3,355,689,608.12</u>
Subtotal					<u>4,124,173,616.79</u>

2) Sensitivity analysis:

As at June 30, 2020, as for the Company's foreign currency financial assets and foreign currency financial liabilities of the Company, if the exchange rate against RMB appreciated or depreciated by 10% against the foreign currencies while other factors remain unchanged, the Company's net profit would decrease or increase by about RMB389.31 million.

(2) Interest rate risk

The Company's interest rate risks are mainly arising from the long-term interest-bearing debts, such as long-term borrowings and bonds payable etc. If the Company's financial liabilities are in floating interest rate, the Company exposures to cash flow interest rate risk; if the Company's financial liabilities are in fixed interest rate, the Company exposures to fair value interest rate risk. The Company decides the relative proportion of the fixed interest rate and floating interest rate contracts in accordance with the current market environment.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk (continued)

(2) Interest rate risk (continued)

The finance department of the Company constantly monitors interest rate level of the Company. Increasing in interest rate would increase costs for new interest-bearing debts and interest charges for unsettled interest-bearing debts of the Company calculated for the floating interest rate, and would have adverse effects on financial performance of the Company. The management would take appropriate adjustment according to the latest market condition to reduce interest rate risks of the Company.

- 1) As at June 30, 2020, the Company's long-term interest-bearing debts are mainly long-term borrowings, bonds payable and long-term account payable. Out of which, long-term borrowings and long-term account payable are mainly at floating interest rate that are mainly denominated in RMB. The total amount of floating interest rate long-term borrowings and long-term account payable are RMB42,932 million and details of which are set out in Notes VI. 29, 30 and 31.
- 2) Sensitivity analysis:

As at June 30, 2020, if the Company's borrowing interest rate that calculated by floating interest rate has an increase or decrease by 50 basis points and while other factors remain unchanged, the net profit of the Company would decrease or increase about RMB174.52 million.

The above sensitivity analysis assumes that interest rate has been changed as at balance sheet date and applied to all floating interest rate borrowings of the Company.

(3) Price risk

Price risks of the Company are mainly the risk that the fair value of the equity financial instruments fluctuates due to change of market price factors except for market rate and foreign exchange rate. The Company mainly invests in stocks and funds etc. listed on stock exchanges; the significant market price risk is mainly due to the fair value of the holding of equity financial instruments.

The Company daily follows and manages the prices of financial assets, regularly or irregularly submits price analysis report on the changes to market environment and provide timely recommended suggestion to the management of the Company.

- 1) As at June 30, 2020, the amounts of equity financial instruments holding by the Company measured by fair value are RMB8,412.85 million and details of which are set out in "Note X.1".
- 2) Sensitivity analysis:

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

IX. Risks related to financial instruments (continued)

3. Market risk (continued)

(3) Price risk (continued)

As at June 30, 2020, if the fair value of above investment rises or falls by 10% and while other factors remain unchanged, other comprehensive income of the Company would increase or decrease by about RMB320.87 million, and the net profit would increase or decrease by about RMB337.77 million.

X. Disclosure of Fair Value

1. Measurement level of amount and fair value of assets and liabilities measured at fair value at the end of the period

	As at 30 June 2020			
Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Continuous fair value measurement				
(I) Financial assets held for trading				
1. Financial assets at fair value through profit or loss	—	—	—	—
(1) Equity instrument investment	3,986,114,231.74	—	302,156,660.04	4,288,270,891.78
(II) Other equity instrument investments . . .	4,124,574,705.96	—	—	4,124,574,705.96
Total amount of assets continuously measured at fair value	8,110,688,937.70	—	302,156,660.04	8,412,845,597.74
(III) Financial liabilities held for trading . . .				
1. Derivative financial liabilities	—	670,933,190.42	—	670,933,190.42
Total amount of liabilities continuously measured at fair value	—	670,933,190.42	—	670,933,190.42

2. Determination of market prices of each item is subject to continuous and non-continuous level 1 fair value measurement

Equity instruments investments of the Company measured by recurring level I fair value are A-shares and H-shares held by the Company; determination basis of market report is closing price of the last trading day at the end of the period.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

X. Disclosure of Fair Value (continued)

3. Valuation techniques and qualitative and quantitative information about key parameters of items subject to continuous and non-continuous level 2 fair value measurement

Items of the Company measured by continuous level II fair value are fair value of exchangeable option of exchangeable bonds, fair value of exchangeable option is calculated and determined by using option pricing models (binomial model). Risk-free interest rate, standard deviation of underlying stock, and market price of underlying stock are major input variables.

4. Valuation techniques and qualitative and quantitative information about key parameters of items subject to continuous and non-continuous level 3 fair value measurement

The Company adopts continuous level 3 fair value measurement items as unlisted equity instrument investments, and the fair value of unlisted equity instrument investments is valued according to its net assets.

5. Information on adjustment between beginning book value and ending book value of items subject to continuous level 3 fair value measurement and sensitivity analysis of non-observable parameters

The Company has no items subject to continuous level 3 fair value measurement.

6. Items measured by continuous fair value transfer of different levels during the current year

Items of the Company measured by continuous fair value did not have any transfer between different levels during the period.

7. Change of valuation techniques incurred during the current period and the reasons thereof

There is no change on valuation techniques during the current period.

8. Assets and liabilities that are not measured at fair value but disclosed at fair value

None.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions

(I) Relationship of related parties

1. Controlling shareholder and ultimate controlling party

(1) Controlling shareholder and ultimate controlling party

Name of controlling shareholder and ultimate controlling party	Registration place	Nature of business	Registered capital	Shareholding proportion (%) to the Company	Proportion (%) of voting right to the Company
China Three Gorges Corporation	Beijing	Provision of large-scale hydropower project development and operation	211,500,000,000.00	57.92	57.92

(2) Details and registered capital of the controlling shareholder and the changes during the period

Controlling shareholder	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward
China Three Gorges Corporation	211,500,000,000.00	—	—	211,500,000,000.00

(3) Details of shares or equity held by the controlling shareholder and the changes during the period

Controlling shareholder	Amount of shareholding		Shareholding proportion (%)	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
China Three Gorges Corporation	12,742,227,367.00	12,742,229,292.00	57.92	57.92

2. Subsidiaries

Details of the Company's subsidiaries are set out in Notes "VIII. 1".

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****3. Joint ventures and associated enterprises**

Details of the Company's significant joint ventures or associates are set out in "Note VIII. 2. (1) Important Joint Ventures or Associates" and the related disclosures. The balances and transaction of the other joint ventures or associates with the Company during the year are as followings;

<u>Name</u>	<u>Relationship with the Company</u>
Chongqing Fuling Energy Industry Group Co., Ltd.	Associated enterprises
Chongqing Liangjiang Changxing Electric Power Co., Ltd.	Associated enterprises
Hunan Taohuajiang Nuclear Power Co., Ltd.	Associated enterprises
CTG Base Development Co., Ltd.	Associated enterprises
Hubei Qingneng Investment and Development Group Co., Ltd.	Associated enterprises
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	Associated enterprises
Three Gorges Insurance Brokerage Co., Ltd.	Associated enterprises
Three Gorges Finance Co., Ltd.	Associated enterprises
Shenergy Group Company Limited	Associated enterprises
Yangtze Smart Distributed Energy Co., Ltd.	Joint ventures
Three Gorges Electric Energy (Anhui) Co., Ltd.	Joint ventures
Three Gorges Electric Energy (Guangdong) Co., Ltd.	Joint ventures
Yunnan Changjiang Agricultural Reclamation Energy Development Co., Ltd.	Joint ventures

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties

Name of the Company	Relationship with the Company
Binxian Dageling Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Butuo Junsheng New Energy Co., Ltd.	Common controlled by controlling shareholders
Butuo Zhongtian New Energy Development Co., Ltd.	Common controlled by controlling shareholders
Chaohu Jiaoyang New Energy Co., Ltd.	Common controlled by controlling shareholders
Cixi Changjiang Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Delingha Xiayang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Fujian Three Gorges Offshore Wind Power Industry Park Operation Co., Ltd.	Common controlled by controlling shareholders
Fuqing Strait Power Generation Co., Ltd.	Common controlled by controlling shareholders
Fuzhou Strait Power Generation Co., Ltd.	Common controlled by controlling shareholders
Golmud Sunshine Qiheng New Energy Co., Ltd.	Common controlled by controlling shareholders
Guyuan Hengyi New Energy Co., Ltd.	Common controlled by controlling shareholders
Huade Wind Farm Co., Ltd. of Guoshui Group	Common controlled by controlling shareholders
Hainan Prefecture Haijin Keshida New Energy Co., Ltd.	Common controlled by controlling shareholders
Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Hainan Prefecture Yixin New Energy Technology Co., Ltd.	Common controlled by controlling shareholders
Hainan Prefecture Zhuma Light Energy New Energy Co., Ltd.	Common controlled by controlling shareholders
Haixia Power Generation Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Qiyueshan Wind Farm Co., Ltd. of Hubei Energy Group	Common controlled by controlling shareholders
Hubei Qingjiang River Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Huili Zhaoguang New Energy Co., Ltd.	Common controlled by controlling shareholders
Jinfeng New Energy Gonghe Power Generation Co., Ltd.	Common controlled by controlling shareholders
Jiuquan Chaoyang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Jiuquan Sanyang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Kaiyuan Hongyu Sunshine New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Leling Zhongtian New Energy Co., Ltd.	Common controlled by controlling shareholders
Linqu Tianrong Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Lingwu Baitugang Angli Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Macheng Zhongguang Shenghui New Energy Co., Ltd.	Common controlled by controlling shareholders
Maguan Daliangzi Power Generation Co., Ltd.	Common controlled by controlling shareholders
Ningde Dagang Hydropower Station Development Co., Ltd.	Common controlled by controlling shareholders
Qingdao Runlai Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Three Gorges International Energy Investment Group Co., Ltd.	Common controlled by controlling shareholders
Three Gorges International Tendering Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Zuoyun Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Angli (Lingwu) Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Binchuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Bole Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Dachaidan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Delingha Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Golmud Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Guyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Kumul Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Huaping Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Huili Zhongyi Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Jinchang Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Jiuquan Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Kangbao Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Laiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Lichuan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Mengyin Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Mianning Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Pishan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Pingquan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Pingshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Puan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Puge Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Quyang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shanshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shangyi Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shidian Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Siziwang Wind Farm Co., Ltd. of China Three Gorges New Energy Co., Ltd.	Common controlled by controlling shareholders
Taiyangshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Diaobingshan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Wuzhong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Wujiaqu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Xinjiang Dabancheng Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Xintai Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Yangjiang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yiwu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yuanmou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yunnan Shizong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Yunnan Yaoan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Shandong Jianeng Solar Energy Technology Co., Ltd.	Common controlled by controlling shareholders
Shanghai Investigation, Design & Research Institute Co., Ltd.	Common controlled by controlling shareholders
Sheqi Guohe Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Shenmu Yuanhang New Energy Development Co., Ltd.	Common controlled by controlling shareholders
Shuangliao Qingda Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Weixi Longdu Power Generation Co., Ltd.	Common controlled by controlling shareholders
Wulan Jinfeng New Energy Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Xiyang Sineng New Energy Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Xiangshui Changjiang Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Suzhou Fuyang Photovoltaic Power Generation Co., Ltd.	Common controlled by controlling shareholders
Yongdeng Hongyang New Energy Power Generation Co., Ltd.	Common controlled by controlling shareholders
Yunnan Longling Lazhai Hydropower Development Co., Ltd.	Common controlled by controlling shareholders
Yunnan Mile Shidongshan Power Generation Co., Ltd.	Common controlled by controlling shareholders
Zhangjiachuan Tianyuan Wind Farm Co., Ltd.	Common controlled by controlling shareholders
Zhangpu Strait Power Generation Co., Ltd.	Common controlled by controlling shareholders
CTG Fujian Energy Investment Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Common controlled by controlling shareholders
The Three Gorges Industrial Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Common controlled by controlling shareholders
Zhejiang Changlongshan Pumped Storage Power Station Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges (Europe) Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges Construction Management Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges New Energy (Group) Co., Ltd.	Common controlled by controlling shareholders
Zhongxian Jidian New Energy Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)****XI. Related parties and related party transactions (continued)****(I) Relationship of related parties (continued)****4. Other related parties (continued)**

<u>Name of the Company</u>	<u>Relationship with the Company</u>
Zhucheng Tianrong Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Jiujiang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	Common controlled by controlling shareholders
Offshore Wind Power Operation and Maintenance Jiangsu Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Chongqing Wulong District Daliangzi Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
Yangtze Ecology and Environment Co., Ltd.	Common controlled by controlling shareholders
Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	Common controlled by controlling shareholders
Enshi Banqiao Wind Power Generation Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges Publishing Media Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Tourism Development Co., Ltd.	Common controlled by controlling shareholders
The Three Gorges Ecological Garden Co., Ltd.	Common controlled by controlling shareholders
Leshan Damo Hydropower Co., Ltd.	Common controlled by controlling shareholders
Shanghai Jikai Engineering Testing Technology Co., Ltd.	Common controlled by controlling shareholders
Wuhu Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	Common controlled by controlling shareholders
Longling Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(I) Relationship of related parties (continued)

4. Other related parties (continued)

Name of the Company	Relationship with the Company
South Asia Investment Co., Ltd. of China Three Gorges Corporation	Common controlled by controlling shareholders
Shanghai East China Engineering Consultation Company	Common controlled by controlling shareholders
Suixian Aikang Renewable Energy Investment Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Asset Management Co., Ltd.	Common controlled by controlling shareholders
Panzhou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Common controlled by controlling shareholders
Three Gorges Mechanical and Electrical Engineering Technology Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Pakistan No. 2 Wind Power Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Pakistan No. 3 Wind Power Co., Ltd.	Common controlled by controlling shareholders
Yichang Three Gorges Duoneng Asset Management Co., Ltd.	Common controlled by controlling shareholders
China Three Gorges (Hong Kong) Co., Ltd.	Common controlled by controlling shareholders
Three Gorges Finance (Hong Kong) Co., Ltd.	Common controlled by controlling shareholders
Yangtze Eco-environmental Protection (Hong Kong) Investment Co., Ltd.	Common controlled by controlling shareholders
Wuwei County Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	Common controlled by controlling shareholders
Yueyang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	Common controlled by controlling shareholders

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000)

1. Related party transactions of purchasing or selling goods and rendering or receiving services

(1) Purchasing goods/receiving services

		Unit: 10,000 yuan	Currency: RMB
Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Joint venture or associated enterprises			
CTG Base Development Co., Ltd. . .	Provision of property and entrusted management, etc	305.62	—
Enterprises common controlled by the controlling shareholders			
Three Gorges Tourism Development Co., Ltd.	Transportation services, Provision of entrusted management services, etc.	1,031.44	628.80
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Provision of material collection, procurement and custody, storage management services, etc.	1,288.70	765.71
Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Provision of entrusted management, repair and engineering laboring services, etc.	—	18.87
China Three Gorges Construction Management Co., Ltd.	Provision of entrusted management services	12,137.06	8,501.68
Three Gorges International Tendering Co., Ltd.	Provision of bidding agency services	—	24.90
The Three Gorges Industrial Co., Ltd.	Provision of property, asset management, etc	9,225.01	10,335.76
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Provision of entrusted management services	1,932.58	2,389.83
Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	Water charges	490.56	—
Shanghai Investigation, Design & Research Institute Co., Ltd.	Provision of planning, design	37.74	—
Total	—	<u>26,448.71</u>	<u>22,665.55</u>

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

(2) *Selling goods/offering services*

		Unit: 10,000 yuan	Currency: RMB
Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Controlling shareholder			
China Three Gorges Corporation . . .	Sales of goods and provision of technical services	2,103.55	1,135.78
Joint venture or associates			
CTG Base Development Co., Ltd. . .	Sales of goods and Provision of technical services	2.00	5.25
Chongqing Fuling Energy Industry Group Co., Ltd.	Sales of goods	—	6.21
Hubei Energy Group Co., Ltd.	Provision of technical services	—	14.62
Enterprises controlled by controlling shareholders			
Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	Sales of goods and provision of services and entrusted management	14,255.60	575.81
Three Gorges International Energy Investment Group Co., Ltd.	Provision of technical services	2.36	—
Binchuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.31
Puan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	3.24
Yuanmou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	1.54
Yunnan Shizong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	6.32
Yunnan Yaoan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	11.17
Three Gorges Tourism Development Co., Ltd.	Sales of goods	103.67	197.59

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Yangtze Three Gorges Equipment & Materials Co., Ltd.	Sales of goods and provision of technical services	6.90	11.30
Yangtze Three Gorges Technology & Economy Development Co., Ltd.	Sales of goods and provision of technical services	5.85	8.99
China Three Gorges New Energy (Group) Co., Ltd.	Sales of goods and provision of technical services	18.57	—
China Three Gorges Publishing Media Co., Ltd.	Provision of technical services	—	16.75
Three Gorges International Tendering Co., Ltd.	Provision of technical services	95.80	66.42
Fujian Three Gorges Offshore Wind Power Industry Park Operation Co., Ltd.	Provision of technical services	0.66	—
Zhejiang Changlongshan Pumped Storage Power Station Co., Ltd. .	Sales of goods and provision of technical services	—	21.41
China Three Gorges (Hong Kong) Co., Ltd.	Provision of consultation service	536.63	526.16
Haixia Power Generation Co., Ltd. .	Provision of technical services	0.66	15.22
South Asia Investment Co., Ltd. of China Three Gorges Corporation .	Provision of consultation service	—	38.67
Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of consultation service	—	4.43
CTG Fujian Energy Investment Co., Ltd.	Provision of technical services	8.27	7.61
The Three Gorges Industrial Co., Ltd.	Sales of goods	104.11	132.57
Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	Sales of goods	51.12	56.66
Siziwang Wind Farm Co., Ltd. of China Three Gorges New Energy Co., Ltd.	Sales of goods	—	65.92
Huili Zhongyi Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Puge Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods and provision of technical services	—	6.67
Mianning Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Sales of goods	—	8.80
Fuqing Strait Power Generation Co., Ltd.	Provision of technical services	0.66	—
Huili Zhaoguang New Energy Co., Ltd.	Sales of goods and provision of technical services	—	14.82
Zhongxian Jidian New Energy Co., Ltd.	Sales of goods	—	8.80
Zhucheng Tianrong Wind Power Generation Co., Ltd.	Provision of technical services	—	4.43
Linqu Tianrong Wind Power Generation Co., Ltd.	Provision of technical services	—	4.43
Cixi Changjiang Wind Power Generation Co., Ltd.	Provision of technical services	—	4.43
Xiangshui Changjiang Wind Power Generation Co., Ltd.	Provision of technical services	—	8.86
Ningde Dagang Hydropower Station Development Co., Ltd.	Provision of technical services	—	4.43
Maguan Daliangzi Power Generation Co., Ltd.	Provision of technical services	—	2.46
Yunnan Longling Lazhai Hydropower Development Co., Ltd.	Provision of technical services	—	9.24
Weixi Longdu Power Generation Co., Ltd.	Provision of technical services	—	0.97
Shangyi Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Huade Wind Farm Co., Ltd. of Guoshui Group	Provision of technical services	—	3.78
Diaobingshan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	19.19

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Xinjiang Dabancheng Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.77
Dachaidan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Kumul Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	12.52
Golmud Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	8.86
Jinchang Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	17.71
Yunnan Mile Shidongshan Power Generation Co., Ltd.	Sales of goods and provision of technical services	67.61	14.90
Wuzhong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Qingdao Runlai Wind Power Generation Co., Ltd.	Provision of technical services	—	4.43
Shanshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	1.07
Pishan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.24
Angli (Lingwu) Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Wulan Jinfeng New Energy Photovoltaic Power Generation Co., Ltd.	Provision of technical services	—	4.43
Hainan Prefecture Yixin New Energy Technology Co., Ltd.	Provision of technical services	—	4.43
Hainan Prefecture Haijin Keshida New Energy Co., Ltd.	Provision of technical services	—	4.43

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	Provision of technical services	—	4.43
Quyang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	8.86
Yiwu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.77
Wujiaqu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	11.27
Binxian Dageling Wind Power Generation Co., Ltd.	Provision of technical services	—	19.19
Jiuquan Sanyang New Energy Power Generation Co., Ltd.	Provision of technical services	—	2.21
Jiuquan Chaoyang New Energy Power Generation Co., Ltd.	Provision of technical services	—	2.21
Xintai Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Pingquan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Sheqi Guohe Wind Power Generation Co., Ltd.	Provision of technical services	—	4.43
Jiuquan Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Zhangjiachuan Tianyuan Wind Farm Co., Ltd.	Provision of technical services	—	4.43
Shandong Jianeng Solar Energy Technology Co., Ltd.	Provision of technical services	—	4.43
Mengyin Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Laiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Taiyangshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	8.86
Bole Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.77
Guyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Hainan Prefecture Zhuma Light Energy New Energy Co., Ltd. . . .	Provision of technical services	—	4.43
Yiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Lingwu Baitugang Angli Photovoltaic Power Generation Co., Ltd.	Provision of technical services	—	4.43
Kangbao Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Shidian Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	3.70
Huaping Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.31
Pingshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Zuoyun Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Shuangliao Qingda Photovoltaic Power Generation Co., Ltd.	Provision of technical services	—	19.19
Delingha Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	4.43
Kaiyuan Hongyu Sunshine New Energy Power Generation Co., Ltd.	Provision of technical services	—	2.36

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Golmud Sunshine Qiheng New Energy Co., Ltd.	Provision of technical services	—	4.43
Chaohu Jiaoyang New Energy Co., Ltd.	Provision of technical services	—	4.43
Suzhou Fuyang Photovoltaic Power Generation Co., Ltd.	Provision of technical services	—	4.43
Yangjiang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	83.53
Jinfeng New Energy Gonghe Power Generation Co., Ltd.	Provision of technical services	—	4.43
Guyuan Hengyi New Energy Co., Ltd.	Provision of technical services	—	4.43
Xiyang Sineng New Energy Co., Ltd.	Provision of technical services	—	4.43
Yongdeng Hongyang New Energy Power Generation Co., Ltd.	Provision of technical services	—	4.43
Delingha Xiayang New Energy Power Generation Co., Ltd.	Provision of technical services	—	4.43
Leling Zhongtian New Energy Co., Ltd.	Provision of technical services	—	4.43
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Sales of goods and Provision of technical services	2.34	4.12
Panzhou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	3.70
Longling Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	Provision of technical services	—	2.20
Shenmu Yuanhang New Energy Development Co., Ltd.	Provision of technical services	—	4.43
The Three Gorges Ecological Garden Co., Ltd.	Sales of goods	3.42	0.28
Chongqing Wulong District Daliangzi Wind Power Generation Co., Ltd.	Sales of goods	—	8.80
Fuzhou Strait Power Generation Co., Ltd.	Sales of goods and provision of technical services	43.49	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

1. Related party transactions of purchasing or selling goods and rendering or receiving services (continued)

(2) Selling goods/offering services (continued)

Related party	Details of transactions	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Hubei Qingjiang River Hydropower Development Co., Ltd.	Provision of technical services	3.77	—
Jiujiang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	Provision of technical services	19.06	—
Wuwei County Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	Sales of goods and provision of technical services	17.35	—
Yueyang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	Provision of technical services	19.06	—
Zhangpu Strait Power Generation Co., Ltd.	Provision of technical services	0.66	—
Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	O&M service	792.01	—
Three Gorges Pakistan No. 2 Wind Power Co., Ltd.	O&M service	681.21	—
Three Gorges Pakistan No. 3 Wind Power Co., Ltd.	O&M service	578.20	—
Total		<u>19,524.59</u>	<u>3,441.14</u>

2. Leasing of property Related party lease

(1) The Company as the lessor:

		Unit: 10,000 yuan		Currency: RMB	
Lessor	Lessee	Details of leasing assets	For the six months ended 30 June 2020	For the six months ended 30 June 2019	
China Yangtze Power Co., Ltd.	Three Gorges International Energy Investment Group Co., Ltd.	building	750.33	756.55	
			<u> </u>	<u> </u>	

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

2. Leasing of property Related party lease (continued)

(2) The Company as the Lessee:

		Unit: 10,000 yuan		Currency: RMB
Lessor	Lessee	Details of leasing assets	For the six months ended 30 June 2020	For the six months ended 30 June 2019
China Three Gorges Corporation	China Yangtze Power Co., Ltd.	Land	3,882.34	3,882.34

3. Related party guarantees

(1) The Company serves as a Guarantor

		Unit: 10,000 yuan		Currency: RMB
Guarantee	Amount	Starting date of guarantee	Due date of guarantee	Whether the guarantee has been fulfilled
Hunan Taohuajiang Nuclear Power Co., Ltd.....	25,546.8	November 2019	November 2025	No

(2) Related parties provide guarantee to the Company

Unit: 10,000 yuan					Currency: RMB
Guarantor	Guarantee	Guaranteed amount	From	To	Whether the guarantee has been fulfilled
China Three Gorges Corporation (Note)	China Yangtze Power Co., Ltd.	800,000.00	20 September 2002	1 August 2033	No

Note: Pursuant to the Letter of Guarantee issued by China Three Gorges Group on June 30, 2009 and the “Guarantee Agreement” it signed with the Company in August 2009, China Three Gorges Group agreed to provide irrevocable joint liability guarantee on principal, interest payable, liquidated damages, damages, expense of credit realization and other payable expenses of Three Gorges Bonds in total amount of RMB16 billion. If the Company fails to pay principals and interest on bonds as stipulated in the respective Three Gorges Bonds documents, China Three Gorges Group is required to take up the joint liability guarantee and shall unconditionally pay all bonds payable and expenses for the Company. As of June 30, 2020, the Company has paid RMB8 billion of the matured Three Gorges Bonds, the outstanding guarantee balance was RMB8 billion.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

4. Capital borrowing or lending between related parties

Unit: 10,000 yuan Currency: RMB

Name of related party	Borrowing/ lending	Amount	From	To	Remarks
China Three Gorges Corporation . .	Borrowing	700,000.00	2017.01.16	2022.01.16	—
China Three Gorges Corporation . .	Borrowing	2,013,294.54	2013.05.01	2028.05.01	—
China Three Gorges Corporation . .	Borrowing	860,000.00	2017.07.14	2021.07.14	—
China Three Gorges Corporation . .	Borrowing	700,000.00	2019.07.17	2022.07.17	—
China Three Gorges Corporation . .	Borrowing	1,000,000.00	2020.03.18	2021.03.18	—
Three Gorges Finance Co., Ltd. . . .	Borrowing	40,000.00	2019.06.08	2020.12.19	—
Three Gorges Finance Co., Ltd. . . .	Borrowing	150,000.00	2019.12.26	2020.12.26	—
Three Gorges Finance Co., Ltd. . . .	Borrowing	300,000.00	2020.02.26	2021.02.26	—
Three Gorges Finance Co., Ltd. . . .	Borrowing	150,000.00	2020.06.15	2021.03.17	—
Three Gorges Finance Co., Ltd. . . .	Borrowing	80,000.00	2020.06.19	2021.06.19	—

5. Other related transactions

(1) Receive interest from the related party

Unit: 10,000 yuan Currency: RMB

Name of related party	Content of transaction	For the six months ended 30 June 2020	Amount in the previous period	Pricing method and decision- making process
Three Gorges Finance Co., Ltd. .	Interest income	1,943.15	1,351.46	Note 1
Three Gorges Finance (Hong Kong) Co., Ltd.	Interest income	1,054.96	171.91	Note 2
Three Gorges International Tendering Co., Ltd.	Interest income	0.02	—	—
Yangtze Eco-environmental Protection (Hong Kong) Investment Co., Ltd.	Fixed annualized income from holding shares on behalf of others	—	2,886.05	Agreed price
		=====	=====	

Notes:

1: Accounted according to coterminous current deposit interest published by People's Bank of China.

2: Based on the deposit interest published by Bank of China (Hong Kong) Limited.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(II) Related party transaction (All are in: Unit: 10,000) (continued)

5. Other related transactions (continued)

(2) Pay interest to related parties

Unit: 10,000 yuan Currency: RMB				
Name of related party	Content of transaction	For the six months ended 30 June 2020	Amount in the previous period	Pricing method and decision-making process
Three Gorges Finance Co., Ltd. .	Interests on borrowings	15,275.21	14,403.97	Note 1
Three Gorges Finance (Hong Kong) Co., Ltd.	Interests on borrowings	–	644.08	Agreed price
Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	Interest of entrusted loan	4.54	–	Note 1
China Three Gorges Corporation	Interest of entrusted loan	75,532.27	79,611.62	Note 1
China Three Gorges Corporation	Interest of long-term payables	47,802.37	68,055.56	Agreed price

Note

1: Based on coterminous RMB loan interest rate published by People's Bank of China.

(3) Provision guarantee fee to the related party

Unit: 10,000 yuan Currency: RMB				
Name of related party	Content of transaction	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Pricing method and decision-making process
China Three Gorges Corporation	Guarantee cost	239.34	342.16	Agreed price

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds

1. Receivables

		Unit: 10,000 yuan		Currency: RMB	
		As at 30 June 2020		As at 31 December 2019	
Item	Related party	Book balance	Bad debt provision	Book balance	Bad debt provision
	Controlling shareholder				
Accounts receivables ...	China Three Gorges Corporation	991.07	0.08	1,075.24	0.09
Other receivables	China Three Gorges Corporation	—	—	1.62	0.07
	Joint venture or associated enterprise				
Accounts receivables ...	CTG Base Development Co., Ltd.	0.36	—	0.51	—
Other receivables	Chongqing Liangjiang Changxing Electric Power Co., Ltd.	33.23	1.60	16.18	0.02
Other receivables	Yangtze Smart Distributed Energy Co., Ltd.	8.32	0.17	0.95	0.09
Other receivables	Three Gorges Electric Energy (Anhui) Co., Ltd.	15.79	0.02	—	—
Other receivables	Three Gorges Electric Energy (Guangdong) Co., Ltd.	37.47	2.87	29.23	0.03
Other receivables	Yunnan Changjiang Agricultural Reclamation Energy Development Co., Ltd.	7.89	0.01	—	—
Other receivables	Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	760.04	0.76	—	—
Dividends receivables...	Hubei Qingneng Investment and Development Group Co., Ltd.	—	—	5,004.50	—
Dividends receivables...	SDIC Power Holdings Co., Ltd.	21,344.38	—	—	—
Dividends receivables...	Guangzhou Development Group Incorporated	2,720.52	—	—	—
Dividends receivables...	Sichuan Chuantou Energy Co., Ltd.	19,798.40	—	—	—
Dividends receivables...	Hubei Energy Group Co., Ltd.	18,621.57	—	—	—
Dividends receivables...	Three Gorges Insurance Brokerage Co., Ltd.	222.38	—	—	—
Dividends receivables...	Three Gorges Capital Holdings Co., Ltd.	13,535.32	—	—	—
Dividends receivables...	Shenergy Group Company Limited	8,796.92	—	—	—
	Enterprises controlled by controlling shareholders				
Accounts receivables ...	Yangtze Three Gorges Water Service (Yichang) Co., Ltd.	10.76	—	10.24	—
Accounts receivables ...	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	120.02	8.75	121.09	0.40
Accounts receivables ...	Three Gorges Tourism Development Co., Ltd.	107.51	—	20.23	0.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables . . .	Yangtze Three Gorges Equipment & Materials Co., Ltd.	5.71	0.01	4.37	0.00
Accounts receivables . . .	Lichuan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	0.20	0.00	0.20	0.00
Accounts receivables . . .	Huili Zhongyi Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.83	0.00	2.24	0.00
Accounts receivables . . .	Puge Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.89	0.00	2.30	0.00
Accounts receivables . . .	Mianning Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.11	0.00	1.11	0.00
Accounts receivables . . .	Butuo Zhongtian New Energy Development Co., Ltd.	0.36	0.00	0.36	0.00
Accounts receivables . . .	Butuo Junsheng New Energy Co., Ltd.	0.19	0.01	0.19	0.00
Accounts receivables . . .	Shanghai Investigation, Design & Research Institute Co., Ltd.	120.06	0.43	120.06	0.01
Accounts receivables . . .	CTG Fujian Energy Investment Co., Ltd.	9.15	0.00	1.08	0.00
Accounts receivables . . .	Fujian Three Gorges Offshore Wind Power Industry Park Operation Co., Ltd.	9.15	0.24	9.15	0.01
Accounts receivables . . .	Qiyueshan Wind Farm Co., Ltd. of Hubei Energy Group	0.35	0.03	0.35	0.00
Accounts receivables . . .	Macheng Zhongguang Shenghui New Energy Co., Ltd.	0.39	0.03	0.39	0.00
Accounts receivables . . .	Fuzhou Strait Power Generation Co., Ltd.	48.74	0.04	1.15	0.00
Accounts receivables . . .	Zhangpu Strait Power Generation Co., Ltd.	—	—	1.00	0.00
Accounts receivables . . .	Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	279.64	0.61	434.22	0.05
Accounts receivables . . .	Huili Zhaoguang New Energy Co., Ltd.	1.36	0.00	2.77	0.00
Accounts receivables . . .	The Three Gorges Industrial Co., Ltd.	113.61	—	38.32	—
Accounts receivables . . .	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	0.52	—	0.47	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables . . .	China Three Gorges Construction Management Co., Ltd.	13.28	0.05	21.47	0.00
Accounts receivables . . .	China Three Gorges New Energy (Group) Co., Ltd.	16.76	0.00	16.76	0.03
Accounts receivables . . .	Zhejiang Changlongshan Pumped Storage Power Station Co., Ltd.	219.93	0.79	229.77	0.02
Accounts receivables . . .	Cixi Changjiang Wind Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	China Three Gorges (Europe) Co., Ltd.	—	—	7.00	0.00
Accounts receivables . . .	Xiangshui Changjiang Wind Power Generation Co., Ltd.	0.94	0.00	3.75	0.00
Accounts receivables . . .	Ningde Dagang Hydropower Station Development Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Yunnan Longling Lazhai Hydropower Development Co., Ltd.	0.98	0.00	3.92	0.00
Accounts receivables . . .	Weixi Longdu Power Generation Co., Ltd.	0.41	0.00	0.41	0.00
Accounts receivables . . .	Shangyi Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Huade Wind Farm Co., Ltd. of Guoshui Group	1.60	0.01	1.60	0.00
Accounts receivables . . .	Diaobingshan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	2.03	0.01	8.13	0.00
Accounts receivables . . .	Xinjiang Dabancheng Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	0.29	0.00	1.18	0.00
Accounts receivables . . .	Dachaidan Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00
Accounts receivables . . .	Kumul Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	1.33	0.00	5.31	0.00
Accounts receivables . . .	Yunnan Yaoan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.18	0.00	4.73	0.00
Accounts receivables . . .	Golmud Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.94	0.00	3.75	0.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables . . .	Jinchang Wind Farm Co., Ltd. of China Three Gorges New Energy Corporation	1.88	0.01	7.51	0.00
Accounts receivables . . .	Yunnan Mile Shidongshan Power Generation Co., Ltd.	9.22	0.00	6.32	0.00
Accounts receivables . . .	Yunnan Shizong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.67	0.00	2.68	0.00
Accounts receivables . . .	Wuzhong Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00
Accounts receivables . . .	Qingdao Runlai Wind Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Enshi Banqiao Wind Power Generation Co., Ltd.	0.72	0.00	0.72	0.00
Accounts receivables . . .	Shanshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.11	0.00	0.46	0.00
Accounts receivables . . .	Pishan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.24	0.00	0.95	0.00
Accounts receivables . . .	Angli (Lingwu) Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00
Accounts receivables . . .	Wulan Jinfeng New Energy Photovoltaic Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Hainan Prefecture Yixin New Energy Technology Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Hainan Prefecture Haijin Keshida New Energy Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Quyang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.94	0.00	0.94	0.00
Accounts receivables . . .	Yiwu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.29	0.00	1.18	0.00
Accounts receivables . . .	Tongcheng Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables . . .	Yuanmou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.16	0.00	0.65	0.00
Accounts receivables . . .	Binchuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.24	0.00	0.98	0.00
Accounts receivables . . .	Wujiaqu Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	1.19	0.00	4.78	0.00
Accounts receivables . . .	Binxian Dageling Wind Power Generation Co., Ltd.	8.14	0.03	8.14	0.00
Accounts receivables . . .	Jiuquan Sanyang New Energy Power Generation Co., Ltd.	0.23	0.00	0.94	0.00
Accounts receivables . . .	Jiuquan Chaoyang New Energy Power Generation Co., Ltd.	0.23	0.00	0.94	0.00
Accounts receivables . . .	Xintai Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00
Accounts receivables . . .	Pingquan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Sheqi Guohe Wind Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Jiuquan Co., Ltd. of China Three Gorges New Energy Corporation	1.88	0.01	1.88	0.00
Accounts receivables . . .	Zhangjiachuan Tianyuan Wind Farm Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Shandong Jianeng Solar Energy Technology Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Mengyin Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00
Accounts receivables . . .	Laiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Taiyangshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.94	0.00	3.75	0.00
Accounts receivables . . .	Bole Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.29	0.00	1.18	0.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables . . .	Guyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Hainan Prefecture Zhuma Light Energy New Energy Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Yiyuan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00
Accounts receivables . . .	Lingwu Baitugang Angli Photovoltaic Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Kangbao Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Shidian Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.39	0.00	1.57	0.00
Accounts receivables . . .	Huaping Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.24	0.00	0.98	0.00
Accounts receivables . . .	Leshan Damo Hydropower Co., Ltd.	—	—	11.48	0.00
Accounts receivables . . .	South Asia Investment Co., Ltd. of China Three Gorges Corporation	94.79	0.34	94.79	0.01
Accounts receivables . . .	Pingshan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Puan Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.34	0.00	1.37	0.00
Accounts receivables . . .	Chongqing Wulong District Daliangzi Wind Power Generation Co., Ltd.	0.50	0.00	0.50	0.00
Accounts receivables . . .	Zuoyun Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	0.47	0.00
Accounts receivables . . .	Shuangliao Qingda Photovoltaic Power Generation Co., Ltd.	2.03	0.01	8.14	0.00
Accounts receivables . . .	Delingha Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.47	0.00	1.88	0.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables . . .	Kaiyuan Hongyu Sunshine New Energy Power Generation Co., Ltd.	0.25	0.00	1.00	0.00
Accounts receivables . . .	Fuqing Strait Power Generation Co., Ltd.	5.55	0.02	24.36	0.01
Accounts receivables . . .	Golmud Sunshine Qiheng New Energy Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Chaohu Jiaoyang New Energy Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Suzhou Fuyang Photovoltaic Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Yangjiang Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	4.85	0.02	4.84	0.00
Accounts receivables . . .	Jinfeng New Energy Gonghe Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Guyuan Hengyi New Energy Co., Ltd.	0.47	0.00	0.47	0.00
Accounts receivables . . .	Xiyang Sineng New Energy Co., Ltd.	0.47	0.00	0.47	0.00
Accounts receivables . . .	Yongdeng Hongyang New Energy Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Delingha Xiayang New Energy Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Leling Zhongtian New Energy Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Hainan Prefecture Jiepu Green Energy Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Shenmu Yuanhang New Energy Development Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Zhongxian Jidian New Energy Co., Ltd.	0.50	0.00	0.40	0.00
Accounts receivables . . .	Offshore Wind Power Operation and Maintenance Jiangsu Co., Ltd. of China Three Gorges New Energy Corporation	3.76	0.01	37.64	0.00
Accounts receivables . . .	Linqi Tianrong Wind Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Zhucheng Tianrong Wind Power Generation Co., Ltd.	0.47	0.00	1.88	0.00
Accounts receivables . . .	Longling Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.23	0.00	0.93	0.00

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivables ...	Shanghai East China Engineering Consultation Company	—	—	5.52	0.00
Accounts receivables ...	Shanghai Jikai Engineering Testing Technology Co., Ltd.	—	—	2.30	0.00
Accounts receivables ...	Suixian Aikang Energy Investment Co., Ltd.	0.72	0.00	0.72	0.00
Accounts receivables ...	Jiujiang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	1.11	0.00	22.12	0.00
Accounts receivables ...	Yangtze Ecology and Environment Co., Ltd.	140.15	0.50	171.28	0.02
Accounts receivables ...	Wuhu Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	—	—	9.73	0.00
Accounts receivables ...	Panzhou Power Generation Co., Ltd. of China Three Gorges New Energy Corporation	0.39	0.00	1.57	0.00
Accounts receivables ...	Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	1,310.30	—	447.31	—
Accounts receivables ...	Three Gorges Pakistan No. 2 Wind Power Co., Ltd.	437.41	—	502.17	—
Accounts receivables ...	Three Gorges Pakistan No. 3 Wind Power Co., Ltd.	437.41	—	607.28	—
Accounts receivables ...	The Three Gorges Ecological Garden Co., Ltd.	0.34	—	1.88	—
Accounts receivables ...	Siziwang Wind Farm Co., Ltd. of China Three Gorges New Energy Co., Ltd.	15.29	0.06	15.29	0.00
Accounts receivables ...	Wuwei County Three Gorges Water Environment Comprehensive Treatment First Limited Liability Company	19.42	0.00	—	—
Accounts receivables ...	Yueyang Three Gorges Water Environment Comprehensive Treatment Co., Ltd.	20.20	0.00	—	—
Accounts receivables ...	Three Gorges International Tendering Co., Ltd.	101.55	0.01	—	—
Other receivables	Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd.	4,075.83	4.46	2.25	0.23
Other receivables	Three Gorges International Tendering Co., Ltd.	0.10	0.00	17.00	0.02

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

1. Receivables (continued)

Item	Related party	As at 30 June 2020		As at 31 December 2019	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	34.86	5.67	38.09	2.96
Other receivables	Yichang Three Gorges Duoneng Asset Management Co., Ltd.	2.00	0.35	2.00	0.20
Other receivables	China Three Gorges Publishing Media Co., Ltd.	0.73	0.07	0.73	0.00
Other receivables	The Three Gorges Industrial Co., Ltd.	405.27	39.72	405.27	0.41
Other receivables	Three Gorges Tourism Development Co., Ltd.	200.00	0.20	—	—
Advances to suppliers . .	Three Gorges International Tendering Co., Ltd.	294.60	—	58.92	—
Advances to suppliers . .	Yangtze Three Gorges Equipment & Materials Co., Ltd.	0.34	—	—	—
	Total	<u>95,641.03</u>	<u>68.01</u>	<u>9,811.36</u>	<u>4.68</u>

2. Payables

Unit: 10,000 yuan Currency: RMB

Item	Related party	As at 30 June 2020		As at 31 December 2019	
	Controlling shareholder				
Other payables	China Three Gorges Corporation	61,033.27		36,911.58	
Long-term payables	China Three Gorges Corporation	2,013,294.54		2,123,294.54	
Short-term borrowings	China Three Gorges Corporation	1,000,000.00		1,100,000.00	
Long-term borrowings	China Three Gorges Corporation	2,260,000.00		2,460,000.00	
Interest payable	China Three Gorges Corporation	6,443.96		7,708.51	
Dividends payable	China Three Gorges Corporation	866,471.46		—	
	Joint venture or associated enterprise				
Other payables	Chongqing Fuling Energy Industry Group Co., Ltd.	4.45		4.46	
Other payables	CTG Base Development Co., Ltd.	1,277.24		1,556.70	
Other payables	Three Gorges Finance Co., Ltd.	—		600.00	
Short-term borrowings	Three Gorges Finance Co., Ltd.	720,000.00		980,000.00	
Interest payable	Three Gorges Finance Co., Ltd.	782.70		1,115.53	
Dividends payable	Three Gorges Finance Co., Ltd.	2,394.70		—	
Dividends payable	Three Gorges Capital Holdings Co., Ltd.	1,925.44		—	
	Enterprises controlled by controlling shareholders				

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(III) Balance of related party intercourse funds (continued)

2. Payables (continued)

Item	Related party	As at 30 June 2020	As at 31 December 2019
Accounts payable	The Three Gorges Industrial Co., Ltd.	—	1,301.82
Accounts payable	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	12.80	12.80
Accounts payable	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	1,600.00	297.74
Other payables	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	1,029.94	6,758.59
Other payables	Shanghai Investigation, Design & Research Institute Co., Ltd.	42.51	42.51
Other payables	China Three Gorges Publishing Media Co., Ltd.	16.70	16.70
Other payables	Yangtze Three Gorges Technology & Economy Development Co., Ltd.	519.25	523.25
Other payables	Three Gorges Tourism Development Co., Ltd.	1,051.44	20.00
Other payables	Yangtze Three Gorges Equipment & Materials Co., Ltd.	1,098.93	1,538.07
Other payables	The Three Gorges Ecological Garden Co., Ltd.	88.76	88.76
Other payables	The Three Gorges Industrial Co., Ltd.	18,058.89	25,260.84
Other payables	Three Gorges Mechanical and Electrical Engineering Technology Co., Ltd.	1,496.71	1,496.71
Other payables	Three Gorges International Energy Investment Group Co., Ltd.	200.00	200.00
Other payables	Three Gorges Pakistan No. 1 Wind Power Co., Ltd.	244.87	—
Other payables	Three Gorges Pakistan No. 2 Wind Power Co., Ltd.	196.03	—
Other payables	Three Gorges Pakistan No. 3 Wind Power Co., Ltd.	91.55	—
Other payables	China Three Gorges Construction Management Co., Ltd.	11,452.00	—
Contractual liabilities	Three Gorges International Energy Investment Group Co., Ltd.	128.51	878.84
Short-term borrowings	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	—	800.00
Interest payable	Yangtze Three Gorges Hydroelectric Engineering Co., Ltd.	—	1.06
Dividends payable	Three Gorges Asset Management Co., Ltd.	903.26	—
Dividends payable	China Three Gorges Construction Management Co., Ltd.	59,840.00	—
	Total	<u>7,031,699.91</u>	<u>6,750,429.01</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XI. Related parties and related party transactions (continued)

(IV) Commitments by related parties

None.

(V) Others

Bank deposits

		Unit: 10,000 yuan	Currency: RMB
Name of related party	Item	As at 30 June 2020	As at 31 December 2019
Three Gorges Finance Co., Ltd. . .	Deposit	329,319.56	268,201.35
Total	—	<u>329,319.56</u>	<u>268,201.35</u>

XII. Contingencies

For contingent liabilities relating to investment of joint ventures or associates, see the relevant contents of “Note VIII, 2. (7) Contingent liabilities relating to investment of joint ventures or associates”.

As at June 30, 2020, the Company did not have any provision of debt guarantee for non-affiliated unites.

As at June 30, 2020, the Company has no other significant contingencies that shall be disclosed but not yet disclosed except for the above-mentioned ones.

XIII. Commitments

1. As at June 30, 2020, capital expenditure and revenue expenditure commitments such as asset purchasing, etc. signed but need not to be confirmed on the financial statement of the Company was RMB52.22 million.
2. The Company signed land employment right renting contract for Gezhouba District with China Three Gorges Group in December 2007, the lease term was 20 years from January 1, 2007, and for every three years, the rental can be adjusted through negotiation between both parties.
3. The Company signed land employment right renting contract for Three Gorges District with China Three Gorges Group in September 2009, the lease term was 20 years from September 28, 2009, for every 3 years, the rental can be adjusted through negotiation between both parties. The latest adjustment by both parties was in 2014.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XIII. Commitments (continued)

4. Relevant agreements and commitments in Report for China Yangtze Power Co., Ltd. to Pay for Major Assets and the Connected Transaction between China Three Gorges Group and the Company:
 - (1) Relevant expenses or costs that shall be listed in power-generating cost of Three Gorges Hydropower Station would be borne by the Company.
 - (2) China Three Gorges Group and the Company agreed that when relevant transaction conditions are met, China Three Gorges Group will sell equity of Yangtze Three Gorges Technology & Economy Development Co., Ltd. held by itself to the Company, and the Company committed to purchase the above equity.

As at June 30, 2020, the Company has no other significant commitment events that shall be disclosed but not yet disclosed except for the above-mentioned ones.

XIV. Events after the balance sheet date

1. Important non-adjusting events

According to the regulatory requirements of China Securities Regulatory Commission (hereinafter referred to as “CSRC”) on the Regulation of Interconnection of Depository Receipts between Shanghai Stock Exchange and London Stock Exchange (Trial) (hereinafter referred to as “Shanghai-London Stock Connect Interim Measures”) and other relevant regulatory requirements, the Company plans to issue Global Depository Receipts (hereinafter referred to as “GDR”), and applies to be listed on the London Stock Exchange (hereinafter referred to as “this offering”). For GDR, the newly issued RMB common stock (A shares) of the Company is taken as the underlying securities.

This offering has been approved by the first extraordinary general meeting of the Company in 2020. On July 16, 2020, CSRC issued the Acceptance Form for Administrative License Application of China Securities Regulatory Commission (Acceptance Serial No.: 201884), which examined the application materials submitted by the Company for the Company’s plan to issue GDR and to be listed on London Stock Exchange, and found that the application materials were complete and in compliance with the statutory form, and decided to accept the application for administrative license. This offering of the Company needs to be approved by China Securities Regulatory Commission and relevant UK securities regulatory authorities before it can be implemented.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XIV. Events after the balance sheet date (continued)

2. *Profit distribution*

None.

3. *Issuance of bonds*

On July 6, 2019, the Company issued the Second Batch of the Super and Short-term Commercial Paper 2020 amounting to RMB3 billion with a term of 160 days and an issue interest rate was 1.75%.

On July 9, 2019, the Company issued the Third Batch of the Super and Short-term Commercial Paper 2020 amounting to RMB2 billion with a term of 46 days and an issue interest rate was 1.45%.

On July 13, 2019, the Company issued the Fourth Batch of the Super and Short-term Commercial Paper 2020 amounting to RMB3 billion with a term of 135 days and an issue interest rate was 1.75%.

On August 24, 2020, the Company issued the 2020 Phase II short-term commercial paper amounting to 2.5 billion yuan with a term of one year and an issue interest rate of 2.97%.

4. There are no other significant events after the balance sheet date for the Company to disclose, except for those above-mentioned.

XV. Other significant events

1. *Correction and effect of prior period errors*

- (1) *There are any prior period accounting errors with retrospective restatement found in the current year.*

No major errors with retrospective restatement are found during the reporting period.

- (2) *There are any prior period accounting errors with prospective application method found in the period.*

No major errors with prospective application method are found during the reporting period.

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XV. Other significant events (continued)

2. Replacement of assets

(1) Replacement of non-monetary assets

In May 2020, Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd. purchased 36% equity of Chongqing Liangjiang Changxing Electric Power Co., Ltd. and 8.06% equity of Chongqing Changdian United Energy Co., Ltd. held by CYPC by issuing shares and paying RMB in cash.

Because the expected future cash flow of the assets received is significantly different from that of the assets surrendered in terms of risk, time and amount, the transaction is a replacement of non-monetary asset with commercial substance.

3. Annuity plan

Enterprise annuity plan is implemented in the Company after submitted by Three Gorges Corporation to Labor and Social Security Bureau for record-filing. The Company includes enterprise annuity cost that it should bear into current profits and losses as employee compensation, and remits the payable enterprise annuity payments to the bank accounts employees open at the account manager on time. By the end of June 30, 2020, no major change has occurred to annuity plan.

4. Other significant transactions and events affecting investors' decisions

The Company has no significant transactions and events affecting investors' decisions to explain.

XVI. Notes to major items of the Company's financial statements

1. Accounts receivables

(1) Disclosure of accounts receivables by aging

Account age	As at 30 June 2020
Within 1 year	2,970,549,796.35
1-2 years	206,277.72
Total	<u><u>2,970,756,074.07</u></u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

1. Accounts receivables (continued)

(2) Classified disclosure by bad debt accrual method

Category	As at 30 June 2020				As at 31 December 2019			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Bad debt provision made individually	—	—	—	—	—	—	—	—
Bad debt provision made as per portfolio	2,970,756,074.07	100.00	—	—	1,640,765,860.31	100.00	—	—
Including: Power generation business grouping	2,954,636,139.12	99.46	—	—	1,636,258,291.59	99.73	—	—
Other portfolios	16,119,934.95	0.54	—	—	4,507,568.72	0.27	—	—
Total	2,970,756,074.07	—	2,970,756,074.07	—	1,640,765,860.31	—	1,640,765,860.31	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

1. Accounts receivables (continued)

(3) Movements of impairment for accounts receivables

There has been no change in the provision for bad debts this period.

(4) List of top five accounts receivables

Company name	Amount	Account age	Proportion in total closing balance %	Closing balance of bad debt provision
State Grid Corporation of China	1,961,698,410.31	Within 1 year	66.03	—
China Southern Power Grid Company Limited	590,727,397.68	Within 1 year	19.88	—
Central China Branch of State Grid Corporation of China ...	388,311,350.09	Within 1 year	13.07	—
Three Gorges Electric Energy Co., Ltd.	14,972,275.91	Within 1 year	0.50	—
SGCC Hubei Electric Power Company	13,710,136.56	Within 1 year	0.46	—
Total	<u>2,969,419,570.55</u>	<u>—</u>	<u>99.94</u>	<u>—</u>

2. Other receivables

Item	As at 30 June 2020	As at 31 December 2019
Interest receivables	—	—
Dividends receivables	1,038,032,507.17	50,045,000.00
Other receivables	62,163,369.78	17,270,820.17
Total	<u>1,100,195,876.95</u>	<u>67,315,820.17</u>

2.1 Dividends receivables

Breakdown

Item (or the investee)	As at 30 June 2020	As at 31 December 2019
SDIC Power Holdings Co., Ltd.	211,775,765.93	—
China Construction Bank Corporation Limited	207,677,760.00	—
Sichuan Chuantou Energy Co., Ltd.	197,984,028.78	—
Hubei Energy Group Co., Ltd.	164,982,859.30	—
Three Gorges Capital Holdings Co., Ltd.	135,353,223.35	—
Shenergy Group Company Limited	87,969,227.06	—
Guangzhou Development Group Incorporated	24,505,162.90	—
Three Gorges Electric Energy Co., Ltd.	7,784,479.85	—
Hubei Qingneng Investment and Development Group Co., Ltd.	—	50,045,000.00
Total	<u>1,038,032,507.17</u>	<u>50,045,000.00</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables (continued)

2.2 Other receivables

(1) Other receivables listed as per aging

Account age	As at 30 June 2020
Within 1 year	48,247,193.85
1-2 years	13,589,905.85
2-3 years	1,821,436.57
3-4 years	—
4-5 years	400,000.00
Over 5 years	206,300.00
Total	64,264,836.27

(2) Disclosure of other receivables by nature

Nature	As at 30 June 2020	As at 31 December 2019
Guarantee deposit and security deposit . . .	739,300.00	739,300.00
Transaction payments	59,900,380.40	15,605,295.12
Others	3,525,455.87	1,341,604.70
Cash consideration	99,700.00	—
Total	64,264,836.27	17,686,199.82

(3) Movements of impairment for other receivables

Bad debt provision	Stage 1 — Expected credit loss in the future 12 months	Stage 2 — Expected credit loss within whole duration (no credit impairment occurs)	Stage 3 — Expected credit loss within whole duration (credit impairment has occurred)	Total
Balance on January 01, 2020	415,379.65	—	—	415,379.65
Provision in this period . .	<u>1,686,086.84</u>	—	—	<u>1,686,086.84</u>
Balance on June 30, 2020	<u>2,101,466.49</u>	—	—	<u>2,101,466.49</u>

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

2. Other receivables (continued)

2.2 Other receivables (continued)

(4) Conditions about accounts receivable bad debts

Category	Balance brought forward	Provision	Amount changed during the current period			Balance carried forward
			Accounts recovered or transferred back	Amounts charged or written off	Others	
Other Portfolio ..	415,379.65	1,686,086.84	—	—	—	2,101,466.49
Total	<u>415,379.65</u>	<u>1,686,086.84</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,101,466.49</u>

(5) Conditions about other receivables of top five balances as at the end of period collected by the borrowers:

Company name	Nature	Amount	Account age	Proportion in total closing balance	Closing balance of bad debt provision
Three Gorges Jinsha River Yunchuan Hydropower Development Co., Ltd. ...	Transaction payments	40,735,849.05	Within 1 year	63.39	40,735.85
China Three Gorges International Power Operation Co., Ltd	Transaction payments	16,482,568.21	0-3 years	25.65	1,385,740.90
China Yangtze Power International (Hong Kong) Co., Ltd.	Transaction payments	2,425,888.14	1-3 years	3.77	239,041.15
Yichang Labor Security Supervision Detachment ..	Guarantee deposit	739,300.00	2~6 years	1.15	429,309.00
Qingxian County Trading Co., Ltd.	Transaction payments	176,460.00	Within 1 year	0.27	176.46
Total	—	<u>60,560,065.40</u>	—	<u>94.23</u>	<u>2,095,003.36</u>

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments

(1) Details of long-term equity investments

Item	As at 30 June 2020			As at 31 December 2019		
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value
Investment in subsidiaries	43,521,505,561.52	—	43,521,505,561.52	41,155,584,107.25	—	41,155,584,107.25
Investment in joint ventures and associates	42,320,091,437.33	—	42,320,091,437.33	36,892,005,071.35	—	36,892,005,071.35
Total	85,841,596,998.85	—	85,841,596,998.85	78,047,589,178.60	—	78,047,589,178.60

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(2) Investment in subsidiaries

The investee	Balance brought forward	Increase during the current period	Decrease during the current period	Balance carried forward	Impairment provision during the current year	Ending balance impairment loss
China Yangtze Power Capital Holding LLC.	2,600,000,000.00	—	—	2,600,000,000.00	—	—
China Yangtze Power International (Hong Kong) Co., Ltd.	965,367,563.77	2,365,921,454.27	—	3,331,289,018.04	—	—
Three Gorges High-tech Information Technology Co., Ltd.	23,234,350.43	—	—	23,234,350.43	—	—
Three Gorges Jinsha River Chuanyun Hydropower Development Co., Ltd.	36,866,982,193.05	—	—	36,866,982,193.05	—	—
Three Gorges Electric Energy Co., Ltd.	700,000,000.00	—	—	700,000,000.00	—	—
Total	41,155,584,107.25	2,365,921,454.27	—	43,521,505,561.52	—	—

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates

The investee	Increase or decrease in the current period								Closing balance of impairment provision
	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision	
I. Associated enterprises									
Hubei Energy Group Co., Ltd.	6,845,909,686.64	—	—	316,388,512.36	6,870,940.53	(29,569,820.68)	164,982,859.30	—	6,974,616,459.55
Hubei Qingneng Investment and Development Group Co., Ltd.	1,906,684,945.84	—	—	(22,949,177.36)	—	(2,610,006.94)	—	—	1,881,125,761.54
Guangzhou Development Group Incorporated	3,173,098,564.35	—	—	96,708,923.31	(12,286,418.98)	11,813,472.10	24,505,162.90	—	3,244,829,377.88
Three Gorges Finance Co., Ltd.	2,022,060,388.81	—	—	163,711,681.56	2,198,452.12	—	—	—	2,187,970,522.49
Shanghai Electric Power Co., Ltd.	1,051,951,594.37	504,005,119.88	—	55,541,221.33	(384,519.91)	40,165.62	25,612,345.59	—	1,585,541,235.70
Hunan Taohuajiang Nuclear Power Co., Ltd.	224,119,537.52	—	—	—	—	—	—	—	224,119,537.52
Chongqing Three Gorges Water Conservancy and Electric Power (Group) Co., Ltd.	1,570,169,507.31	474,442,103.00	—	26,258,727.01	—	48,851.73	15,966,340.20	—	2,054,952,848.85
CTG Base Development Co., Ltd.	372,427,477.85	—	—	7,719,971.28	—	—	—	—	380,147,449.13
Shenenergy Group Company Limited	—	2,413,423,358.80	—	—	—	—	—	—	2,413,423,358.80
Chongqing Yutai Energy Co., Ltd.	28,891,045.24	—	—	(7,559,925.75)	—	—	—	—	21,331,119.49
Chongqing Fuling Energy Industry Group Co., Ltd.	572,620,161.64	—	—	27,431,945.53	—	7,144.63	—	—	600,059,251.80
Chongqing Changdian United Energy Co., Ltd.	343,461,109.25	—	344,093,435.53	5,601,312.56	—	(4,968,986.28)	—	—	—
Three Gorges Capital Holdings Co., Ltd.	2,912,492,366.43	—	—	171,368,099.77	(92,517,054.50)	4,098,360.43	135,353,223.35	—	2,860,088,548.78
Chongqing Fuling Three Gorges Changfu Equity Investment Fund Partnership (Limited Partnership) ...	39,994,725.58	—	—	(2,765.96)	—	—	—	—	39,991,959.62
SDIC Power Holdings Co., Ltd.	6,148,143,304.91	1,110,194,778.50	—	363,160,490.96	(2,440,248.78)	941,171.21	211,775,765.93	—	7,408,223,730.87
Sichuan Chuantou Energy Co., Ltd.	4,700,095,843.00	775,744,065.02	—	153,181,714.76	158,675.76	(25,961.20)	197,984,028.78	—	5,431,170,308.56

Notes to the Financial Statements
For the six months ended 30 June 2020
(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

3. Long-term equity investments (continued)

(3) Investment in joint ventures and associates (continued)

The investee	Increase or decrease in the current period								Closing balance of impairment provision	
	Balance brought forward	Additions	Disposals	Investment gain/loss as per equity method	Adjustment of other comprehensive income	Other equity changes	Cash dividends or profits declared to pay	Charge of impairment provision		Others
Chongqing Liangjiang Three Gorges Xinghong Equity Investment Fund Partnership (Limited Partnership)	41,029,335.77	—	—	574,793.95	—	—	—	—	—	41,604,129.72
Chongqing Qianjiang Three Gorges Changhong Equity Investment Fund Partnership (Limited Partnership)	40,087,715.80	—	—	594,039.22	—	—	—	—	—	40,681,755.02
CNNP Xiapu Nuclear Power Co., Ltd.	1,157,761.04	—	—	100,788.12	—	87,729.85	—	—	—	1,346,279.01
Yunnan Huadian Jinsha River Middle Reaches Hydropower Development Co., Ltd.	4,897,610,000.00	—	—	31,257,803.00	—	—	—	—	—	4,928,867,803.00
Total	36,892,005,071.35	5,277,809,425.20	344,093,435.53	1,389,088,155.65	(98,400,173.76)	(20,137,879.53)	776,179,726.05	—	—	42,320,091,437.33

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVI. Notes to major items of the Company's financial statements (continued)

4. Operating revenue and operating costs

Item	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Income	Cost	Income	Cost
Main operation	10,238,033,981.61	3,723,429,574.12	10,926,844,645.59	4,336,109,139.07
Other operation	150,003,610.72	115,258,804.45	8,388,314.08	579,795.77
Total	10,388,037,592.33	3,838,688,378.57	10,935,232,959.67	4,336,688,934.84

5. Investment income

Item	For the six months ended 30 June 2020	For the six months ended 30 June 2019
Long-term equity investment income under the equity method	1,389,088,155.65	923,236,870.02
Investment income from disposal of long-term equity investment	—	—
Long-term equity investment income calculated with the cost method	7,784,479.85	—
Investment income from holding other non-current financial assets	191,993,689.93	66,902,861.45
Investment income from disposal of other non-current financial assets	103,483,918.32	407,395,571.14
Dividend income from investments in other equity instruments during the holding period	207,677,760.00	264,877,578.00
Investment income from available-for-sale financial assets during the holding period	—	—
Investment income from disposal of available-for-sale financial assets	—	—
Investment income from disposal of financial assets at fair value through profit or loss	—	—
Investment income from entrusted loans	644,702.83	659,750.00
Others	120,434,605.05	6,845,710.83
Total	2,021,107,311.63	1,669,918,341.44

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

XVII. Approval on financial statements

This financial report was approved for release by the Board of Directors of the Company on August 27, 2020.

Supplementary Information of Financial Statements

1. List of non-recurring loss/gain in current period

- (1) In accordance with the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Securities to the Public — Non-recurring Profit and Loss (2008) issued by China Securities Regulatory Commission, the non-recurring profit and loss of the Company for January-June 2020 is stated as follows:

<u>Item</u>	<u>For the six months ended 30 June 2020</u>	<u>Notes</u>
Profit and loss of non-current assets disposal	11,004,117.11	—
Unauthorized approval or without official approval document or occasional tax returns and concessions	—	—
Government subsidies included in current profits and losses (exclusive of those which are closely related with the enterprise business or granted according to national standard fixed rate or quantity)	108,440.00	—
Payment for the use of state funds included in the current profit and loss and collected from non-financial business	—	—
Income arising from the fair value of net identifiable assets of the investee the enterprise should enjoy when the cost of investment it acquired from the subsidiary, associated enterprise and joint venture was less than the investment it obtained	50,250,031.87	—
Non-monetary assets exchange profit and loss	205,222,701.21	—
Profit and loss on the assets by entrusting others to invest or manage	—	—
Each provision for the impairment of assets withdrawn due to force majeure factor, say, suffering from a natural disaster	—	—
Debt restructuring profit and loss	—	—
Enterprise restructuring charges, such as the staffing expenditure and integrating expenses	—	—
Profit and loss of the part exceeding the fair value arising from the transaction with the bargain price losing fairness	—	—
Net gains or losses from the beginning of a subsidiary from merger of companies under the same parent company to the date of merger in the current period	—	—
Profit and loss arising from contingencies irrelevant to the Company's normal business operation	—	—

Notes to the Financial Statements

For the six months ended 30 June 2020

(Other than stated in the notes, all the amounts are stated in RMB) (continued)

Supplementary Information of Financial Statements (continued)

1. List of non-recurring loss/gain in current period (continued)

Item	For the six months ended 30 June 2020	Notes
Profit and loss of fair value change produced from the holding of held for trading financial assets and held for trading financial liabilities except valid hedging business related to the Company's normal operations, and income on investment acquired from the disposal of held for trading financial assets, held for trading financial liabilities and available-for-sale financial assets	(273,826,025.28)	—
Reversed provision for diminution in value of receivables under independent impairment test . . .	—	—
Profit and loss acquired from externally entrusted loans	—	—
Profit and loss arising from changes in the fair value of investment property by using the fair value model for subsequent measurement	—	—
Influence made by the one-off adjustment of the current profit and loss according to requirements of tax revenue and accounting laws and regulations on the current profit and loss	—	—
Trustee fee income achieved from the entrusted management	—	—
Other non-operating income and expenses than the above items	(190,212,651.31)	—
Other losses and profits conforming to the definition of non-recurring profit and loss	4,949,707.27	—
Subtotal	(192,503,679.13)	—
Amount affected by income tax	(126,388,433.76)	—
Amount affected by minority shareholder's equity (after-tax)	24,830,110.66	—
Total	(90,945,356.03)	—

Notes to the Financial Statements**For the six months ended 30 June 2020****(Other than stated in the notes, all the amounts are stated in RMB) (continued)***Supplementary Information of Financial Statements (continued)***2. Return on net assets and earnings per share**

Based on the provisions in *Preparation Rules for Information Disclosures by Companies Offering Shares to the Public No. 9 — Calculation and Disclosure of Return on Net Assets and Earnings per Share* (revised in 2010) issued by China Securities Regulatory Commission, the weighted average return on net assets, basic earnings per share, and diluted earnings per share for the Company for January-June 2020 are listed below:

<u>Profit in the report period</u>	<u>Weighted average</u>	<u>Earnings per share (EPS)</u>	
	<u>Return on net assets</u>	<u>Basic EPS</u>	<u>Diluted EPS</u>
	(%)		
Net profit attributable to the parent company's shareholders	5.25	0.3592	0.3592
Net profit attributable to shareholders of the parent company after deducting non-recurring profit and loss	5.31	0.3633	0.3633

THE COMPANY

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