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)

Results Announcement For The Year Ended 31 December 2019

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2019, revenue amounted to RMB27,541 million, representing an increase of 4.4% over last year
- For the year ended 31 December 2019, profit before taxation amounted to RMB6,450 million, representing an increase of 9.4% over last year
- For the year ended 31 December 2019, net profit attributable to equity holders of the Company amounted to RMB4,567 million, representing an increase of 9.6% over last year
- For the year ended 31 December 2019, earnings per share amounted to RMB0.5382, representing an increase of RMB0.0499 over last year

The board of directors (the "**Board**") of China Longyuan Power Group Corporation Limited* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019, together with comparative figures for the corresponding period in 2018. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Revenue	5	**27,540,630**	26,387,923
Other net income	6	**843,317**	917,476
Operating expenses			
Depreciation and amortisation		**(7,633,307)**	(7,286,259)
Coal consumption		**(2,236,252)**	(2,464,806)
Coal sales costs		**(3,515,485)**	(3,150,753)
Service concession construction costs		**(117,771)**	(14,112)
Personnel costs		**(2,352,085)**	(2,074,951)
Material costs		**(164,409)**	(192,440)
Repairs and maintenance		**(820,363)**	(818,624)
Administration expenses		**(564,213)**	(588,461)
Other operating expenses		**(1,033,836)**	(1,472,961)
		(18,437,721)	(18,063,367)
Operating profit		**9,946,226**	9,242,032
Finance income		**140,100**	211,687
Finance expenses		**(3,625,637)**	(3,724,382)
Net finance expenses	7	**(3,485,537)**	(3,512,695)
Share of profits less losses of associates and joint ventures		**(10,233)**	167,499
Profit before taxation	8	**6,450,456**	5,896,836
Income tax	9	**(1,130,758)**	(975,616)
Profit for the year		**5,319,698**	4,921,220

	Notes	**2019** **RMB'000**	2018 RMB'000
Other comprehensive income/(loss):			
Other comprehensive income/(loss) that not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive income/(loss), net of tax		**153,250**	(112,543)
Other comprehensive (loss)/income that to be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of financial statements of overseas subsidiaries		**(25,629)**	(116,386)
Exchange difference on net investment in overseas subsidiaries		**8,360**	(69,730)
Other comprehensive income/(loss) for the year, net of tax	10	**135,981**	(298,659)
Total comprehensive income for the year		**5,455,679**	4,622,561
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**4,324,790**	3,923,809
– Perpetual medium-term notes holders		**242,000**	242,000
Non-controlling interests		**752,908**	755,411
Profit for the year		**5,319,698**	4,921,220

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**4,471,367**	3,644,575
– Perpetual medium-term notes holders		**242,000**	242,000
Non-controlling interests		**742,312**	735,986
Total comprehensive income for the year		**5,455,679**	4,622,561
Basic and diluted earnings per share *(RMB cents)*	11	**53.82**	48.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

(Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**114,607,185**	110,000,510
Investment properties		**8,860**	9,591
Lease prepayments		**–**	2,152,429
Right-of-use assets		**3,154,801**	–
Intangible assets		**7,669,653**	8,109,681
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**4,328,089**	4,549,432
Other assets		**3,786,220**	3,688,776
Deferred tax assets		**157,201**	146,376
Total non-current assets		**133,773,499**	128,718,285
Current assets			
Inventories		**819,218**	851,973
Trade and bills receivables	12	**16,365,170**	10,541,524
Prepayments and other current assets		**1,963,316**	2,818,545
Tax recoverable		**200,109**	210,578
Other financial assets		**249,523**	249,080
Restricted deposits		**523,403**	253,090
Cash at banks and on hand		**2,908,445**	2,861,261
Total current assets		**23,029,184**	17,786,051

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Current liabilities			
Borrowings		**28,964,731**	28,335,804
Trade and bills payables	13	**3,411,125**	2,058,877
Other current liabilities		**10,840,352**	9,121,974
Obligations under finance leases		**–**	53,945
Lease liabilities		**92,126**	–
Tax payable		**229,507**	209,668
Total current liabilities		**43,537,841**	39,780,268
Net current liabilities		**(20,508,657)**	(21,994,217)
Total assets less current liabilities		**113,264,842**	106,724,068
Non-current liabilities			
Borrowings		**48,881,478**	46,644,884
Obligations under finance leases		**–**	361,478
Lease liabilities		**743,833**	–
Deferred income		**1,324,754**	1,449,938
Deferred tax liabilities		**263,182**	164,260
Other non-current liabilities		**1,396,523**	1,537,715
Total non-current liabilities		**52,609,770**	50,158,275
NET ASSETS		**60,655,072**	56,565,793
CAPITAL AND RESERVES			
Share capital		**8,036,389**	8,036,389
Perpetual medium-term notes		**4,991,000**	4,991,000
Reserves		**39,895,253**	36,209,041
Total equity attributable to equity holders of the Company		**52,922,642**	49,236,430
Non-controlling interests		**7,732,430**	7,329,363
TOTAL EQUITY		**60,655,072**	56,565,793

NOTES

1 PRINCIPAL ACTIVITIES

The Group is principally engaged in wind and coal power generation and sale, coal trading and other related businesses in the People's Republic of China (the "**PRC**").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

Basis of Consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(i) the contractual arrangement with the other vote holders of the investee;
(ii) rights arising from other contractual arrangements; and
(iii) the Group's voting rights and potential voting rights.

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

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

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

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

Going Concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2019 amounting to RMB20,508,657,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain trade and bills receivables, equity investments at fair value through other comprehensive income and derivative financial instruments are stated at their fair value.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interest in Associates and Joint Ventures*
International Financial Reporting Interpretations Committee ("**IFRIC**") 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for amendments to IFRS 9, IAS 19, and *Annual Improvements to IFRSs 2015-2017 Cycle* – Amendments to IFRS 3, IFRS 11 and IAS 12, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

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

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

New definition of a lease

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

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

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

The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) short-term leases. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impact on transition

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

All these assets were assessed for any impairment based on IAS 36. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of RMB449 million, prepayments on land use rights of RMB2,152 million and sea use rights of RMB217 million that were reclassified from property, plant and equipment, lease prepayments and intangible assets, respectively.

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

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease;

- Relying on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review; and

- Excluding initial direct costs from the measurement of the right-of-use assets at the date of initial application

As a lessee – Leases previously classified as financial leases

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

Financial impact at 1 January 2019

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

	Increase/ (Decrease) *RMB'000*
Assets	
Increase in right-of-use assets	2,911,487
Decrease in property, plant and equipment	(448,876)
Decrease in lease prepayments	(2,152,429)
Decrease in intangible assets	(217,325)
Increase in total assets	92,857
Liabilities	
Increase in lease liabilities	719,711
Decrease in other non-current liabilities	(211,431)
Decrease in obligations under finance leases	(415,423)
Increase in total liabilities	92,857

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

	RMB'000
Operating lease commitments as at 31 December 2018	124,334
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	1,059
Add: Commitments relating to leases previously classified as finance leases as at 31 December 2018	484,598
Commitments relating to leases previously classified as other non-current liabilities as at 31 December 2018	366,934
Total undiscounted lease liabilities as at 1 January 2019 for adoption of IFRS 16	974,807
Weighted average incremental borrowing rate as at 1 January 2019	4.58%
Lease liabilities as at 1 January 2019	719,711

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

(c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "**uncertain tax positions**"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the financial position or performance of the Group.

(d) Amendments under *Annual Improvements to IFRSs 2015–2017 Cycle*

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

4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

– Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

The Group combined other business activities that are not mentioned above in "**All others**". Revenue included in this category is mainly from the manufacturing and sale of power equipment, the provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in associates and joint ventures, equity investments at fair value through other comprehensive income, other financial assets, tax recoverable, deferred tax assets and unallocated head office and corporate assets. Segment liabilities include trade and bills payables, lease liabilities, deferred income, other payables and borrowings managed directly by the segments. Segment liabilities do not include deferred tax liabilities, tax payable and unallocated head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated head office and corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

For the year ended 31 December 2019:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	**18,956,987**	**2,975,830**	**386,514**	**22,319,331**
– Others	**24,196**	**4,808,474**	**270,858**	**5,103,528**
Subtotal	**18,981,183**	**7,784,304**	**657,372**	**27,422,859**
Inter-segment revenue	**–**	**–**	**617,356**	**617,356**
Reportable segment revenue	**18,981,183**	**7,784,304**	**1,274,728**	**28,040,215**
Reportable segment profit (operating profit)	**9,529,909**	**570,262**	**21,871**	**10,122,042**
Depreciation and amortisation before inter-segment elimination	**(7,074,869)**	**(371,115)**	**(224,534)**	**(7,670,518)**
(Provision)/reversal of impairment losses of trade and other receivables	**(1,931)**	**–**	**682**	**(1,249)**
Provision of impairment losses of property, plant and equipment	**(1,508)**	**–**	**–**	**(1,508)**
Interest income	**22,060**	**19,380**	**35,787**	**77,227**
Interest expense	**(3,013,571)**	**(84,678)**	**(139,169)**	**(3,237,418)**
Reportable segment assets	**152,676,792**	**5,253,632**	**6,354,343**	**164,284,767**
Expenditures for reportable segment non-current assets during the year	**12,219,742**	**257,530**	**53,308**	**12,530,580**
Reportable segment liabilities	**102,346,662**	**3,578,093**	**10,416,360**	**116,341,115**

For the year ended 31 December 2018:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	18,398,949	3,104,419	392,004	21,895,372
– Others	10,938	4,209,696	257,805	4,478,439
Subtotal	18,409,887	7,314,115	649,809	26,373,811
Inter-segment revenue	–	–	280,278	280,278
Reportable segment revenue	18,409,887	7,314,115	930,087	26,654,089
Reportable segment profit (operating profit)	9,292,865	382,900	(261,937)	9,413,828
Depreciation and amortisation before inter-segment elimination	(6,691,864)	(398,039)	(226,859)	(7,316,762)
Provision of impairment losses of trade and other receivables	–	–	(248,202)	(248,202)
Provision of impairment losses of property, plant and equipment and intangible assets	(256,566)	(9,596)	–	(266,162)
Interest income	37,652	23,811	49,602	111,065
Interest expense	(3,143,750)	(88,759)	(145,306)	(3,377,815)
Reportable segment assets	140,815,744	5,603,046	6,259,622	152,678,412
Expenditures for reportable segment non-current assets during the year	7,381,822	122,889	245,879	7,750,590
Reportable segment liabilities	96,167,843	3,306,745	8,420,714	107,895,302

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

	2019	2018
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**28,040,215**	26,654,089
Service concession construction revenue	**117,771**	14,112
Elimination of inter-segment revenue	**(617,356)**	(280,278)
Consolidated revenue	**27,540,630**	26,387,923
Profit		
Reportable segment profit	**10,122,042**	9,413,828
Elimination of inter-segment (losses)/profits	**(1,333)**	4,643
	10,120,709	9,418,471
Share of profits less losses of associates and joint ventures	**(10,233)**	167,499
Net finance expenses	**(3,485,537)**	(3,512,695)
Unallocated head office and corporate expenses	**(174,483)**	(176,439)
Consolidated profit before taxation	**6,450,456**	5,896,836

	2019	2018
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**164,284,767**	152,678,412
Inter-segment elimination	**(9,804,035)**	(10,483,146)
	154,480,732	142,195,266
Investments in associates and joint ventures	**4,328,089**	4,549,432
Equity investments at fair value through other comprehensive income	**1,084,581**	870,756
Other financial assets	**249,523**	249,080
Tax recoverable	**200,109**	210,578
Deferred tax assets	**157,201**	146,376
Unallocated head office and corporate assets	**69,047,544**	67,307,317
Elimination	**(72,745,096)**	(69,024,469)
Consolidated total assets	**156,802,683**	146,504,336
Liabilities		
Reportable segment liabilities	**116,341,115**	107,895,302
Inter-segment elimination	**(17,109,639)**	(15,371,456)
	99,231,476	92,523,846
Tax payable	**229,507**	209,668
Deferred tax liabilities	**263,182**	164,260
Unallocated head office and corporate liabilities	**63,664,479**	61,775,032
Elimination	**(67,241,033)**	(64,734,263)
Consolidated total liabilities	**96,147,611**	89,938,543

(c) Geographical information

As the Group does not have material operations outside the PRC, no geographic segment reporting is presented.

(d) Major customers

Revenue from the PRC government-controlled power grid companies amounted to RMB21,710,028,000 for the year ended 31 December 2019 (2018: RMB21,295,653,000). All the service concession construction revenue was from the PRC government.

5 REVENUE

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

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of electricity	**22,319,331**	21,895,372
Sales of steam	**676,919**	664,017
Service concession construction revenue	**117,771**	14,112
Sales of coal	**3,656,575**	3,261,970
Others	**770,034**	552,452
	27,540,630	26,387,923

(i) Disaggregated revenue information:

For the year ended 31 December 2019

	Wind power *RMB'000*	Coal power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Types of goods and services				
Sales of electricity	**18,956,987**	**2,975,830**	**386,514**	**22,319,331**
Sales of steam	**–**	**676,919**	**–**	**676,919**
Service concession construction revenue	**117,771**	**–**	**–**	**117,771**
Sales of coal	**–**	**3,656,575**	**–**	**3,656,575**
Others	**24,196**	**474,980**	**270,858**	**770,034**
	19,098,954	**7,784,304**	**657,372**	**27,540,630**
Geographic markets				
Mainland China	**18,489,651**	**7,784,304**	**657,372**	**26,931,327**
Canada	**215,253**	**–**	**–**	**215,253**
South Africa	**394,050**	**–**	**–**	**394,050**
	19,098,954	**7,784,304**	**657,372**	**27,540,630**
Timing of revenue recognition				
Goods transferred at a point of time	**18,956,987**	**7,662,013**	**386,514**	**27,005,514**
Services transferred over time	**141,967**	**122,291**	**270,858**	**535,116**
	19,098,954	**7,784,304**	**657,372**	**27,540,630**

For the year ended 31 December 2018

	Wind power *RMB'000*	Coal power *RMB'000*	Other business *RMB'000*	Total *RMB'000*
Types of goods and services				
Sales of electricity	18,398,949	3,104,419	392,004	21,895,372
Sales of steam	–	664,017	–	664,017
Service concession construction revenue	14,112	–	–	14,112
Sales of coal	–	3,261,970	–	3,261,970
Others	10,938	283,709	257,805	552,452
	18,423,999	7,314,115	649,809	26,387,923
Geographic markets				
Mainland China	17,824,280	7,314,115	649,809	25,788,204
Canada	209,237	–	–	209,237
South Africa	390,482	–	–	390,482
	18,423,999	7,314,115	649,809	26,387,923
Timing of revenue recognition				
Goods transferred at a point of time	18,398,949	7,181,583	394,324	25,974,856
Services transferred over time	25,050	132,532	255,485	413,067
	18,423,999	7,314,115	649,809	26,387,923

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Types of goods and service – others	**173,131***	95,794*

* Contract liabilities as at 1 January 2019 with a total amount of RMB173,131,000 was recognised as revenue in 2019 (1 January 2018: RMB95,794,000).

(ii) Performance obligations

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

Sales of electricity, steam and coal

The Group's contracts with customers for the sales of electricity, steam and coal generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point in time and revenue continues to be recognised upon transmission to the customers.

Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Rendering of services

Revenue from the rendering of services is recognised over time by reference to the stage of completion of the transaction based on the progress of work performed.

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

	2019	2018
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**20,418**	88,692
After one year	**247,009**	263,662
	267,427	352,354

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to service concession construction, of which the performance obligations are to be satisfied within two years. All the other amount of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

6 OTHER NET INCOME

	2019	2018
	RMB'000	*RMB'000*
Government grants	**775,685**	761,446
Rental income from investment properties	**19,501**	35,945
Gains on disposal of plant, property and equipment and lease prepayments	**–**	39,551
Others	**48,131**	80,534
	843,317	917,476

7 FINANCE INCOME AND EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Interest income on financial assets	**77,227**	111,065
Dividend income	**59,037**	58,594
Net unrealised profits on trading securities and derivative financial instruments	**–**	28,626
Foreign exchange gains	**3,836**	13,402
Finance income	**140,100**	211,687
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,397,232**	2,498,690
Interest on bank and other borrowings repayable more than five years	**1,110,714**	1,176,130
Interest on lease liabilities	**34,548**	–
Finance charges on obligations under finance leases	**–**	19,852
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(305,076)**	(316,857)
	3,237,418	3,377,815
Foreign exchange losses	**7,804**	30,516
Net unrealised losses on trading securities and derivative financial instruments	**59,676**	–
Bank charges and others	**320,739**	316,051
Finance expenses	**3,625,637**	3,724,382
Net finance expenses	**(3,485,537)**	(3,512,695)

The borrowing costs have been capitalised at rates of 2.60% to 5.15% per annum for the year ended 31 December 2019 (2018: 3.96% to 5.15%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2019 *RMB'000*	2018 *RMB'000*
Salaries, wages and other benefits	**2,052,465**	1,801,178
Contributions to defined contribution retirement plans	**299,620**	273,773
	2,352,085	2,074,951

(b) Other items

	2019 *RMB'000*	2018 *RMB'000*
Amortisation		
– lease prepayments *(note (i))*	**–**	84,104
– intangible assets *(note (i))*	**520,056**	460,740
Depreciation		
– investment properties	**731**	731
– property, plant and equipment *(note (i))*	**6,979,801**	6,740,684
– right-of-use assets *(note (i))*	**132,719**	–
Provision of impairment losses		
– property, plant and equipment	**1,508**	265,907
– trade and other receivables	**1,249**	248,202
– Intangible assets	**–**	255
Auditors' remuneration		
– annual audit service	**14,980**	14,980
– interim review service	**6,300**	6,300
– other services	**770**	1,170
Operating lease charges		
– plant and equipment	**8,172**	15,449
– properties	**26,405**	41,264
Cost of inventories	**5,916,146**	5,807,999

Note:

(i) Upon the adoption of IFRS 16, depreciation of finance lease assets was reclassified from "depreciation – property, plant and equipment" to "depreciation – right-of-use assets", amortisation of lease prepayments was reclassified from "amortisation – lease prepayments" to "depreciation – right-of-use assets", and amortisation of sea use rights was reclassified from "amortization – intangible assets" to "depreciation-right-of-use assets".

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

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

	2019 *RMB'000*	2018 *RMB'000*
Current tax		
Provision for the year	**1,078,229**	964,101
Underprovision in respect of prior years	**16,240**	14,290
	1,094,469	978,391
Deferred tax		
Origination and reversal of temporary differences	**36,289**	(2,775)
	1,130,758	975,616

Notes:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2019 and 2018, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.

Pursuant to CaiShui [2011] No.58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 2011 to 2020.

(ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

The Company's subsidiary in Canada is subject to income tax at a rate of 26.5%. The Company's subsidiary in South Africa is subject to income tax at a rate of 28%.

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

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**6,450,456**	5,896,836
Notional tax on profit before taxation	**1,612,614**	1,474,209
Tax effect of non-deductible expenses	**41,183**	15,968
Tax effect of share of profits less losses of associates and joint ventures	**2,558**	(41,875)
Tax effect of non-taxable income	**(11,921)**	(266)
Effect of differential tax rate of certain subsidiaries of the Group	**(683,083)**	(545,889)
Use of unrecognised tax losses in prior years	**(13,440)**	(9,109)
Tax effect of unused tax losses and deductible temporary differences not recognised	**166,607**	61,600
Underprovision in respect of prior years	**16,240**	14,290
Others	**–**	6,688
Income tax	**1,130,758**	975,616

10 OTHER COMPREHENSIVE INCOME

	2019	2018
	RMB'000	*RMB'000*
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income/(loss):		
– Changes in fair value recognised during the year	**205,465**	(84,675)
– Tax expense	**(52,215)**	(27,868)
Net of tax amount	**153,250**	(112,543)
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of financial statements of overseas subsidiaries:		
– Before and net of tax amount	**(25,629)**	(116,386)
Exchange difference on net investment in overseas subsidiaries:		
– Before and net of tax amount	**8,360**	(69,730)
Other comprehensive income/(loss)	**135,981**	(298,659)

11 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the year ended 31 December 2019 of RMB4,324,790,000 (2018: RMB3,923,809,000) and the number of shares in issue during the year ended 31 December 2019 of 8,036,389,000 (2018: 8,036,389,000).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

12 TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Amounts due from third parties	**16,338,604**	10,511,548
Amounts due from fellow subsidiaries	**16,337**	18,021
Amounts due from associates	**22,648**	25,113
	16,377,589	10,554,682
Less: allowance for doubtful debts	**(12,419)**	(13,158)
	16,365,170	10,541,524
Analysed into:		
Trade receivables	**15,815,619**	9,793,691
Bills receivables	**549,551**	747,833
	16,365,170	10,541,524

(a) Ageing analysis

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**16,253,651**	10,399,535
Between 1 and 2 years	**108,180**	140,886
Between 2 and 3 years	**3,339**	1,103
	16,365,170	10,541,524

The Group's trade and bills receivables are mainly wind power and other renewable energy electricity sales receivables from local grid companies. Generally, the receivables are due within 15 to 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

(b) Impairment of trade and bills receivables

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

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**13,158**	11,830
Impairment losses recognised	**2,115**	1,328
Reversal of impairment losses	**(2,854)**	–
At 31 December	**12,419**	13,158

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

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. As at 31 December 2019, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The directors are of the opinion that the approvals will be obtained in due course and these trade receivables from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group has applied the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. To measure the expected credit losses of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

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

As at 31 December 2019	**Within 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**0.00%**	**2.24%**	**50.00%**	**100.00%**	**0.08%**
Gross carrying amount *(RMB'000)*	**15,704,100**	**110,659**	**6,678**	**6,601**	**15,828,038**
Expected credit losses *(RMB'000)*	**–**	**2,479**	**3,339**	**6,601**	**12,419**

As at 31 December 2018	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	0.00%	3.73%	50.00%	100.00%	0.13%
Gross carrying amount *(RMB'000)*	9,651,702	146,346	2,206	6,595	9,806,849
Expected credit losses *(RMB'000)*	–	5,460	1,103	6,595	13,158

Bills receivables as at 31 December 2019 were all bank acceptance bills with a maturity of one to six months, and management considered the probability of default as minimal.

13 TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Bills payables	**2,550,875**	1,310,066
Trade payables	**790,250**	685,541
Amounts due to associates	**24,351**	43,694
Amounts due to fellow subsidiaries	**45,649**	19,576
	3,411,125	2,058,877

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

	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**3,131,458**	1,699,853
Between 1 and 2 years	**200,930**	268,829
Between 2 and 3 years	**52,764**	48,695
Over 3 years	**25,973**	41,500
	3,411,125	2,058,877

As at 31 December 2019 and 2018, all trade and bills payables are payable and expected to be settled within one year.

14 DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.1076 per share (2018: RMB0.0977)	**864,715**	785,155

The directors of the Company resolved on 27 March 2020 that a dividend of RMB0.1076 per share is to be distributed to the shareholders for 2019, subject to approval of the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with IFRSs)

I. INDUSTRY REVIEW

Operational Environment

In 2019, the economy of China remained generally stable, and the structural adjustment was steadily promoted. In the face of the complex situation in which domestic and foreign risk challenges have risen significantly, all departments in various regions conscientiously implemented the decisions and arrangement of the Party Central Committee and the State Council, adhered to the general principle of steady progress and the new concept of development, focused on the structural reform of supply side as the main line and actively promoted high-quality development. The overall performance of the national economy has been stable, the quality of development has been steadily improved, and the main expected goals have been well achieved, which laid a strong and solid foundation for building a moderately prosperous society in all respects. In 2019, the gross domestic product (GDP) for the year recorded a year-on-year increase of 6.1%, and the above-the-scale industrial added value across the country recorded a year-on-year increase of 5.7%. The fixed asset investment (excluding farmer household) recorded a year-on-year increase of 5.4%, and the total amount of the retail of social consumer goods recorded a year-on-year increase of 8.0%.

In 2019, the power production growth of China slowed down slightly. According to the statistics from China Electricity Council, power consumption across the country was 7,225.5 billion kWh, representing a year-on-year increase of 4.5%, 4.0 percentage points lower than that of the same period in last year; and the total power generation across the country was 7,325.3 billion kWh, representing a year-on-year increase of 4.7%, 3.7 percentage points lower than that of last year. In particular, wind power generation amounted to 405.7 billion kWh, representing a year-on-year increase of 10.9%, taking up 5.5% of the nationwide power generation and up by 0.3 percentage point over last year. The average utilisation hours of power generation facilities across the country in 2019 were 3,825 hours, representing a decrease of 54 hours year-on-year, of which wind power utilisation hours were 2,082 hours, down by 21 hours year-on-year. The power generation capacity newly added through infrastructure construction across the country amounted to 102 GW, of which capacity of wind power amounted to 26 GW. As at the end of 2019, the total power generation installed capacity across the country was 2,011 GW, representing a year-on-year increase of 5.8%, of which capacity of wind power was 210 GW, representing a year-on-year increase of 14.0%, accounting for 10.4% of the total installed capacity, 0.7 percentage point higher than that of last year.

Policy Environment

(I) Policy environment accelerates the advent of the era of full bidding parity for wind power

In May 2018, the National Energy Administration (the "**NEA**") issued the Circular on the 2018 Administrative Requirements of Wind Power Development (No.47) (《關於2018年度風電建設管理有關要求的通知》(47號文)) , which ended nine-year implementation of the benchmark tariff of electricity and ushered in the era of wind power bidding. In January 2019, the National Development and Reform Commission (the "**NDRC**") and the NEA jointly issued the Notice on Actively Promoting Work Concerning Subsidy-free Grid-Parity for Wind Power and Photovoltaic Power Projects (No.19) (《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》(19號文)), which further accelerated the transition of realizing the grid parity for wind power and photovoltaic power projects. Subsequently, a number of policies related to grid parity, competitive allocation of wind power and the improvement of on-grid tariffs were successively introduced to further standardize the grid parity and competitive allocation. In May 2019, the NDRC issued the Notice on Improving Wind Power On-grid Tariff Policy (《關於完善風電上網電價政策的通知》), adjusting tariffs of wind power projects from benchmark on-grid tariffs to guidance prices. The on-grid tariff of newly approved concentrated onshore and offshore wind power projects determined through bidding process shall not be higher than the guidance prices for the resource zones where the projects locate, meanwhile it stipulated the conditions that the projects obtained approval will no longer enjoy the state subsidies. In the same month, the NEA issued the Notice on the Issues Related to the Development of Wind Power and Photovoltaic Power Projects in 2019 (《關於2019年風電、光伏發電項目建設有關事項的通知》) and the Work Plan for the Development of Wind Power Projects in 2019 (《2019年風電項目建設工作方案》), aiming to further regulate work requirements and management mechanisms for the development of wind power projects, give full play to the decisive role of the market in resource allocation, guide and encourage the competition in the wind power market and promote high-quality development of the industry by actively promoting the construction of grid parity projects, strictly standardizing competitive allocation process of subsidized projects, comprehensively implementing the capacities of power transmission and consumption and optimizing investment and business environment. The curtailment pressure weighing on the wind power market in China has been eased somewhat, with high levels of curtailment in the wind power being effectively curbed. With the red and orange warnings in Jilin and Heilongjiang Provinces both changed to green, the unique wind resources in the "Three North" areas ushered in new development opportunities, providing a good environment for grid parity of wind power.

(II) Several favorable policies support grid parity of wind power

The state has successively issued a number of favorable policies such as the Notice on Regulating the Management for Planning Prioritised Power Generation and Purchase (《關於規範優先發電優先購電計劃管理的通知》), Catalogue for Industrial Restructuring(《產業結構調整目錄》), the Notice on Improving the Power Trading Mechanism Related to Wind Power Heating and Expanding the Application of Wind Power Heating (《關於完善風電供暖相關電力交易機制擴大風電供暖應用的通知》), the Notice on Full Liberalization of Power Generation and Utilization Plan of Operating Electricity Users (《關於全面放開經營性電力用戶發用電計劃的通知》) aiming at supporting the grid parity and low-price grid for wind power and photovoltaic power through multiple channels and from multiple aspects, such as reducing non-technical costs, ensuring consumption, giving priority to power generation, acquiring at full payment, launching trading of renewable energy certificates, cutting electricity transmission and distribution tariffs, promoting market-based trading, and giving financial support. The government work reports of the two sessions also proposed that measures such as restructuring, promoting consumption, reducing taxes and reducing costs which also provided policy support for grid parity. In May 2019, the NDRC and the NEA jointly issued the Notice on Establishing and Improving the Guarantee Mechanism of Renewable Energy Power Consumption (《關於建立健全可再生能源電力消納保障機制的通知》), setting up responsibility weights of renewable energy power consumption for power consumption in accordance with provincial-level administrative regions, and establishing and improving the guarantee mechanism of renewable energy power consumption. The aim was to promote the priority consumption of renewable energy in provincial-level administrative regions and at the same time to promote the responsible market participants of various types to take the responsibility for the consumption of renewable energy, to form a long-term development mechanism led by renewable energy consumption and to promote the construction of cleanliness, low-carbon, safe and efficient energy system. The introduction of the consumption guarantee mechanism will accelerate the increase in the proportion of renewable energy consumption, which will provide a great advantage for wind power and photovoltaics.

(III) Competitive allocation changes the way of obtaining resources

Since the decentralization of wind power approval authority, on the one hand, the project approval procedures have been simplified and the project process has been accelerated; on the other hand, the increase in the discretion of local governments has led to more diversified resource acquisition methods. In accordance with the requirements for the construction work plan for wind power projects in 2019, the provincial energy authorities independently formulated work plans for competitive allocation in each province. Comparing the competitive allocation methods of different provinces, it can be seen that for competitive allocation, the comprehensive strength of the enterprise was more important and it had higher requirements on the debt capacity, capital flow and new energy grid-connected performance of bidding enterprises. In addition to the rigid requirements that the proportion of the tariff portion accounts for at least 40%, offshore wind power projects paid more attention to the advanced equipment and the rationality of technical solutions and preferred large generating units of 5 MW or more. The setting of the tariff scoring method has led to the inability of development enterprises to raise their scores through low tariff. The large-base delivery project paid more attention to the contribution to the local renewable energy industry's transformation and required companies to propose reasonable and operable plans and undertakings in peak shaving and consumption guarantee, or set the program that promotes renewable energy equipment manufacturing and industrial progress to a high score item.

(IV) Tighter project management makes project development more difficult

With fierce market competition, local governments have tightened regulation over wind power projects, especially after the 19th National Congress of the Communist Party of China, and the law enforcement standards have become stricter. Local governments imposed more rigorous requirements for approving the planning, environmental impact assessment, land, forest land and grid connection, setting stricter conditions for the implementation of project development, the project landing is getting harder. The situation of environmental protection supervision across the country is becoming stricter. During the period of the National People's Congress and the Chinese People's Political Consultative Conference, the General Secretary of the Communist Party of China Mr. Xi Jinping instructed to maintain the determination to strengthen the construction of ecological environment protection, and must not break through the ecological red line and sacrificing the environment for economic growth. In March 2019, the National Forestry and Grassland Administration enacted the Notice on Regulating the Use of Forest Lands for Construction of Wind Farm Projects (《關於規範風電場項目建設使用林地的通知》), which proposes to implement the most stringent ecological protection system, regulate the use of forest lands for construction of wind farm in accordance with the law and strictly protect forest lands with important ecological functions that are located in ecological fragile and sensitive areas. Natural heritage sites, national parks, nature reserves, forest parks, wetland parks, geological parks, scenic spots, and other areas such as main migration accesses and migrating areas for birds, as well as coastal trunk shelterbelt and wave shelterbelt, are construction forbidden areas for wind farm projects.

(V) The establishment of the power spot market and the reform of coal-fired power tariff will have a certain impact on industry revenue

In August 2019, the NDRC and the NEA jointly issued the Opinions on Strengthening the Work of the Trial Power Spot Market(《關於深化電力現貨市場建設試點工作的意見》), which required to further play the role of the market in determining prices, establish and improve the spot trading mechanism, guide the production and consumption of electricity with flexible market price signals, accelerate to release the plan for electricity generation and consumption, stimulate the vitality of market entities, improve the capacity of power system adjustment and promote clean and low-carbon development of energy. In September 2019, the executive meeting of the State Council decided to improve the mechanism for on-grid tariff of coal-fired power generation. The benchmark on-grid tariff for coal-fired power, which has been used for 15 years, will be cancelled. From 1 January 2020, the coal-fired power tariff linkage mechanism will be cancelled. The current benchmark on-grid tariff mechanism will be changed to a market-based mechanism of "base price + floating prices". The floating range is that the upward rate shall not exceed 10% (but no upward rate shall be adopted in 2020) and downward rate shall not exceed 15% in principle which will have a certain impact on new energy trading tariff.

(VI) Positive changes took place in photovoltaic project development environment

At present, the cost of photovoltaic development has fallen sharply. The price of modules has fallen below RMB2/watt, and has continued to decrease. The overall cost of ground photovoltaic power plants in some areas has been lower than RMB4/watt. It was estimated that the average construction cost of photovoltaic power plants put into operation in 2019 was only about half that of 2012. In Zhejiang, Shandong, Henan, Guangdong and other provinces, due to the high tariff for industry and commerce, distributed photovoltaics with an equivalent utilization time of about 1,000–1,100 hours has been able to achieve parity on the consumption side. In the long run, new energy generation will be a trend in which wind power keep up with photovoltaic.

II. BUSINESS REVIEW

1. Advanced various tasks in relation to production safety in a solid manner, increased wind power generation steadily

Based on the Safety and Environmental Protection No. 1 Document, the Group carried out equipment management work program, continuously consolidated the foundation for safety production, fully implemented the annual work deployment, and advanced various tasks in relation to production safety in a solid manner in 2019.

In 2019, the Group established No.1 Document to lead the new model of the overall safety and environmental protection efforts throughout the whole year, as well as broke down and implemented the key tasks. It put forward the safety goal of "Three Years and Three Levels" to clarify specific measures to strengthen safety production management; it carried out the "Year of Responsibility Implementation" activity in a solid manner to improve the safety and environmental protection responsibilities at all levels; it sorted out and formed a list of the Group's headquarters safety production management system, newly edited and revised a number of core systems to improve the safety production system. Meanwhile, it strengthened supervision and inspection, including carried out in-depth safety inspections for provincial companies, conducted safety evaluations to wind farms, put key issues in the governance plan and urged the implementation of rectification. It also strengthened risk management and control, and formulated Activity Program for Key Anti-accident Measures, studied typical accidents to work out key anti-accident measures, which consolidated the foundation of safety management on the site. In addition, in order to realize the site safety rotation training for new energy enterprises and to reinforce the safety awareness and personal ability of the employees, the Group organized special safety trainings.

In 2019, the Group carried out the "Year of Equipment Maintenance" activity, which promoted the improvement on equipment management by adding power generation and taking problems as the guidance, centrally arranged the technical transformation and experimental research projects of equipment to strengthen equipment defects management, which effectively improved the health and operation quality of the equipment. The Group further improved the management system, and revised the management system for new project production preparation, commissioning and acceptance, project handover production, unit acceptance inspection at each stage, work standards and the quality warranty and management requirements of outsourced projects. The Group promoted the construction of smart wind farms by focusing on informatization, conducted in-depth research on informatization construction, and determined the implementation plan of informatization construction in line with the Group's actuality, meet management needs, and adapt to the future development.

In 2019, the Group strictly implemented dual controls on grid curtailment rate and quantity. The Group further addressed grid curtailment management through a two-pronged approach as well as other methods. Internally, it performed stringent assessment on grid curtailment, deepened follow-up analysis on grid curtailment, established the emergency response mechanism on grid curtailment management; externally, it strengthened marketing awareness and strove for additional transactions. Meanwhile, the Group actively responded to the complex market environment, increased the marketing training, accurately grasped the trend of power industry policies and put various marketing methods to good use. And under the premise of ensuring the base power, the Group observed the principle of "striving for larger capacity while maintaining the price" and further conducted market transactions to maximise the benefits of the Group.

In 2019, the Group generated a cumulative gross electricity output of 50,736 GWh, of which electricity generated from our wind power segment amounted to 40,732 GWh, representing a year-on-year increase of 3.01%, mainly attributable to the increase in installed capacity. In 2019, the average utilisation hours of the wind power business was 2,189 hours, decreased by 20 hours as compared with that of 2018, which was primarily attributable to the year-on-year decrease in wind resources.

During the Reporting Period, the consolidated gross power generation from coal power segment of the Group was 9,531 GWh, representing a decrease of 3.92% as compared with 9,920 GWh in 2018. This was mainly due to the increase in the electricity from outside the region of Jiangsu and the new energy installed capacity generation. The task of reducing and controlling coal is getting heavier year by year, which squeezed the share of coal power. The average utilisation hours of the Group's coal power segment in 2019 was 5,083 hours, representing a decrease of 208 hours as compared with 5,291 hours in 2018.

2. Scientifically optimized project development layout, made outstanding results in early work

In 2019, in respond to the complicated and changeable internal and external environment changes, the Group actively utilized its sound brand, sufficient foreign reserves, low debt, wide project distributions, leading technology management, sufficient professionals, superior offshore wind power installed capacities and offshore equipment and other advantages in accordance with the "One, Three, Five and Seven" strategies ("一三五七"戰略), and relied on the large scale, large number of sectors and great influence in energy systems, especially in the Three North regions of CHN Energy, to provide effective means for early development. The Group strengthened strategic coordination and guidance in planning, took high-quality and sustainable development as the goal and grid-friendly and environment-friendly development as standards, it vigorously reserved new energy projects according to the resource endowment and consumption status, and followed the development ideas of "coordinated onshore and offshore projects, wind and PV power simultaneously, multi-energy complementarity, up-down linkage and focused breakthroughs". The Group carried out scientific management to improve the system construction in the early development, and initially formed a development structure of innovation and development-centered, led by development research and enhanced implementation. Under the rapid changes in the current internal and external policies, market and other environments, we changed our minds in a timely manner, actively responded to the changes, strengthened policy research, expedited the processing of supporting documents for project development and accelerated the advancement of key projects in the early periods. The Group continuously put more efforts on photovoltaic research and follow-up, actively coordinated with local governments and energy bureaus, paid close attention to resource allocation, planned for layout in advance, actively participated in bidding for resource allocation, and took multiple measures in the same time so as to make continuously progress in photovoltaic projects.

In 2019, the new reserves of the Group reached record highs in the "Thirteenth Five-Year" Plan period. The annual new resources reserves amounted to 13.6 GW, among which 6 were over 1 million kW and distributed in ultra-high voltage bases and areas with the best offshore resources like Inner Mongolia, Gansu, North Shanxi, Fujian and Guangdong, which laid a solid foundation for the subsequent development. The Group obtained approvals for wind power projects with aggregate installed capacity of 1,470 MW, including new approvals for offshore projects with capacity of 1,000 MW in Guangdong, which filled the gap in the approval of the Group's wind power projects in the South China Sea. Breakthroughs were made in photovoltaic projects with 7 filed photovoltaic projects amounted to 324 MW.

3. Strengthened project node control, and effectively promoted project construction

In 2019, the Group embraced safe and steady project construction status, project quality and environmental protection level were steadily improved without any material or above safety, quality, environmental protection accidents or mass incidents affecting social stability throughout the year, and the project cost was controllable and under practical control.

The Group strengthened the control of project nodes, planned ahead of time, scientifically organized, and actively coordinated such project nodes. In accelerating the implementation of key processes such as survey and design, project bidding, forest and land seizures, and network connection permission, the Group has formed an efficient operation mechanism with up-down linkage and horizontal coordination, and the project development speed has increased significantly. The level of project quality management has been further improved. Through optimizing design, strengthening supervision, emphasizing supervising and manufacturing and other implementations, problems have been addressed in a timely and coordinated manner to ensure project quality. Cost management was further strengthened and managed by regular cost analysis, review on changes, the maximum price limit and other in-process controls. Drawing review was strengthened to effectively reduce engineering changes and control the cost within the scope of budgets. The environmental protection work of the project was further strengthened. The construction start-up procedures were strictly implemented to carry out forest land and land formalities in time. The Group standardized work concerning conservation of water and soil in the wind farms, strictly implemented the "three-simultaneousness" requirements for conservation of water and soil, and fully fulfilled the requirements of acceptance check and putting on record in relation to water conservation and environmental protection for projects already completed. The Group increased investment in environment protection, completed 116 environment protection and water reservation technical reformation projects, aiming at creating eco-friendly wind farms nation-wide and achieving green and sustainable development.

In 2019, the Group launched 14 new wind power projects with installed capacity of 1,113 MW, of which 152 MW were offshore wind power projects. As at 31 December 2019, the consolidated installed capacity of the Group was 22,157 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments was 20,032 MW, 1,875 MW and 250 MW, respectively.

4. **Strengthened marketing awareness and kept electricity price level stable**

In 2019, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB459 per MWh (value-added tax ("**VAT**") exclusive), representing an increase of RMB2 per MWh as compared with the average on-grid tariffs of RMB457 per MWh (VAT exclusive) in 2018. The average on-grid tariffs for wind power amounted to RMB482 per MWh (VAT exclusive), remaining the same as the average on-grid tariffs of RMB482 per MWh (VAT exclusive) in 2018, which was mainly due to a joint influence of the decrease in the VAT rate and the year-on-year increase in electricity sales in the wind power trading market. The average on-grid tariffs for coal power amounted to RMB336 per MWh (VAT exclusive), representing a decrease of RMB1 per MWh as compared with the average on-grid tariffs for coal power of RMB337 per MWh (VAT exclusive) in 2018, which was mainly due to a joint influence of the expansion in coal power trading, and the decrease in the VAT rate.

5. **Intensified financing control and continued to improve capital utilisation efficiency**

In 2019, in response to the moderately loose currency markets, the Group seized opportunities to intensify management and control of financing, and laid down an overall operation plan to optimize replacement and optimization of existing interest-bearing liabilities, and save financial costs. Meanwhile, by leveraging the capital scheduling and coordination mechanism under the direct management of the headquarters and rigid capital plan management, it continued to improve capital utilisation efficiency to maximise the time value of funds. In terms of financing, it kept a close watch on domestic and foreign capital markets to further expand financing channels, successfully issued seven tranches of ultra short-term debentures, three tranches of medium-term notes, and one tranche of short-term debentures, enabling the Group to maintain an advantage among the industry in terms of capital cost throughout the year. The Group has also innovated in issuing the first green ultra-short-term debentures (poverty alleviation) in the domestic market, demonstrated the Group's responsibility and role in cultivating a beautiful China and helping poverty alleviation. In 2019, the Group actively revitalized stock assets with the financial instruments traded in open markets, successfully registered storage-based renewable energy electricity subsidy asset securitization products worthy of RMB10 billion, and won the "outstanding issuer of fixed income product" award issued by the Shenzhen Stock Exchange, setting up a well-established corporate image.

6. Highlighted the Guidance of Science and Technology to help build world-leading enterprise

In 2019, Longyuan Power actively adapted to the new situations such as "scientific and technological innovation, information-driven", set up Department of Science, Technology and Information, a specialized department, restructured the scientific and technological innovation system of the Company, made efforts to address issues including the research and development input sources, scientific research team building and incentives for scientific research assessment of the Company. The situation of scientific and technological innovation has taken on a new look. The quality of science and technology awards has been improved. This year, it has won 5 provincial and ministerial (industry) awards and 4 group-level awards. Of which, "Key Technologies and Engineering Applications for Design and Construction of Offshore Wind Power Foundation under Complicated Geological Conditions" won the second prize of China Electric Power Science and Technology Progress Award. During the year, the Group has obtained the right to edit one national standard and four energy industry standards. Among them, the "Technical Guidelines for Intelligent Wind Farms" is the first industry standard for intelligent wind farms in China and is the foundation standard in the field of intelligent wind power. The Group will develop a new mode of wind farm operation management based on years of experience in the construction and management of intelligent wind farms, continuously reduce costs and increase efficiency, and lead the enterprises to develop more healthily.

7. The overseas strategic layout has shown initial results, and the management of ongoing projects has been continuously strengthened

In 2019, following the requirements of high-quality development, the Group exerted greater efforts on preliminary work for and development of projects in countries covered by the "Belt and Road" Initiative. Focusing on the major development line of "develop wind and PV power simultaneously", the Group continuously optimized the development mode, and gradually expanded the operations of overseas businesses to form an all-round and stereoscopic development situation. At present, new progress has been made in overseas main businesses, the equity transfer of the Ukraine Yuzhne project has been completed and will start construction in the near future. The Teplo photovoltaic project in Ukraine has been approved to launch. The Group is actively negotiating with a number of countries from Central and Eastern Europe, Oceania and Southeast Asia to continuously expand overseas investment opportunities in wind and PV power projects.

In 2019, the Group strengthened asset management of overseas projects, implemented active management strategies, consolidated safe production management, effectively prevented and controlled safe production risks, and operated all in-service projects well. Canada Dufferin Wind Farm of the Group recorded total power generation of 286 GWh throughout the year, which overfulfilled the annual task; its utilisation hours reached 2,882 hours, and it has maintained safe production for 1,857 consecutive days. The Group's wind power projects in De Aar of South Africa recorded an annual power generation of 783 GWh, the project utilisation hours reached 3,204 hours, and maintained its accumulated safe production for 792 days.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In 2019, the net profit of the Group amounted to RMB5,320 million, representing an increase of 8.1% as compared to RMB4,921 million in 2018. Net profit attributable to equity holders amounted to RMB4,567 million, representing an increase of 9.6% as compared to RMB4,166 million in 2018. Earnings per share amounted to RMB53.82 cents, representing an increase of RMB4.99 cents as compared to RMB48.83 cents in 2018.

Operating revenue

In 2019, the operating revenue of the Group amounted to RMB27,541 million, representing an increase of RMB1,153 million or 4.4% as compared to RMB26,388 million in 2018. The increase of operating revenue mainly due to: (1) electricity sales and other revenue of wind power segment increased by RMB571 million or 3.1% in 2019 as compared to 2018, mainly due to the increase in electricity sales volume of wind power segment; (2) revenue from service concession construction of wind power segment increased by RMB104 million or 742.9% in 2019 as compared to 2018, mainly due to the increase in construction volume of service concession projects under construction; (3) revenue from coal sales of coal power segment increased by RMB395 million or 12.1% in 2019 as compared to 2018, mainly due to the increase in coal sales volume; and (4) revenue from electricity sales of coal power segment decreased by RMB128 million or 4.1% in 2019 as compared to 2018, mainly due to the decrease in electricity sales volume.

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

Operating revenue	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Electricity sales and others of wind power segment	**18,981**	**68.9%**	18,410	69.7%
Electricity sales of coal power segment	**2,976**	**10.8%**	3,104	11.7%
Steam sales of coal power segment	**677**	**2.5%**	664	2.5%
Coal sales	**3,657**	**13.3%**	3,262	12.4%
Electricity sales of other renewable energy business	**387**	**1.4%**	392	1.5%
Service concession construction revenue	**118**	**0.4%**	14	0.1%
Others	**745**	**2.7%**	542	2.1%
Total	**27,541**	**100.0%**	26,388	100.0%

Other net income

The other net income of the Group amounted to RMB843 million in 2019, representing a decrease of 8.1% as compared with RMB917 million in 2018, which was mainly due to: (1) the decrease of RMB35 million in VAT refund amount (part of government grants) as compared to 2018 as a result of the combined effect of the decrease in VAT rate and the increase in revenue of electricity sales of wind power segment; and (2) gains on disposal of assets represents a decrease of RMB40 million as compared to 2018.

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

Other net income	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Government grants	**776**	**92.1%**	761	83.0%
Others	**67**	**7.9%**	156	17.0%
Total	**843**	**100.0%**	917	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB18,438 million in 2019, representing an increase of 2.1% as compared to RMB18,063 million in 2018, which was mainly due to (1) the increase in depreciation and amortisation expenses and personnel costs in the wind power segment; (2) the increase in the service concession construction costs; (3) the increase in coal sales costs and the decrease in coal consumption costs in the coal power segment; and (4) the provision of RMB3 million made for asset impairment in 2019, while the provision made for asset impairment in 2018 amounted to RMB 514 million.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB7,633 million in 2019, representing an increase of 4.8% as compared to RMB7,286 million in 2018, primarily due to the increase of RMB383 million or 5.7% in depreciation and amortisation expenses of the wind power segment over 2018 as a result of expansion in the installed capacity of wind power projects.

Coal consumption costs

Coal consumption costs of the Group amounted to RMB2,236 million in 2019, representing a decrease of 9.3% as compared to RMB2,465 million in 2018, which was mainly due to (1) a decrease of approximately 5.7% in the average unit price of standard coal for power and steam generation as affected by the slight decrease in the coal price in 2019; and (2) a decrease of approximately 3.8% in the standard coal consumption as a result of the decrease in power generation.

Coal sales costs

Coal sales costs of the Group in 2019 amounted to RMB3,515 million, representing an increase of 11.6% as compared to RMB3,151 million in 2018, which was mainly due to (1) the sales volume of coal increased by approximately 24.0% as compared to 2018; and (2) the average procurement price of coal decreased by approximately 10.1% as compared to 2018.

Service concession construction costs

The Group's service concession construction costs in 2019 amounted to RMB118 million, representing an increase of 742.9% as compared to RMB14 million in 2018, primarily due to an increase in the construction volume of service concession projects under construction in 2019 as compared to 2018.

Personnel costs

Personnel costs of the Group amounted to RMB2,352 million in 2019, representing an increase of 13.3% as compared to RMB2,075 million in 2018, which was mainly due to (1) an increase in headcounts as a result of the Group's expansion; (2) the increase in personnel salary and benefits as a result of the improvement of operating results; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB165 million in 2019, representing a decrease of 14.1% as compared to RMB192 million in 2018, which was primarily due to the decrease of electricity sales as a result of the suspension of operation of the Group's Donghai Longyuan Biomass Power Plant (東海龍源生物質發電有限公司) during a certain period of the year.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB821 million in 2019, representing an increase of 0.2% as compared to RMB819 million in 2018, which was mainly due to the enhancement of repair and maintenance for units in the coal power segment.

Administrative expenses

Administrative expenses of the Group amounted to RMB564 million in 2019, representing a decrease of 4.1% as compared to RMB588 million in 2018, primarily due to the continuous control of expenses such as office allowance by the Group.

Other operating expenses

Other operating expenses of the Group amounted to RMB1,034 million in 2019, representing a decrease of 29.8% as compared to RMB1,473 million in 2018, which was mainly due to the provision of RMB3 million made for asset impairment in 2019, as compared to the provision of RMB514 million made for asset impairment in 2018.

Operating profit

Operating profit of the Group amounted to RMB9,946 million in 2019, representing an increase of RMB704 million or 7.6% as compared to RMB9,242 million in 2018, which was mainly due to (1) an increase of RMB237 million in operating profit from sales of electricity of wind power segment as a result of the increase in installed capacity expansion; (2) an increase of RMB187 million in the operating profit of coal power segment as a result of the decrease of coal prices; and (3) a decrease of RMB248 million in the provision made for asset impairment in other segments in 2019 as compared to 2018.

Net finance expenses

Net finance expenses of the Group amounted to RMB3,486 million in 2019, representing a decrease of RMB27 million or 0.8% as compared to RMB3,513 million in 2018. The main reasons are as follows: (1) the interest expenses decreased by RMB141 million in 2019 as compared to 2018 as a result of the decrease in average balance of borrowings and interest rate; (2) the Group's net foreign exchange loss in 2019 decreased by RMB13 million as compared to 2018; (3) an increase of RMB74 million in the loss on changes in fair value of the interest rate swap contracts as compared to 2018 and unrealized losses from holding trading securities in 2019 increased by RMB14 million as compared to 2018; and (4) interest income generated from financial assets in 2019 decreased by RMB34 million as compared to 2018.

Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB-10 million in 2019, representing a decrease of RMB177 million or 106.0% as compared to RMB167 million in 2018, which was mainly due to the decrease in the share of net profits of Guodian United Power Technology Co., Ltd.(國電聯合動力技術有限公司), as a result of the decrease in the gross profit of the wind turbine business owing to the significant increase in the price of upstream raw material and key components.

Income tax

Income tax of the Group amounted to RMB1,130 million in 2019, representing an increase of 15.8% as compared to RMB976 million in 2018, which was mainly due to (1) a year-on-year increase of 9.4% in profit before tax in 2019; and (2) a higher tax rate in 2019 as compared to that in 2018 as a result of the end of tax exemption period for certain wind power projects.

Net profit

In 2019, the net profit of the Group amounted to RMB5,320 million, representing an increase of 8.1% as compared to RMB4,921 million in 2018, which was mainly due to the year-on-year increase in net profit of wind and coal power segments.

Net profit attributable to equity holders of the Company

In 2019, net profit attributable to equity holders of the Company amounted to RMB4,567 million, representing an increase of 9.6% as compared to RMB4,166 million in 2018, mainly attributable to the increase in net profit from wind power segment, most equity interests of which were held by equity holders of the Company.

Segment results of operations

Wind power segment

Operating revenue

In 2019, the operating revenue of the wind power segment of the Group amounted to RMB19,099 million, representing an increase of 3.7% from RMB18,424 million in 2018, primarily due to an increase in revenue from electricity sales as a result of growing electricity sales of wind power segment caused by an increase in installed capacity of wind power business.

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

Operating revenue	**2019**		2018	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Revenue from electricity sales	**18,957**	**99.3%**	18,399	99.8%
Service concession construction revenue	**118**	**0.6%**	14	0.1%
Others	**24**	**0.1%**	11	0.1%
Total	**19,099**	**100.0%**	18,424	100.0%

Operating profit

In 2019, the operating profit of the wind power segment of the Group amounted to RMB9,530 million, representing an increase of 2.6% as compared to RMB9,293 million in 2018, primarily due to an increase in revenue from electricity sales of wind power segment. The growth rate in operating profit of wind power segment was lower than that of the revenue from electricity sales of wind power segment, which was mainly due to the decrease of average utilisation hours of generation equipment in 2019.

Coal power segment

Operating revenue

In 2019, the operating revenue of the coal power segment of the Group amounted to RMB7,784 million, representing an increase of 6.4% from RMB7,314 million in 2018, primarily attributable to: (1) a year-on-year increase in the revenue from coal trading due to the scaling up of coal trading volume in 2019; and (2) a decrease in revenue from electricity sales due to a decrease of 4.0% in the electricity sales volume in 2019 as compared to 2018.

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

Operating revenue	**2019**		2018	
	Amount *(RMB million)*	**Proportion *(%)***	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**2,976**	**38.2%**	3,104	42.4%
Revenue from sales of steam	**677**	**8.7%**	664	9.1%
Revenue from coal trading	**3,657**	**47.0%**	3,262	44.6%
Others	**474**	**6.1%**	284	3.9%
Total	**7,784**	**100.0%**	7,314	100.0%

Operating profit

In 2019, the operating profit of the coal power segment of the Group amounted to RMB570 million, representing an increase of 48.8% as compared to RMB383 million in 2018, primarily due to the increase of gross profit margin in the sales of electricity and steam as compared to 2018 as a result of the decrease in coal price.

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

Operating profit	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Sales of electricity, steam and others	**428**	**75.1%**	272	71.0%
Coal trading business	**142**	**24.9%**	111	29.0%
Coal power segment	**570**	**100.0%**	383	100.0%

Other segments

Operating revenue

In 2019, the operating revenue of other segments of the Group amounted to RMB1,275 million, representing an increase of 37.1% as compared to RMB930 million in 2018, which was mainly due to an increase of RMB347 million in revenue from EPC as compared to 2018 as a result of the increase of EPC services, among which the intergroup revenue increased by RMB350 million.

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

Operating revenue	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**387**	**30.4%**	392	42.2%
Revenue from EPC	**610**	**47.8%**	263	28.3%
Revenue from other sales	**245**	**19.2%**	200	21.5%
Others	**33**	**2.6%**	75	8.0%
Total	**1,275**	**100.0%**	930	100.0%

Operating profit

In 2019, the operating profit of other segments of the Group amounted to RMB22 million representing an increase of RMB284 million as compared to RMB-262 million in 2018, which was mainly due to a decrease of RMB248 million in the provision for the impairment in 2019 as compared to 2018.

Assets and liabilities

As at 31 December 2019, total assets of the Group amounted to RMB156,803 million, representing an increase of RMB10,299 million as compared with total assets of RMB146,504 million as at 31 December 2018. This was primarily due to: (1) an increase of RMB5,243 million in current assets including trade and bills receivables; and (2) an increase of RMB5,056 million in non-current assets including property, plant and equipment.

As at 31 December 2019, total liabilities of the Group amounted to RMB96,148 million, representing an increase of RMB6,209 million as compared to total liabilities of RMB89,939 million as at 31 December 2018. This was primarily due to: (1) an increase of RMB2,451 million in non-current liabilities including long-term borrowings; and (2) an increase of RMB3,758 million in current liabilities including trade and bills payables.

As at 31 December 2019, equity attributable to equity holders of the Company amounted to RMB52,923 million, representing an increase of RMB3,687 million as compared with RMB49,236 million as at 31 December 2018, which was mainly earnings from normal business operation during the year.

Details of assets and liabilities are set out in the tables below:

Assets	**2019 Amount *(RMB million)***	2018 Amount *(RMB million)*
Property, plant and equipment	**114,607**	110,001
Investment properties and lease prepayments	**9**	2,162
Right-of-use assets	**3,155**	–
Intangible assets and goodwill	**7,731**	8,171
Other non-current assets	**8,272**	8,384
Current assets	**23,029**	17,786
Total	**156,803**	146,504

Liabilities	**2019 Amount *(RMB million)***	2018 Amount *(RMB million)*
Long-term borrowings	**48,881**	46,645
Lease liabilities (long-term)	**744**	–
Deferred income and deferred tax liabilities	**1,588**	1,614
Obligations under finance leases and other non-current liabilities	**1,397**	1,900
Current liabilities	**43,538**	39,780
Total	**96,148**	89,939

Capital liquidity

As at 31 December 2019, current assets of the Group amounted to RMB23,029 million, representing an increase of RMB5,243 million as compared with current assets of RMB17,786 million as at 31 December 2018, which was mainly due to the increase of current assets including trade and bills receivables and cash at banks.

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

Current assets	**2019**		2018	
	Amount *(RMB million)*	**Proportion *(%)***	Amount *(RMB million)*	Proportion *(%)*
Trade and bills receivables	**16,365**	**71.1%**	10,542	59.3%
Prepayments and other current assets	**1,963**	**8.5%**	2,819	15.8%
Cash at banks and on hand and restricted deposits	**3,432**	**14.9%**	3,114	17.5%
Others	**1,269**	**5.5%**	1,311	7.4%
Total	**23,029**	**100.0%**	17,786	100.0%

As at 31 December 2019, current liabilities of the Group amounted to RMB43,538 million, representing an increase of RMB3,758 million as compared with RMB39,780 million as at 31 December 2018, which was mainly due to the increase in trade and bills payables and other current liabilities as a result of the increase in the payment of construction and equipment for wind power projects.

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

Current liabilities	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Borrowings	**28,965**	**66.5%**	28,336	71.2%
Trade and bills payables	**3,411**	**7.8%**	2,059	5.2%
Lease liabilities (short-term)	**92**	**0.2%**	–	–
Obligations under finance leases and other current liabilities	**10,840**	**24.9%**	9,176	23.1%
Tax payable	**230**	**0.6%**	209	0.5%
Total	**43,538**	**100.0%**	39,780	100.0%

As at 31 December 2019, net current liabilities of the Group amounted to RMB20,509 million, representing a decrease of RMB1,485 million as compared with RMB21,994 million as at 31 December 2018. The liquidity ratio was 0.53 as at 31 December 2019, representing an increase of 0.08 as compared with the liquidity ratio of 0.45 as at 31 December 2018, which was mainly attributable to an increase in current assets including trade receivables.

Restricted deposits amounted to RMB523 million, mainly including monetary funds deposited in the custodial account opened by the Group which can only be transferred to a trust account or be used for repaying bank loans.

Borrowings and bills payables

As at 31 December 2019, the Group's balance of the borrowings and bills payables amounted to RMB80,397 million, representing an increase of RMB4,106 million as compared with the balance of RMB76,291 million as at 31 December 2018. As at 31 December 2019, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB31,516 million (including long-term borrowings due within one year of RMB7,349 million and bills payables of RMB2,551 million) and long-term borrowings amounting to RMB48,881 million (including debentures payables of RMB22,040 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB72,126 million, borrowings denominated in U.S. dollars of RMB2,722 million and borrowings denominated in other foreign currencies of RMB2,998 million. As at 31 December 2019, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB358 million and corporate bonds with fixed interest rates of RMB22,040 million. As at 31 December 2019, the balance of bills payables issued by the Group amounted to RMB2,551 million.

Borrowings and bills payables by category and proportions are set out in the table below:

Borrowings and bills payables	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Bank loans	**46,443**	**57.7%**	44,684	58.6%
Loans from other financial institutions	**41**	**0.1%**	41	0.1%
Loans from fellow subsidiaries	**568**	**0.7%**	482	0.6%
Corporate bonds	**30,794**	**38.3%**	29,774	39.0%
Bills payables	**2,551**	**3.2%**	1,310	1.7%
Total	**80,397**	**100.0%**	76,291	100.0%

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

Borrowings and bills payables	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Within 1 year	**31,516**	**39.2%**	29,646	38.9%
1–2 years	**11,280**	**14.0%**	7,270	9.5%
2–5 years	**23,803**	**29.6%**	25,904	34.0%
Over 5 years	**13,798**	**17.2%**	13,471	17.6%
Total	**80,397**	**100.0%**	76,291	100.0%

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

Borrowings and bills payables	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Bills payables	**2,551**	**3.2%**	1,310	1.7%
Fixed rate borrowings	**31,702**	**39.4%**	32,542	42.7%
Floating rate borrowings	**46,144**	**57.4%**	42,439	55.6%
Total	**80,397**	**100.0%**	76,291	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB12,531 million in 2019, representing an increase of 61.7% as compared with RMB7,751 million in 2018, among which, the expenditures for the construction of wind power projects amounted to RMB12,220 million, and the expenditures for the construction of other renewable energy projects amounted to RMB41 million. The sources of funds mainly included self-owned funds, the borrowings from banks, other financial institutions and the proceeds from the issuance of bonds.

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

Capital expenditures	**2019**		2018	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Wind power projects	**12,220**	**97.5%**	7,382	95.2%
Other renewable energy projects	**41**	**0.3%**	14	0.2%
Others	**270**	**2.2%**	355	4.6%
Total	**12,531**	**100.0%**	7,751	100.0%

Net gearing ratio

As at 31 December 2019, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, was 55.54%, representing a decrease of 0.64 percentage point from 56.18% as at 31 December 2018. This was primarily due to the increase in total equity in 2019 as a result of the increase in retained earnings this year.

Major investments

The Group made no major investment in 2019.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals in 2019.

Pledged assets

As at 31 December 2019, general banking facilities and bonds amounted to RMB14,564 million are secured by tariff collection rights and equipment with net carrying amount of RMB2,612 million.

Contingent liabilities/Guarantees

As at 31 December 2019, the Group provided a guarantee of RMB109 million for bank loans of associates, and issued a counter-guarantee of no more than RMB18 million to the controlling shareholder of an associate. As at 31 December 2019, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB9 million.

Cash flow analysis

As at 31 December 2019, cash at banks and on hand held by the Group amounted to RMB2,908 million, representing an increase of RMB47 million as compared with RMB2,861 million as at 31 December 2018. The principal sources of funds of the Group mainly include cash inflow generated from operating activities and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow of the Group's operating activities amounted to RMB12,515 million in 2019, representing a decrease of RMB1,740 million as compared with that of RMB14,255 million in 2018, mainly due to the increase in trade receivables.

The net cash outflow from investing activities of the Group for 2019 was RMB10,774 million. The cash outflow for investment activities was mainly used for the construction of wind power projects.

The net cash outflow from financing activities of the Group for 2019 was RMB1,700 million. The cash inflow from financing activities was mainly generated from the issuance of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

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

Cash inflows from financing activities	**2019**		2018	
	Amount ***(RMB million)***	**Proportion** ***(%)***	Amount *(RMB million)*	Proportion *(%)*
Proceeds from borrowings	**54,296**	**99.6%**	71,579	99.9%
Cash received relating to other financing activities	**210**	**0.4%**	61	0.1%
Total	**54,506**	**100.0%**	71,640	100.0%

Cash outflows from financing activities	**2019**		2018	
	Amount ***(RMB million)***	**Proportion** ***(%)***	Amount *(RMB million)*	Proportion *(%)*
Repayment of borrowings	**51,639**	**91.9%**	74,185	93.4%
Dividends paid	**1,138**	**2.0%**	1,289	1.6%
Interests paid	**3,429**	**6.1%**	3,901	4.9%
Cash payments relating to other financing activities	**–**	**–**	67	0.1%
Total	**56,206**	**100.0%**	79,442	100.0%

IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk

In 2019, as the power market-oriented reform continues to advance, the trading scale and scope of new energy market continue to increase, a number of policies such as grid parity of wind power and competitive allocation have been introduced in succession, and markets for auxiliary services have been gradually developed, the new energy enterprises will face the risk of electricity price and revenue decline. The Group will keep tracking relevant national policies, judge the effects of policies and take effective measures to safeguard its benefits as a new energy enterprise.

2. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. On the vast territory of the PRC which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climatic characteristics of the years of high and low wind speeds in the same period. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As at the end of 2019, the Group had substantial projects in 31 provinces, autonomous regions and municipalities in China, covering all regions except for Hong Kong, Macau and Taiwan and formulating an increasingly optimised and rational project layout. In the future, we will further balance the project development ratio in the regions subject to the impact of different monsoons.

3. Risks relating to power grids

In 2019, the situation of nationwide grid curtailment was alleviated. The lack of coordination between wind power development and power grid construction, and the insufficient delivery capacity of power grid will still exist in some areas in the future. Wind power will still face increased risk of grid curtailment. The Group will continue to study the characteristics of operation and absorption of wind power, judge the changing trends of power grid, and make full use of national policies to prevent rebound risk. In addition, it will enhance proactive communication with the government and grid companies, coordinate to reduce maintenance arrangements for power grid during windy periods and take the initiative to capture market share of power generation.

4. Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a certain portion of Group's investments are carried out abroad, therefore, fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group's foreign exchange management principles are not involved in any speculative arbitrage for the purpose of hedging and risk aversion. Foreign exchange risk management runs through the whole lifetime cycle of project development and operations. Once foreign subsidiaries are found to have foreign exchange risks exposure, the Group will immediately analyse and put forward relevant hedging plans and shall strictly implement them to ensure that foreign exchange risks are under control.

5. Risk in fuel prices

The Group has two coal power plants with an installed capacity of 1,875 MW. The fluctuations in coal price will affect the operating results of the Group's coal power business. At present, the coal price risk is mainly affected by the policies in respect of Shenhua, China Coal and other large state-owned mine companies (this policy is also affected by fluctuations in the international and domestic markets). The Group will further judge the changing trend of domestic coal price, while tracking the price performance ratio of international coal, especially Indonesian coal, Australian coal and coal from other countries, and make full use of international and domestic markets to pursue the Group's goal of the lowest coal price.

V. OUTLOOK IN 2020

Outlook for Business Environment at Home and Abroad

At present, China is now in a crucial period of changing the development model, optimizing the economic structure and transforming the growth drivers. In 2020, China will continue to accelerate the development of renewable energy industries such as wind power so as to remain the overall trend unchanged and adhere to the underlying principle of securing economic stability amid steady progress, actively promote the construction of grid parity projects, speed up the fulfillment of technological progress and reduce the subsidized strength, carry out the coordination between project construction and consumption capacity, strengthen the power delivery and consumption guarantee of the project, to achieve the high-quality development of wind power and photovoltaic energy.

The year 2020 is also a crucial year for the Group to meet market challenges and solve development problems. It is also a crucial year to lay the foundation for the development in the "Fourteenth Five-Year Plan" and further upgrading of enterprises. The Group will strengthen strategic co-ordination and planning guidance, firmly establish the concept of new development, and actively expand effective investment to enhance high-quality sustainable development potential in accordance with the development ideas of "coordinated onshore and offshore development, developed wind and PV power simultaneously, multi-functional complementarity, up-down linkage, and key breakthroughs". Taking advantage of the industrial synergy of CHN Energy, relying on its own advantages such as wide distribution of projects, sufficient funds, low debt ratio, good brand promotion and strong technical strength, it will adopt various methods such as independent development and cooperative mergers and acquisitions to speed up the advance of key projects in the early stage, actively plan large base projects in the north of China, reserve offshore wind power resources in an orderly manner and vigorously promote the development of photovoltaic projects.

At present, trade frictions among countries occur frequently, the global economic recovery faces more obstacles and challenges, economic growth in most countries is slowing down, overall global inflation stages a rebound, and monetary policy margins are tightening. The competitive bidding of energy industry in various countries has become the mainstream, and the bid price continues to decline. All of these have added instability and uncertainty to our exploration of overseas markets. However, peace and development are still the themes of our times. World multi-polarization and economic globalization continue to develop amid twists and turns. Under the new situation, the installed capacity of wind power and solar energy has increased steadily and will gradually become the world's main energy source. With advances in technologies, the power generation costs were bought down. The Group will make full use of these favorable conditions, continue to actively respond to the "Belt and Road" initiative, further implement the "Go Global" strategy, and expand overseas markets in a pragmatic and steady manner.

Operation Targets of the Group in 2020

In 2020, the business guidelines of the Group are as follows: Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will fully implement the guiding principles from the 19th CPC National Congress and the Second, Third and Fourth Plenary Sessions of the 19th CPC Central Committee, uphold overall Party leadership, adhere to the underlying principle of pursuing progress while ensuring stability, earnestly execute the Group's overall strategy of "One Goal, Three Types, Five Variations and Seven First-classes "; and it will strive to the goal of developing our Company into a world-class new energy giant with global competitiveness, highlight the orientation of high-quality sustainable development and value creation, lay a solid foundation for new energy Party building and safe production, speed up the construction of informatization and intelligence, develop the domestic and international markets and build up two teams of high-quality management cadres and professional talents. Further, it will stay true to original aspirations, work even harder to make new and greater contributions to CHN Energy in building a world-class demonstration enterprise.

In 2020, the Group will endeavor to achieve the following objectives:

1. To emphasize the Party leadership to provide a strong political guarantee for building a world-class new energy company with global competitiveness.

2. To implement comprehensively the Group's production safety deployment to practically launch the construction of intrinsically safe enterprises.

3. To expand effective investment actively to enhance high-quality sustainable development potential.

4. To speed up the construction of engineering projects to ensure the completion of the target task to maintain electricity price.

5. To improve the operation and management level and push asset management to a new level.

6. To innovate the system and mechanism to speed up the construction of world-class new energy company.

7. To insist on the leading role of cultural advancement and endeavor to make Longyuan a harmonious and happy big family.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.1076 per share (tax inclusive) in cash for the year ended 31 December 2019 to shareholders whose names appear on the Company's register of members as at Tuesday, 9 June 2020. The abovementioned dividend will be subject to shareholders' approval at the Annual General Meeting of the Company to be held on Friday, 29 May 2020, and is expected to be paid on Monday, 10 August 2020. Details of the dividend payment will be announced after holding of the Annual General Meeting.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2019 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited (香港中央結算(代理人)有限公司), other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No.348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual H-share shareholders should take the initiative to submit statements to the Company to enjoy the agreed treatment, and keep relevant data for future reference. If the information provided is complete, the Company will withhold it in accordance with regulations of the PRC tax laws and agreements. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on The Stock Exchange of Hong Kong Limited (the "**Southbound Trading**"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system.

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

The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company.

The Company will determine the resident status of the individual H-share shareholders based on the registered address as recorded in the register of members of the Company on Tuesday, 9 June 2020 (the "**Registered Address**"). If the resident status of any individual H-share shareholder is not in consistency with that indicated by the Registered Address, such individual H-share shareholder shall notify the Company's H share registrar not later than 4:30 p.m. on Wednesday, 3 June 2020, and provide relevant supporting documents to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Any individual H-share shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H-share shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H-share shareholders or any disputes over the withholding mechanism or arrangements.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting to be held on Friday, 29 May 2020, the register of members of the Company will be closed from Wednesday, 29 April 2020 to Friday, 29 May 2020, both days inclusive. To be eligible to attend and vote at the said Annual General Meeting, unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 April 2020.

In order to determine the holders of shares who are eligible to receive the foresaid final dividend, the register of members of the Company will be closed from Thursday, 4 June 2020 to Tuesday, 9 June 2020, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2019 (subject to the approval by shareholders of the Company), unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 3 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2019, save as disclosed below, the Company complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

In respect of code provision E.1.2 of the Corporate Governance Code, Mr. Qiao Baoping, the former Chairman of the Company (resigned on 24 September 2019), was unable to attend the 2018 annual general meeting of the Company held on 17 May 2019 due to work reasons.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its directors and supervisors in the securities of the Company. Having made specific enquiry of the directors and supervisors of the Company, all directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during 2019. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

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

AUDITORS

Ernst & Young (安永會計師事務所) and Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合夥)) were appointed as the Group's auditors for the financial statements prepared in accordance with the IFRSs and China Accounting Standards for Business Enterprises, respectively, for the year ended 31 December 2019. The financial statements of the Company for 2019 prepared in accordance with the IFRSs have been audited by Ernst & Young. The Company has appointed Ernst & Young as its auditor since 20 June 2017 and appointed Baker Tilly China Certified Public Accountants LLP as its auditor since 21 December 2018.

AUDIT COMMITTEE

The 2019 annual results of the Group and the financial statements for the year ended 31 December 2019 prepared in accordance with the IFRSs have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of "**HKExnews**" of the Stock Exchange at http://www.hkexnews.hk and the Company's website at .

The Company's 2019 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Jia Yanbing
Chairman of the Board

Beijing, the PRC, 27 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. Jia Yanbing and Mr. Sun Jinbiao; the non-executive directors are Mr. Liu Jinhuan, Mr. Yang Xiangbin and Mr. Zhang Xiaoliang; and the independent non-executive directors are Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

* *For identification purpose only*