# 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: 01713)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of Directors is pleased to announce the audited consolidated financial results of the Group for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018. These results have been audited by our auditor and reviewed by the Company's Audit Committee.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
*For the year ended 31 December 2019*
*(Expressed in Renminbi)*

| | *NOTE* | **2019** *RMB'000* | 2018 *RMB'000* |
|---|---|---|---|
| **Revenue** | *2* | **2,472,733** | 2,031,095 |
| Cost of sales | | **(2,030,356)** | (1,657,185) |
| **Gross profit** | | **442,377** | 373,910 |
| Other income | *3* | **28,412** | 52,543 |
| Administrative expenses | | **(190,994)** | (181,618) |
| Impairment losses on trade and other receivables and contract assets | | **(20,786)** | (11,442) |
| Other expenses | | **(4,581)** | (3,451) |
| **Profit from operations** | | **254,428** | 229,942 |
| Finance costs | *4(a)* | **(39,535)** | (35,696) |
| Share of profits less losses of associates | | **991** | 3,871 |
| **Profit before taxation** | | **215,884** | 198,117 |
| Income tax | *5* | **(38,451)** | (28,745) |
| **Profit for the year** | | **177,433** | 169,372 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **176,249** | 169,150 |
| Non-controlling interests | | **1,184** | 222 |
| **Profit for the year** | | **177,433** | 169,372 |
| **Earnings per share** | | | |
| Basic and diluted (RMB) | *6* | **0.16** | 0.21 |

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

*For the year ended 31 December 2019*
*(Expressed in Renminbi)*

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Profit for the year** | **177,433** | 169,372 |
| **Other comprehensive income for the year** | **–** | – |
| **Total comprehensive income for the year** | **177,433** | 169,372 |
| **Attributable to:** | | |
| Equity shareholders of the Company | **176,249** | 169,150 |
| Non-controlling interests | **1,184** | 222 |
| **Total comprehensive income for the year** | **177,433** | 169,372 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*For the year ended 31 December 2019*
*(Expressed in Renminbi)*

| | Note | **31 December 2019** *RMB'000* | 31 December 2018 *RMB'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | *7* | **2,671,074** | 2,630,475 |
| Interests in leasehold land held for own use | | **126,492** | 133,551 |
| Intangible assets | *8* | **4,749** | 4,436 |
| Investment in associates | | **269,974** | 258,203 |
| Other financial assets | | **110,198** | 117,111 |
| Deferred tax assets | | **31,857** | 30,500 |
| | | **3,214,344** | 3,174,276 |
| **Current assets** | | | |
| Inventories | | **56,846** | 56,004 |
| Contract assets | | **24,897** | 12,967 |
| Trade and other receivables | *9* | **394,417** | 331,732 |
| Prepaid tax | | **5,138** | 4,243 |
| Restricted deposits | | **4,000** | 4,000 |
| Cash and cash equivalents | | **780,496** | 797,970 |
| | | **1,265,794** | 1,206,916 |
| **Current liabilities** | | | |
| Trade and other payables | *10* | **791,739** | 644,638 |
| Contract liabilities | | **205,792** | 179,539 |
| Loans and borrowings | *11* | **445,778** | 66,428 |
| Lease liabilities | | **2,294** | |
| Deferred income | | **7,383** | 7,132 |
| Current tax liabilities | | **15,017** | 11,355 |
| | | **1,468,003** | 909,092 |
| **Net current (liabilities)/assets** | | **(202,209)** | 297,824 |
| **Total assets less current liabilities** | | **3,012,135** | 3,472,100 |

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

| | *Note* | **31 December 2019** ***RMB'000*** | 31 December 2018 *RMB'000* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Loans and borrowings | *11* | **146,000** | 697,910 |
| Lease liabilities | | **5,114** | – |
| Deferred income | | **148,994** | 156,657 |
| Deferred tax liabilities | | **19,995** | 18,894 |
| | | **320,103** | 873,461 |
| **NET ASSETS** | | **2,692,032** | 2,598,639 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | *12(c)* | **1,074,358** | 1,074,358 |
| Reserves | *12(d)* | **1,603,695** | 1,518,766 |
| **Total equity attributable to equity shareholder of the Company** | | **2,678,053** | 2,593,124 |
| **Non-controlling interests** | | **13,979** | 5,515 |
| **TOTAL EQUITY** | | **2,692,032** | 2,598,639 |

# NOTES TO THE FINANCIAL STATEMENTS

## 1 CHANGES IN MAJOR ACCOUNTING POLICIES AND BASIC OF PREPARATION OF THE FINANCIAL STATEMENTS

### (a) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

***IFRS 16, Leases***

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases – incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and the initial application has no cumulative effect on the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

*a. New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

*b.* *Lessee accounting and transitional impact*

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low value assets which are exempt.

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 5%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

| | **1 January 2019**<br>*RMB'000* |
|---|---|
| Operating lease commitments at 31 December 2018 | 1,902 |
| Less: commitments relating to leases exempt from capitalisation: | |
| – short-term leases and other leases with remaining lease term ending on or before 31 December 2019 | (796) |
| | 1,106 |
| Less: total future interest expenses | (138) |
| Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 | 968 |
| Add: finance lease liabilities recognised as at 31 December 2018 | – |
| Total lease liabilities recognised at 1 January 2019 | 968 |

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities in the statement of financial position at 1 January 2019.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

| | **Carrying amount at 31 December 2018** *RMB'000* | **Capitalisation of operating lease contracts** *RMB'000* | **Carrying amount at 1 January 2019** *RMB'000* |
|---|---|---|---|
| **Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:** | | | |
| Property, plant and equipment | 2,630,475 | 968 | 2,631,443 |
| **Total non-current assets** | 3,174,276 | 968 | 3,175,244 |
| Lease liabilities (current) | – | 225 | 225 |
| **Current liabilities** | 909,092 | 225 | 909,317 |
| **Net current assets** | 297,824 | (225) | 297,599 |
| **Total assets less current liabilities** | 3,472,100 | 743 | 3,472,843 |
| Lease liabilities (non-current) | – | 743 | 743 |
| **Total non-current liabilities** | 873,461 | 743 | 874,204 |
| **Net assets** | 2,598,639 | – | 2,598,639 |

c. *Impact on the financial result and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit for the year in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the statement of cash flows.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

| | 2019 | | | | 2018 |
|---|---|---|---|---|---|
| | **Amounts reported under IFRS 16 (A)** *RMB'000* | **Add back: IFRS 16 depreciation and interest expense (B)** *RMB'000* | **Deduct: Estimated amounts related to operating leases as if under IAS 17 (note 1) (C)** *RMB'000* | **Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C)** *RMB'000* | Compared to amounts reported for 2018 under IAS 17 *RMB'000* |
| **Financial result for year ended 31 December 2019 impacted by the adoption of IFRS 16:** | | | | | |
| **Profit from operations** | **254,428** | **4,294** | **(4,492)** | **254,230** | **229,942** |
| Finance costs | **(39,535)** | **308** | **–** | **(39,227)** | **(35,696)** |
| **Profit before taxation** | **215,884** | **4,602** | **(4,492)** | **215,994** | **198,117** |
| **Profit for the year** | **177,433** | **4,602** | **(4,492)** | **177,543** | **169,372** |

| | 2019 | | | 2018 |
|---|---|---|---|---|
| | **Amounts reported under IFRS 16 (A)** *RMB'000* | **Estimated amounts related to operating leases as if under IAS 17 (notes 1 & 2) (B)** *RMB'000* | **Hypothetical amounts for 2019 as if under IAS 17 (C=A+B)** *RMB'000* | Compared to amounts reported for 2018 under IAS 17 *RMB'000* |
| **Line items in the condensed consolidated statement of cash flows for the year ended 31 December 2019 impacted by the adoption of IFRS 16:** | | | | |
| Cash generated from operations | **494,052** | **(1,908)** | **492,144** | 335,408 |
| **Net cash generated from operating activities** | **458,112** | **(1,908)** | **456,204** | 315,615 |
| Capital element of lease rentals paid | **(1,600)** | **1,600** | **–** | – |
| Interest element of lease rentals paid | **(308)** | **308** | **–** | – |
| **Net cash (used in)/generated from financing activities** | **(289,448)** | **1,908** | **(287,540)** | 474,650 |

*Note 1:* The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

*Note 2:* In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

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

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the other financial assets are stated at their fair value. The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, unless otherwise indicated.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As at 31 December 2019, current liabilities of the Group exceeded current assets by RMB202,209 thousand. Considering the Group's continuous net cash inflows from operating activities, undrawn banking facility as at 31 December 2019 and communication with banks based on which the Group believes short-term loans can be renewed or extended if necessary in view of the Group's good credit history, the Board of Directors is of the opinion that the Group has sufficient funds to meet its working capital commitments and debt obligations. As a result, the consolidated financial statements of the Group for the year ended 31 December 2019 have been prepared on a going concern basis.

## 2 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:

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Point in time** | | |
| Revenue from power business | **2,115,663** | 1,764,136 |
| Sales of electric equipment and materials | **19,997** | 11,969 |
| **Over time** | | |
| Revenue from provision of electrical engineering construction services | **337,073** | 254,990 |
| Total | **2,472,733** | 2,031,095 |

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 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing electrical engineering construction contracts is RMB71,957 thousand (2018: RMB58,781 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.

## 3 OTHER INCOME AND EXPENSES

### (a) Other income

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Government grants (i) | **14,596** | 7,517 |
| Net gain on disposal of property, plant and equipment | **–** | 12,888 |
| Interest income (ii) | **11,266** | 1,441 |
| Fair value changes of other financial assets (iii) | **(4,116)** | 16,840 |
| Long-aged payable written-off | **–** | 9,562 |
| Others | **6,666** | 4,295 |
| | **28,412** | 52,543 |

### (b) Other expenses

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Impairment losses on property, plant and equipment | **892** | 1,127 |
| Net losses on disposal of property, plant and equipment | **32** | 131 |
| Others | **3,657** | 2,193 |
| | **4,581** | 3,451 |

(i) Government grants mainly represented government subsidy in relation to the financial support from local government authorities for relocation projects and natural disasters.

(ii) Interest income represented the interest from bank deposits.

(iii) Fair value changes of other financial assets mainly came from the realised and unrealised net income or losses from the investment in structured deposits in banks measured at FVPL and the Group's investment in unlisted equity securities.

## 4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

| | **2019** | 2018 |
|---|---|---|
| | | *(Note)* |
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans | **30,940** | 33,198 |
| Interest on bank overdrafts | **–** | 2,498 |
| Foreign exchange loss | **8,287** | – |
| Interest on lease liabilities | **308** | – |
| | **39,535** | 35,696 |

*Note:* The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(a).

### (b) Staff costs

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Salaries, wages and other benefits | **358,768** | 330,906 |
| Contributions to defined contribution retirement plan | **46,784** | 47,091 |
| | **405,552** | 377,997 |

Staff costs includes remuneration of directors, supervisors and senior management.

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

| | 2019 *RMB'000* | 2018 *RMB'000* |
|---|---|---|
| Amortisation# | | |
| – Interests in leasehold land held for own use | **2,584** | 2,892 |
| – Intangible assets | **1,368** | 1,607 |
| Depreciation# (note 7) | | |
| – owned property, plant and equipment* | **141,481** | 137,327 |
| – Properties leased for own use* | **1,709** | – |
| Total minimum lease payments for leases previously classified as operating leases under IAS 17*# | **–** | 3,804 |
| Impairment losses on | | |
| – trade and other receivables and contract assets | **20,786** | 11,442 |
| – property, plant and equipment | **892** | 1,127 |
| Auditor's remuneration | | |
| – Audit services | **2,600** | 2,400 |
| – Others | **847** | **–** |
| Repair and maintenance expenses# | **44,175** | 46,642 |

* The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(a).

# Cost of sales includes RMB448,658 thousand (2018: RMB432,286 thousand) relating to staff costs, depreciation and amortisation expenses, lease expenses and repair and maintenance expenses, which amounts are also included in the respective total amounts disclosed separately in note 4(b) or above for each of these types of expenses.

## 5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### (a) Taxation in the consolidated statement of profit or loss represents:

| | 2019 *RMB'000* | 2018 *RMB'000* |
|---|---|---|
| **Current tax-PRC corporate income tax ("CIT")** | | |
| Provision for the year | **37,914** | 26,620 |
| Under-provision in prior year | **793** | – |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | **(256)** | 2,125 |
| | **38,451** | 28,745 |

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 below, other subsidiaries within the Group are subject to corporate income tax at the statutory rate of 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:**

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Profit before taxation** | **215,884** | 198,117 |
| Notional taxation on profit before taxation, calculated at statutory rate | **53,971** | 49,529 |
| Effect of preferential tax rate (note(a)(i)) | **(24,237)** | (21,220) |
| Tax effect of non-deductible expenses | **1,027** | 466 |
| Tax effect of non-taxable income | **(756)** | (1,515) |
| Tax effect of non-taxable profit | **(2,001)** | (2,830) |
| Tax effect of unused tax losses not recognised | **10,016** | 4,661 |
| Under-provision in prior year | **793** | – |
| Others | **(362)** | (346) |
| **Actual tax expense** | **38,451** | 28,745 |

## 6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB176,249 thousand (2018: RMB169,150 thousand) and the weighted average of 1,074,357,700 ordinary shares (2018: 807,766,700 ordinary shares) in issue during the year, calculated as follows:

| | **2019** | 2018 |
|---|---|---|
| Issued ordinary shares at 1 January | **1,074,357,700** | 805,557,700 |
| Effect of shares issued pursuant to initial public offering | **–** | 2,209,000 |
| Weighted average number of ordinary shares at 31 December | **1,074,357,700** | 807,766,700 |

There were no dilutive potential ordinary shares for the year ended 31 December 2019, and therefore, diluted earnings per share are the same as the basic earnings per share.

## 7 PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amount

| | Plants and buildings *RMB'000* | Machineries *RMB'000* | Motor vehicles *RMB'000* | Office equipment and fixture *RMB'000* | Properties leased for own use *RMB'000* | Construction in progress *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | |
| **At 1 January 2018** | 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 progress | 1,959 | 36,822 | – | 926 | – | (39,707) | – |
| Disposals | (5,032) | (16,926) | (2,362) | (1,533) | – | – | (25,853) |
| At 31 December 2018 | 1,104,911 | 2,689,697 | 44,058 | 68,108 | – | 116,129 | 4,022,903 |
| Impact on initial application of IFRS 16 (Note) | – | – | – | – | 968 | – | 968 |
| **At 1 January 2019** | 1,104,911 | 2,689,697 | 44,058 | 68,108 | 968 | 116,129 | 4,023,871 |
| Additions | 4,799 | 35,367 | 986 | 650 | 8,040 | 134,190 | 184,032 |
| Transfers from construction in progress | 14,818 | 66,422 | – | 769 | – | (82,009) | – |
| Disposals | (127) | (10,045) | (3,184) | (195) | – | – | (13,551) |
| **At 31 December 2019** | 1,124,401 | 2,781,441 | 41,860 | 69,332 | 9,008 | 168,310 | 4,194,352 |
| **Accumulated depreciation:** | | | | | | | |
| **At 1 January 2018** | (312,986) | (872,281) | (26,849) | (31,200) | – | – | (1,243,316) |
| Depreciation charge for the year | (25,442) | (100,218) | (3,944) | (7,723) | – | – | (137,327) |
| Written back on disposal | 2,227 | 11,612 | 2,214 | 1,402 | – | – | 17,455 |
| **At 31 December 2018 and 1 January 2019** | (336,201) | (960,887) | (28,579) | (37,521) | – | – | (1,363,188) |
| Depreciation charge for the year | (34,383) | (97,617) | (3,053) | (6,428) | (1,709) | – | (143,190) |
| Written back on disposal | 69 | 5,166 | 2,954 | 186 | – | – | 8,375 |
| **At 31 December 2019** | (370,515) | (1,053,338) | (28,678) | (43,763) | (1,709) | – | (1,498,003) |

| | Plants and buildings *RMB'000* | Machineries *RMB'000* | Motor vehicles *RMB'000* | Office equipment and fixture *RMB'000* | Properties leased for own use *RMB'000* | Construction in progress *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|---|---|---|
| **Impairment losses:** | | | | | | | |
| **At 1 January 2018** | (7,433) | (28,695) | (12) | (178) | – | – | (36,318) |
| Impairment loss | (576) | (551) | – | – | – | – | (1,127) |
| Written back on disposal | 2,805 | 5,289 | 12 | 99 | – | – | 8,205 |
| **At 31 December 2018 and 1 January 2019** | (5,204) | (23,957) | – | (79) | – | – | (29,240) |
| Impairment loss | – | (860) | (27) | (5) | – | – | (892) |
| Written back on disposal | – | 4,825 | 27 | 5 | – | – | 4,857 |
| **At 31 December 2019** | (5,204) | (19,992) | – | (79) | – | – | (25,275) |
| **Net book value:** | | | | | | | |
| **At 31 December 2019** | 748,682 | 1,708,111 | 13,182 | 25,490 | 7,299 | 168,310 | 2,671,074 |
| **At 31 December 2018** | 763,506 | 1,704,853 | 15,479 | 30,508 | – | 116,129 | 2,630,475 |

*Note:* The Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. See note 1(a).

(i) All of the property, plant and equipment owned by the Group are located in the mainland China.

(ii) No property, plant and equipment were pledged to banks as at 31 December 2019 (2018: nil).

(iii) 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 RMB892 thousand was recognised in "Other expenses" for the year (2018: RMB1,127 thousand).

(iv) As at 31 December 2019, the Group was in the process of applying for property ownership certificates for certain buildings with an aggregate net book value of RMB9,153 thousand. Notwithstanding this, the directors are of the opinion that the Group owned the beneficial title of these buildings.

(v) 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 RMB4,962 thousand as at 31 December 2019 (2018: RMB7,664 thousand).

## 8 INTANGIBLE ASSETS

| | Software |
|---|---|
| | *RMB'000* |
| **Cost:** | |
| At 1 January 2018 | 15,346 |
| Additions | 762 |
| At 31 December 2018 and 1 January 2019 | 16,108 |
| Additions | 1,681 |
| At 31 December 2019 | 17,789 |
| **Accumulated amortisation:** | |
| At 1 January 2018 | (10,065) |
| Charge for the year | (1,607) |
| At 31 December 2018 and 1 January 2019 | (11,672) |
| Charge for the year | (1,368) |
| **At 31 December 2019** | (13,040) |
| **Net book value:** | |
| At 31 December 2019 | 4,749 |
| At 31 December 2018 | 4,436 |

## 9 TRADE AND OTHER RECEIVABLES

| | 2019<br>*RMB'000* | 2018<br>*RMB'000* |
|---|---|---|
| Trade debtors (a) | **350,408** | 285,484 |
| Bills receivable (a) | **3,886** | 15,350 |
| Less: Allowance for doubtful debts | **(77,749)** | (81,428) |
| | **276,545** | 219,406 |
| Other receivables | **49,141** | 48,535 |
| Less: Allowance for doubtful debts | **(17,425)** | (18,007) |
| | **31,716** | 30,528 |
| Loans to third parties | **28,157** | 28,157 |
| Less: Allowance for doubtful debts | **(28,157)** | (28,157) |
| | **–** | – |
| Amounts due from related parties | **58,399** | 38,576 |
| Financial assets measured at amortised cost | **366,660** | 288,510 |
| Other tax receivables | **5,630** | – |
| Prepayments and deposits (b) | **22,127** | 43,222 |
| | **394,417** | 331,732 |
| Receivables from contracts with customers within the scope of IFRS 15 | **334,944** | 257,982 |

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:

| | 2019<br>*RMB'000* | 2018<br>*RMB'000* |
|---|---|---|
| Within 1 year (inclusive) | **231,569** | 177,940 |
| 1 to 2 years (inclusive) | **23,748** | 24,692 |
| 2 to 3 years (inclusive) | **16,524** | 7,203 |
| 3 to 4 years (inclusive) | **1,822** | 4,925 |
| 4 to 5 years (inclusive) | **862** | 3,074 |
| Over 5 years | **2,020** | 1,572 |
| | **276,545** | 219,406 |

Trade debtors and bills receivable are due upon billing.

### (b) Prepayments and deposits

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

## 10 TRADE AND OTHER PAYABLES

| | 2019 | 2018 |
|---|---|---|
| | ***RMB'000*** | RMB'000 |
| Trade payables | **486,192** | 386,484 |
| Other payables | **121,512** | 144,667 |
| Interest payables | **5,148** | 5,148 |
| Employee benefits payables | **79,459** | 53,272 |
| Amounts due to related parties | **53,735** | 44,631 |
| Financial liabilities measured at amortised cost | **746,046** | 634,202 |
| Other tax payables | **45,693** | 10,436 |
| | **791,739** | 644,638 |

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:

| | 2019 | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 1 year (inclusive) | **467,166** | 355,005 |
| 1 to 2 years (inclusive) | **11,745** | 25,670 |
| 2 to 3 years (inclusive) | **1,716** | 4,028 |
| Over 3 years | **5,565** | 1,781 |
| | **486,192** | 386,484 |

## 11 LOANS AND BORROWINGS

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

| | 2019 | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Current** | | |
| Unsecured bank loans | **300,000** | 50,000 |
| Other borrowings (i) | **13,868** | 14,368 |
| Current portion of non-current unsecured bank loans | **131,910** | 2,060 |
| | **445,778** | 66,428 |
| **Non-current** | | |
| Unsecured bank loans | **277,910** | 699,970 |
| Less: Current portion of non-current unsecured bank loans | **(131,910)** | (2,060) |
| | **146,000** | 697,910 |
| | **591,778** | 764,338 |

*(i)* ***Other borrowings***

The balance of borrowings from Pingshan County Bureau of Finance (屏山縣財政局) was RMB5,500 thousand (2018: RMB6,000 thousand), which had 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 remaining balance of other borrowings represented interste-free borrowings from Junlian County Bureau of Finance (筠連縣財政局), Gong County Bureau of Finance (珙縣財政局) and Junlian County State-owned Assets Operation Co., Ltd. (筠連縣國有資產經營管理有限公司) totaling RMB8,368 thousand (2018: RMB8,368 thousand), which had been past due since 2011.

**(b) At 31 December 2019, loans and borrowings were repayable as follows:**

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Bank loans** | | |
| Within 1 year or on demand | **431,910** | 52,060 |
| After 1 year but within 2 years | **146,000** | 501,910 |
| After 2 years but within 5 years | **–** | 196,000 |
| | **577,910** | 749,970 |
| **Loans from other borrowings** | | |
| Within 1 year or on demand | **13,868** | 14,368 |
| | **591,778** | 764,338 |

## 12 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** *RMB'000* | **Capital reserve** *RMB'000* | **PRC statutory reserve** *RMB'000* | **Retained profits** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2018** | | 805,558 | 207,990 | 42,342 | 169,485 | 1,225,375 |
| **Changes in equity for 2018** | | | | | | |
| 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 | | – | – | 15,264 | (15,264) | – |
| Dividends approved in respect of the previous year | | – | – | – | (64,445) | (64,445) |
| **Balance at 31 December 2018 and 1 January 2019** | | 1,074,358 | 316,102 | 57,606 | 212,868 | 1,660,934 |
| **Changes in equity for 2019** | | | | | | |
| Total comprehensive income for the year | | – | – | – | 38,141 | 38,141 |
| Transfer to statutory reserve | | – | – | 3,814 | (3,814) | – |
| Dividends approved in respect of the previous year | | – | – | – | (91,320) | (91,320) |
| **Balance at 31 December 2019** | | 1,074,358 | 316,102 | 61,420 | 155,875 | 1,607,755 |

*Note:* The Group, including the Company, has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated and there is no net effect on the opening balance of the Company's equity as at 1 January 2019. See notes 1(a).

### (b) Dividends

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

| | **2019** ***RMB'000*** | 2018 *RMB'000* |
|---|---|---|
| Final dividend proposed after the end of the year of RMB0.1 per ordinary share per ordinary share (2018: RMB0.085 per ordinary share) | **107,436** | 91,320 |

On 24 March 2020, a dividend for the year ended 31 December 2019 of approximately RMB107,436 thousand, representing RMB0.1 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 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:***

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Final dividend in respect of the previous financial year, approved and paid during the year | **91,320** | 64,445 |

On 19 June 2019, a dividend for the year ended 31 December 2018 of approximately RMB91,320 thousand, representing RMB0.085 per share was approved by the shareholders at the Annual General Meeting of the Company.

**(c) Share capital**

| | **2019** | | 2018 | |
|---|---|---|---|---|
| | **Number of shares** | | Number of shares | |
| | ***'000*** | ***RMB'000*** | *'000* | *RMB'000* |
| **Ordinary shares, issued and fully paid:** | | | | |
| At 1 January | **1,074,358** | **1,074,358** | 805,558 | 805,558 |
| Issue of new ordinary shares | **–** | **–** | 268,800 | 268,800 |
| At 31 December | **1,074,358** | **1,074,358** | 1,074,358 | 1,074,358 |

| | **2019** | 2018 |
|---|---|---|
| | ***'000*** | *'000* |
| Ordinary shares of RMB1 each | | |
| – Domestic shares | **707,519** | 707,519 |
| – Unlisted Foreign Shares | **98,039** | 98,039 |
| – H shares | **268,800** | 268,800 |
| | **1,074,358** | 1,074,358 |

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.

**(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 debts (which includes loans and borrowings and lease liabilities) 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 the end of the current and previous reporting periods and at the date of transition to IFRS 16 was as follows

| | **31 December 2019** | **1 January 2019** | **31 December 2018** |
|---|---|---|---|
| | | *(Note)* | *(Note)* |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Current liabilities: | | | |
| Loans and borrowings | 445,778 | 66,428 | 66,428 |
| Lease liabilities | 2,294 | 225 | – |
| | 448,072 | 66,653 | 66,428 |
| Non-current liabilities: | | | |
| Loans and borrowings | 146,000 | 697,910 | 697,910 |
| Lease liabilities | 5,114 | 743 | – |
| Total debts | 599,186 | 765,306 | 764,338 |
| Add: Proposed dividends | 107,436 | 91,320 | 91,320 |
| Less: Cash and cash equivalents | (780,496) | (797,970) | (797,970) |
| **Adjusted net debts** | (73,874) | 58,656 | 57,688 |
| Total equity | 2,692,032 | 2,598,639 | 2,598,639 |
| Less: Proposed dividends | (107,436) | (91,320) | (91,320) |
| **Adjusted capital** | 2,584,596 | 2,507,319 | 2,507,319 |
| **Adjusted net debt-to-capital ratio** | (2.9%) | 2.3% | 2.3% |

*Note:* The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 1(a).

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY OVERVIEW

The value chain of China's power industry consists of power generation, power transmission and distribution as well as power sales. Power generation process converts 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 network that reaches various provinces and cities in China, distribution network for end-use purposes, as well as step-up and step-down substations. Lastly, power sales activities distribute power directly to end users.

In 2019, the total electricity consumption in China reached 7.23 trillion kWh, a year-on-year growth of 4.5%. The electricity consumption per capita in China amounted to 5,161 kWh, of which, the household electricity consumption per capita was 732 kWh. In particular, the electricity consumption in the west China increased by 6.2% over the last year, leading other regions in China. By the end of 2019, the national total installed power generation capacity reached 2.01 billion kWh, representing a year-on-year increase of 5.8%. In 2019, the total electricity consumption recorded by Sichuan province was 263.6 billion kWh, a year-on-year increase of 7.2%. According to the Analysis and Forecast Report for National Power Supply and Demand 2019-2020 (《2019-2020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), amidst the general principle of seeking progress while keeping performance stable and countercyclical adjustment of macroeconomic policies in 2020, the electricity consumption nationwide will continue to grow at a steady pace, and the total electricity consumption in China is expected to be 4%-5%, higher than that in 2019 if there is no large-scale extreme temperature event.

Given the facts that the power system reform continues to be proceeded, Sichuan speeds up construction of a national clean energy demonstration base and a national clean energy demonstration province, more efforts are made to replace electric energy and the development of shale gas in southern Sichuan becomes the priority, we believe the Company will see a lower electricity purchase cost, and will expand the space for the businesses development of power sales, energy distribution, power trading, and integrated energy services.

### 2. BUSINESS OVERVIEW

#### 2.1 Overview

We are a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full value chain of power supply 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 businesses currently consist of (i) Power business, including electrical generation, distribution and sales, which can be divided into general power supply business and incremental power transmission and distribution business. (ii) EECS business, which includes electrical engineering construction service and sales of electric equipment and materials.

In 2019, we realized revenue of RMB2,472.7 million, representing a year-on-year increase of 21.7%. Our profit before taxation was RMB215.9 million, representing a year-on-year increase of 9.0%. In the same year, we achieved net profit of RMB177.4 million, representing a year-on-year increase of 4.7%, and net profit attributable to equity shareholders of the parent company of RMB176.2 million, representing a year-on-year increase of 4.1%.

As of the end of 2019, 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 substation with an aggregate capacity of 942,000 kVA, and 59 units of 35 kV substation with an aggregate capacity of 553,650 kVA.

## 2.2 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 2018 and 2019, and the percentage of changes.

| | **Year ended 31 December 2019** | | | Year ended 31 December 2018 | | | Percentage of changes (%)/ Percentage points | | |
|---|---|---|---|---|---|---|---|---|---|
| **Business** | **Revenue** *(RMB'000)* | **Cost of sales** *(RMB'000)* | **Gross profit** *(RMB'000)* | Revenue *(RMB'000)* | Cost of sales *(RMB'000)* | Gross profit *(RMB'000)* | Revenue | Cost of sales | Gross profit margin |
| General power supply business | 1,927,338 | 1,555,826 | 371,512 | 1,741,476 | 1,411,112 | 330,364 | 10.7 | 10.3 | 12.5 |
| Incremental power transmission and distribution business [(1)] | 188,325 | 176,431 | 11,894 | 22,660 | 19,414 | 3,246 | 731.1 | 808.8 | 266.4 |
| EECS business [(2)] | 357,070 | 298,099 | 58,971 | 266,959 | 226,659 | 40,300 | 33.8 | 31.5 | 46.3 |
| Total | 2,472,733 | 2,030,356 | 442,377 | 2,031,095 | 1,657,185 | 373,910 | 21.7 | 22.5 | 18.3 |

*Notes:*

(1) Incremental power transmission and distribution business was disclosed in power business in previous years.

(2) Include revenue from the sales of electric equipment and materials of RMB20.0 million for the year ended 31 December 2019.

### *2.2.1 General Power Supply Business*

The following table sets forth the breakdown of revenue from our general power supply business by customer category for the periods indicated.

| | **Year ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | | 2018 | | Percentage of changes (%)/ Percentage points | |
| **Customer** | **Electricity Sales** *(MWh)* | **Revenue** *(RMB'000)* | Electricity Sales *(MWh)* | Revenue *(RMB'000)* | Electricity Sales | Revenue |
| Household | 1,167,026 | 634,624 | 1,094,795 | 601,668 | 6.6 | 5.5 |
| General industrial and commercial | 914,531 | 573,772 | 756,768 | 516,579 | 20.8 | 11.1 |
| Large industrial | 1,275,371 | 677,341 | 992,207 | 508,444 | 28.5 | 33.2 |
| State Grid | 32,672 | 6,621 | 66,501 | 13,459 | (50.9) | (50.8) |
| Others | 84,884 | 34,980 | 246,187 | 101,326 | (65.5) | (65.5) |
| Total | 3,474,484 | 1,927,338 | 3,156,458 | 1,741,476 | 10.1 | 10.7 |

Most of our revenue for the year ended 31 December 2019 was derived from general power supply business, representing our revenue from sales of electricity to our industrial, commercial, household and other end users through our power grid within our power supply service area. We generated RMB1,927.3 million of revenue from our general power supply business, which accounted for 78.0% of our total revenue.

#### *2.2.2 Incremental Power Transmission and Distribution Business*

Our revenue from incremental power transmission and distribution business mainly consists of electricity retail business outside our normal power supply service area and other power distribution business related to new-energy vehicles. By implementing measures to diversify of the industry chain, we generated RMB188.3 million revenue from incremental power transmission and distribution business for the year ended 31 December 2019, which accounted for 7.6% of our total revenue.

#### *2.2.3 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. For the year ended 31 December 2019, we generated RMB357.1 million of revenue from our EECS business, which accounted for 14.4% of our total revenue.

### 2.3 Main Operational Measures

#### *2.3.1 Reduce cost and boost efficiency to maintain steady growth in profits*

In 2019, we reported stable 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 budget planning management, process control and postmortem analysis, and adopt a performance-based assessment system; (ii) put emphasis on the management of accounts receivable and inventory and reduce operating costs; and (iii) enhance financing management and reduce costs of capital. We were able to accomplish these by strengthening our working capital and financing analysis and monitoring the availability of capital to meet our operational needs.

#### *2.3.2 Implement economic scheduling to optimize resource allocation*

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

#### 2.3.3 *Reinforce power grid to lay a solid foundation for safe generation*

The principal part of the new Wangchang 220kV substation project has been completed. Besides, the Company enhanced its informatization construction, technological updating, application of new technology, and management and control of power grid equipment. Specifically, among others, 14 centralized control stations were built, and 78 of all 79 substations were unattended. In 2019, the total number of power outages in the power grid reached 2,569, representing a year-on-year decrease of about 28.2% compared with 3,580 in 2018, indicating that the reliability of our power supply has been further improved.

#### 2.3.4 *Strengthen professional skills to improve the quality of power supply service*

In order to strengthen professional skills, the Company organized 126 trainings for professional technicians in metrology verification, powerline maintenance, preliminary trial and maintenance, and substation operation. 1,125 staff participated in the post-training test with a passing rate of 99.91%. The Company also optimized its service process, reduced the processing time, and simplified the process, realizing an average of no more than 40 working days for users to connect electricity and an increase of over 30% in overall efficiency. Modern information technology was applied to achieve multi-channel and multi-model payment with a utilization rate of 91.40%.

#### 2.3.5 *Introduce talents to vitalize high quality development*

To begin with, the Company adjusted and improved the settings of 14 functional departments at its headquarters and one directly-controlled production organization to further define the functional responsibilities of each department. Secondly, a two-way choice job fair was held. The average age of 28 middle-level employees is 38 years old, 3-year lower than the original, 11 of whom have master's degrees. Thirdly, multi-channels such as campus recruitment, social recruitment, and internal recruitment were used to strengthen the introduction of talents.

## 3. FINANCIAL REVIEW

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

***Revenue***

| | Year ended 31 December | |
|---|---|---|
| | **2019** | 2018 |
| **Business** | ***(RMB'000)*** | *(RMB'000)* |
| General power supply business | 1,927,338 | 1,741,476 |
| Incremental power transmission and distribution business | 188,325 | 22,660 |
| EECS business [(1)] | 357,070 | 266,959 |
| Total | 2,472,733 | 2,031,095 |

*Note:*

(1) Includes revenue from the sales of electric equipment and materials of RMB20.0 million for the year ended 31 December 2019.

Revenue increased by 21.7% from RMB2,031.1 million for the year ended 31 December 2018 to RMB2,472.7 million for the year ended 31 December 2019, primarily due to (i) an increase of RMB185.8 million in revenue from our general power supply business as a result of an increase in the amount of electricity sales made to our household use, general industrial and commercial use, and large-sale industrial use in 2019, (ii) and increase of RMB165.6 million in revenue from incremental power transmission and distribution business, as the expansion of incremental distribution for an increase in the number of our customers by approximately 32 in 2019 compared to 2018.

*General Power Supply Business*

Revenue generated from general power supply business increased by 10.7% from RMB1,741.5 million for the year ended 31 December 2018 to RMB1,927.3 million for the year ended 31 December 2019. The increase was primarily due to an increase in the number of our household, general industrial and commercial and large-scale industrial customers by approximately 29,360, 4,300 and 137, respectively, in 2019 compared to 2018. Revenue generated from general power supply business accounted for 77.9% and 85.7% of our total revenue for the years end 31 December 2019 and 2018, respectively.

*Incremental Power Transmission and Distribution Business*

Revenue generated from incremental power transmission and distribution business increased by 729.5% from RMB22.7 million for the year ended 31 December 2018 to RMB188.3 million for the year ended 31 December 2019. The increase was primarily due to an increase in the number of our customers by approximately 32 in 2019 compared to 2018.

*EECS Business*

Revenue generated from the EECS business increased by 33.7% from RMB267.0 million for the year ended 31 December 2018 to RMB357.1 million for the year ended 31 December 2019. The increase was primarily due to an increase of the number of the EECS projects the Group undertook in 2019.

***Cost of Sales***

| | **Year ended 31 December** | |
|---|---|---|
| **Business** | **2019** | 2018 |
| | ***(RMB'000)*** | *(RMB'000)* |
| General power supply business | 1,555,826 | 1,411,112 |
| Incremental power transmission and distribution business | 176,431 | 19,414 |
| EECS business | 298,099 | 226,659 |
| Total | 2,030,356 | 1,657,185 |

Cost of sales increased by 22.5% from RMB1,657.2 million for the year ended 31 December 2018 to RMB2,030.4 million for the year ended 31 December 2019, mainly due to an increase in electricity purchase from third-party suppliers as a result of the expansion in the scale of general power supply business and incremental power transmission and distribution business.

*General Power Supply Business*

Cost of sales associated with our general power supply business increased by 10.3% from RMB1,411.1 million for the year ended 31 December 2018 to RMB1,555.8 million for the year ended 31 December 2019. The increase was primarily due to an increase in electricity purchases from third-party suppliers as a result of an increase in the scale of general power supply business in 2019. Cost of sales from our general power supply business accounted for 85.1% and 76.6% of our total cost of sales for the years ended 31 December 2018 and 2019, respectively.

*Incremental Power Transmission and Distribution Business*

Cost of sales associated with the incremental power transmission and distribution business increased by 809.3% from RMB19.4 million for the year ended 31 December 2018 to RMB176.4 million for the year ended 31 December 2019. The increase mainly due to an increasing scale of our incremental power transmission and distribution business in 2019.

*EECS Business*

Cost of sales associated with the EECS business increased by 31.5% from RMB226.7 million for the year ended 31 December 2018 to RMB298.1 million for the year ended 31 December 2019. The increase was primarily due to an increase in the number of EECS projects we undertook in 2019.

***Gross Profit and Gross Profit Margin***

| | **Year ended 31 December** | | | |
|---|---|---|---|---|
| | **2019** | | 2018 | |
| **Business** | **Gross Profit** ***(RMB'000)*** | **Gross Profit Margin** *%* | Gross Profit *(RMB'000)* | Gross Profit Margin *%* |
| General power supply business | 371,512 | 19.3 | 330,364 | 19.0 |
| Incremental power transmission and distribution business | 11,894 | 6.3 | 3,246 | 14.3 |
| EECS business | 58,971 | 16.5 | 40,300 | 15.1 |
| Total | 442,377 | 17.9 | 373,910 | 18.4 |

Our gross profit increased from RMB373.9 million for the year ended 31 December 2018 to RMB442.4 million for the year ended 31 December 2019. Gross profit margin decreased from 18.4% for the year ended 31 December 2018 to 17.9% for the year ended 31 December 2019 mainly due to the decrease of the gross profit margin of the incremental power transmission and distribution business from 14.3% for the year ended 31 December 2018 to 6.3% for the year ended 31 December 2019.

*General Power Supply Business*

The gross profit under general power supply business increased by 12.4% from RMB330.4 million for the year ended 31 December 2018 to RMB371.5 million for the year ended 31 December 2019. The increase was primarily due to an increase in the amount of electricity sales made to our household use, general industrial and commercial use, and large-sale industrial use in 2019.

*Incremental Power Transmission and Distribution Business*

The gross profit of incremental power transmission and distribution business increased by 271.9% from RMB3.2 million for the year ended 31 December 2018 to RMB11.9 million for the year ended 31 December 2019. The increase was primarily because we entered into the contracts with approximately 32 new customers during 2019.

*EECS Business*

The gross profit of EECS business increased by 46.4% from RMB40.3 million for the year ended 31 December 2018 to RMB59.0 million for the year ended 31 December 2019. The corresponding gross profit margin increased from 15.1% for the year ended 31 December 2018 to 16.5% for the year ended 31 December 2019. The increase was primarily due to the new EECS projects we undertook during 2019 had a higher gross profit margin compared to other EECS projects we undertook.

***Other Income***

Other income is generally comprised of (i) government grants; (ii) interest income; (iii) fair value changes of other financial assets; and (iv) others. Other income decreased by 45.9% from RMB52.5 million for the year ended 31 December 2018 to RMB28.4 million for the year ended 31 December 2019, mainly due to a decrease of fair value of other financial assets and no long-aged payables written-off in 2019.

***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; and (vi) others. Administrative expenses increased by 5.2% from RMB181.6 million for the year ended 31 December 2018 to RMB191.0 million for the year ended 31 December 2019, primarily due to an increase of staff and labor costs and consulting commissions during 2019.

### *Impairment Losses on Trade and Other Receivables and Contract Assets*

Impairment losses on trade and other receivables and contract assets increased significantly by 82.5% from RMB11.4 million for the year ended 31 December 2018 to RMB20.8 million for the year ended 31 December 2019. The increase was primarily due to an increase of RMB12.3 million in impairment losses on trade receivables and contract assets in relation to our 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 increased from RMB3.5 million for the year ended 31 December 2018 to RMB4.6 million for the year ended 31 December 2019. The increase was primarily due to an increase of RMB 2.4 million in earthquake relief work in 2019.

### *Finance Costs*

Finance costs increased by 10.6% from RMB35.7 million for the year ended 31 December 2018 to RMB39.5 million for the year ended 31 December 2019, primarily due to an increase of RMB8.3 million in foreign exchange loss.

### *Share of Profits Less Losses of Associates*

Share of profits less losses of associates decreased by 74.4% from RMB3.9 million for the year ended 31 December 2018 to RMB1.0 million for the year ended 31 December 2019, primarily due to a decrease of RMB3.3 million in profits from two small loan company associates of the Company in 2019 as a result of the adverse loan market conditions.

### *Income Tax*

Income tax expenses were RMB28.7 million and RMB38.5 million for the years ended 31 December 2018 and 2019 at effective tax rates of 15% and 18%, respectively. The increase in income tax was caused by an increase of RMB11.3 million in current portion of the PRC corporate income tax provision for 2019, as a result of an increase in profit before taxation of our subsidiaries.

### *Profit for the Year*

As a result of the above, profit for the year increased by 4.7% from RMB169.4 million for the year ended 31 December 2018 to RMB177.4 million for the year ended 31 December 2019.

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

### *Property, Plant and Equipment*

| | As at 31 December | |
|---|---|---|
| | **2019** | 2018 |
| | ***(RMB'000)*** | *(RMB'000)* |
| Property, Plant and Equipment | 2,671,074 | 2,630,475 |

Our property, plant and equipment, which consisted primarily of plants and buildings, machineries, vehicles, office equipment, properties leased for own use and projects under construction, increased from RMB2,630.5 million as of 31 December 2018 to RMB2,671.1 million as of 31 December 2019, mainly due to an increase in the number of projects under construction in 2019.

### *Intangible Assets*

Our intangible assets increased from RMB4.4 million as of 31 December 2018 to RMB4.7 million as of 31 December 2019, primarily because of an increase of software we acquired in 2019.

### *Trade and Other Receivables*

Our trade and other receivables were RMB331.7 million and RMB394.4 million as at 31 December 2018 and 2019, respectively. The increase in our trade and other receivables were mainly due to an increase of trade receivables due to adjustment of settlement date in marketing system.

The turnover days of our average trade and other receivables (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 of days in the period) decreased from 49.0 days for the year ended 31 December 2018 to 46.9 days for the year ended 31 December 2019. The decrease was mainly due to the adjustment of measures of reducing the balance of accounts receivables the Group undertook in 2019.

### *Trade and Other Payables*

Our trade and other payables were RMB644.6 million and RMB791.7 million as at 31 December 2018 and 2019, respectively. The increase in our trade and other payables was mainly due to the increase of trade payables due to adjustment of settlement date in marketing system.

The average turnover days of our trade and other payables (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 of days in the period) stayed relatively stable at 79.0 days and 78.4 days for the years ended 31 December 2018 and 2019, respectively.

### *Liquidity and Financial Resources*

Our Group manages its capital to ensure that entities of our Group will be able to operate 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.

As at 31 December 2019, our cash and cash equivalents amounted to RMB780.5 million (31 December 2018: RMB798.0 million).

As at 31 December 2019, the total borrowings of our Group amounted to RMB591.8 million (31 December 2018: RMB764.3 million), including bank and other borrowings. All of our bank and other borrowings bear interest at floating rate.

As at 31 December 2019, the gearing ratio of our Group was 21.7% (31 December 2018: 28.9%). Gearing ratio is calculated based on our total interest-bearing liabilities as of 31 December 2019 divided by total equity as of the same date.

## 4. DIVIDEND

The Board proposed to declare a final dividend of RMB0.1 per Share (tax inclusive) for the year ended 31 December 2019 to Shareholders whose names appeared on the register of members of the Company on 28 June 2020 (the “Record Date”), with the total amount of dividend amounting to approximately RMB107,435,770. Subject to approval of the declaration of dividend by Shareholders at the Annual General Meeting, the final dividend is expected be declared on or before 17 July 2020. For more details, please refer to “Dividends and Distribution” of this announcement.

## 5. GLOBAL OFFERING AND USE OF PROCEEDS FROM GLOBAL OFFERING

The Company was listed on the Stock Exchange on 28 December 2018 and 268,800,000 H Shares with a nominal value of RMB1.00 each were issued at a price of HK$1.77 per share (the "Global Offering"). The net proceeds from the Global Offering amounted to approximately RMB380.5 million. The Group has utilized RMB100.7 million of such proceeds from the Global Offering according to those disclosed in the prospectus as at 31 December 2019. The remaining of RMB279.8 million has not been used.

| **Use of Proceeds** | **Amount unused as at 1 January 2019** *(RMB'000)* | **Amount used for the year** *(RMB'000)* | **Amount unused as at 31 December 2019** *(RMB'000)* | **Estimated schedule**[1] |
|---|---|---|---|---|
| Acquisition of power-related assets | 152,193 | – | 152,193 | 2020 |
| Construction and optimization of power grid | 114,145 | 59,500 | 54,645 | 2020-2021 |
| Establishment of centralized power dispatching and control center and promotion of smart grid system | 76,097 | 39,000 | 37,097 | 2020-2021 |
| Working capital | 38,048 | 2,210 | 35,838 | 2020-2021 |
| Total | 380,483 | 100,710 | 279,773 | |

*Note:*

(1) The estimated schedule for utilizing the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

## 6. CAPITAL COMMITMENTS

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

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

| | **As at 31 December** | |
|---|---|---|
| | **2019** | 2018 |
| | ***(RMB'000)*** | *(RMB'000)* |
| Contracted for | 24,014 | 31,963 |

## 7. SIGNIFICANT INVESTMENTS HELD, MAJOR ACQUISITIONS AND DISPOSALS

For the year ended 31 December 2019, the Group did not have any significant investments held, nor were there any major acquisitions or disposals of subsidiaries, associates, or joint ventures.

## 8. PLEDGES OF OUR GROUP'S ASSETS

No property, plant and equipment were pledged to banks as at 31 December 2019 (31 December 2018: nill)

## 9. FOREIGN EXCHANGE RISK

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. The Group carried out business in the PRC and receives revenue and pays its costs/expenses in RMB. The Group has unutilised proceeds from the Global Offering and distributed dividends in Hong Kong dollar, and recognises net foreign exchange losses of RMB8.3 million as at 31 December 2019.

## 10. CONTINGENT LIABILITIES

As at 31 December 2019, our Group did not have any contingent liabilities (31 December 2018: nil).

## 11. MAJOR INVESTMENT PLAN

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

## 12. EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2019, the Company had a total of 2,968 full-time employees (31 December 2018: 3,066). The related employee costs (including Directors' fees) for the year were approximately RMB383.4 million. The Company believes that attracting, recruiting and retaining high-quality employees is essential to the success of the Company. Our employee compensation is determined based on current industry practices and employees' educational background, experience and performance. The Company has contributed to a number of employee social security plans managed by local governments for employees, including housing provident funds, pensions, medical insurance, social insurance and unemployment insurance, etc., and provide employees with adequate job training in accordance with the laws and regulations in China. To attract outstanding employees, the remuneration committee under the Board regularly reviews employees' remuneration policies and benefits.

## 13. SUBSEQUENT EVENTS

There was no important event affecting the Company nor any of its subsidiaries after 31 December 2019 and up to the date of this announcement.

## 14. OUTLOOK

Our Company actively advocates strategy-oriented philosophy. In accordance with the decision by the shareholders and the Board in this regard, the Company will strive to increase assets, expedite the construction of advanced power grids, strengthen risk control capability, improve the quality of power supply service to ensure stable growth in operating results, remarkable returns to Shareholders and high-quality and sustainable development of the Company. The focuses of our Company's work in 2020 are as follows:

### (1) Push forward acquisition and restructuring to expand business scale

The Company will, with the support of Shareholders, seek opportunity for acquisition of quality power grid and power asset to expand the scale of assets, enhance agglomeration effect, diversify sources of profit and improve the quality of overall development.

### (2) Reinforce risk management and control to improve the management level

The Company will further improve its refined management level, reinforce risk management and control capability, establish a sound compliance system, standardize corporate governance, optimize the management of substantial events and improve the efficiency decision-making process and operations to boost sustained growth and development.

### (3) Speed up the construction of power grid to improve service capability

The Company will speed up the construction of 220 kV power grid, complete the construction of Wangchang 220 kV substation in Pingshan County and put it into operation and duly initiate other 220 kV power grid construction projects. Efforts will also be made in accelerating informatization construction, optimizing business processing procedures, enriching methods of online service to continuously enhance quality service capability.

### (4) Expand business in full strength to perfect industrial landscape

In accordance with the policies on power system reform, the Company will further clarify its business structure, optimize the corporate structure, improve the quality and efficiency of internal business collaboration, vigorously expand market-based business and orderly boost investment in and construction of incremental distribution network. The Company will also continue to optimize the industrial landscape by combining the current development condition in local regions.

### (5) Quicken talents cultivation to vitalize development

The Company will step up efforts to set up a talent team, increase training of employees, further improve the incentive and restraint mechanism, improve the overall quality of the team, and stimulate the enthusiasm of employees.

## DIVIDENDS AND DISTRIBUTION

The Board proposed to declare a final dividend of RMB0.1 per Share (tax inclusive) for the year ended 31 December 2019 to Shareholders whose names appeared on the register of members on 28 June 2020 (the "Record Date"), with the total amount of dividend amounting to approximately RMB107,435,770. Subject to approval by the Shareholders at the Annual General Meeting, the final dividend will be paid on or before 17 July 2020.

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 requirements of relevant government departments, and will withhold and pay the enterprise/individual 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 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 holders of H Shares will be declared in RMB but paid in 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 24 March 2020, being the date of proposed declaration of dividend (i.e. 17 March 2020 to 23 March 2020) (HK$1.0 to RMB0.9092). Accordingly, the amount of the final dividends payable in HK$ will be approximately HK$0.10999 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 18 May 2020 to 17 June 2020 (both days inclusive), during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on 18 May 2020 are entitled to attend and vote at the forthcoming Annual General Meeting. 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 54, 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 15 May 2020.

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 23 June 2020 to 28 June 2020 (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 28 June 2020. 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 54, 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 22 June 2020.

## PUBLIC FLOAT

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

## CORPORATE GOVERNANCE CODE

As a company listed on the Main Board of the Stock Exchange, the Company adopted the Corporate Governance Code as the Company's code of corporate governance. For the year ended 31 December 2019, the Company had complied with all the code provisions as set out in the Corporate Governance Code.

## MODEL CODE OF SECURITIES DEALINGS BY DIRECTORS AND SUPERVISORS

The Company has formulated and implemented internal rules which is no less than the Model Code as the code of conduct regarding securities transaction by the Directors and supervisors. None of the Directors or Supervisors holds Shares or breach any of the regulations therein.

## AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, Mr. Kin Kwong Kwok Gary (郭建江) and Mr. Fan Wei (范為) and a non-executive Director, Ms. Han Chunhong (韓春紅).

The Group's audited annual results for the year ended 31 December 2019 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 the selection and appointment of external auditor.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

## ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting is expected to be held on 17 June 2020. The notice of the Annual General Meeting will be published on the websites of the Company (www.scntgf.com) and the Stock Exchange (www.hkex.com.hk) and be dispatched to the 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) and the Company (www.scntgf.com). The annual report for the year ended 31 December 2019 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to the Shareholders 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:

| | |
|---|---|
| "Annual General Meeting" | the annual general meeting to be convened by the Company on 17 June 2020 |
| "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 |

| | |
|---|---|
| "Audit Committee" | the audit committee of the Company |
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Board" or "Board of Directors" | the board of directors of the Company |
| "China" or "PRC" | the People's Republic of China, excluding, for the purpose of this report, 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" | Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 01713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011 |
| "Corporate Governance Code" | corporate governance code contained in Appendix 14 to the Listing Rules |
| "Director(s)" | the director(s) of the Company |
| "Supervisor(s)" | the Supervisor(s) of the Company |
| "Domestic Shares" | domestic 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" | electrical 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" | listing of the H Shares of the Company on the Main Board of the Stock Exchange |
| "Listing Date" | 28 December 2018, on which the H Shares of the Company were listed on the Stock Exchange |
| "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 |
| "Share(s)" | the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares, Domestic Shares and Unlisted Foreign Shares |
| "H Share(s)" | the ordinary share(s) issued of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the 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 Section 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, and held by China Power International Development Limited (a company incorporated in Hong Kong) |
| "%" | per cent. |

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

Chengdu, Sichuan Province, the PRC, 24 March 2020

*As at the date of this announcement, the executive Directors are Mr. Zeng Yong, Mr. Li Hui and Ms. Xie Peixi; 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 purposes only*