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四川能投發展股份有限公司

**Sichuan Energy Investment Development Co., Ltd.\***

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

**(Stock code: 1713)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

The Board of Directors of Sichuan Energy Investment Development Co., Ltd. is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2018, together with the comparative figures for year ended 31 December 2017. These results have been audited by the Company's auditors and reviewed by the Company's Audit Committee.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***for the year ended 31 December 2018**(Expressed in Renminbi)*

|  | <i>Note</i> | <b>2018</b><br><b>RMB'000</b> | 2017<br><i>RMB'000</i> |
|--|-------------|-------------------------------|------------------------|
| <b>Revenue</b>   | <i>4</i>    | <b>2,031,095</b>              | 1,853,243              |
| Cost of sales  | <i>6(c)</i> | <u><b>(1,657,185)</b></u>     | <u>(1,530,929)</u>     |
| <b>Gross profit</b>  |             | <b>373,910</b>                | 322,314                |
| Other income   | <i>5(a)</i> | <b>52,543</b>                 | 52,530                 |
| Administrative expenses  |             | <b>(181,618)</b>              | (179,586)              |
| Impairment on loss on trade and<br>other receivables and contract assets |             | <b>(11,442)</b>               | (1,222)                |
| Other expenses   | <i>5(b)</i> | <u><b>(3,451)</b></u>         | <u>(19,794)</u>        |
| <b>Profit from operations</b>  |             | <b>229,942</b>                | 174,242                |
| Finance costs  | <i>6(a)</i> | <b>(35,696)</b>               | (41,360)               |
| Share of profits less losses of associates                               | <i>15</i>   | <u><b>3,871</b></u>           | <u>10,672</u>          |
| <b>Profit before taxation</b>  |             | <b>198,117</b>                | 143,554                |
| Income tax   | <i>7(a)</i> | <u><b>(28,745)</b></u>        | <u>(18,664)</u>        |
| <b>Profit for the year</b>   |             | <u><b>169,372</b></u>         | <u>124,890</u>         |
| <b>Attributable to:</b>  |             |                               |                        |
| Equity shareholders of the Company                                       |             | <b>169,150</b>                | 125,311                |
| Non-controlling interests  |             | <u><b>222</b></u>             | <u>(421)</u>           |
| <b>Profit for the year</b>   |             | <u><b>169,372</b></u>         | <u>124,890</u>         |
| <b>Earnings per share</b>  |             |                               |                        |
| Basic and diluted (RMB)  | <i>10</i>   | <u><b>0.21</b></u>            | <u>0.16</u>            |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

(Expressed in Renminbi)

|  | <i>Note</i> | <b>2018</b><br><b>RMB'000</b> | 2017<br><i>RMB'000</i> |
|--|-------------|-------------------------------|------------------------|
| <b>Profit for the year</b>                     |             | <b>169,372</b>                | 124,890                |
| <b>Other comprehensive income for the year</b> |             | —                             | —                      |
| <b>Total comprehensive income for the year</b> |             | <b>169,372</b>                | 124,890                |
| <b>Attributable to:</b>                        |             |                               |                        |
| Equity shareholders of the Company             |             | <b>169,150</b>                | 125,311                |
| Non-controlling interests                      |             | <b>222</b>                    | (421)                  |
| <b>Total comprehensive income for the year</b> |             | <b>169,372</b>                | 124,890                |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***(Expressed in Renminbi)*

|  | <i>Note</i> | <b>31 December<br/>2018<br/>RMB'000</b> | 31 December<br>2017<br>RMB'000 |
|--|-------------|---|--------------------------------|
| <b>Non-current assets</b>  |             |   |                                |
| Property, plant and equipment  | 11          | <b>2,630,475</b>                        | 2,662,964                      |
| Interests in leasehold land held for<br>own use under operating leases | 12          | <b>133,551</b>                          | 134,050                        |
| Intangible assets  | 13          | <b>4,436</b>                            | 5,281                          |
| Investment in associates   | 15          | <b>258,203</b>                          | 216,487                        |
| Other financial assets   | 16          | <b>117,111</b>                          | 111,373                        |
| Deferred tax assets  | 25(b)       | <b>30,500</b>                           | 30,439                         |
|  |             | <b>3,174,276</b>                        | 3,160,594                      |
| <b>Current assets</b>  |             |   |                                |
| Inventories  | 17          | <b>56,004</b>                           | 32,132                         |
| Contract assets  | 18          | <b>12,967</b>                           | 4,656                          |
| Trade and other receivables  | 19          | <b>331,732</b>                          | 325,807                        |
| Prepaid tax  | 25(a)       | <b>4,243</b>                            | 7,768                          |
| Restricted deposits  | 20          | <b>4,000</b>                            | –                              |
| Cash and cash equivalents  | 21          | <b>797,970</b>                          | 395,811                        |
|  |             | <b>1,206,916</b>                        | 766,174                        |
| <b>Current liabilities</b>   |             |   |                                |
| Trade and other payables   | 22          | <b>644,638</b>                          | 591,541                        |
| Contract liabilities   | 18          | <b>179,539</b>                          | 133,654                        |
| Loans and borrowings   | 23          | <b>66,428</b>                           | 764,205                        |
| Deferred income  | 24          | <b>7,132</b>                            | 6,983                          |
| Current tax liabilities  | 25(a)       | <b>11,355</b>                           | 8,053                          |
|  |             | <b>909,092</b>                          | 1,504,436                      |
| <b>Net current assets/(liabilities)</b>                                |             | <b>297,824</b>                          | (738,262)                      |
| <b>Total assets less current liabilities</b>                           |             | <b>3,472,100</b>                        | 2,422,332                      |

|   | <i>Note</i> | <b>31 December<br/>2018<br/>RMB'000</b> | 31 December<br>2017<br>RMB'000 |
|---|-------------|---|--------------------------------|
| <b>Non-current liabilities</b>  |             |   |                                |
| Loans and borrowings  | 23          | <b>697,910</b>                          | 129,000                        |
| Deferred income   | 24          | <b>156,657</b>                          | 159,824                        |
| Deferred tax liabilities  | 25(b)       | <b>18,894</b>                           | 16,708                         |
|   |             | <u><b>873,461</b></u>                   | <u>305,532</u>                 |
| <b>NET ASSETS</b>   |             | <u><b>2,598,639</b></u>                 | <u>2,116,800</u>               |
|   | <i>Note</i> | <b>31 December<br/>2018<br/>RMB'000</b> | 31 December<br>2017<br>RMB'000 |
| <b>CAPITAL AND RESERVES</b>   |             |   |                                |
| Share capital   | 26          | <b>1,074,358</b>                        | 805,558                        |
| Reserves  |             | <b>1,518,766</b>                        | 1,305,949                      |
| <b>Total equity attributable to equity shareholder of<br/>the Company</b> |             | <b>2,593,124</b>                        | 2,111,507                      |
| <b>Non-controlling interests</b>  |             | <b>5,515</b>                            | 5,293                          |
| <b>TOTAL EQUITY</b>   |             | <u><b>2,598,639</b></u>                 | <u>2,116,800</u>               |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 SIGNIFICANT ACCOUNTING POLICIES

### (a) Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. As disclosed in the listing documents of the Company dated 13 December 2018, the Group has adopted all applicable new IFRSs and amendments to IFRSs effective for the financial year beginning on 1 January 2018, including IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers to the prior accounting periods. All of these effective standards, amendments to the standards and interpretations, which are mandatory for the financial year beginning on 1 January 2018, are consistently applied to all periods presented in the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2 ACCOUNTING JUDGEMENT AND ESTIMATES

### (a) Construction contracts

Revenue from construction contracts are recognised over time. Such revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the outcome of contract can be reasonably measured. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

### (b) Loss allowances of trade and other receivables and contract assets

The loss allowances for trade and other receivables and contract assets are based on assumptions about risk of default and expected credit loss rates. The Group adjusts judgement in making these assumption and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of each reporting period.

### (c) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated/amortised on a straight-line basis over the estimated useful lives of the assets. The Group reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation/amortisation expense to be recorded during any reporting period. The useful lives and residual values are based on the Group's technological experience with similar assets and taking into account anticipated technological changes. The depreciation/amortisation expense for future periods is adjusted if there are material changes from previous estimates.

**(d) Impairment of assets other than inventories and financial assets**

Assets other than inventories and financial assets are reviewed at the end of each reporting period to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. When a market price of the asset (or an asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably, the recoverable amount is calculated based on the present value of estimated future cash flows. In assessing the present value of estimated future cash flows, significant judgements are exercised to estimate the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

**(e) Income taxes and deferred taxation**

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for temporary deductible differences to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management reassesses these estimates at the end of each reporting period. Additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

**3 SEGMENT REPORTING**

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified from financial information provided regularly to the Group's most senior executive management reviews for the purposed of allocating resources and assessing the performance.

The Group is principally engaged in generating and supplying of power and provision of electrical engineering construction service in the PRC. The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, management considers the Group has only one operating segment and therefore, no segment information is presented.

The Group only operates in Mainland China and accordingly, no geographical information is presented.

#### 4 REVENUE

The principal activities of the Group are generating and supplying of power and provision of power supply related equipment/projects engineering construction service.

##### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category is as follows:

|   | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| <b>Point in time</b>  |                               |                        |
| Revenue from power business   | <b>1,764,136</b>              | 1,542,311              |
| Sales of electric equipment and materials                                 | <b>11,969</b>                 | 7,118                  |
| <b>Over time</b>  |                               |                        |
| Revenue from undertaking the electrical engineering construction projects | <b>254,990</b>                | 303,814                |
| Total   | <b>2,031,095</b>              | 1,853,243              |

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue.

##### (b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB58,781 thousand (2017: RMB98,820 thousand). This amount represents revenue expected to be recognised in the future from the electrical engineering construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed which is expected to occur over the next 12 to 24 months.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for power business and electric equipment and materials such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for power business and electric equipment and materials that had an original expected duration of less than one year.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.



## 5 OTHER INCOME AND EXPENSES

### (a) Other income

|   | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Government grants (i)   | 7,517                  | 7,396                  |
| Net gain on disposal of property, plant and equipment due to relocation | 12,888                 | 6,525                  |
| Power transmission charge   | 163                    | 622                    |
| Interest income (ii)  | 1,441                  | 1,464                  |
| Fair value changes of other financial assets (iii)                      | 16,840                 | 19,796                 |
| Long-aged payable written-off (iv)                                      | 9,562                  | 14,224                 |
| Late payment surcharge (v)  | 454                    | 511                    |
| Others  | 3,678                  | 1,992                  |
|   | <u>52,543</u>          | <u>52,530</u>          |

### (b) Other expenses

|   | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Impairment losses on property, plant and equipment      | 1,127                  | 13,961                 |
| Net losses on disposal of property, plant and equipment | 131                    | 488                    |
| Others  | 2,193                  | 5,345                  |
|   | <u>3,451</u>           | <u>19,794</u>          |

- (i) Government grants mainly represent financial support from local government authorities for relocation projects and natural disasters.
- (ii) Interest income represented the interest from bank deposits, loans to third parties (see note 19) and a fellow subsidiary and prepayments.
- (iii) Fair value changes of other financial assets mainly came from the realized and unrealized net income from the financial products issued by banks and the Group's unlisted equity securities (see note 16).
- (iv) After assessing the validity of contractual obligation of the payables, the Group wrote off these long-aged payables and credited as other income.
- (v) Late payment surcharge mainly came from customers who failed to pay the power bills in time.

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

|                              | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|------------------------------|-------------------------------|------------------------|
| Interest on bank loans       | <b>33,198</b>                 | 36,984                 |
| Interest on bank overdrafts  | <b>2,498</b>                  | 2,767                  |
| Interest on other borrowings | –                             | 1,609                  |
|                              | <b>35,696</b>                 | 41,360                 |

### (b) Staff costs

|   | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Salaries, wages and other benefits                    | <b>330,906</b>                | 329,590                |
| Contributions to defined contribution retirement plan | <b>47,091</b>                 | 43,788                 |
|   | <b>377,997</b>                | 373,378                |

Staff costs includes remuneration of directors, supervisors and senior management (note 8 and note 9).

Pursuant to the relevant labour rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) **Other items**

|  | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Amortisation   |                               |                        |
| – Interests in leasehold land held for own use<br>under operating leases (note 12)   | <b>2,892</b>                  | 2,614                  |
| – Intangible assets (note 13)  | <b>1,607</b>                  | 1,469                  |
|  | <b>4,499</b>                  | 4,083                  |
| Depreciation (note 11)   | <b>137,327</b>                | 133,546                |
| Impairment losses on   |                               |                        |
| – trade and other receivables  | <b>11,442</b>                 | 1,222                  |
| – property, plant and equipment  | <b>1,127</b>                  | 13,961                 |
| Operating leasing charges  | <b>3,804</b>                  | 3,643                  |
| Auditor's remuneration   |                               |                        |
| – Audit services   | <b>2,400</b>                  | 621                    |
| – Tax services   | –                             | 2,049                  |
|  | <b>2,400</b>                  | 2,670                  |
| Repair and maintenance expenses  | <b>46,642</b>                 | 47,006                 |
| (i) Cost of sales includes RMB432,286 thousand (2017: RMB433,648 thousand) relating to staff costs, depreciation and amortisation expenses, operating lease charges and repair and maintenance expenses, which amounts are also included in the respective total amounts disclosed separately in note 6(b) or above for each of these types of expenses. |                               |                        |

**7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS**

(a) **Taxation in the consolidated statements of profit or loss represents:**

|   | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| <b>Current tax-PRC corporate income tax</b>       |                               |                        |
| Provision for the year                            | <b>26,620</b>                 | 22,593                 |
| <b>Deferred tax</b>                               |                               |                        |
| Origination and reversal of temporary differences | <b>2,125</b>                  | (3,929)                |
|   | <b>28,745</b>                 | 18,664                 |

The Company and subsidiaries were incorporated in the PRC. Under the relevant PRC corporate income tax law and respective regulations, except for preferential treatments available to certain subsidiaries as mentioned in table below, other subsidiaries within the Group are subject to corporate income tax at the statutory rate of 25.0%.

|  | 2018  | 2017  |
|--|-------|-------|
| The Company                              | 25.0% | 25.0% |
| Yibin Electricity (i)                    | 15.0% | 15.0% |
| Gong County Electricity (i)              | 15.0% | 15.0% |
| Xingwen Electricity (i)                  | 15.0% | 15.0% |
| Gao County Electricity (i)               | 15.0% | 15.0% |
| Junlian Electricity (i)                  | 15.0% | 15.0% |
| Pingshan Electricity (i)                 | 15.0% | 15.0% |
| Yangliutan Power Generation (i)          | 15.0% | 15.0% |
| Electricity Engineering Construction (i) | 15.0% | 15.0% |
| Yibin Changyuan (i)                      | 15.0% | 15.0% |
| Yibin City Electricity Sales             | 25.0% | 25.0% |
| Yuejiang Power Generation                | 25.0% | 25.0% |

(i) According to the notice on tax policies in relation to further implementation of the western development strategy, enterprises established in western region and engaged in activities encouraged by the state, are applicable to a preferential corporate income tax rate of 15.0% from 2011 to 2020. Certain subsidiaries operate in the western region of the PRC can enjoy a preferential corporate income tax rate of 15.0%, provided their revenues from principal activities contribute more than 70.0% of their total revenues in each of the year.

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

|  | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Profit before taxation</b>  | <b>198,117</b>         | <b>143,554</b>         |
| Notional taxation on profit before taxation,<br>calculated at statutory rate | 49,529                 | 35,889                 |
| Effect of preferential tax rate (note (a)(i))                                | (21,220)               | (14,583)               |
| Tax effect of non-deductible expenses  | 466                    | 1,349                  |
| Tax effect of non-taxable income   | (1,515)                | (3,150)                |
| Tax effect of non-taxable profit   | (2,830)                | (3,599)                |
| Tax effect of unused tax losses not recognised                               | 4,661                  | 3,040                  |
| Others   | (346)                  | (282)                  |
| <b>Actual tax expense</b>  | <b>28,745</b>          | <b>18,664</b>          |

## 8 DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed as follows:

|  | Directors' fees<br>RMB'000 | Salaries, allowances and benefits in kind<br>RMB'000 | Discretionary bonuses<br>RMB'000 | Retirement scheme contributions<br>RMB'000 | 2018 Total<br>RMB'000 |
|--|----------------------------|--|----------------------------------|--|-----------------------|
| <b>Chairman</b>                            |                            |  |                                  |  |                       |
| Mr. Zeng Yong (曾勇)                         | –                          | 657  | –                                | 42   | 699                   |
| <b>Executive director</b>                  |                            |  |                                  |  |                       |
| Mr. Wang Heng (王恒)                         | –                          | 549  | –                                | 40   | 589                   |
| <b>Non-executive directors</b>             |                            |  |                                  |  |                       |
| Mr. Duan Xingpu (段興普) (v)                  | –                          | –  | –                                | –  | –                     |
| Ms. Wang Lu (王璐)                           | –                          | –  | –                                | –  | –                     |
| Mr. Zhou Yanbin (周燕賓)                      | –                          | –  | –                                | –  | –                     |
| Ms. Li Yu (李踐)                             | –                          | –  | –                                | –  | –                     |
| Ms. Li Bi (李苾)(v)                          | –                          | 439  | –                                | 40   | 479                   |
| Mr. Wang Chengke (王承科)                     | –                          | –  | –                                | –  | –                     |
| Mr. Tian Qin (田欽) (v)                      | –                          | –  | –                                | –  | –                     |
| Mr. Han Chunhong (韓春紅) (v)                 | –                          | –  | –                                | –  | –                     |
| Mr. Li Hui(李暉) (v)                         | –                          | 490  | –                                | 40   | 530                   |
| Mr. Zhu Jianhua(朱健華)(v)                    | –                          | 283  | –                                | 40   | 323                   |
| <b>Independent non-executive directors</b> |                            |  |                                  |  |                       |
| Mr. Kin Kwong Kwok Gary (郭建江)              | –                          | –  | –                                | –  | –                     |
| Mr. Fan Wei (範為)                           | –                          | –  | –                                | –  | –                     |
| Mr. Tang Qingli (唐清利) (vii)                | –                          | –  | –                                | –  | –                     |
| Mr. Wang Peng (王鵬)                         | –                          | –  | –                                | –  | –                     |
| Ms. He Zhen (何真) (vii)                     | –                          | –  | –                                | –  | –                     |
| <b>Supervisors</b>                         |                            |  |                                  |  |                       |
| Mr. Zhong Bingtao (鐘冰濤) (vi)               | –                          | –  | –                                | –  | –                     |
| Mr. Luo Shangjun (羅尚筠) (vi)                | –                          | –  | –                                | –  | –                     |
| Ms. Li Jia (李佳)                            | –                          | 326  | –                                | 40   | 366                   |
| Mr. Hu Changxian (胡昌現)                     | –                          | 321  | –                                | 40   | 361                   |
| Ms. Fu Ruoxue (傅若雪)                        | –                          | –  | –                                | –  | –                     |
| Mr. Zeng Zhiwei (曾志偉)                      | –                          | –  | –                                | –  | –                     |
| Ms. Chen Yingchun (陳迎春) (vi)               | –                          | –  | –                                | –  | –                     |
| Mr. Ouyang Yu (歐陽煜) (vi)                   | –                          | –  | –                                | –  | –                     |
|  | –                          | 3,065  | –                                | 282  | 3,347                 |

|  | Directors' fees<br>RMB'000 | Salaries,<br>allowances<br>and<br>benefits<br>in kind<br>RMB'000 | Discretionary<br>bonuses<br>RMB'000 | Retirement<br>scheme<br>contributions<br>RMB'000 | 2017<br>Total<br>RMB'000 |
|--|----------------------------|--|-------------------------------------|--|--------------------------|
| <b>Chairman</b>                            |                            |  |                                     |  |                          |
| Mr. Zeng Yong (曾勇)                         | –                          | 417  | –                                   | 39   | 456                      |
| <b>Executive director</b>                  |                            |  |                                     |  |                          |
| Mr. Wang Heng (王恒)                         | –                          | 767  | –                                   | 29   | 796                      |
| <b>Non-executive directors</b>             |                            |  |                                     |  |                          |
| Mr. Duan Xingpu (段興普)                      | –                          | –  | –                                   | –  | –                        |
| Ms. Wang Lu (王璐)                           | –                          | –  | –                                   | –  | –                        |
| Mr. Zhou Yanbin (周燕賓)                      | –                          | –  | –                                   | –  | –                        |
| Ms. Li Yu (李彥)                             | –                          | –  | –                                   | –  | –                        |
| Ms. Li Bi (李苾)                             | –                          | 286  | –                                   | 26   | 312                      |
| Mr. Wang Chengke (王承科) (ii)                | –                          | –  | –                                   | –  | –                        |
| Mr. Tian Qin (田欽) (ii)                     | –                          | –  | –                                   | –  | –                        |
| Mr. Sun Hong (孫洪) (ii)                     | –                          | –  | –                                   | –  | –                        |
| Ms. Xue Changhong (薛長虹) (ii)               | –                          | –  | –                                   | –  | –                        |
| <b>Independent non-executive directors</b> |                            |  |                                     |  |                          |
| Mr. Kin Kwong Kwok Gary (郭建江)<br>(iii)     | –                          | –  | –                                   | –  | –                        |
| Mr. Fan Wei (範為) (iii)                     | –                          | –  | –                                   | –  | –                        |
| Mr. Tang Qingli (唐清利) (iii)                | –                          | –  | –                                   | –  | –                        |
| Mr. Wang Peng (王鵬) (iii)                   | –                          | –  | –                                   | –  | –                        |
| <b>Supervisors</b>                         |                            |  |                                     |  |                          |
| Mr. Zhong Bingtao (鐘冰濤)                    | –                          | –  | –                                   | –  | –                        |
| Mr. Luo Shangjun (羅尚筠)                     | –                          | –  | –                                   | –  | –                        |
| Ms. Li Jia (李佳)                            | –                          | 298  | –                                   | 24   | 322                      |
| Mr. Hu Changxian (胡昌現)                     | –                          | 327  | –                                   | 24   | 351                      |
| Ms. Fu Ruoxue (傅若雪) (iv)                   | –                          | –  | –                                   | –  | –                        |
| Mr. Zeng Zhiwei (曾志偉) (iv)                 | –                          | –  | –                                   | –  | –                        |
| Mr. Chen Hongbin (陳洪斌) (iv)                | –                          | –  | –                                   | –  | –                        |
|  | –                          | 2,095  | –                                   | 142  | 2,237                    |

- (i) During the year, no emoluments were paid by the Group to the directors or any of the five highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the year. No remuneration was paid to independent non-executive directors during the year.
- (ii) On 16 May 2017, Mr. Sun Hong and Ms. Xue Changhong resigned as non-executive directors of the Company and Mr. Wang Chengke and Mr. Tian Qin were appointed as non-executive directors of the Company.
- (iii) On 24 April 2017, Mr. Kin Kwong Kwok Gary, Mr. Fan Wei, Mr. Tang Qingli, and Mr. Wang Peng were appointed as independent non-executive directors of the Company.
- (iv) On 16 May 2017, Ms. Fu Ruoxue was appointed as a supervisor of the Company. On 5 September 2017, Mr. Zeng Zhiwei was appointed as a supervisor of the Company and Mr. Chen Hongbin resigned as a supervisor of the Company.

- (v) On 27 March 2018, Mr. Tian Qin resigned as a non-executive director of the Company and Ms. Han Chunhong was appointed as a non-executive director of the Company. On 20 August 2018, Mr. Duan Xingpu and Ms. Li Bi resigned as non-executive directors of the Company and Mr. Li Hui was appointed as an executive director of the Company. On 20 August 2018, Mr. Zhu Jianhua was appointed as non-executive director of the Company. On 28 December 2018, Mr. Zhu Jianhua resigned as a non-executive director of the Company.
- (vi) On 20 August 2018, Mr. Zhong Bingtao and Mr. Luo Shangjun resigned as supervisors of the Company and Ms. Chen Yingchun and Mr. Ouyang Yu were appointed as supervisors of the Company.
- (vii) On 27 March 2018, Mr. Tang Qingli resigned as an independent non-executive director of the Company and Ms. He Zhen was appointed as an independent non-executive director of the Company.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2017: two) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2017: three) individuals are as follows:

|                                 | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---------------------------------|-------------------------------|------------------------|
| Salaries and other emoluments   | <b>981</b>                    | 1,929                  |
| Retirement scheme contributions | <b>80</b>                     | 80                     |
|                                 | <b>1,061</b>                  | 2,009                  |

The emoluments of the two (2017: three) individuals with the highest emoluments are within the following bands:

|                    | <b>2018</b><br><i>Number of individuals</i> | 2017<br><i>Number of individuals</i> |
|--------------------|---|--------------------------------------|
| Nil – HKD1,000,000 | <b>2</b>                                    | 3                                    |

## 10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB169,150,000 (2017: RMB125,311,000) and the weighted average of 807,766,700 ordinary shares (2017: 805,557,700 ordinary shares) in issue during the year, calculated as follows:

|   | <b>2018</b><br><i>'000</i> | 2017<br><i>'000</i> |
|---|----------------------------|---------------------|
| Issued ordinary shares at 1 January   | <b>805,558</b>             | 805,558             |
| Effect of shares issued pursuant to initial public offering ( <i>note 26(c)</i> ) | <b>2,209</b>               | –                   |
| Weighted average number of ordinary shares at 31 December                         | <b>807,767</b>             | 805,558             |

There were no dilutive potential ordinary shares for the year ended 31 December 2018, and therefore, diluted earnings per share are the same as the basic earnings per share.

## 11 PROPERTY, PLANT AND EQUIPMENT

|  | Plants and<br>buildings<br>RMB'000 | Machineries<br>RMB'000 | Motor<br>vehicles<br>RMB'000 | Office<br>equipment<br>and fixture<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Total<br>RMB'000 |
|--|------------------------------------|------------------------|------------------------------|---|--|------------------|
| <b>Cost:</b>   |                                    |                        |                              |   |  |                  |
| <b>At 1 January 2017</b>                                   | 1,063,505                          | 2,644,107              | 44,113                       | 44,866  | 51,461                                 | 3,848,052        |
| Additions  | 18,242                             | 17,623                 | 3,462                        | 8,959   | 52,669                                 | 100,955          |
| Transfers from construction in<br>progress                 | 6,330                              | 9,993                  | –                            | 4,787   | (21,110)                               | –                |
| Disposals  | (608)                              | (2,342)                | (1,844)                      | (1,615)                                       | –                                      | (6,409)          |
| Reclass  | 16,523                             | (16,555)               | –                            | 32  | –                                      | –                |
| <b>At 31 December 2017 and<br/>1 January 2018</b>          | 1,103,992                          | 2,652,826              | 45,731                       | 57,029  | 83,020                                 | 3,942,598        |
| Additions  | 3,992                              | 16,975                 | 689                          | 11,686  | 72,816                                 | 106,158          |
| Transfers from construction in<br>progress                 | 1,959                              | 36,822                 | –                            | 926   | (39,707)                               | –                |
| Disposals  | (5,032)                            | (16,926)               | (2,362)                      | (1,533)                                       | –                                      | (25,853)         |
| <b>At 31 December 2018</b>                                 | 1,104,911                          | 2,689,697              | 44,058                       | 68,108  | 116,129                                | 4,022,903        |
| <b>Accumulated depreciation and<br/>impairment losses:</b> |                                    |                        |                              |   |  |                  |
| <b>At 1 January 2017</b>                                   | (290,152)                          | (795,177)              | (25,162)                     | (27,544)                                      | –                                      | (1,138,035)      |
| Depreciation charge for the year                           | (26,115)                           | (98,765)               | (3,454)                      | (5,212)                                       | –                                      | (133,546)        |
| Impairment loss  | (2,930)                            | (10,872)               | (6)                          | (153)   | –                                      | (13,961)         |
| Written back on disposal                                   | 376                                | 2,236                  | 1,761                        | 1,535   | –                                      | 5,908            |
| Reclass  | (1,598)                            | 1,602                  | –                            | (4)   | –                                      | –                |
| <b>At 31 December 2017 and<br/>1 January 2018</b>          | (320,419)                          | (900,976)              | (26,861)                     | (31,378)                                      | –                                      | (1,279,634)      |
| Depreciation charge for the year                           | (25,442)                           | (100,218)              | (3,944)                      | (7,723)                                       | –                                      | (137,327)        |
| Impairment loss  | (576)                              | (551)                  | –                            | –   | –                                      | (1,127)          |
| Written back on disposal                                   | 5,032                              | 16,901                 | 2,226                        | 1,501   | –                                      | 25,660           |
| <b>At 31 December 2018</b>                                 | (341,405)                          | (984,844)              | (28,579)                     | (37,600)                                      | –                                      | (1,392,428)      |
| <b>Net book value:</b>                                     |                                    |                        |                              |   |  |                  |
| <b>At 31 December 2018</b>                                 | <u>763,506</u>                     | <u>1,704,853</u>       | <u>15,479</u>                | <u>30,508</u>                                 | <u>116,129</u>                         | <u>2,630,475</u> |
| <b>At 31 December 2017</b>                                 | <u>783,573</u>                     | <u>1,751,850</u>       | <u>18,870</u>                | <u>25,651</u>                                 | <u>83,020</u>                          | <u>2,662,964</u> |

- (a) All of the property, plant and equipment owned by the Group are located in the mainland China.
- (b) No property, plant and equipment were pledged to banks as at 31 December 2018(2017:nil).
- (c) During the year, certain property, plant and equipment were physically damaged or ceased for operation. The Group assessed the recoverable amounts of those property, plant and equipment as nil and as a result, the carrying amounts of those property, plant and equipment were fully written off. Impairment losses of RMB1,127 thousand was recognised in “Other expenses” for the year (2017: RMB13,961 thousand).
- (d) As at 31 December 2018, the Group was in the process of applying for property ownership certificates for certain buildings with an aggregate net book value of RMB3,741 thousand. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title of these buildings.
- (e) Advance payments were made to vendors or contractors for equipment or construction work to be delivered. Advance payments included in construction in progress amounted to RMB7,664 thousand as at 31 December 2018 (2017: RMB7,801 thousand).



## 12 INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

|  | <b>Total</b><br><i>RMB'000</i> |
|--|--------------------------------|
| <b>Cost:</b>                           |                                |
| At 1 January 2017                      | 139,399                        |
| Additions                              | <u>15,310</u>                  |
| At 31 December 2017 and 1 January 2018 | -----<br>154,709               |
| Additions                              | <u>2,393</u>                   |
| At 31 December 2018                    | -----<br>157,102               |
| <b>Accumulated amortisation:</b>       |                                |
| At 1 January 2017                      | (18,045)                       |
| Charge for the year                    | <u>(2,614)</u>                 |
| At 31 December 2017 and 1 January 2018 | -----<br>(20,659)              |
| Charge for the year                    | <u>(2,892)</u>                 |
| At 31 December 2018                    | -----<br>(23,551)              |
| <b>Net book value:</b>                 |                                |
| At 31 December 2018                    | <u><u>133,551</u></u>          |
| At 31 December 2017                    | <u><u>134,050</u></u>          |

- (a) Interests in leasehold land held for own use under operating leases represent payments for land use rights of land located in the mainland China where the Group's plants situate. The period for the land use rights is no more than 50 years.
- (b) No interests in leasehold land held for own use under operating leases were pledged to banks as at 31 December 2018 (2017: nil).
- (c) As at 31 December 2018, the Group was in the process of applying for ownership certificates for certain interests in leasehold land with an aggregate net book value of RMB87 thousand. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title of these interests in leasehold land held for own use under operating leases.

**13 INTANGIBLE ASSETS**

|  | <b>Software</b><br><i>RMB'000</i> |
|--|-----------------------------------|
| <b>Cost:</b>                           |                                   |
| At 1 January 2017                      | 13,808                            |
| Additions                              | <u>1,538</u>                      |
| At 31 December 2017 and 1 January 2018 | -----<br>15,346                   |
| Additions                              | <u>762</u>                        |
| At 31 December 2018                    | -----<br>16,108                   |
| <b>Accumulated amortisation:</b>       |                                   |
| At 1 January 2017                      | (8,596)                           |
| Charge for the year                    | <u>(1,469)</u>                    |
| At 31 December 2017 and 1 January 2018 | -----<br>(10,065)                 |
| Charge for the year                    | <u>(1,607)</u>                    |
| At 31 December 2018                    | -----<br>(11,672)                 |
| <b>Net book value:</b>                 |                                   |
| At 31 December 2018                    | <u><u>4,436</u></u>               |
| At 31 December 2017                    | <u><u>5,281</u></u>               |

## 14 INVESTMENT IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

| Name of company*  | Place of incorporation and business | Particulars of issued and paid-up capital (RMB'000) | Proportion of ownership interest |                     |                      | Principal activities         |
|---|-------------------------------------|---|----------------------------------|---------------------|----------------------|------------------------------|
|   |                                     |   | Group's effective interest       | Held by the Company | Held by a subsidiary |                              |
| Sichuan Energy Investment Yibin Electricity Co., Ltd.<br>("Yibin Electricity")<br>(四川能投宜賓電力有限公司)  | The PRC                             | 60,000  | 100.0%                           | 100.0%              | -                    | Power supply                 |
| Sichuan Energy Investment Gong County Electricity Co., Ltd.<br>("Gong County Electricity")<br>(四川能投珙縣電力有限公司)  | The PRC                             | 11,960  | 100.0%                           | 100.0%              | -                    | Power supply                 |
| Sichuan Energy Investment Xingwen Electricity Co., Ltd.<br>("Xingwen Electricity")<br>(四川能投興文電力有限公司)  | The PRC                             | 32,020  | 100.0%                           | 100.0%              | -                    | Power supply                 |
| Sichuan Energy Investment Gao County Electricity Co., Ltd.<br>("Gao County Electricity")<br>(四川能投高縣電力有限公司)  | The PRC                             | 78,100  | 100.0%                           | 100.0%              | -                    | Power supply                 |
| Sichuan Energy Investment Junlian Electricity Co., Ltd.<br>("Junlian Electricity")<br>(四川能投筠連電力有限公司)  | The PRC                             | 40,000  | 100.0%                           | 100.0%              | -                    | Power supply                 |
| Sichuan Energy Power Investment Pingshan Electricity Co., Ltd.<br>("Pingshan Electricity")<br>(四川能投屏山電力有限公司)  | The PRC                             | 111,111   | 100.0%                           | 100.0%              | -                    | Power supply                 |
| Shuifu Yangliutan Power Generation Co., Ltd.<br>("Yangliutan Power Generation")<br>(水富楊柳灘發電有限公司)  | The PRC                             | 10,000  | 100.0%                           | 100.0%              | -                    | Power generation             |
| Sichuan Energy Power Investment Yibin Electricity Engineering Construction Co., Ltd. ("Electricity Engineering Construction")<br>(四川能投宜賓電力工程建設有限公司) | The PRC                             | 20,300  | 100.0%                           | 100.0%              | -                    | Construction                 |
| Sichuan Province Yibin County Changyuan Infrastructure Co., Ltd.<br>("Yibin Changyuan")<br>(四川省宜賓縣長源實業有限公司)   | The PRC                             | 500   | 100.0%                           | -                   | 100.0%               | Installation and maintenance |
| Sichuan Energy Investment Yibin City Electricity Sales Co., Ltd.<br>("Yibin City Electricity Sales")<br>(四川能投宜賓市售電有限公司)(a)                          | The PRC                             | 22,000  | 74.0%                            | 74.0%               | -                    | Electricity sale             |
| Sichuan Energy Investment Gao County Yuejiang Power Generation Co., Ltd. ("Yuejiang Power Generation")<br>(四川能投高縣月江發電有限公司)                          | The PRC                             | 3,000   | 100.0%                           | 100.0%              | -                    | Power generation             |

\* The English translation of the subsidiaries' names is for reference only. The official names of these companies are in Chinese.

(a) On 28 September 2016, the Company and Yibin City State-owned Assets Operation Co., Ltd. set up Yibin City Electricity Sales. The paid-in capital of Yibin City Electricity Sales is RMB22,000 thousand, of which the Company holds 74% equity interest. The Company completed the capital injection on 15 February 2017.

## 15 INVESTMENT IN ASSOCIATES

The following list contains the particulars of associates, all of which are unlisted entities whose quoted market prices are not available.

| Name of associate*   | Form of business structure | Place of incorporation and business | Particulars of issued and paid-up capital<br>(RMB'000) | Proportion of ownership interest |                     |                      | Principal activity                                 |
|--|----------------------------|-------------------------------------|--|----------------------------------|---------------------|----------------------|--|
|  |                            |                                     |  | Group's effective interest       | Held by the Company | Held by a subsidiary |  |
| Emeishan Jinkun Micro-credit Co., Ltd.<br>(峨眉山市金坤小額貸款有限公司)                                   | Incorporated               | The PRC                             | 200,000  | 20.0%                            | 20.0%               | –                    | Authorised financial and consulting services       |
| Yibin Nanxi District Jinkun Micro-credit Co., Ltd.<br>(宜賓市南溪區金坤小額貸款有限公司)                     | Incorporated               | The PRC                             | 400,000  | 25.0%                            | 25.0%               | –                    | Authorised financial and consulting services       |
| Sichuan Yibin Electricity Co., Ltd<br>(四川宜賓電力有限公司) (a)                                       | Incorporated               | The PRC                             | 100,000  | 30.0%                            | 30.0%               | –                    | Power supply                                       |
| Pingshan Jinping Real Estate Development Co., Ltd.<br>(屏山金屏房地產開發有限公司)                        | Incorporated               | The PRC                             | 28,320   | 49.0%                            | –                   | 49.0%                | Property investment, agency and management service |
| Xuyong County Jiangmen New District Electricity Development Co., Ltd.<br>(叙永縣江門新區電力開發有限責任公司) | Incorporated               | The PRC                             | 32,000   | 49.0%                            | –                   | 49.0%                | Power generation                                   |

\* The English translation of the associates' names is for reference only. The official names of these companies are in Chinese.

All of the associates are accounted for using the equity method in the consolidated financial statements.

(a) In September 2017, the Company together with Sichuan Province State Power Company (國網四川省電力公司) and Yibin City State-owned Assets Operation Co., Ltd.(宜賓市國有資產經營有限公司) set up Sichuan Yibin Electricity Co., Ltd, in which the Group holds 30% equity interest with a subscribed contribution of RMB30,000 thousand. At the date of this report, the Company has not yet made the contribution which was due on 30 June 2018 according to the articles of association.

(b) Aggregate information of associates that are not individually material:

|  | 2018<br>RMB'000 | 2017<br>RMB'000 |
|--|-----------------|-----------------|
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 258,203         | 216,487         |
| Aggregate amounts of the Group's share of those associates'  |                 |                 |
| Profits from continuing operations   | 3,871           | 10,672          |
| Other comprehensive income   | –               | –               |
| Total comprehensive income   | <u>3,871</u>    | <u>10,672</u>   |

## 16 OTHER FINANCIAL ASSETS

|                                   | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|-----------------------------------|------------------------|------------------------|
| Financial assets measured at FVPL |                        |                        |
| – Unlisted equity securities      | <u>117,111</u>         | <u>111,373</u>         |

- (i) On 18 January and 17 March 2017, the Company made cumulative investments of RMB100,000 thousand in Lhasa Jinding Xingneng Investment Center (LLP) (拉薩金鼎興能投資中心(有限合夥)) (“Jinding Fund”) as an inferior limited partner. According to the partnership agreement, the investment period is no less than three years but not exceeding five years.

## 17 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

|                        | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|------------------------|------------------------|------------------------|
| Raw materials          | 55,696                 | 31,956                 |
| Spare parts and others | <u>308</u>             | <u>176</u>             |
|                        | <u>56,004</u>          | <u>32,132</u>          |

- (a) **The analysis of the amount of inventories recognised as an expense included in profit or loss is as follows:**

|                                    | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| Electricity sold                   | 1,016,579              | 840,089                |
| Other inventories consumed or sold | <u>97,656</u>          | <u>92,824</u>          |
|                                    | <u>1,114,235</u>       | <u>932,913</u>         |

All of the inventories are expected to be recovered within one year.

## 18 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

|   | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>Contract assets</b>                                |                        |                        |
| Arising from performance under construction contracts | <u>12,967</u>          | <u>4,656</u>           |

(i) The Group's construction contracts include payment schedules which require stage payments over the construction period once milestones are reached. The payment schedules are discussed with customers case by case. The increase in contract assets balance compared to previous year was due to the change in the time frame of billing schedule. In certain construction contracts, the Group agrees to a one or two year retention period for 5% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

(ii) The amounts of contract assets arisen from construction contracts at the end of the year are expected to be recovered within one year.

### (b) Contract liabilities

|  | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| <b>Contract liabilities</b>              |                        |                        |
| Construction contracts                   |                        |                        |
| – Billings in advance of performance (i) | 28,753                 | 17,986                 |
| Power business                           |                        |                        |
| – Sales advances (ii)                    | <u>150,786</u>         | <u>115,668</u>         |
|  | <u>179,539</u>         | <u>133,654</u>         |

#### Movement in contract liabilities

|  | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Balance at 1 January   | 133,654                | 107,361                |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year | (132,194)              | (107,361)              |
| Increase in contract liabilities as a result of receiving sales advances in respect of power business  | 150,786                | 115,150                |
| Increase in contract liabilities as a result of billing in advance of construction activities  | <u>27,293</u>          | <u>18,504</u>          |
| Balance at 31 December   | <u>179,539</u>         | <u>133,654</u>         |

- (i) When the Group receives a deposit before the construction activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit. In addition, when the Group bills and receives the consideration in advance of the construction activities, advance payment schemes result in contract liabilities being recognised.
- (ii) The Group usually receives advances from customers when they top up for electricity. The top-up is recognised as contract liability until transmission of power to these customers. The increase was due to the increase in number of customers using smart power meters which required electricity top up as prepayment.
- (iii) All of contract liabilities at the end of the year are expected to be recognised as income within one year.

## 19 TRADE AND OTHER RECEIVABLES

|   | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Trade debtors (a)   | <b>285,484</b>                | 256,681                |
| Bills receivable (a)  | <b>15,350</b>                 | 3,582                  |
| Less: Allowance for doubtful debts                                    | <b>(81,428)</b>               | (80,572)               |
|   | <b>219,406</b>                | 179,691                |
| Other receivables   | <b>48,535</b>                 | 33,919                 |
| Less: Allowance for doubtful debts                                    | <b>(18,007)</b>               | (15,950)               |
|   | <b>30,528</b>                 | 17,969                 |
| Loans to third parties  | <b>28,157</b>                 | 29,534                 |
| Less: Allowance for doubtful debts                                    | <b>(28,157)</b>               | (29,534)               |
|   | <b>—</b>                      | —                      |
| Amounts due from related parties                                      | <b>38,576</b>                 | 104,344                |
| Financial assets measured at amortised cost                           | <b>288,510</b>                | 302,004                |
| Prepayments and deposits (b)  | <b>43,222</b>                 | 23,803                 |
|   | <b>331,732</b>                | 325,807                |
|   | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
| Receivables from contracts with customers within the scope of IFRS 15 | <b>257,982</b>                | 229,714                |

All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

**(a) Ageing analysis of trade debtors and bills receivable**

As at the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) of the Group, based on the invoice date and net of allowance for doubtful debts, is as follows:

|                                | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--------------------------------|-------------------------------|------------------------|
| Within 6 months (inclusive)    | <b>139,194</b>                | 116,291                |
| 6 months to 1 year (inclusive) | <b>38,746</b>                 | 33,942                 |
| 1 to 2 years (inclusive)       | <b>24,692</b>                 | 14,851                 |
| 2 to 3 years (inclusive)       | <b>7,203</b>                  | 6,801                  |
| 3 to 4 years (inclusive)       | <b>4,925</b>                  | 4,599                  |
| 4 to 5 years (inclusive)       | <b>3,074</b>                  | 2,240                  |
| Over 5 years                   | <b>1,572</b>                  | 967                    |
|                                | <b>219,406</b>                | 179,691                |

**(b) Prepayments and deposits**

Prepayments and deposits mainly represented the amounts prepaid to suppliers for purchase of electricity, raw materials and services.

**20 RESTRICTED DEPOSITS**

As at 31 December 2018, the restricted deposit represented a deposit placed with a bank for obtaining a letter of guarantee issued by a bank.

**21 CASH AND CASH EQUIVALENTS**

**(a) Cash and cash equivalents comprise:**

|   | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|-------------------------------|------------------------|
| Deposits with banks   | <b>797,944</b>                | 395,787                |
| Cash on hand  | <b>26</b>                     | 24                     |
| <b>Cash in the consolidated statement of financial position</b> | <b>797,970</b>                | 395,811                |
| Bank overdrafts (note 23(a))                                    | —                             | (300,473)              |
| <b>Cash in the consolidated statement of cash flows</b>         | <b>797,970</b>                | 95,338                 |



(b) Reconciliation of profit before taxation to cash generate from operations

|   | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Profit before taxation  | 198,117                | 143,554                |
| <i>Adjustments for:</i>   |                        |                        |
| Depreciation  | 137,327                | 133,546                |
| Impairment losses on trade and other receivables and contract assets                                      | 11,442                 | 1,222                  |
| Impairment losses on property, plant and equipment  | 1,127                  | 13,961                 |
| Amortisation of intangible assets and interests in leasehold land held for own use under operating leases | 4,499                  | 4,083                  |
| Amortisation of deferred income   | (7,504)                | (6,983)                |
| Net losses on disposal of property, plant and equipment   | 131                    | 488                    |
| Finance costs   | 35,696                 | 41,360                 |
| Interest income   | (1,441)                | (1,464)                |
| Share of profits less losses of associates  | (3,871)                | (10,672)               |
| Fair value changes of other financial assets  | (16,840)               | (19,796)               |
| <br>  |                        |                        |
| Changes in working capital:   |                        |                        |
| Changes in inventories  | (23,872)               | 1,319                  |
| Changes in trade and other receivables  | (75,748)               | (32,675)               |
| Changes in contract assets  | (8,311)                | (529)                  |
| Changes in trade and other payables   | 42,771                 | 78,826                 |
| Changes in contract liabilities   | 45,885                 | 26,293                 |
| Changes in restricted deposits  | (4,000)                | 38,749                 |
| <br>  |                        |                        |
| Cash generated from operations  | <u>335,408</u>         | <u>411,282</u>         |

(c) Reconciliation of liabilities arising from financing activities

|  | <b>Bank loans</b><br><i>Note 23</i> | <b>Other borrowings</b><br><i>Note 23</i> | <b>Dividend payables</b><br><i>Note 22</i> | <b>Interest payables</b><br><i>Note 22</i> | <b>Total</b>     |
|--|-------------------------------------|---|--|--|------------------|
| <b>At 1 January 2018</b>                           | <b>572,000</b>                      | <b>20,732</b>                             | –  | <b>5,869</b>                               | <b>598,601</b>   |
| <b>Changes from financing cash flows:</b>          |                                     |   |  |  |                  |
| Proceeds from new bank loans                       | <b>750,000</b>                      | –   | –  | –  | <b>750,000</b>   |
| Repayment of bank loans                            | <b>(572,030)</b>                    | –   | –  | –  | <b>(572,030)</b> |
| Repayment of loans from third parties              | –                                   | <b>(6,364)</b>                            | –  | –  | <b>(6,364)</b>   |
| Dividend paid to equity holders of the Company     | –                                   | –   | <b>(64,445)</b>                            | –  | <b>(64,445)</b>  |
| Interest paid                                      | –                                   | –   | –  | <b>(36,417)</b>                            | <b>(36,417)</b>  |
| Total changes from financing cash flows            | <b>177,970</b>                      | <b>(6,364)</b>                            | <b>(64,445)</b>                            | <b>(36,417)</b>                            | <b>70,744</b>    |
| <b>Other changes:</b>                              |                                     |   |  |  |                  |
| Dividends approved in respect of the previous year | –                                   | –   | <b>64,445</b>                              | –  | <b>64,445</b>    |
| Financial costs                                    | –                                   | –   | –  | <b>35,696</b>                              | <b>35,696</b>    |
| Total other changes                                | –                                   | –   | <b>64,445</b>                              | <b>35,696</b>                              | <b>100,141</b>   |
| <b>At 31 December 2018</b>                         | <b>749,970</b>                      | <b>14,368</b>                             | –  | <b>5,148</b>                               | <b>769,486</b>   |

|  | <b>Bank<br/>loans</b><br><i>Note 23</i> | <b>Loans<br/>from the<br/>Parent</b><br><i>Note 23</i> | <b>Other<br/>borrowings</b><br><i>Note 23</i> | <b>Dividend<br/>payables</b><br><i>Note 22</i> | <b>Interest<br/>payables</b><br><i>Note 22</i> | <b>Total</b>   |
|--|---|--|---|--|--|----------------|
| <b>At 1 January 2017</b>                           | 800,000                                 | 37,623   | 22,922  | –  | 6,304  | 866,849        |
| <b>Changes from financing cash flows:</b>          |   |  |   |  |  |                |
| Proceeds from new bank loans                       | 580,000                                 | –  | –   | –  | –  | 580,000        |
| Repayment of bank loans                            | (808,000)                               | –  | –   | –  | –  | (808,000)      |
| Repayment of loans from the Parent                 | –                                       | (2,148)  | –   | –  | –  | (2,148)        |
| Repayment of loans from third parties              | –                                       | –  | (2,190)                                       | –  | –  | (2,190)        |
| Dividend paid to equity holders of the Company     | –                                       | –  | –   | (32,893)                                       | –  | (32,893)       |
| Interest paid                                      | –                                       | –  | –   | –  | (41,795)                                       | (41,795)       |
| Total changes from financing cash flows            | (228,000)                               | (2,148)  | (2,190)                                       | (32,893)                                       | (41,795)                                       | (307,026)      |
| <b>Other changes:</b>                              |   |  |   |  |  |                |
| Dividends approved in respect of the previous year | –                                       | –  | –   | 64,445   | –  | 64,445         |
| Financial costs                                    | –                                       | –  | –   | –  | 41,360   | 41,360         |
| Offsetting with the Parent                         | –                                       | (35,475)   | –   | (31,552)                                       | –  | (67,027)       |
| Total other changes                                | –                                       | (35,475)   | –   | 32,893   | 41,360   | 38,778         |
| <b>At 31 December 2017</b>                         | <b>572,000</b>                          | <b>–</b>   | <b>20,732</b>                                 | <b>–</b>                                       | <b>5,869</b>                                   | <b>598,601</b> |

## 22 TRADE AND OTHER PAYABLES

|                                | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--------------------------------|------------------------|------------------------|
| Trade payables                 | 386,484                | 335,269                |
| Other payables                 | 144,667                | 136,850                |
| Interest payables              | 5,148                  | 5,869                  |
| Employee benefits payables     | 53,272                 | 60,274                 |
| Other tax payables             | 10,436                 | 10,408                 |
| Amounts due to related parties | 44,631                 | 42,871                 |
|                                | <u>644,638</u>         | <u>591,541</u>         |

As at the end of the reporting period, the aging analysis of the trade payables (which are included in trade and other payables) of the Group, based on the invoice date, is as follows:

|                           | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---------------------------|------------------------|------------------------|
| Within 1 year (inclusive) | 355,005                | 304,945                |
| 1 to 2 years (inclusive)  | 25,670                 | 23,844                 |
| 2 to 3 years (inclusive)  | 4,028                  | 3,735                  |
| Over 3 years              | 1,781                  | 2,745                  |
|                           | <u>386,484</u>         | <u>335,269</u>         |

## 23 LOANS AND BORROWINGS

(a) The analysis of the carrying amount of loans and borrowings is as follows:

|   | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>Current</b>  |                        |                        |
| Bank overdrafts (i)                                       | –                      | 300,473                |
| Unsecured bank loans                                      | 50,000                 | 350,000                |
| Current portion of non-current unsecured bank loans       | 2,060                  | 93,000                 |
| Current portion of other borrowings (ii)                  | 14,368                 | 20,732                 |
|   | <u>66,428</u>          | <u>764,205</u>         |
| <b>Non-current</b>  |                        |                        |
| Unsecured bank loans                                      | 699,970                | 222,000                |
| Other borrowings (ii)                                     | 14,368                 | 20,732                 |
| Less: Current portion of non-current unsecured bank loans | (2,060)                | (93,000)               |
| Current portion of other borrowings (ii)                  | (14,368)               | (20,732)               |
|   | <u>697,910</u>         | <u>129,000</u>         |
|   | <u>764,338</u>         | <u>893,205</u>         |

(i) Bank overdrafts

The Group participated in a cash pooling management plan provided by Bank of Shanghai in 2014. According to the cash pooling management arrangement, the Group can overdraw bank overdrafts not exceeding the lower of granted maximum facility amounts and certain percentage of the total deposit balances of bank accounts in the cash pool, which includes deposit balance belong to the Parent. The cash pooling management plan was terminated by the Group in 2018.

(ii) Other borrowings

The balance of borrowings from Pingshan County Bureau of Finance(屏山縣財政局) was RMB6,000 thousand (2017: RMB6,000 thousand), which has been past due since 2017. The past due amounts were subject to an annual interest rate equal to one-year benchmark lending interest rate.

The balance of borrowings from Junlian County Bureau of Finance(筠連縣財政局) was RMB3,552 thousand (2017: RMB3,552 thousand), which has been past due since 2011. The borrowings were interest-free.

The balance of borrowings from Gong County Bureau of Finance(珙縣財政局) was RMB4,320 thousand (2017: RMB4,320 thousand), which has been past due since 2011. The borrowings were interest-free.

The balance of borrowings from Junlian County State-owned Assets Operation Co., Ltd. (筠連縣國有資產經營管理有限公司) was RMB496 thousand (2017: RMB6,860 thousand), the balance of which was interest-free(2017: except RMB3,810 thousand at interest rate of 6.7% per annum, the remaining balance was interest-free). The borrowings have been past due since 2011.

(b) At 31 December 2018, loans and borrowings were repayable as follows:

|                                    | 2018<br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| <b>Bank loans and overdrafts</b>   |                        |                        |
| Within 1 year or on demand         | 52,060                 | 743,473                |
| After 1 year but within 2 years    | 501,910                | 129,000                |
| After 2 years but within 5 years   | 196,000                | —                      |
|                                    | <u>749,970</u>         | <u>872,473</u>         |
| <b>Loans from other borrowings</b> |                        |                        |
| Within 1 year or on demand         | 14,368                 | 20,732                 |
|                                    | <u>764,338</u>         | <u>893,205</u>         |

**24 DEFERRED INCOME**

|  | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| At 1 January                             | 166,807                       | 172,848                |
| Additions                                | 4,486                         | 2,123                  |
| Credited to profit or loss               | (7,504)                       | (6,983)                |
| Other decrease                           | –                             | (1,181)                |
| At 31 December                           | 163,789                       | 166,807                |
| Less: Current portion of deferred income | (7,132)                       | (6,983)                |
|  | <u>156,657</u>                | <u>159,824</u>         |

Deferred income of the Group represented government grants in respect of the Group's construction of the plants and equipment for power supply.

**25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(a) Current taxation in the consolidated statement of financial position represents:

|                                       | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|---------------------------------------|-------------------------------|------------------------|
| <b>PRC Corporate Income Tax</b>       |                               |                        |
| At 1 January                          | 285                           | 4,236                  |
| Charged to profit or loss (note 7(a)) | 26,620                        | 22,593                 |
| Payments during the year              | (19,793)                      | (26,544)               |
|                                       | <u>7,112</u>                  | <u>285</u>             |
| Representing:                         |                               |                        |
| Prepaid tax                           | (4,243)                       | (7,768)                |
| Current tax liabilities               | 11,355                        | 8,053                  |
|                                       | <u>7,112</u>                  | <u>285</u>             |

**(b) Deferred tax assets and liabilities recognised**

**(i) Movement of each component of deferred tax (assets)/deferred tax liabilities**

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

| Deferred tax arising from:           | Impairment provisions<br>RMB'000 | Depreciation allowances less than the related depreciation<br>RMB'000 | Revaluation of PPE<br>RMB'000 | Government grants<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|--------------------------------------|----------------------------------|---|-------------------------------|------------------------------|-------------------|------------------|
| At 1 January 2017                    | (31,579)                         | (9,725)   | 34,722                        | (3,513)                      | 293               | (9,802)          |
| (Credited)/charged to profit or loss | (2,278)                          | (732)   | (729)                         | 103                          | (293)             | (3,929)          |
| At 31 December 2017                  | (33,857)                         | (10,457)  | 33,993                        | (3,410)                      | –                 | (13,731)         |
| (Credited)/charged to profit or loss | 3,459                            | (585)   | (729)                         | 103                          | (123)             | 2,125            |
| At 31 December 2018                  | <u>(30,398)</u>                  | <u>(11,042)</u>   | <u>33,264</u>                 | <u>(3,307)</u>               | <u>(123)</u>      | <u>(11,606)</u>  |

**(ii) Reconciliation to the consolidated statements of financial position:**

|   | 2018<br>RMB'000        | 2017<br>RMB'000        |
|---|------------------------|------------------------|
| Net deferred tax asset recognised in the consolidated statement of financial position     | <b>(30,500)</b>        | (30,439)               |
| Net deferred tax liability recognised in the consolidated statement of financial position | <b>18,894</b>          | 16,708                 |
|   | <b><u>(11,606)</u></b> | <b><u>(13,731)</u></b> |

**(c) Deferred tax assets not recognised**

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB14,838 thousand (2017: RMB11,144 thousand), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the year will expire in the following years:

|      | 2018<br>RMB'000 | 2017<br>RMB'000 |
|------|-----------------|-----------------|
| 2018 | –               | 3,866           |
| 2019 | <b>12,369</b>   | 12,369          |
| 2020 | <b>2,914</b>    | 2,914           |
| 2021 | <b>13,263</b>   | 13,263          |
| 2022 | <b>12,163</b>   | 12,163          |
| 2023 | <b>18,644</b>   | –               |

## 26 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

|  | Note       | Share capital<br>RMB'000 | Capital reserve<br>RMB'000 | PRC statutory reserve<br>RMB'000 | Retained profits<br>RMB'000 | Total<br>RMB'000 |
|--|------------|--------------------------|----------------------------|----------------------------------|-----------------------------|------------------|
| <b>Balance at 1 January 2017</b>   |            | 805,558                  | 207,990                    | 30,661                           | 101,969                     | 1,146,178        |
| <b>Changes in equity for 2017</b>  |            |                          |                            |                                  |                             |                  |
| Total comprehensive income for the year  |            | –                        | –                          | –                                | 143,642                     | 143,642          |
| Transfer to statutory reserve  | 26(d)(iii) | –                        | –                          | 11,681                           | (11,681)                    | –                |
| Dividends approved in respect of the previous year                                     | 26(b)      | –                        | –                          | –                                | (64,445)                    | (64,445)         |
| <b>Balance at 31 December 2017 and 1 January 2018</b>                                  |            | 805,558                  | 207,990                    | 42,342                           | 169,485                     | 1,225,375        |
| <b>Changes in equity for 2018</b>  |            |                          |                            |                                  |                             |                  |
| Total comprehensive income for the year  |            | –                        | –                          | –                                | 123,092                     | 123,092          |
| Issue of ordinary shares under initial public offering, net of share issuance expenses |            | 268,800                  | 108,112                    | –                                | –                           | 376,912          |
| Transfer to statutory reserve  | 26(d)(iii) | –                        | –                          | 15,264                           | (15,264)                    | –                |
| Dividends approved in respect of the previous year                                     | 26(b)      | –                        | –                          | –                                | (64,445)                    | (64,445)         |
| <b>Balance at 31 December 2018</b>   |            | <u>1,074,358</u>         | <u>316,102</u>             | <u>57,606</u>                    | <u>212,868</u>              | <u>1,660,934</u> |

### (b) Dividends

#### (i) Dividends payable to equity shareholder of the Company attributable to the year:

|   | 2018<br>RMB'000 | 2017<br>RMB'000 |
|---|-----------------|-----------------|
| Final dividend proposed after the end of the year | <u>91,320</u>   | <u>64,445</u>   |

On 11 May 2018, a dividend for the year ended 31 December 2017 of approximately RMB64,445 thousand, representing RMB0.08 per share, was approved at the shareholders' meeting.

On 28 March 2019, a dividend for the year ended 31 December 2018 of approximately RMB91,320 thousand, representing RMB0.085 per share was proposed by the Board of Directors of the Company. Such dividend is to be approved by the shareholders at the Annual General Meeting of the Company. The final dividend proposed after the end of each of the reporting period has not been recognised as a liability at the end of the reporting period.



(ii) *Dividends payable to equity shareholder of the Company attributable to the previous financial year, approved and paid during the year:*

|  | 2018<br>RMB'000 | 2017<br>RMB'000 |
|--|-----------------|-----------------|
| Final dividend in respect of the previous financial year,<br>approved and paid during the year | <u>64,445</u>   | <u>64,445</u>   |

(c) **Share capital**

|  | 2018                        |                  | 2017                        |                |
|--|-----------------------------|------------------|-----------------------------|----------------|
|  | Number of<br>shares<br>'000 | RMB'000          | Number of<br>shares<br>'000 | RMB'000        |
| <b>Ordinary shares, issued and<br/>fully paid:</b> |                             |                  |                             |                |
| At 1 January                                       | 805,558                     | 805,558          | 805,558                     | 805,558        |
| Issue of new ordinary shares                       | <u>268,800</u>              | <u>268,800</u>   | –                           | –              |
| At 31 December                                     | <u>1,074,358</u>            | <u>1,074,358</u> | <u>805,558</u>              | <u>805,558</u> |
|  |                             |                  | 2018<br>'000                | 2017<br>'000   |
| Ordinary shares of RMB1 each                       |                             |                  |                             |                |
| – Domestic shares                                  |                             |                  | 805,558                     | 805,558        |
| – H shares   |                             |                  | <u>268,800</u>              | –              |
|  |                             |                  | <u>1,074,358</u>            | <u>805,558</u> |

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 28 December 2018, 268,800,000 of new ordinary H shares of RMB1 each of the Company were issued at a price of 1.77 Hong Kong dollars (equivalent to RMB1.55) each by initial public offering. The proceeds of HK\$306,779 thousand (equivalent to approximately RMB268,800 thousand) representing the nominal value of the new ordinary shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$168,997 thousand (equivalent to approximately RMB148,075 thousand), after deducting issuance expenses of RMB39,963 thousand, were credited to the Company's capital reserves.

(d) **Nature and purpose of reserves**

(i) *Capital reserve*

Capital reserves of the Group mainly consisted of (1) premium arising from capital injection from domestic equity shareholders of RMB285,879 thousand; (2) merger reserve decrease of RMB118,813 thousand, which was resulted from business combination in 2012 involving entities under common control; (3) reserves of RMB29 thousand due to subsidiary's purchase of own shares in 2014; (4) negative reserve of RMB71,778 thousand due to acquiring remaining 49% non-controlling interests in Yangliutan Power Generation in 2016; (5) premium net of issuance expenses arising from issuance of new ordinary H shares of RMB108,112 thousand in 2018.

**(ii) State capital reserve benefits (國有獨享資本公積)**

State capital reserve benefits represented government funds in respect of the Group's construction and modification of rural power grid. The funds were received and allocated to the subsidiaries for construction of power supplies by the Parent. The recognition of RMB878,019 thousand as state capital reserve benefits was approved by the State-owned Assets Supervision and Administration Commission of Sichuan Province.

**(iii) PRC statutory reserve**

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

**(iv) Special reserve**

Pursuant to the relevant PRC regulations for power companies, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety, and are not available for distribution to shareholders.

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes loans and borrowings) plus unaccrued proposed dividends, less cash. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

The Group's adjusted net debt-to-capital ratio at 31 December 2018 and 2017, respectively was as follows:

|                                    | <b>2018</b><br><i>RMB'000</i> | 2017<br><i>RMB'000</i> |
|------------------------------------|-------------------------------|------------------------|
| Current loans and borrowings       | <b>66,428</b>                 | 764,205                |
| Non-current loans and borrowings   | <b>697,910</b>                | 129,000                |
| Total debt                         | <b>764,338</b>                | 893,205                |
| Add: Proposed dividends            | <b>91,320</b>                 | 64,445                 |
| Less: Cash and cash equivalents    | <b>(797,970)</b>              | (395,811)              |
| <b>Adjusted net debt</b>           | <b>57,688</b>                 | 561,839                |
| Total equity                       | <b>2,598,639</b>              | 2,116,800              |
| Less: Proposed dividends           | <b>(91,320)</b>               | (64,445)               |
| <b>Adjusted capital</b>            | <b>2,507,319</b>              | 2,052,355              |
| Adjusted net debt-to-capital ratio | <b>2.3%</b>                   | 27.4%                  |

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. INDUSTRY OVERVIEW

The value chain of China's power industry consists of power generation, power transmission and distribution and power sales. Power generation activities convert other types of energy into power, such as hydropower plants using flowing water energy to generate power. The grid transmission and distribution system is the core of power supply, which includes power transmission networks that reach various provinces and cities in China, distribution networks for end-use purposes, as well as step-up and step-down substations. Lastly, power sales activities distribute power directly to end users.

In 2018, the total power consumption in China reached 6.84 trillion kWh, which exhibited a year-on-year growth of 8.5%, representing an increase of 1.9 percentage points compared to the previous year. The year-over-year growth in power consumption exceeded the expected growth rate of 5.5% by three percentage points, exhibiting a rapid growth since 2012. By the end of 2018, the national full-caliber installed capacity of power generation reached 1.9 billion kWh, representing a year-on-year increase of 6.5%. In 2018, the total power consumption recorded by Sichuan province was 245.9 billion kWh, representing year-on-year increase of 11.5%. According to the "Analysis and Forecast Report for National Power Supply and Demand 2018-2019" 《2018-2019年度全國電力供需形勢分析預測報告》 published by China Electricity Council (中國電力企業協會), in 2019, the nationwide power supply and demand will maintain an overall balance, while power supply will be tight during peak hours in some areas, and the total power consumption of China is expected to grow at a rate of 5.5%.

As the power system reform continues to deepen and the market-oriented transactions continue to expand, there is a tremendous growth potential for the replacement of electric energy and the utilization of clean energy, which, we believe, creates a significant room for our expansion in power sales, incremental additions to the distribution networks, distributed energy, power trading, and integrated energy services.

### II. BUSINESS OVERVIEW

#### 1.1 Overview

We are a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales. We have a stable user base and a comprehensive network of power supply in Yibin City, which allows us to optimize the balance usage of power resources within our power supply network through efficient allocation of electricity. Our business currently consists of (i) power business, which includes power production, distribution and sales; and (ii) EECS business, which consists of electrical engineering construction service and sales of electric equipment and materials.

In 2018, we realized revenue of RMB2,031.1 million, representing a year-on-year increase of 9.6%. Our profit before taxation was RMB198.1 million, representing a year-on-year increase of 38.0%. In the same year, we achieved net profit of RMB169.4 million, representing a year-on-year increase of 35.6%, and net profit attributable to owners of the parent company of RMB169.2 million, representing a year-on-year increase of 35.0%.

As of the end of 2018, we had an aggregate 35 hydropower plants with a total installed capacity of 138,680 kW. We also had one unit of 220 kV substation with a capacity of 180,000 kVA, 19 units of 110 kV substations with an aggregate capacity of 922,000 kVA, and 59 units of 35 kV substations with an aggregate capacity of 500,850 kVA, all of which were line with 2017.

## 1.2 Operating Results

The following table sets forth the breakdown of the revenue, cost of sales and profit margin by category of business for the years ended 31 December 2017 and 2018, and the percentage of changes.

| Business                     | Year ended 31 December |                            |                     |                  |                            |                     | Percentage of changes (%) /<br>Percentage points |                   |                     |
|------------------------------|------------------------|----------------------------|---------------------|------------------|----------------------------|---------------------|--|-------------------|---------------------|
|                              | 2018                   |                            |                     | 2017             |                            |                     | Revenue  | Cost of sales (%) | Gross profit margin |
|                              | Revenue                | Cost of sales<br>(RMB'000) | Gross profit margin | Revenue          | Cost of sales<br>(RMB'000) | Gross profit margin |  |                   |                     |
| Power business               | 1,764,136              | 1,430,526                  | 18.9%               | 1,542,311        | 1,251,772                  | 18.8%               | 14.4%  | 14.3%             | 0.1%                |
| EECS business <sup>(1)</sup> | 266,959                | 226,659                    | 15.1%               | 310,932          | 279,157                    | 10.2%               | -14.1%   | -18.8%            | 4.9%                |
| <b>Total</b>                 | <b>2,031,095</b>       | <b>1,657,185</b>           | <b>18.4%</b>        | <b>1,853,243</b> | <b>1,530,929</b>           | <b>17.4%</b>        | <b>9.6%</b>                                      | <b>8.2%</b>       | <b>1.0%</b>         |

Note:

- (1) Include revenue from the sales of electric equipment and materials of RMB12.0 million for the year ended 31 December 2018.

### 1.2.1 Power Business

The following table sets forth the breakdown of electricity sales and revenue for our power business in accordance with our customer category for the periods indicated.

| Customer                          | Year ended 31 December     |                      |                            |                      | Percentage of changes (%) /<br>Percentage points |             |
|-----------------------------------|----------------------------|----------------------|----------------------------|----------------------|--|-------------|
|                                   | 2018                       |                      | 2017                       |                      | Electricity Sales                                | Revenue     |
|                                   | Electricity Sales<br>(MWh) | Revenue<br>(RMB'000) | Electricity Sales<br>(MWh) | Revenue<br>(RMB'000) |  |             |
| Household                         | 1,096,960                  | 601,668              | 988,085                    | 549,925              | 11.0   | 9.0         |
| General industrial and commercial | 754,553                    | 516,579              | 645,063                    | 492,845              | 17.0   | 4.8         |
| Large industrial                  | 989,931                    | 531,104              | 790,872                    | 396,005              | 25.2   | 34.0        |
| State Grid                        | 66,501                     | 13,459               | 93,068                     | 20,731               | -28.6  | -35.1       |
| Others                            | 250,437                    | 101,326              | 212,050                    | 82,805               | 18.1   | 22.4        |
| <b>Total</b>                      | <b>3,158,382</b>           | <b>1,764,136</b>     | <b>2,729,138</b>           | <b>1,542,311</b>     | <b>15.7</b>                                      | <b>14.4</b> |

Most of our revenue for the year ended 31 December 2018 was derived from our power business, including power production, distribution and sales. In 2018, we generated RMB1,764.1 million of revenue from our power business, which accounted for 86.9% of our total revenue.

### ***1.2.2 EECS Business***

We also derived revenue from our EECS business, which mainly involves undertaking the engineering construction projects for, and selling electric equipment and materials to, the users and grid companies in our power supply area. In 2018, we generated RMB267.0 million of revenue from our EECS business, which accounted for 13.1% of our total revenue.

## **1.3 Main Operational Measures**

### ***1.3.1 Boost revenue and reduce expenditure to ensure steady growth in our operating results***

In 2018, we reported significant year-on-year growth in our total revenue due to the following reasons: First, we made concerted efforts to implement a market competitive strategy of stabilizing our existing business while developing our incremental business in order to ensure the steady growth in the power business and electricity tariff income. In the meantime, we were able to more effectively control the purchase cost of electricity. Second, we implemented strict management of our operating costs. Efforts were made in three particular aspects: (i) strengthen our early-stage operational management and emphasize the concept of budget planning; (ii) enhance in-process control and optimize our expenditure plan; and (iii) attach importance to ex-post analysis and conduct benefit evaluation. Finally, we had effectively reduced our financing costs. We were able to accomplish this by strengthening our working capital and funding analysis and monitoring the availability of capital to meet our operational needs, and by actively exploring additional financing channels.

### ***1.3.2 Implement Scientific Dispatching to Optimize Resource Allocation***

Based on the power grid structure and taking into consideration the electricity price as an economic lever, we realized the balance of inter-county load and power supply allocation in case of power shortage, and were able to take advantage of the inter-county power grid interconnection and its scientific dispatching capability.

### ***1.3.3 Strengthen Technological Innovation to Improve the Reliability of Power Supply***

In 2018, we have continuously reinforced our basic management, process control and professionalism by strengthening our information construction, technological transformation, new technology application, and power grid equipment management and control. In the past year, the total number of power grid outages on our grid network decreased by approximately 40.0% from 5,963 times in 2017 to 3,580 times in 2018, which indicated that we have made significant strides in ensuring safe, stable and efficient operation of our power grid network.

### ***1.3.4 Solidify the Foundation to Stabilize Safe Power Generation and Distribution***

In 2018, we mainly focused on building a hierarchical risk management and control system, which improved our comprehensive ability to generate and distribute power safely. First, we carried out in-depth investigation of possible hidden dangers and strengthened our remediation efforts. By the end of 2018, we had carried out 14 such inspections, investigated 1,542 hidden dangers and rectified all such hidden dangers. Second, we conducted safety supervision of construction in progress in an orderly manner to ensure that all safety measures are effectively implemented. Third, we actively organized safety-themed activities, such as safety trainings and employee skill competitions. In 2018, we had arranged 86 safety trainings for our employees. In addition, certain of our employees participated in employee skills competitions of Sichuan province and achieved excellent results.

## **III. FINANCIAL REVIEW**

### **Analysis of Key Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income**

#### ***Revenue***

| <b>Business</b>              | <b>Year ended<br/>31 December</b>     |                                       |
|------------------------------|---------------------------------------|---------------------------------------|
|                              | <b>2018<br/>Revenue<br/>(RMB'000)</b> | <b>2017<br/>Revenue<br/>(RMB'000)</b> |
| Power business               | <b>1,764,136</b>                      | 1,542,311                             |
| EECS business <sup>(1)</sup> | <b>266,959</b>                        | 310,932                               |
| <b>Total</b>                 | <b><u>2,031,095</u></b>               | <b><u>1,853,243</u></b>               |

#### ***Note:***

- (1) Includes revenue from the sales of electric equipment and materials of RMB12.0 million for the years ended 31 December 2018.

Revenue increased by 9.6% from RMB1,853.2 million for the year ended 31 December 2017 to RMB2,031.1 million for the year ended 31 December 2018, primarily due to an increase of RMB221.8 million in revenue from our power business as a result of an increase in the amount of electricity sales made to our household, general commercial and industrial and large industrial customers by 417,424 MWh in 2018.

### *Revenue from Power Business*

Revenue generated from power business increased by 14.4% from RMB1,542.3 million for the year ended 31 December 2017 to RMB1,764.1 million for the year ended 31 December 2018. The increase was primarily due to an increase in the number of our household, general commercial and industrial, and large industrial customers by more than 19,958, more than 3,293 and approximately 45, respectively, in 2018 compare to 2017, which resulted in an increase in the amount of electricity sales to our household, general commercial and industrial and large industrial customers by 417,424 MWh in 2018. Revenue generated from power business accounted for 83.2% and 86.9% of our total revenue for the year ended 31 December 2017 and 2018, respectively.

### *Revenue from EECS Business*

Revenue generated from the EECS business decreased by 14.1% from RMB310.9 million for the year ended 31 December 2017 to RMB267.0 million for the year ended 31 December 2018. The decrease was primarily due to a decrease of EECS projects we undertook in 2018, which was affected by market fluctuations and also affected by uncertainty of the tender process.

### *Cost of Sales*

| <b>Business</b> | <b>Year ended<br/>31 December</b> |                                 |
|-----------------|-----------------------------------|---------------------------------|
|                 | <b>2018</b><br><b>(RMB'000)</b>   | <b>2017</b><br><b>(RMB'000)</b> |
| Power business  | <b>1,430,526</b>                  | 1,251,772                       |
| EECS business   | <b>226,659</b>                    | 279,157                         |
| Total           | <b><u>1,657,185</u></b>           | <b><u>1,530,929</u></b>         |

Cost of sales increased by 8.2% from RMB1,530.9 million for the year ended 31 December 2017 to RMB1,657.2 million for the year ended 31 December 2018, mainly due to an increase in electricity purchases from third-party suppliers as a result of an increase in the demand and scale for power business in 2018.

### *Power Business*

Cost of sales associated with our power business increased by 14.3% from RMB1,251.8 million for the year ended 31 December 2017 to RMB1,430.5 million for the year ended 31 December 2018. The increase was primarily due to an increase in electricity purchases from third-party suppliers as a result of an increase in the demand and scale for power business in 2018. Cost of sales from power business accounted for 81.8% and 86.3% of our total cost of sales for the year ended 31 December 2017 and 2018, respectively.



### *EECS Business*

Cost of sales associated with the EECS business decreased by 18.8% from RMB279.2 million for the year ended 31 December 2017 to RMB226.7 million for the year ended 31 December 2018. The decrease was primarily due to a decrease of EECS projects we undertook in 2018, which was affected by market fluctuations.

### *Gross Profit and Gross Profit Margin*

| <b>Business</b> | <b>Year ended 31 December</b> |                     |                     |                     |
|-----------------|-------------------------------|---------------------|---------------------|---------------------|
|                 | <b>2018</b>                   |                     | <b>2017</b>         |                     |
|                 | <b>Gross Profit</b>           | <b>Gross Profit</b> | <b>Gross Profit</b> | <b>Gross Profit</b> |
|                 | <b>(RMB'000)</b>              | <b>Margin</b>       | <b>(RMB'000)</b>    | <b>Margin</b>       |
|                 |                               | <b>%</b>            |                     | <b>%</b>            |
| Power business  | <b>333,610</b>                | <b>18.9</b>         | 290,539             | 18.8                |
| EECS business   | <b>40,300</b>                 | <b>15.1</b>         | 31,775              | 10.2                |
| <b>Total</b>    | <b>373,910</b>                | <b>18.4</b>         | <b>322,314</b>      | <b>17.4</b>         |

As a result of above, our gross profit increased from RMB322.3 million for the year ended 31 December 2017 to RMB373.9 million for the year ended 31 December 2018. Gross profit margin increased from 17.4% for the year ended 31 December 2017 to 18.4% for the year ended 31 December 2018 mainly due to an increase in gross profit margin of our EECS business.

### *Power Business*

The gross profit under power business increased by 14.8% from RMB290.5 million for the year ended 31 December 2017 to RMB333.6 million for the year ended 31 December 2018. The corresponding gross profit margin remained relatively stable at 18.8% and 18.9% for the year ended 31 December 2017 and 2018.

### *EECS Business*

The gross profit of EECS business increased by 26.8% from RMB31.8 million for the year ended 31 December 2017 to RMB40.3 million for the year ended 31 December 2018. The corresponding gross profit margin increased from 10.2% for the year ended 31 December 2017 to 15.1% for the year ended 31 December 2018. The increase was primarily due to the fact that the revenue from large-scale rural power grid construction projects accounted for a smaller portion of the total revenue from our EECS business, which had a lower gross profit margin compared to other construction projects.

### ***Other Income***

Other income is generally comprised of (i) government grants, (ii) net gain on disposal of property, plant and equipment due to relocation; (iii) power transmission charge; (iv) interest income; (v) fair value changes of other financial assets; (vi) long-aged payable written-off; (vii) late payment surcharge; and (viii) others. Other income remained relatively stable at RMB52.5 million and RMB52.5 million for the year ended 31 December 2017 and 2018, respectively.

### ***Administrative Expenses***

Administrative expenses primarily consist of (i) staff and labor costs; (ii) depreciation and amortization; (iii) taxes; (iv) office and travelling expenses; (v) vehicle costs; (vi) listing expenses; and (vii) others. Administrative expenses stayed relatively stable at RMB179.6 million and RMB181.6 million for the year ended 31 December 2017 and 2018, respectively.

### ***Impairment of Loss on Trade and Other Receivables and Contract Assets***

Impairment of loss on trade and other receivables and contract assets increased significantly from RMB1.2 million for the year ended 31 December 2017 to RMB11.4 million for the year ended 31 December 2018. The increase was primarily due to an increase of RMB8.2 million in impairment of loss on trade receivables in relation to our power business and EECS business.

### ***Other Expenses***

Other expenses primarily consist of (i) impairment losses on property, plant and equipment; (ii) net losses on disposal of property, plant and equipment; and (iii) others. Other expenses decreased significantly from RMB19.8 million for the year ended 31 December 2017 to RMB3.5 million for the year ended 31 December 2018. The decrease was primarily due to (i) a decrease of RMB12.8 million in impairment of loss on property, plant and equipment; and (ii) a decrease of RMB3.2 million in others.

### ***Finance Costs***

Finance costs decreased by 13.8% from RMB41.4 million for the year ended 31 December 2017 to RMB35.7 million for the year ended 31 December 2018, primarily due to a decrease of RMB3.8 million in bank loan interests as a result of a decrease in the amount of our bank loans in 2018.

### ***Share of Profit Less Losses of Associates***

Share of profit less losses of associates decreased by 63.7% from RMB10.7 million for the year ended 31 December 2017 to RMB3.9 million for the year ended 31 December 2018, primarily due to a decrease of RMB6.1 million in profits from two small loan company associates in 2018 as a result of the adverse loan market conditions.

## *Income Tax*

Income tax expenses were RMB18.7 million and RMB28.7 million for the year ended 31 December 2017 and 2018, representing effective tax rate of 13.0% and 14.5%, respectively. The increase in income tax was caused by (i) an increase of RMB4.0 million in current portion of the PRC corporate income tax provision for 2018 as a result of an increase of profit before taxation of our subsidiaries; and (ii) an increase of RMB6.1 million in deferred tax.

## *Net profit for the Year*

As a result of the above, net profit for the year increase from RMB124.9 million for the year ended 31 December 2017 to RMB169.4 million for the year ended 31 December 2018.

## **Analysis of Key Items of Consolidated Statement of Financial Position**

### *Property, Plant and Equipment*

|                               | <b>Year ended<br/>31 December</b> |                         |
|-------------------------------|-----------------------------------|-------------------------|
|                               | <b>2018</b>                       | <b>2017</b>             |
|                               | <b>(RMB'000)</b>                  | <b>(RMB'000)</b>        |
| Property, Plant and Equipment | <b><u>2,630,475</u></b>           | <b><u>2,662,964</u></b> |

Property, plant and equipment, which consisted primarily of buildings, machinery, vehicles, office equipment and projects under construction, decreased from RMB2,663.0 million as of 31 December 2017 to RMB2,630.5 million as of 31 December 2018, mainly due to the accumulated depreciation outpacing the original value of newly purchased fixed assets in 2018.

### *Intangible Assets*

Our intangible assets decreased from RMB5.3 million as of 31 December, 2017 to RMB4.4 million as of 31 December 2018, primarily because the original value of the new intangible assets was lower than the accumulated amortization charged.

### *Inventories*

Our inventories consisted primarily of raw materials and spare parts and other, and was RMB32.1 million and RMB56.0 million as of 31 December 2017 and 2018, respectively. The table below sets forth the breakdown of our inventory as of the indicated dates:

|                        | <b>Year ended<br/>31 December</b> |                      |
|------------------------|-----------------------------------|----------------------|
|                        | <b>2018</b>                       | <b>2017</b>          |
|                        | <b>(RMB'000)</b>                  | <b>(RMB'000)</b>     |
| Raw materials          | <b>55,696</b>                     | 31,956               |
| Spare parts and others | <b>308</b>                        | 176                  |
| Total                  | <b><u>56,004</u></b>              | <b><u>32,132</u></b> |

Our inventories increased from RMB32.1 million as of 31 December 2017 to RMB56.0 million as of 31 December 2018, mainly due to an increase in the amount of raw materials procured for undertaking electrical engineering construction projects. All of the inventories are expected to be recovered within one year.

Our average inventory turnover days (calculated by using the average of opening and closing balance of the inventory for a period divided by the cost of sales of the period and multiplied by the number days in the period) remained relatively stable at 7.8 days for the year ended 31 December 2017 compared to 9.7 days for the year ended 31 December 2018.

### ***Trade and Other Receivables***

Our trade and other receivables were RMB325.8 million and RMB331.7 million as of 31 December 2017 and 2018, respectively.

Our average trade and other receivables turnover days (calculated by using the average of opening and closing balance of the trade receivables for a period divided by the revenue of the period and multiplied by the number days in the period) stayed relatively stable at 48.0 days and 49.0 days for the years ended 31 December 2017 and 2018, respectively.

### ***Trade and Other Payables***

Our trade and other payables remained relatively stable at RMB644.6 million as of 31 December 2018 compared to RMB591.5 million as of 31 December 2017.

Our average trade and other payables turnover days (calculated by using the average of opening and closing balance of the trade payables for a period divided by the cost of the period and multiplied by the number days in the period) increased from 68.0 days for the year ended 31 December 2017 to 79.0 days for the year ended 31 December 2018 primarily due to more purchases of electricity in 2018 as a result of the growth in power business.

### ***Contract Liabilities***

Our contract liabilities increased by 34.3% from RMB133.7 million as of 31 December 2017 to RMB179.5 million as of 31 December 2018, primarily due to an increase in the advances from our power business as a result of the increase in the number of customers using smart power meters, which required electricity top-up as prepayment.

### ***Liquidity and Financial Resources***

Our Group manages its capital to ensure that entities in our Group will be able to continue as a going concern while maximizing the return to our shareholders through the optimization of the debt and equity balance. Our Group's overall strategy remains unchanged throughout the year. The capital structure of our Group consists of net debts (which includes borrowings net of cash and cash equivalents) and total equity (comprising paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). Our Group is not subject to any externally imposed capital requirements.

For the year ended 31 December 2018, the cash and cash equivalents of our Group amounted RMB798.0 million (31 December 2017: RMB395.8 million).

As at the end of 31 December 2018, the total borrowings of our Group amounted RMB764.3million (31 December 2017: RMB893.2 million), including bank and other borrowings. Some of our borrowings were interest-free. The remaining of our bank and other borrowings bear interest at floating rate while others bear fixed interest rates. For details of our borrowings, please see note 23 to the financial statements. As a result of the decrease in our total borrowings, we improved from a net current liabilities position of RMB738.3 million as of 31 December 2017 to a net current asset position of RMB297.8 million as of 31 December 2018.

At the end of 31 December 2018, the gearing ratio of our Group was 28.9% (31 December 2017: 41.4%).

#### IV. DIVIDEND

The Board proposed to declare a final dividend of RMB0.085 per Share (tax inclusive) for the year ended 31 December 2018 to Shareholders of the Company, whose names appeared on the register of members on 30 June 2019 (the “Record Date”), with the total amount of dividend amounting to approximately RMB91,320,404.50. Subject to approval of the declaration of dividend by Shareholders of the Company at the annual general meeting to be held on Wednesday 19 June 2019 (the “Annual General Meeting”), the final dividend will be paid on or before 19 July 2019. For more details, please refer to “Dividends and Distribution” of this announcement.

#### V. USE OF PROCEEDS FROM THE SHARE OFFER

The total proceeds from the global offering of the H Shares (“Global Offering”) amounted to approximately HK\$476.0 million. Our Group will utilise such proceeds from the Global Offering for the purpose consistent with those set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 13 December 2018.

The Board is not aware of any material change to the planned use of net proceeds from the Share Offer as at the date of this announcement.

#### VI. CAPITAL COMMITMENTS

We have certain capital commitments relating to the construction of our centralized power dispatch control center. We classified a commitment as authorized, but not contracted for if our management has identified the potential capital commitment and has determined that it is more likely than not to make the commitment.

The following table sets forth our capital commitments outstanding for the periods indicated:

|                | <b>Year ended</b>  |                  |
|----------------|--------------------|------------------|
|                | <b>31 December</b> |                  |
|                | <b>2018</b>        | <b>2017</b>      |
|                | <b>(RMB'000)</b>   | <b>(RMB'000)</b> |
| Contracted for | <b>31,963</b>      | <b>48,772</b>    |

## **VII. MAJOR ACQUISITION AND DISPOSAL**

For the year ended 31 December 2018, we did not have any major acquisition and disposal of subsidiaries, associates and joint ventures.

## **VIII. PLEDGES OF OUR GROUP'S ASSETS**

No property, plant and equipment was pledged to banks as of 31 December 2018 (31 December 2017: nil).

## **IX. FOREIGN EXCHANGE RISK**

While our Group carries out its business in the PRC and receives revenue and pays its costs/expenses in RMB, our Group is listed in the Hong Kong Stock Exchange and raised capital of HKD476.0 million that was HKD denominated. Our Group does not currently hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

## **X. CONTINGENT LIABILITIES**

As 31 December 2018, our Group did not have any material contingent liabilities (31 December 2017: nil).

## **XI. MAJOR INVESTMENT PLAN**

We plan to expedite the construction of the 220 kV main grids, including the investment in the construction of the Pingshan County Wangchang 220 kV transformation project, in order to promote the voltage level of the backbone power grids, and improve the power supply support capability, operational efficiency and service level of the provincial Yibin power grid. The funds for this project are mainly from the proceeds of the Global Offering.

## **XII. SUBSEQUENT EVENTS**

On 2 February 2019, we made repayment of RMB300.0 million long-term bank loans that were due in 27 March 2020, refinanced by the following loans:

On 18 January 2019, we, as borrower, entered into a liquidity loan agreement with Bank of Shanghai, Chengdu Branch, as lender, pursuant to which we obtained a loan in the aggregated principal amount of RMB100.0 million. According to this agreement, the loan is due on 18 January 2021 and bears an annual interest rate as referenced to the lending benchmark interest rate announced by the People's Bank of China (the "PBOC") which is 4.75%.

On 18 January 2019, we, as borrower, entered into a liquidity loan agreement with Bank of Shanghai, Chengdu Branch, as lender, pursuant to which we obtained a loan in the aggregated principal amount of RMB200.0 million. According to this agreement, the loan is due on 17 January 2020 and bears an annual interest rate as referenced to the lending benchmark interest rate announced by the PBOC which is 4.35%.

### **XIII. OUTLOOK**

Our Company actively advocates strategic leadership. In accordance with the decision bestowed upon it by the shareholders and the Board, our Company considers the Listing as a new starting point and will rely on the international capital markets to advance the formation and construction of the listing platform and our market capitalization management. We will also make full use of the IPO proceeds, expedite the construction of the high-grade power grids, lower the cost of electricity purchases, ensure the improvement of profitability and the realization of operational objectives, earnestly reward our shareholders, and showcase our developmental vitality and positive capital market image.

The focus of our Company's work in 2019 is as follows:

**(1) Perfect the internal governance system and strengthen compliance management**

Our Company will further strengthen its strategic management capabilities, clarify the boundaries of powers and responsibilities between its headquarters and subsidiaries, make efforts to enhance the efficiency of its decision-making process and operations, control business risks, and continue to boost of its growth and development. In accordance with the Listing Rules, it will strictly review the content of information disclosure and standardize and improve the decision-making process for connected transactions.

**(2) Expanding our business and continuously optimize our industrial layout**

Our Company will make innovations on operating management and develop diversified operations. It will reinforce the power engineering construction business and the power sales business and create stronger synergy between these two types of businesses. It will participate in market competition at a deeper level. At the same time, our Company will improve communications with governments at all levels, conduct further market exploration and project sourcing, and optimize the industrial layout.

**(3) Expedite the construction of high-grade power grids and improve information management**

Our Company will focus on the power system reform, actively carry out the construction of 220 kV regional power grids, introduce low-cost and high-quality power, and heighten its profitability. It will dedicate its efforts to step up the informatisation and automation level of the power grids and improve the reliability of grid operation in order to reach enterprise economy of scale.

**(4) Strengthen the construction of the staff team and improve the incentive and talent retention mechanism**

Our Company will promote the talent team building in a systematic manner. It will establish a correct orientation for talent use, strengthen the professional talent training and retention, improve performance appraisal management, perfect the incentive and talent retention mechanism, and inspire the enthusiasm of the employees.



## **DIVIDENDS AND DISTRIBUTION**

The Board proposed to declare a final dividend of RMB0.085 per Share (tax inclusive) for the year ended 31 December 2018 to the Shareholders of the Company, whose names appeared on the register of members on the Record Date, with the total amount of dividend amounting to approximately RMB91,320,404.50. Subject to approval of the declaration of dividend by Shareholders of the Company at the Annual General Meeting, the final dividend will be paid on or before 19 July 2019.

Under the relevant tax rules and regulations of the PRC (collectively the “PRC Tax Law”), the Company is required to withhold enterprise income tax at the rate of 10% when distributing final dividends to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H shares register of members of the Company.

In accordance with the PRC Tax Law, the Company is also required to withhold individual income tax when distributing final dividends to individual shareholders whose names appeared on the H shares register of members of the Company. The Company will determine the country of domicile of the individual H Shareholders based on the registered addresses as recorded in the H shares register of members of the Company on the Record Date with details as follows:

For individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has 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 them.

For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them. If such individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, the Company may make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the tax treaties.

For individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the agreed-upon effective tax rate on behalf of them.

For individual H Shareholders who are residents of those countries without any tax treaties with the PRC or having tax treaties with the PRC stipulating a dividend tax rate of 20% or more and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20% on behalf of them.

Should H Shareholders have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax implications in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company.



The Company will strictly comply with the laws and the requirements of relevant government departments, and will withhold and pay the enterprise income tax on behalf of its shareholders whose names appear on the H share register of the Company on the record date. The Company will take no responsibility and will reject any requests from the Shareholders whose identity cannot be confirmed within the specified time or cannot be confirmed at all or any disputes arising from the arrangement of withholding tax or paying tax. However, the Company may provide assistance to the extent of its ability.

For the distribution of dividends, dividends for holders of Domestic shares and Unlisted foreign shares will be distributed and paid in RMB, while dividends for H Shares will be declared in RMB but paid in Hong Kong dollars (“HK\$”). The exchange rate adopted for conversion was the average of the medium conversion price between RMB and HK\$ as announced by China Foreign Exchange Trading Center for the calendar week immediately prior to 28 March 2019, being the date of proposed declaration of dividend (i.e. 21 March 2019 to 27 March 2019) (HK\$1.0 to RMB0.8359). Accordingly, the amount of the final dividends payable in HK\$ will be approximately HK\$0.0710515 per share.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 20 May 2019 to Wednesday, 19 June 2019 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by holders of H Shares, or to the Company’s registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on Friday, 17 May 2019.

In order to determine the entitlement of Shareholders for the final dividend, subject to the approval of the Shareholders at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 25 June 2019 to Sunday, 30 June 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. The Company will distribute final dividends to Shareholders which are on the register of members of the Company on 30 June 2019. In order to be qualified to obtain final dividends, all transfers accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, namely Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by holders of H Shares, or to the Company’s registered office at No. 789, Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC for registration by holders of Domestic Shares and Unlisted Foreign Shares no later than 4:30 p.m. on Monday, 24 June 2019.

## **PUBLIC FLOAT**

As at the date of this announcement, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company maintained sufficient public float, which the public Shareholders held not less than 25% of the issued share capital of the Company as required by the Listing Rules.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders.

The Company was listed on 28 December 2018. Since the Listing Date to the date of this announcement, the Company complied with the code provisions and, where appropriate, adopted the recommended best practices as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS OF LISTED ISSUERS**

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific enquiry with all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code regarding directors and supervisors' securities transactions since the Listing Date and up to the date of this announcement.

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference. The Audit Committee currently comprises two independent non-executive Directors, Mr. Kin Kwong Kwok Gary (郭建江先生) and Mr. Fan Wei (范為先生) and a non-executive Director, Ms. Han Chunhong (韓春紅女士). Mr. Kin Kwong Kwok Gary is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. Their composition and written terms of reference are in line with the Corporate Governance Code.

The Group's audited annual results for the year ended 31 December 2018 have been reviewed by the Audit Committee. The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 December 2018.

## **ANNUAL GENERAL MEETING**

It's proposed that the forthcoming Annual General Meeting be held on 19 June 2019. The notice of the Annual General Meeting will be published on the Company's website ([www.scntgf.com](http://www.scntgf.com)) and the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)), and will be dispatched to Shareholders in due course.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.scntgf.com](http://www.scntgf.com)). The annual report for the year ended 31 December 2018 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders of the Company and available on the same websites in due course.

### **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

|   |  |
|---|--|
| “Articles of Association” or “Articles” | the articles of association of the Company adopted by the written resolution of the Shareholders on 16 May 2017 and as amended, supplemented and otherwise modified from time to time  |
| “associate(s)”                          | has the meaning ascribed thereto under the Listing Rules   |
| “Audit Committee”                       | the audit committee of the Company   |
| “Board”                                 | the board of directors of the Company  |
| “China” or “PRC”                        | the People’s Republic of China, excluding for the purpose of the Prospectus, Hong Kong, Macau and Taiwan   |
| “Companies Ordinance”                   | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time  |
| “Company”                               | means Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011.   |
| “Corporate Governance Code”             | code on corporate governance practices contained in Appendix 14 to the Listing Rules   |
| “Director(s)”                           | the director(s) of the Company   |
| “Domestic Shares”                       | domestic invested ordinary shares in the Company’s registered capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and held by PRC nationals or PRC incorporated entities, and are not listed or traded on any stock exchange |
| “EECS business”                         | electronic engineering construction service and related business, which includes the construction, installation, testing and maintenance of power facilities and related sales of electric equipment and materials   |
| “Group”                                 | the Company and its subsidiaries   |

|                           |  |
|---------------------------|--|
| “Listing Date”            | Date of listing of the Company’s H shares on the Main Board of the Stock Exchange on 28 December 2018  |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange  |
| “HK\$” and “HK cents”     | Hong Kong dollars and cents respectively, the lawful currency of Hong Kong   |
| “Hong Kong”               | The Hong Kong Special Administrative Region of the PRC   |
| “Model Code”              | the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules   |
| “RMB”                     | Renminbi, the lawful currency of the PRC   |
| “H Share(s)”              | means the ordinary share(s) in issue in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange |
| “Shareholder(s)”          | the shareholder(s) of the Company  |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “subsidiary(ies)”         | has the meaning ascribed to it in sections 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)  |
| “Unlisted Foreign Shares” | ordinary shares issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.00 each  |
| “%”                       | per cent.  |

By order of the board of  
**Sichuan Energy Investment Development Co., Ltd.**  
**Zeng Yong**  
*Chairman*

Chengdu, the PRC, 28 March 2019

*As at the date of this announcement, the executive Directors are Mr. Zeng Yong, Mr. Wang Heng and Mr. Li Hui; the non-executive Directors are Ms. Han Chunhong, Ms. Li Yu, Mr. Wang Chengke and Mr. Zhou Yanbin; and the independent non-executive Directors are Mr. Kin Kwong Kwok Gary, Mr. Fan Wei, Ms. He Zhen and Mr. Wang Peng.*

*\* For identification purpose only*