

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



龍源電力集團股份有限公司

CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

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

(Stock Code: 00916)

ANNOUNCEMENT IN RELATION TO PROVISION FOR IMPAIRMENT FOR 2023

The board of directors (the “**Board**”) of China Longyuan Power Group Corporation Limited (the “**Company**”) hereby announces that, the Proposal in Relation to the Provision for Asset Impairment of China Longyuan Power Group Corporation Limited for 2023 has been considered and approved at the Board meeting and the meeting of the supervisory board (the “**Supervisory Board**”) held on 27 March 2024. The Company made provision for impairment of RMB2,187 million on assets in total in 2023. It is expected that the Company’s total profit for 2023 will be decreased by RMB2,187 million. The details are as follows:

I. OVERVIEW OF THE PROVISION FOR IMPAIRMENT OF ASSETS

In accordance with the PRC Accounting Standards for Business Enterprises (《企業會計準則》) and other provisions, the provision for impairment of assets amounted to RMB2,187 million in total in 2023. The scope of the provision for impairment of assets includes receivables financing, inventories, fixed assets, intangible assets, construction in progress, other receivables, etc., which is detailed below:

Item	Amount of provisions for 2023 <i>(RMB'00 million)</i>
Provision for bad debts of receivables financing	0.66
Provision for impairment of inventories	0.01
Provision for impairment of fixed assets	11.94
Provision for impairment of intangible assets	6.39
Provision for impairment of construction in progress	2.52
Provision for bad debts of other receivables	0.3
Provision for bad debts of accounts receivable	0.01
Provision for impairment of notes receivable	0.05
	<hr/>
Total	21.87
	<hr/> <hr/>

Note: Figures above, if any, are rounded to the nearest.

The reporting period in which the provision for asset impairment is included starts from 1 January 2023 to 31 December 2023.

II. DETAILS OF THE PROVISION FOR IMPAIRMENT OF ASSETS

(I) Provision for Accounts Receivable, Inventories, etc.

Pursuant to relevant requirements of the PRC Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, given the credit risk characteristics for items including accounts receivables and other receivables, the Company calculates the expected credit loss based on portfolio. The Company recognizes the expected credit loss of the duration and estimates the expected credit loss in accordance with its experience and changes of historical credit loss, the current situation and its forecast of the future economic condition. According to the Article 54 of the PRC Accounting Systems for Business Enterprises (《企業會計制度》), enterprises shall inspect the inventories in full at the end of the period. If the cost of inventories is higher than the net realizable value for reasons like the inventories being damaged, becoming completely or partially obsolete or being sold at a price lower than cost, the provision for impairment of inventories shall be made at the net realizable value lower than the cost of inventories.

In accordance with the above rules, the Company made provision for bad debts of receivables financing of RMB66 million, made provision for bad debts of other receivables and accounts receivable of RMB31 million, made provision for bad debts of notes receivable of RMB5 million, and made provision for impairment of inventories of RMB1 million in 2023.

(II) Provision for Impairment of Long-term Assets

Pursuant to relevant requirements of the Accounting Standards for Business Enterprises No. 8 – Assets Impairment, for long-term equity investments, fixed assets, construction in progress and intangible assets with finite useful lives and other long-term assets, if there are any indications of impairment as at the balance sheet date, recoverable amount shall be estimated. Goodwill arising from business combinations and intangible assets with an indefinite useful life will be tested for impairment every year, regardless of whether there is any indication of impairment. Impairment test is performed on goodwill together with its relevant asset group or asset group portfolio. If the recoverable amounts of the above-mentioned long-term assets are lower than their book values, the differences are recognised as provision for asset impairment and recorded in current profit or loss.

In accordance with the above rules, the Company conducted a comprehensive impairment test on assets of the subsidiaries to properly manage the value of assets. In 2023, the Company made provision for impairment of fixed assets of RMB1,194 million, made provision for impairment of construction materials of RMB73 million, made provision for impairment of construction in progress of RMB179 million and made provision for impairment of intangible assets of RMB639 million, which mainly include:

Certain projects of the Company in Heilongjiang, Gansu, Inner Mongolia, Liaoning, Jilin, Fujian and other areas were carried out the transformation and upgrade of old wind farms of “replacing small-capacity units with large-capacity units”, of which Jilin Longyuan Wind Power Generation Co., Ltd., Gansu Jieyuan Wind Power Generation Co., Ltd., Gansu Xin’an Wind Power Generation Co., Ltd. and Longyuan (Putian) Wind Power Generation Co., Ltd. are projects of concession rights, and therefore the Company made provision for impairment of fixed assets of RMB856 million and made provision for impairment of intangible assets of RMB639 million, respectively, for old units planned to be scrapped.

The related asset groups of Yakeshi Branch of Chifeng Longyuan Songzhou Wind Power Generation Co., Ltd., Longyuan (Zhangbei) Wind Power Generation Co., Ltd., and Longyuan (Cili) New Energy Co., Ltd., subsidiaries of the Company, had operating losses or a decline in the expectation of profitability and were made provision for impairment of fixed assets of RMB311 million.

Certain project companies of the Company in Heilongjiang, Shandong and other areas have been suspended for a long time, and there are significant uncertainties about the restart of the projects in the future. Provision for impairment of construction in progress of RMB179 million and provision for impairment of construction materials of RMB73 million were made.

III. IMPACT ON THE COMPANY OF THE PROVISION FOR ASSET IMPAIRMENT

Provision for asset impairment totally amounted to RMB2,187 million, reducing the total profit of the Company for 2023 by RMB2,187 million, reducing the net profit attributable to shareholders of the listed company by RMB1,612 million and correspondingly reducing the net assets attributable to shareholders of the listed company by RMB1,612 million at the end of 2023. The above provision for asset impairment of the Company has been audited by an accounting firm and been fully reflected in the financial report for 2023.

IV. OPINION OF THE SUPERVISORY BOARD

The Company considered and approved the above proposal at the Supervisory Board held on 27 March 2024. The Supervisory Board of the Company is in the view that: the provision for impairment of the relevant assets is in compliance with the relevant requirements under the existing PRC Accounting Standards for Business Enterprises; the procedures are in compliance and the accounting treatment is accurate, enabling more accurate reflection of the Company's operation results and financial conditions during the reporting period, and facilitating the Company provide more truthful and reliable accounting information to the society, which will not harm the interests of the Company and shareholders, the minority shareholders in particular. The Supervisory Board of the Company agreed to make provision for impairment of assets totaling RMB2,187 million in 2023.

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

Beijing, the PRC, 27 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Tang Jian and Mr. Gong Yufei; the non-executive directors are Mr. Tang Chaoxiong and Mr. Ma Bingyan; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* *For identification purpose only*