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**CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED***

**新天綠色能源股份有限公司**

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

**(Stock Code: 00956)**

# RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

## FINANCIAL HIGHLIGHTS

For the year ended 31 December 2019:

- revenue was RMB11,943 million, representing an increase of 19.73% as compared with 2018
- profit before tax was RMB2,184 million, representing an increase of 25.3% as compared with 2018
- net profit attributable to shareholders of the Company was RMB1,415 million, representing an increase of 11.51% as compared with 2018
- earnings per share was RMB0.3617, representing an increase of 8.36% as compared with 2018

The Board does not recommend the distribution of final dividend for the year ended 31 December 2019.

## RESULTS HIGHLIGHTS

The board (the "**Board**") of directors (the "**Director(s)**") of China Suntien Green Energy Corporation Limited (the "**Company**") is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**reporting period**"). This announcement is complied with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") regarding the information required to be included in the preliminary announcement of annual results.

As of 31 December 2019, the Group had consolidated assets of RMB45,955 million with a net gearing ratio of 67.9%; consolidated revenue of RMB11,943 million, representing an increase of 19.73% from 2018; and net profits attributable to shareholders of RMB1,415 million, representing an increase of 11.51% from 2018. Earnings per share was RMB0.3617.

Details of the Group's operating results are set out in the financial information contained in the appendix to this announcement.

**REVIEW OF RESULTS OF 2019**

## I. OPERATING ENVIRONMENT

In 2019, global economic growth was slowing, sources of turbulence and risks increased, and domestic structural, systematic and cyclical issues intertwined as downward pressure on the economy was still high. China adhered to the general principle of driving progress whilst maintaining stability, and its national economy maintained steady in general with an upward trend and the quality of its development also showed solid improvement. China's GDP amounted to approximately RMB99,086.5 billion, representing a 6.1% increase compared with last year, which was in line with expectations.

With the continuous development of China's economic green low-carbon development strategy and energy supply-side structural reform, the energy production and consumption revolution have continued to deepen, and energy green development has made positive progress: energy supply and demand were stable, energy consumption structure continued to be optimized, and energy conservation and consumption reduction were in steady progress. In 2019, China's clean energy consumption continued to improve and its energy consumption structure was further optimized. The total national energy consumption increased by approximately 3.3% as compared with the previous year. The proportion of clean energy consumption including natural gas, hydroelectricity, nuclear power and wind power to the total energy consumption increased by 1.0 percentage point as compared with the previous year, while the proportion of coal consumption dropped by 1.3 percentage points.

In 2019, China promoted clean energy consumption, working towards achieving grid parity of wind and photovoltaic power, and striving to improve the level of energy services. New steps have been taken to transform and upgrade the energy industry and new energy development is entering into a new phase.

### (I) Operating environment for the wind and photovoltaic power industry

#### *1. Stable growth of connected grid capacity and generation capacity of wind power*

According to the statistics published by the National Energy Administration, the nationwide power consumption in 2019 amounted to 7,225.5 billion kWh, representing an increase of approximately 4.5% as compared with 2018.

In 2019, the newly increased connected grid capacity of wind power in China amounted to 25.74 million kW and the accumulated capacity reached 210 million kW. Gross wind power generation for the year amounted to 405.7 billion kWh, with 2,082 utilization hours of wind power for the year, representing a decrease of 13 hours as compared with 2018.

In 2019, the accumulated capacity connected to grid in Hebei Province amounted to 16.39 million kW; the annual power generated of wind power amounted to 31.8 billion kWh; the curtailment rate of wind power was 4.8%; the utilization hours amounted to 2,144 hours, representing a decrease of 132 hours as compared with 2018.

2. ***Clarifying the responsibility weights of renewable energy consumption for each province***

In 2019, the situation of wind curtailments and power constraints was further relieved, as 16.9 billion kWh of wind power was curtailed across the country for the year, representing a decrease of 10.8 billion kWh as compared with 2018, and the average wind curtailment rate was 4%, representing a decrease of 3 percentage points from 2018.

To encourage consumption of renewable energy, the NDRC issued a Notice on the Establishment and Improvement of the Renewable Energy Power Consumption Guarantee Mechanism (《關於建立健全可再生能源電力消納保障機制的通知》) in May 2019 and decided to set responsibility weights of renewable energy power consumption for each provincial-level administrative region. At the same time, in order to promote the development of renewable energy and standardize the commitment of grid enterprises to fully purchase renewable energy, the NDRC released the Supervisory Measures for Grid Enterprises' Commitment to Fully Purchase Renewable Energy Power (Revised) (Draft for soliciting opinions) (《電網企業全額保障性收購可再生能源電量監管辦法(修訂)(徵求意見稿)》) (the "Measures") on 22 November 2019. According to the Measures, grid enterprises shall commit to purchase all on-grid electricity from renewable energy generation enterprises (other than market trading electricity) in accordance with national regulations. The Measures clearly stipulate that renewable energy power generation on-grid capacity includes both priority power generation capacity and market transaction capacity. Among these, priority power generation capacity refers to the amount of power that is explicitly required by national policies to connect to the grid in priority, such as purchase capacity under commitient. It is expected that after the formal promulgation of the Measures, it will further encourage grid enterprises in consumption of renewable energy.

### 3. *Implementation of wind power photovoltaic parity grid policy*

In order to implement the Energy Development Strategic Action Plan (2014-2020) (《能源發展戰略行動計劃(2014~2020)》) regarding target requirements for wind power to achieve grid parity with coal power in 2020, in 2019 the NDRC and the National Energy Administration released industry policies related to wind power, photovoltaic parity and consumption. Among these, the Notice on Improving Wind Power On-Grid Tariff Policy (《關於完善風電上網電價政策的通知》) further clarifies the time nodes for parity on-grid wind power projects. The notice clearly states that the benchmark on-grid tariff for onshore wind power shall be changed to guidance price. All on-grid tariffs for newly approved centralized onshore wind power projects are determined through competition and should not exceed the guidance price of the project's resource area location. In 2019, newly approved onshore wind power guidance prices for Type I-IV resource areas, which were in accordance with the plan and included in financial subsidy annual scale management, were adjusted to RMB0.34 per kWh, RMB0.39 per kWh, RMB0.43 per kWh and RMB0.52 per kWh (including tax, same as below). In 2020, guidance prices will be adjusted to RMB0.29 per kWh, RMB0.34 per kWh, RMB0.38 per kWh and RMB0.47 per kWh, respectively. In regions whose guidance price is lower than the benchmark on-grid tariff for local coal-fired power generating units (including desulphurisation, denitration, dust-removing electricity price, same as below), the benchmark on-grid tariff for coal-fired power generating units shall prevail. For onshore wind power projects approved prior to the end of 2018 and with incomplete connections to the grid by the end of 2020, the state will no longer provide subsidy. The state also will no longer subsidize onshore wind power projects approved from 1 January 2019 to the end of 2020 that are not connected to the grid by the end of 2021. Starting from 1 January 2021, newly approved onshore wind power projects will have fully realized grid parity and will no longer be subsidized by the state. The benchmark on-grid tariff for offshore wind power shall be changed to guidance price. On-grid tariffs for newly approved offshore wind power projects are all determined through competition. In 2019, the newly approved inshore wind power guidance price which met plan requirements and was included in financial subsidy annual scale management was adjusted to RMB0.8 per kWh, and will be further adjusted to RMB0.75 per kWh in 2020. On-grid tariffs for newly approved inshore wind power projects are determined through competition and should not exceed the abovementioned guidance price. For offshore wind power projects approved prior to the end of 2018, if all generating units were connected to the grid by the end of 2021, on-grid tariffs from the time of approval shall be implemented. For all generating units connected to the grid in 2022 and thereafter, the guidance price from the grid-connected year shall be implemented. After the policy's promulgation, it is expected that the rapid installation of wind power inventory projects will occur in the near future.

## (II) Operating environment for the natural gas industry

### *1. Rapid growth in the overall demand for natural gas*

In 2019, with the steadily developing macroeconomic situation and the continuous promotion of "replacing coal by gas", the consumption of natural gas has been increasing.

According to the statistics from a news update, in 2019 the production capacity of natural gas in China amounted to 177.7 billion cubic meters, representing an 11.5% increase compared with 2018. Imports of natural gas amounted to 132.2 billion cubic meters, representing a 6.5% increase compared with 2018. The apparent consumption of natural gas amounted to 306.7 billion cubic meters, representing an increase of 9.4% as compared with 2018.

### *2. Incorporation of State Piping Network Corporation*

China Oil & Gas Piping Network Corporation (國家石油天然氣管網集團有限公司) (the "State Piping Network Corporation") was incorporated on 9 December 2019. China's oil and gas industry is approaching a milestone change. The establishment of State Piping Network Corporation realizes the interconnection of China's pipeline network and conduces to resource integration and optimization of oil and gas industry infrastructure. It promotes the formation of an oil and gas market system with multi-subject and multi-channel supply of upstream oil and gas resources, a midstream unified pipeline network which can efficiently collect and transport the downstream, and full competition in the downstream sales market, helping to improve the oil and gas supply's social service system and promote the industry's high-quality development.

### *3. The north section of the Sino-Russian Eastern Natural Gas Pipeline in operation*

On 2 December 2019, the north section of the Sino-Russian Eastern Natural Gas Pipeline began operation. This is an important result of practical cooperation between China and Russia in the field of energy, and is conducive to transforming Russia's resource advantages into economic advantages. It is also conducive to driving economic and social development in regions adjoining China and Russia. The pipeline will further improve China's energy structure and diversify its natural gas import resources, which is significant to ensuring energy security of China. After the Sino-Russian Eastern Natural Gas Pipeline began to operate, it enhanced China's natural gas resource guarantee capacity. At the same time, on the basis of China's overall natural gas flow "from west to east", it increased the natural gas flow "from north to south", which further improved the natural gas pipeline network in eastern China. The pipeline is interconnected with the Northeast Pipeline Network System (東北管網系統), the Shaanxi-Beijing System (陝京系統), and the West to East Gas Transmission System (西氣東輸系統). Jointly, they form a network that runs from south to north, crosses from east to west, and connects to overseas, which is critical to ensuring

China's energy security. After completion of the China-Russia East Line (中俄東線), it will steadily supply 38 billion cubic meters of clean, high-quality natural gas resources to the country's northeast, the Bohai region and the Yangtze River Delta region, while also having the effect of improving the regions' atmospheric quality.

## II. BUSINESS REVIEW

### (I) Business review and major financial indicators of wind power business

#### *1. Business review of wind power business*

(1) Stable growth of installed capacity

In 2019, the Group's consolidated installed capacity of wind power was increased by 557.60 MW, and its accumulative consolidated installed capacity was 4,415.75 MW; its attributable installed capacity of wind power was increased by 457.47 MW, and its accumulated attributable installed capacity was 3,939.62 MW. The Group's commercial operation project capacity during the year was increased by 443.3 MW, and its accumulated commercial operation project capacity was 3,706.15 MW.

As of 31 December 2019, the total designed capacity of the wind power projects under construction of the Group was 626.2 MW.

(2) The utilization hours of wind farms continue to remain a relatively high level

In 2019, the average utilization hours of the Group's controlled wind farms were 2,472 hours, representing a decrease of 10 hours as compared with 2018, and 328 hours more than the average utilization hours in Hebei Province, mainly due to the slight decrease in average wind speed of the regions where the wind farms controlled by the Group locate as compared with last year. The Group's controlled wind farms realized a power generation of 8.834 billion kWh, representing an increase of 15.08% as compared with 2018. The average availability rate of the wind power generation units was 98.19%.

(3) Steady progress in wind resources reserves

In 2019, the Group's approved capacity was increased by 15 MW and the total approved unstarted project capacity amounted to 2,039.1 MW.

During the reporting period, the Group's wind power projects with a total of 60 MW were listed as national approved plans. The accumulative capacity of the Group's wind power projects falling within the national approved plans has reached 6,693.3 MW and its wind power projects are located in more than 10 provinces across China.

During the reporting period, the Group's wind power agreed capacity was increased by 6,300 MW across 22 regions including Hebei, Henan, Shandong, Shanxi, Liaoning, Yunnan, Anhui, Gansu, Jiangxi, Jiangsu, Shaanxi, Sichuan, Tibet, Hubei, Hunan, Guangxi, Qinghai, Heilongjiang, Zhejiang, Chongqing, Xinjiang and Inner Mongolia.

(4) Continuous improvement of innovation management system

During the reporting period, the Group continuously improved its innovation management system and used innovative methods to solve practical problems in management and operation. After pioneering the coupling and complementing of wind and photovoltaic power generation in the industry, the Group realized a project demonstration scheme for high-efficiency electrolyzed water hydrogen production through direct-current micro-grid. This was included in the 2019 key research and development plan for Hebei Province.

***2. Key financial indicators of wind power business (including photovoltaic power)***

(1) Revenue

During the reporting period, the Group realized wind power sales revenue of RMB3,955 million, representing an increase of 15.58% as compared with 2018. The Group's wind power sales revenue accounted for 33.12% of the Group's total sales revenue. The increase of revenue was mainly due to an increase of operational installed capacity of the wind farms of the Group, which resulted in an increase in sales volume of electricity and revenue of electricity sales as compared with 2018.

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's wind power business was RMB1,884 million, representing an increase of 18.34% as compared with 2018. This was mainly due to an increase in operating cost resulting from the wind power projects gradually being put into operation.

(3) Profit from operations

During the reporting period, the profit from operations of the wind power business was RMB2,212 million, representing an increase of 15.63% as compared with 2018. The increase was mainly due to an increase in wind power revenue. The gross margin was 61.54%, representing an increase of 0.22 percentage point as compared with 2018. This was mainly due to the fact that the Group started to operate new wind farms in the year, which resulted in an increase in revenue of electricity sales and a slight increase in gross profit margin.

## (II) Business review and major financial indicators of natural gas business

### *1. Business review of natural gas business*

(1) Increase in sales volume of natural gas as compared with 2018

During the reporting period, the Group recorded an increase in its sales volume of natural gas thanks to the continuous enforcement of environmental protection policies and the policy of "replacing coal by gas", and realized a sales volume of 3,237 million cubic meters for the year, representing an increase of 23.02% as compared with 2018, of which the wholesale volume amounted to 2,003 million cubic meters, representing an increase of 23.70% as compared with 2018 and accounting for 61.9% of total sales volume; the retail sales volume amounted to 1,135 million cubic meters, representing an increase of 23.41% as compared with 2018 and accounting for 35.1% of total sales volume; the sales volume of CNG/LNG amounted to 98 million cubic meters, representing an increase of 7.27% as compared with 2018 and accounting for 3.0% of the total sales volume.

(2) Active promotion of the construction of infrastructural projects

The Group's natural gas pipeline was increased by 1,026.49 kilometers in 2019. As of 31 December 2019, the Group operated pipeline with a total of 5,168.66 kilometers, including 957.72 kilometers of long-distance transmission pipeline and 4,210.94 kilometers of city gas pipeline; and the Group operated a total of 22 distribution stations and 13 gate stations.

During the reporting period, the Project of Pipelines for Ten Counties in Central Hebei Province (Phase III) (冀中十縣管網工程(三期)), the Comprehensive Utilization Project of the Pipeline Network of Natural Gas Around Gaoyi County (高邑縣環城管網天然氣綜合利用工程) and the Comprehensive Utilization Project of Zanhuang County Town Gas Pipeline (贊皇縣城鎮燃氣管線綜合利用工程) were completed and put into operation. The Shijiazhuang Recycling Chemical Industry Park (石家莊循環化工園區) obtained completion acceptance. Construction of the Zhuozhou-Yongqing Transmission Pipeline Project (涿州－永清輸氣管道工程) was commenced.

(3) Continuous exploration of markets for natural gas

During the reporting period, leveraging on its newly operating pipelines, the Group vigorously developed its terminal user base of natural gas and resulted in an increase of 64,014 customers from different categories. As of 31 December 2019, the Group had an aggregate of 344,927 customers.

During the reporting period, the Group steadily promoted the expansion of large regional markets. The Caofeidian LNG Project (曹妃甸LNG項目) and export pipelines have obtained approval from the NDRC. The "Jingshihan" Dual Track Gas Pipeline Project (「京石邯」輸氣管道複線工程), the Connection Line of Sinopec Erdos-Anping-Cangzhou Gas Pipeline and Jingshihan Gas Pipeline (中石化鄂安滄輸氣管道與京石邯輸氣管道連接線) and Qinhuangdao-Fengnan Gas Pipeline Project (秦皇島－豐南輸氣管道工程) were also all approved. Meanwhile, in order to develop the Cangzhou City market, the Group established a branch company in Cangzhou City, Hebei Province.

(4) Gradual improvement in the transmission network

During the reporting period, the Group actively participated in the construction of transmission pipelines and further improved the transmission network. Construction of the Zhuozhou-Yongqing Pipeline (涿州－永清管線) has commenced. Preparatory pre-commencement work for the Beijing-Handan Dual Track (京邯複線) and Qinfeng Coastal Track (秦豐沿海管線) was initiated.

(5) Development of CNG and LNG businesses in a steady manner

During the reporting period, the Group developed its CNG and LNG businesses in a steady manner. As of 31 December 2019, the Group operated a total of 7 CNG primary filling stations, 6 CNG secondary filling stations and 1 LNG refilling station.

(6) Implementation of the "Management Improvement Year" campaign and continuous development with a solid foundation

During the reporting period, Hebei Natural Gas, a subsidiary of the Group, was exploring new methods and ideas for informatization, and used informatization methods to improve production efficiency and management level toward the building of a "smart" gas company. In 2019, in the interests of rapid development of new technologies such as cloud computing, big data and the Internet of Things, the Group perceived the informatization construction of the company as an opportunity. It fully combined the advantages of existing informatization construction, and built an enterprise cloud data center, an intelligent control and management platform and emergency command management platform that integrates a SCADA system, pipeline GIS data and online simulation to reach an industry-leading level. The Company continuously optimizes its existing gas business operations and management processes and operational model, strengthens monitoring and early warning systems, emergency command and comprehensive control capabilities, and has comprehensively improved its command control and management methods. The company summarizes and analyzes information such as gas source status, pipeline network real-time data, user information and pipeline emergencies, to intelligently operate, allocate its resources and alleviate emergencies.

## 2. *Key financial indicators of natural gas business*

(1) Revenue

During the reporting period, the Group recorded revenue of RMB7,984 million from its natural gas business, representing an increase of 21.87% as compared with 2018, and accounting for 66.85% of the Group's total revenue. The increase of revenue was mainly attributable to an increase in sales volume of the Group's natural gas as compared with last year. In particular, the pipe wholesale business recorded sales revenue of RMB4,679 million, accounting for 58.6% of the Group's business revenue from its natural gas business; the Group's retail business, such as city natural gas, recorded sales revenue of RMB2,826 million, accounting for 35.4% of the Group's business revenue from natural gas; CNG business recorded sales revenue of RMB269 million, accounting for 3.37% of the Group's business revenue from its natural gas business. The remaining revenue was RMB210 million, accounting for 2.63% of the Group's business revenue from its natural gas business.

(2) Operating cost

During the reporting period, the operating cost (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) of the Group's natural gas business amounted to RMB7,289 million, representing an increase of 18.27% from RMB6,163 million of last year. This was mainly due to an increase in corresponding cost of sales as a result of the increase in purchase volume of natural gas as compared with last year.

(3) Profit from operations

During the reporting period, the profit from operations of the natural gas business was RMB712 million, representing an increase of 78.45% from last year, mainly due to the increase in profit caused by an increase in sales volume and the reversal of impairment for recovery of arrears in previous years. Gross profit margin was 10.88%, representing a decrease of 0.73 percentage point as compared to 2018.

### (III) Other clean energy business

During the reporting period, the Group not only put efforts in the development of its wind power and natural gas businesses, but also steadily developed and established other new energy projects.

In 2019, the Group steadily developed the photovoltaic power generation projects. The Group's agreed capacity for the new photovoltaic projects amounted to 520 MW, while the accumulated agreed capacity amounted to 6,049 MW.

The Group's approved capacity of photovoltaic projects was increased by 200 MW and the accumulative approved uncommenced project capacity was 260 MW.

As of the end of 2019, the Group developed photovoltaic power generation projects with accumulated operating capacity of 102.4 MW.

## III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION AND OPERATING RESULTS

### (i) Overview

According to the audited consolidated financial statements for 2019, the Group's net profit for the year was RMB1,828 million, representing an increase of 16.06% as compared with 2018, of which the profit attributable to the equity holders of the Group was RMB1,415 million, representing an increase of 11.51% as compared with 2018, mainly due to an increase in realized revenue from the wind power and natural gas businesses of the Group as compared with last year.

### (ii) Revenue

In 2019, the Group recorded revenue of RMB11,943 million, representing an increase of 19.73% as compared with 2018, of which:

1. Natural gas business recorded revenue of RMB7,984 million, representing an increase of 21.87% as compared with 2018. This was mainly attributable to the increase in revenue as a result of the increase in sales volume of natural gas in the year 2019.

2. Wind power business achieved revenue of RMB3,955 million, representing an increase of 15.58% as compared with 2018. This was mainly due to an increase in installed capacity of operational equipment, which resulted in an increase in sales volume of electricity and revenue from electricity sales.

**(iii) Other income and net gains**

During the reporting period, the Group recorded other income and net gains of RMB171 million, representing an increase of 71% as compared with 2018. This was mainly due to increase in other income such as compensation for losses income arising out of supplier equipment quality issue and corridor income generated by the Group.

**(iv) Operating costs**

During the reporting period, the Group's operating costs (including cost of sales, selling and distribution expenses, administrative expenses and other expenses) aggregated to RMB9,270 million, representing an increase of 18.29% as compared with 2018, of which:

1. Cost of sales was RMB8,638 million, representing an increase of 21.39% as compared with 2018. This was mainly because the cost of purchase of natural gas, which constituted major sales costs of the Group, increased as a result of an increase in sales volume of natural gas.

2. Administrative expenses were RMB587 million, representing an increase of 16.93% as compared with 2018. This was mainly due to the corresponding increase in staff costs and administrative costs as a result of the expansion of the Group's production scale.

3. Other expenses were RMB44 million, representing a decrease of 79.91% as compared with 2018. This was mainly due to the reversal of provision for asset impairment for recovery of arrears in previous years during the year.

**(v) Finance costs**

During the reporting period, the Group's finance costs were RMB875 million, representing an increase of 11.46% as compared with RMB785 million in 2018. This was mainly due to the increase in costs of interest expenses caused by installed capacity operated during the year, and the expansion of production capacity, resulting in an increase of loan principal which led to an increase in interest expenses.

**(vi) Share of profit of associates**

During the reporting period, the Group's share of profit of associates was RMB222 million, representing a decrease of RMB74 million as compared with RMB296 million of 2018. This was mainly due to a slight decrease in profitability of the enterprises in which the Group has a non-controlling interest.

### (vii) Income tax expenses

During the reporting period, the Group's net income tax expense was RMB356 million, representing an increase of RMB188 million as compared with RMB168 million in 2018. This was mainly due to the increase in profit before tax of the Group and the successive expiry of wind power tax incentives, leading to an increase in income tax expenses during the reporting period.

### (viii) Net profit

During the reporting period, the Group recorded a net profit of RMB1,828 million, representing an increase of 16.06% as compared with 2018. During the reporting period, the increase in the sales of electricity of the wind power segment led to net profit of RMB1,311 million, representing an increase of 10.17% as compared with 2018; the natural gas business segment realized a net profit of RMB602 million, representing an increase of 27.81% as compared with 2018, mainly due to the increase in sales volume of natural gas during the reporting period.

### (ix) Profit attributable to owners of the Company

During the reporting period, the profit attributable to owners of the Company was RMB1,415 million, representing an increase of RMB146 million as compared with RMB1,269 million in 2018. This was primarily attributable to the increase in net profits of the Group as compared with 2018.

The basic earnings per share attributable to shareholders of the Company was RMB0.3617.

### (x) Profit attributable to non-controlling interests

During the reporting period, the profit attributable to non-controlling interests of the Company was RMB413 million, representing an increase of RMB106 million as compared with RMB307 million in 2018. This was primarily attributable to the increase in net profits of the Group as compared with 2018.

### (xi) Trade and bills receivables

As of 31 December 2019, the Group's trade and bills receivables amounted to RMB3,966 million, representing an increase of RMB670 million as compared with RMB3,296 million in 2018, which was mainly attributable to the increase in the outstanding subsidy funds for tariff premium of renewable energy to be received for the wind power business.

### (xii) Bank and other borrowings

As of 31 December 2019, the Group's long-term and short-term borrowings totaled RMB24,410 million, representing an increase of RMB3,083 million as compared with the end of 2018. Among all borrowings, the short-term borrowings (including current portion of long-term borrowings) aggregated to RMB5,317 million, the long-term borrowings amounted to RMB19,093 million, and the borrowings with fixed interest rate was RMB5,607 million.

During the reporting period, the Group actively expanded its financing channels and strengthened its capital management to guarantee the smooth operation of capital chain and to reduce finance cost. Firstly, the Group replaced existing high-interest-rate loans, and managed to get the prime rate for new loans. Secondly, the Group strengthened the capital management to improve efficiency of the use of funds and to reduce the chance of fund precipitation.

### (xiii) Liquidity and capital resources

As of 31 December 2019, the Group's net current liabilities was RMB3,077 million, and the net increase in cash and cash equivalents was RMB101 million. The Group has obtained credit facilities of a total amount of RMB48.718 billion from various domestic banks, of which an amount of RMB17.829 billion was utilized.

The majority of the Group's revenue and expenses are denominated in Renminbi. The Group did not enter into any financial instrument for hedging purposes as it is expected that its foreign exchange exposure will not be material.

### (xiv) Capital expenditure

During the reporting period, capital expenditures mainly included project construction costs for new wind power projects, natural gas pipelines and additions to properties, plants and equipment and prepayment for leased lands. Capital resources mainly included self-owned capital, bank borrowings and cash flow from the Group's operating activities. During the reporting period, the Group's capital expenditure was RMB6,624 million, representing an increase of 29.25% as compared with RMB5,125 million last year. A breakdown of capital expenditure is as follows:

| | **2019** *(RMB'000)* | 2018 *(RMB'000)* | Change *(%)* |
|---|---|---|---|
| Natural gas | **841,352** | 638,546 | 31.76% |
| Wind power and solar energy | **5,773,286** | 4,484,152 | 28.75% |
| Unallocated capital expenditures | **9,581** | 2,107 | 354.72% |
| Total | **6,624,219** | 5,124,805 | 29.26% |

### (xv) Net gearing ratio

As of 31 December 2019, the net gearing ratio (net debt divided by the sum of net debt and equity) of the Group was 67.9%, representing an increase of 1.9 percentage points as compared with 66% as of 31 December 2018, which was mainly due to an increase in bank borrowings of the Group.

### (xvi) Material investments

The Group had no material investments during the year.

### (xvii) Material acquisitions and disposals

The Group had no material acquisitions and disposals during the year.

### (xviii) Material charge on assets

During the year, the Group had no material charges on its assets.

### (xix) Contingent liabilities

As of 31 December 2019, RMB100 million was used as a guarantee provided by the Group to a joint venture for its application to a financial institution for credit line.

## IV. PROSPECTS FOR 2020

As stated in the report of the 19th CPC National Congress, China has entered into a new age. The future development will be the acceleration of the reform of an ecologically-civilized system, building of a beautiful China and establishment of a market-oriented system for green technological innovation, so as to develop green finance and strengthen the energy-saving and environmental protection industry, clean energy industry. The promotion of energy production and consumption revolution and establishment of a low carbon, safe and efficient system for clean energy are encouraged. Under such background, each business segment of the Group is expected to enjoy new development opportunities.

### (I) Prospect for the wind power business

As we enter into a new age, China will implement green development principles, strengthen the building of an ecologically-civilized society and persistently promote the consumption of green energy. The development of new energy industry will focus on higher efficiency, lower costs, broader scope of use and higher degree of market-oriented application. The Group will further overcome conceptual obstacles, explore cooperation mechanism in depth and extend our development platform on this basis in order to strike a balance and strive for a more rapid development of each business segment so as to continuously optimize and improve the business structure of the Company.

1. Continue to step up development of the new energy business, seize resources, implement various measures, accelerate development of offshore wind power resources, focus on large-scale and based wind resource areas and large-channel projects, and strive for scaled development of wind power projects.

2. Utilize the comprehensive management and control of projects, connect upstream and downstream operation, adjust the infrastructure work flow, promote project construction in a planned and step-by-step manner to ensure that the safety, quality, progress and investment in construction projects are under control, and promote all key projects to be put into operation on schedule.

3. Establish the concept of safe development and set up a long-term mechanism focused on risk identification and control. Comprehensive investigation on hidden dangers shall be carried out, and with all personnel responsible for safety fulfilling their duties, our safety management can be strengthened to ensure the Group's continuing production stability and safety.

4. Further strengthen information system construction and continue informatization and digitalization development to conform to the Group's business development management requirements. Explore a research and development model based on internal research and development, combine production, study and research, strengthen research and development of wind turbine technology, create an "ecological chain" for post-production wind power segment services and strive for technological innovations to become a new growth point for the Group to create value.

**(II) Prospects for the natural gas business**

With the continuing reform of the national oil and gas system and the establishment of the State Piping Network Corporation, oil and gas companies are facing unprecedented challenges and opportunities. The three major oil companies, local gas companies and various private capitals continue to exploit the opportunities of reform, and competition in the terminal market has reached a level of unprecedented intensity. In this regard, the Group will:

1. Further accelerate the progress of key pipeline networks, make sure the construction of projects such as Beijing-Handan Dual Track (京邯複線), Zhuozhou-Yongqing Pipeline (涿州永清管線) and Qinfeng Track (秦豐管線) is proceeded as planned, and reasonably arrange the investment pace for key projects.

2. Further implement the "market is king" (「市場為王」) sales strategy, increase sensitivity and speed of response to changes in market conditions, and implement measures to develop high-quality projects. Flexibly adjust price policies based on market supply and demand, and formulate accurate incentive policies. Do all that is possible to increase market share and gain new customers.

3. Expand gas resources from various sources, speed up gas supply infrastructure construction, strengthen production safety and improve gas supply safety levels to continuously improve the Group's gas supply capacity.

### (III) Continuous expansion on financing methods

In 2020, the Group will continue to explore channels for financing and innovative financing means and to obtain capital at low cost for projects in order to guarantee the stability of the Group's capital chain.

1. Continually deepen communications with various financial institutions, pay continuous attention to changes of various policies, keep abreast of the market development, be prepared to make overall capital arrangement, reasonable planning on upcoming matured bonds, strengthen the control of cash flow and liabilities, and maintain a reasonable capital structure, to ensure the steady development of the Group.

2. Continue to expand financing channels, adopt measures at appropriate times such as asset securitization, financial leasing, insurance funds, and innovative financing products promoted by domestic and foreign financial institutions to meet funding needs of the Group in the future.

## V. RISK FACTORS AND RISK MANAGEMENT

### (I) Wind power business

#### *1. Uncertainties in wind resources*

The primary climate risk faced by the wind power industry is the volatility of wind resources, which expresses in the higher amount of wind power generated in big wind years and lower amount generated in little wind years. In 2019, the overall wind speed was comparatively good; however, due to the randomness and uncontrollability of wind resources, there might be a risk of decreasing wind speed in 2020. During the project planning phase and before the construction of wind farms, the Group will comprehensively analyse the wind resources to evaluate the potential installed capacity of such locations in order to reduce the risks relating to climate.

### *2. Risk of decrease in tariff rate*

In accordance with the relevant government policies, "wind power to become cost competitive with thermal power" will be achieved by 2020. In this regard, the Group will fully study the relevant government policies and understand the actual situations of the projects pending development and under construction as well as arrange the project development and construction progress proactively and reasonably to ensure the projects are connected to grid and put into operation as early as possible. At the same time, the Group will continue to strengthen the operation, maintenance and management, enhance the safety and reliability of equipment and improve the level of production and operation maintenance, so as to lay a solid foundation for the commencement of subsequent projects.

### *3. Continuation of wind curtailment and power constraints*

As the construction of power grids is lagging behind the construction of wind power projects, the development of wind power projects is limited by wind power output, especially in Zhangjiakou region where wind resources are concentrated. With the new wind power projects in Zhangjiakou being put into operation, it is expected that power constraints are likely to further intensify in the next few years.

The Group will, based on the construction of power grids in the place where each wind power project is located, prioritize the development and construction of wind power projects in the regions with great availability of power grid facilities and grid connection. At the same time, the Group will explore and develop innovative consumption methods for wind power. Along with the advancement of power grid restructuring by power grid companies and investment in and construction of extra-high voltage power distribution network, the power grid output issue is expected to be gradually improved.

### *4. Increase in management difficulty of construction*

Uncontrollable factors such as project obstacles, slow land approval and complicated formalities of forest land for projects located at pastures and natural reserves during the construction of certain wind power projects affect the overall progress of the construction. The Group will arrange reasonable schedule and coordinate and communicate with the wind power equipment manufacturers and local governments to effectively control the unfavorable factors in the construction of wind power project, to ensure that the projects will commence operation as scheduled.

## (II) Natural Gas Business

### *1. Heavy responsibility for gas supply in winter*

At present, the clean heating plan in winter has become a major political task. The Company needs to ensure the supply of natural gas is stable and to ensure the gas is safe and can keep people warm in winter by all means. With the arrival of the heating season, the Company's gas transmission volume has gradually increased. Although the upstream resource pressure has been relieved, the gas supply in winter is still tight.

The Group will actively coordinate resources from different parties for the implementation of volume indicators, leverage the complementary strengths of Sinopec Corp, PetroChina, CNOOC, coalbed methane and LNG, and arrange planning of use of resources for the year; steadily construct gas storage facilities and improve peaking capacity; promote the key projects such as the transmission improvement, transformation and maintenance of the distribution stations systematically, and deploy and operate the key equipment operation and maintenance work, and improve the gas supply guarantee capability of the existing pipeline network in a scientific way. At the same time, the Group will make demand forecast in respect of bad weather and peak season of natural gas consumption, formulate and optimize plans for supply of piped gas from multiple sources so as to make the best allocation in terms of resource deployment and economic consideration.

### *2. Risk of accounts receivable is effectively controlled*

Through repeated efforts of the Group, the downstream debtors of natural gas have been repaying their debts according to plans. The debt has been decreasing and the situation is under control, but additional time is needed to recover all debts.

In respect of the problems above, the Group will actively adopt effective measures and use different methods to accelerate the recovery of natural gas debts, closely follow up on the operation, claims and debts of the defaulted companies, so as to prevent various risks in a proactive manner and to protect the interest of the Group.

## (III) Interest rate risk

The Group is principally engaged in investment in domestic wind farms, which requires certain amount of capital expenditure. The demand for borrowing funds is high and fluctuation in interest rate will have certain influence on the capital costs of the Group. The Group will keep an eye on the trend of the national monetary policies, strengthen its communications with financial institutions to bargain for prime interest rate loans; expand financing channels in various aspects to achieve financial innovation, and explore means of issuance of debentures, finance lease, foreign financing and trade receivable factoring to ensure the smooth operation of capital chain and a low cost for project construction.

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

During the reporting period, the Company did not redeem any of its securities, and neither the Company nor any of its subsidiaries purchased or sold any of the Company's securities that listed on The Stock Exchange of Hong Kong Limited.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on high standards of corporate governance, so as to enhance value for shareholders and protect their interests. The Company has established a modern corporate governance structure and set up shareholders meeting, the Board, the board of supervisors, Board committees and senior management in accordance with the PRC Company Law, the Mandatory Provisions for the Articles of Association of Companies Listed Overseas and the Corporate Governance Code set out in Appendix 14 to the Listing Rules. During the reporting period, the Company has complied with all provisions set out in the Corporate Governance Code.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by all Directors and supervisors of the Company.

After making specific enquiries to all of the Directors and supervisors of the Company, all Directors and supervisors confirmed that during the reporting period, they had fully complied with the obligations of the Model Code regarding securities transactions by all Directors and supervisors of the Company, and no breaches were found.

## FINAL DIVIDEND

Currently, the Company is actively proceeding on the work of initial public offering and listing of A shares (the "**A Share Offering**"). In order to ensure the smooth progress of the A Share Offering and complete the listing plan as soon as possible, the Board does not recommend the distribution of final dividend for the year ended 31 December 2019. After the completion of the A Share Offering, the Company will consider the distribution of profits to new and existing shareholders in a timely manner based on its profitability and financial capabilities. Specific arrangements will be made after such decision is made in accordance with the articles of association and relevant laws and regulations.

## REVIEW OF ACCOUNTS

The Audit Committee of the Board has reviewed the 2019 annual results of the Group and the financial statements for the year ended 31 December 2019 prepared in accordance with the International Financial Reporting Standards.

## PUBLICATION OF ANNUAL REPORT

The Company's annual report will be published on the Company's website (http://www.suntien.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) as and when appropriate.

By order of the Board of
**China Suntien Green Energy Corporation Limited**
**Mei Chun Xiao**
*Executive Director/President*

Shijiazhuang, Hebei Province, the PRC, 19 March 2020

*As at the date of this announcement, the non-executive Directors of the Company are Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Mr. Wu Hui Jiang; the executive Directors of the Company are Mr. Mei Chun Xiao and Mr. Wang Hong Jun; and the independent non-executive Directors of the Company are Mr. Xie Wei Xian, Mr. Wan Yim Keung, Daniel and Dr. Lin Tao.*

* *For identification purpose only*

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

*Year ended 31 December 2019*

| | Notes | **2019** | 2018 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| REVENUE | *4* | **11,943,233** | 9,975,409 |
| Cost of sales | *5* | **(8,637,821)** | (7,115,564) |
| Gross profit | | **3,305,412** | 2,859,845 |
| Other income and gains, net | *4* | **170,891** | 100,275 |
| Selling and distribution expenses | | **(563)** | (473) |
| Administrative expenses | | **(586,948)** | (501,684) |
| Other expenses | | **(44,192)** | (219,421) |
| PROFIT FROM OPERATIONS | | **2,844,600** | 2,238,542 |
| Finance costs | *6* | **(875,334)** | (785,249) |
| Share of profits and losses of: | | | |
| Joint ventures | | **(7,071)** | (5,774) |
| Associates | | **222,054** | 295,639 |
| PROFIT BEFORE TAX | *5* | **2,184,249** | 1,743,158 |
| Income tax expense | *7* | **(356,307)** | (167,994) |
| PROFIT FOR THE YEAR | | **1,827,942** | 1,575,164 |
| Attributable to: | | | |
| Owners of the Company | | **1,414,786** | 1,268,506 |
| Non-controlling interests | | **413,156** | 306,658 |
| | | **1,827,942** | 1,575,164 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | **1,827,942** | 1,575,164 |

| | Notes | **2019** | 2018 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | **1,414,786** | 1,268,506 |
| Non-controlling interests | | **413,156** | 306,658 |
| | | **1,827,942** | 1,575,164 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | | | |
| Basic | *9* | **RMB36.17 cents** | RMB33.37 cents |
| Diluted | *9* | **RMB36.17 cents** | RMB33.37 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2019*

| | Notes | 31 December 2019 RMB'000 | 31 December 2018 RMB'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **28,251,890** | 26,584,025 |
| Investment properties | | **28,243** | 29,348 |
| Prepaid land lease payments | | **–** | 457,070 |
| Goodwill | | **39,412** | 39,412 |
| Other Intangible assets | | **1,671,894** | 1,756,582 |
| Right-of-use assets | | **2,991,993** | – |
| Investments in associates | | **2,222,413** | 1,831,205 |
| Investments in joint ventures | | **79,818** | 86,476 |
| Equity investments designated at fair value through other comprehensive income | | **115,206** | 115,206 |
| Deferred tax assets | | **194,324** | 195,720 |
| Prepayments, deposits and other receivables | | **2,904,137** | 1,647,611 |
| Total non-current assets | | **38,499,330** | 32,742,655 |
| CURRENT ASSETS | | | |
| Prepaid land lease payments | | **–** | 11,162 |
| Inventories | | **51,190** | 45,809 |
| Trade and bills receivables | *10* | **3,965,648** | 3,296,067 |
| Prepayments, deposits and other receivables | | **1,083,434** | 811,925 |
| Pledged deposits | | **14,021** | 12,885 |
| Cash and cash equivalents | | **2,341,157** | 2,240,325 |
| Total current assets | | **7,455,450** | 6,418,173 |
| CURRENT LIABILITIES | | | |
| Trade and bills payables | *11* | **136,563** | 148,445 |
| Other payables and accruals | | **4,870,385** | 3,655,242 |
| Lease liabilities | | **108,985** | – |
| Finance lease payables | | **–** | 84,908 |
| Interest-bearing bank and other borrowings | | **5,316,339** | 4,643,777 |
| Tax payable | | **100,007** | 70,073 |
| Total current liabilities | | **10,532,279** | 8,602,445 |

| | Notes | **31 December 2019** **RMB'000** | 31 December 2018 RMB'000 |
|---|---|---|---|
| NET CURRENT LIABILITIES | | **(3,076,829)** | (2,184,272) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **35,422,501** | 30,558,383 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | **1,308,953** | – |
| Finance lease payables | | **–** | 1,269,309 |
| Interest-bearing bank and other borrowings | | **19,093,168** | 16,683,183 |
| Other payables and accruals | | **225,007** | 183,954 |
| Deferred tax liabilities | | **45,717** | 25,385 |
| Total non-current liabilities | | **20,672,845** | 18,161,831 |
| Net assets | | **14,749,656** | 12,396,552 |
| EQUITY | | | |
| **Equity attributable to owners of the Company** | | | |
| Issued share capital | | **3,715,160** | 3,715,160 |
| Reserves | | **8,101,229** | 6,321,197 |
| | | **11,816,389** | 10,036,357 |
| Non-controlling interests | | **2,933,267** | 2,360,195 |
| Total equity | | **14,749,656** | 12,396,552 |

## 1. CORPORATE AND GROUP INFORMATION

China Suntien Green Energy Corporation Limited (the "Company") was established as a joint stock company with limited liability on 9 February 2010 in the PRC. The registered office of the Company is located at 9th Floor, Block A, Yuyuan Plaza, No. 9 Yuhua West Road, Shijiazhuang, Hebei Province, the PRC.

The Company's H shares were issued and listed on the Main Board of The Stock Exchange of Hong Kong Limited ("The Hong Kong Stock Exchange") in 2010.

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the investment, development, management and operation of wind power and solar energy generation, sale of natural gas and gas appliances, and the connection and construction of natural gas pipelines.

In the opinion of the directors of the Company (the "Directors"), the holding company and the ultimate holding company of the Company is Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司, "HECIC"), a state-owned enterprise in the PRC.

## 2.1 BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the equity investments and bills receivable which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

**Going concern**

As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately RMB3,077 million. The directors of the Company have considered the Group's available sources of funds as follows:

- the Group's expected net cash inflows from operating activities in 2020
- unutilised banking and other financial institution facilities aggregating to the extent of approximately RMB30,889 million as at 31 December 2019
- other available sources of financing from banks and other financial institutions given the Group's credit history

The directors of the Company believe that the Group has adequate resources to continue operations for the foreseeable future, which is at least twelve months from 31 December 2019. The directors of the Company therefore are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

**Basis of consolidation**

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

| | |
|---|---|
| Amendments to IFRS 9 | *Prepayment Features with Negative Compensation* |
| IFRS 16 | *Leases* |
| Amendments to IAS 19 | *Plan Amendment, Curtailment or Settlement* |
| Amendments to IAS 28 | *Long-term Interests in Associates and Joint Ventures* |
| IFRIC-Int 23 | *Uncertainty over Income Tax Treatments* |
| *Annual Improvements to IFRSs 2015-2017 Cycle* | *Amendments to IFRS 3, IFRS 11, IAS 12 and IAS23* |

## 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) Natural gas-this segment engages in the sale of natural gas and gas appliances and the provision of construction and connection services of natural gas pipelines.

(b) Wind power and solar energy-this segment develops, manages and operates wind power and solar energy plants and generates electric power for sales to external power grid companies.

Management monitors the operating results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss after tax. The adjusted profit or loss after tax is measured consistently with the Group's profit after tax except that interest income and head office and corporate expenses are excluded from measurement.

Segment assets exclude the unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude the unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31 December 2019 and 2018.

**Year ended 31 December 2019**

| | Natural gas *RMB'000* | Wind power and solar energy *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **Segment revenue** *(note 4)* | | | |
| Sales to external customers | **7,984,269** | **3,954,928** | **11,939,197** |
| Intersegment sales | – | – | – |
| Total revenue | **7,984,269** | **3,954,928** | **11,939,197** |
| **Segment results** | **874,639** | **2,243,626** | **3,118,265** |
| Interest income | **4,198** | **7,893** | **12,091** |
| Finance costs | **(106,648)** | **(754,173)** | **(860,821)** |
| Income tax expense | **(169,719)** | **(186,528)** | **(356,247)** |
| Profit of segments for the year | **602,470** | **1,310,818** | **1,913,288** |
| Unallocated revenue | – | – | **4,036** |
| Unallocated cost | – | – | **(1,104)** |
| Unallocated interest income | – | – | **4,843** |
| Corporate and other unallocated expenses | – | – | **(87,116)** |
| Unallocated income tax expense | – | – | **(60)** |
| Unallocated finance costs | – | – | **(14,513)** |
| Unallocated share of profits and losses of an associate | – | – | **8,568** |
| Profit for the year | | | **1,827,942** |
| **Segment assets** | **7,536,964** | **37,606,662** | **45,143,626** |
| Corporate and other unallocated assets | – | – | **811,154** |
| Total assets | | | **45,954,780** |
| **Segment liabilities** | **4,153,356** | **26,214,968** | **30,368,324** |
| Corporate and other unallocated liabilities | – | – | **836,800** |
| Total liabilities | | | **31,205,124** |

| | Natural gas | Wind power and solar energy | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other segment information:** | | | |
| Impairment/(reversal) of trade and bills receivables, net | **26,261** | **(35,301)** | **(9,040)** |
| Impairment of prepayments, deposits and other receivables, net | **(1,947)** | **(23,542)** | **(25,489)** |
| Unallocated Impairment of other receivables, net | **–** | **–** | **(394)** |
| impairment of property, plant and equipment | **(6,988)** | **(87)** | **(7,075)** |
| Depreciation and amortisation | **(150,519)** | **(1,234,419)** | **(1,384,938)** |
| Unallocated depreciation and amortisation | **–** | **–** | **(5,417)** |
| | | | **(1,390,355)** |
| Share of losses of a joint venture | **(7,071)** | **–** | **(7,071)** |
| Share of profits and losses of associates | **173,924** | **39,562** | **213,486** |
| Unallocated share of profits and losses of an associate | **–** | **–** | **8,568** |
| Investments in associates | **1,253,987** | **766,953** | **2,020,940** |
| Investments in joint ventures | **46,127** | **33,691** | **79,818** |
| Unallocated investments in an associate | **–** | **–** | **201,473** |
| Capital expenditure* | **841,352** | **5,773,286** | **6,614,638** |
| Unallocated capital expenditure* | **–** | **–** | **9,581** |
| | | | **6,624,219** |

**Year ended 31 December 2018**

| | Natural gas *RMB'000* | Wind power and solar energy *RMB'000* | Total *RMB'000* |
|---|---|---|---|
| **Segment revenue** *(note 4)* | | | |
| Sales to external customers | 6,550,854 | 3,422,314 | 9,973,168 |
| Intersegment sales | – | – | – |
| Total revenue | 6,550,854 | 3,422,314 | 9,973,168 |
| **Segment results** | 640,272 | 1,941,738 | 2,582,010 |
| Interest income | 3,412 | 9,078 | 12,490 |
| Finance costs | (82,508) | (688,762) | (771,270) |
| Income tax expense | (95,638) | (72,327) | (167,965) |
| Profit of segments for the year | 465,538 | 1,189,727 | 1,655,265 |
| Unallocated revenue | – | – | 2,241 |
| Unallocated interest income | – | – | 2,038 |
| Corporate and other unallocated expenses | – | – | (75,776) |
| Unallocated income tax expense | – | – | (29) |
| Unallocated finance costs | – | – | (13,979) |
| Unallocated share of profits and losses of an associate | – | – | 7,263 |
| Profit for the year | | | 1,575,164 |
| **Segment assets** | 6,335,983 | 31,986,944 | 38,322,927 |
| Corporate and other unallocated assets | – | – | 837,901 |
| Total assets | | | 39,160,828 |
| **Segment liabilities** | 4,085,424 | 22,373,664 | 26,459,088 |
| Corporate and other unallocated liabilities | – | – | 305,188 |
| Total liabilities | | | 26,764,276 |
| **Other segment information:** | | | |
| Unallocated Impairment of other receivables | – | – | (468) |
| Impairment of prepayments, deposits and other receivables, net | (1,714) | (4,424) | (6,138) |
| Impairment/(reversal) of trade and bills receivables, net | (167,894) | 410 | (167,484) |
| Impairment of intangible assets | (14,433) | – | (14,433) |
| impairment of property, plant and equipment | (5,950) | – | (5,950) |
| Impairment of goodwill | (8,254) | – | (8,254) |
| Depreciation and amortisation | (120,759) | (1,057,366) | (1,178,125) |
| Unallocated depreciation and amortisation | – | – | (3,939) |
| | | | (1,182,064) |

| | Natural gas<br>*RMB'000* | Wind power and solar energy<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|
| Share of losses of a joint venture | (5,774) | – | (5,774) |
| Share of profits and losses of associates | 250,363 | 38,013 | 288,376 |
| Unallocated share of profits and losses of an associate | – | – | 7,263 |
| Investments in associates | 944,632 | 644,281 | 1,588,913 |
| Investments in joint ventures | 58,555 | 27,921 | 86,476 |
| Unallocated investments in an associate | – | – | 242,292 |
| Capital expenditure* | 638,546 | 4,484,152 | 5,122,698 |
| Unallocated capital expenditure* | – | – | 2,107 |
| | | | 5,124,805 |

*Note:*

* Capital expenditure mainly consists of additions to property, plant and equipment, prepaid land lease payments and intangible assets as well as the non-current prepayment on acquisition of items of property, plant and equipment.

**Geographical information**

No further geographical segment information is presented as the Group's revenue is derived from customers based in Mainland China, and the Group's non-current assets are located in Mainland China.

**Information about major customers**

For the year ended 31 December 2019, revenue generated from sales to a single customer in the wind power and solar energy segment amounting to RMB2,474,365,000 (2018: RMB2,223,581,000) individually accounted for over 10% of the Group's total revenue.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Revenue from contracts with customers** | **11,930,744** | 9,965,463 |
| **Revenue from other sources** | | |
| Gross rental income | **12,489** | 9,946 |
| | **11,943,233** | 9,975,409 |

**Revenue from contracts with customers**

***(i) Disaggregated revenue information***

**For the year ended 31 December 2019**

| **Segments** | **Natural gas** | **Wind power and solar energy** | **Total** |
|---|---|---|---|
| | ***RMB'000*** | ***RMB'000*** | ***RMB'000*** |
| **Type of goods or services** | | | |
| Sale of natural gas | **7,762,868** | **–** | **7,762,868** |
| Sale of electricity | **–** | **3,939,283** | **3,939,283** |
| Construction and connection of natural gas pipelines | **143,571** | **–** | **143,571** |
| Natural gas transportation revenue | **63,482** | **–** | **63,482** |
| Wind power services | **–** | **4,721** | **4,721** |
| others | **11,572** | **5,247** | **16,819** |
| Total revenue from contracts with customers* | **7,981,493** | **3,949,251** | **11,930,744** |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | **7,764,431** | **3,941,361** | **11,705,792** |
| Services transferred over time | **217,062** | **7,890** | **224,952** |
| Total revenue from contracts with customers | **7,981,493** | **3,949,251** | **11,930,744** |

* All the revenue from contracts with customers is generated from Mainland China.

**For the year ended 31 December 2018**

| Segments | Natural gas<br>*RMB'000* | Wind power and solar energy<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|
| **Type of goods or services** | | | |
| Sale of natural gas | 6,330,787 | – | 6,330,787 |
| Sale of electricity | – | 3,413,579 | 3,413,579 |
| Construction and connection of natural gas pipelines | 172,348 | – | 172,348 |
| Natural gas transportation revenue | 36,242 | – | 36,242 |
| Wind power services | – | 2,722 | 2,722 |
| others | 8,824 | 961 | 9,785 |
| Total revenue from contracts with customers* | 6,548,201 | 3,417,262 | 9,965,463 |
| **Timing of revenue recognition** | | | |
| Goods transferred at a point in time | 6,332,730 | 3,413,579 | 9,746,309 |
| Services transferred over time | 215,471 | 3,683 | 219,154 |
| Total revenue from contracts with customers | 6,548,201 | 3,417,262 | 9,965,463 |

* All the revenue from contracts with customers is generated from Mainland China.

*(ii) **Performance obligations***

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

*Sale of natural gas*

The performance obligation is satisfied upon delivery of the natural gas and payment in advance is normally required. No contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

*Sale of electricity*

The performance obligation is satisfied upon delivery of the electricity and payment is generally due within 30 days from delivery, except for the subsidy for renewable energy tariff, where payment has no fixed terms of settlement. No contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

*Construction and connection of natural gas pipelines*

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

The remaining performance obligations are expected to be recognised within one year.

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| **Other income and gains, net** | | |
| Value-added tax refunds | **91,148** | 38,821 |
| Gain from equity investments designated at fair value through other comprehensive income | **6,850** | 4,694 |
| Bank interest income | **16,934** | 14,528 |
| Certified Emission Reductions ("CERs") income, net | **252** | 1,102 |
| Government grants | **4,957** | 4,665 |
| Others | **50,750** | 36,465 |
| | **170,891** | 100,275 |

## 5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | Notes | 2019<br>*RMB'000* | 2018<br>*RMB'000* |
|---|---|---|---|
| Cost of goods sold | | **8,547,158** | 6,985,328 |
| Cost of services rendered | | **90,663** | 130,236 |
| Total cost of sales | | **8,637,821** | 7,115,564 |
| Depreciation of property, plant and equipment *(note a)* | | **1,183,699** | 1,061,696 |
| Depreciation of investment properties | | **1,105** | 1,391 |
| Depreciation of right-of-use assets | | **97,908** | – |
| Amortisation of prepaid land lease payments | | **–** | 13,166 |
| Amortisation of intangible assets | | **107,643** | 105,811 |
| Total depreciation and amortisation | | **1,390,355** | 1,182,064 |
| Lease payments not included in the measurement of lease liabilities | | **12,649** | – |
| Minimum lease payments under operating leases of land and buildings | | **–** | 23,349 |
| Auditor's remuneration | | **7,193** | 6,491 |
| Employee benefit expenses (including directors', supervisors' and chief executive's remuneration): | | | |
| Wages, salaries and allowances | | **370,616** | 303,057 |
| Pension scheme contributions (defined contribution schemes) *(note b)* | | **65,583** | 44,354 |
| Welfare and other expenses | | **123,725** | 91,776 |
| | | **559,924** | 439,187 |
| (Gain)/loss on disposal of items of property, plant and equipment, net | | **(68)** | 12,328 |
| Foreign exchange loss/(gain), net | | **1,866** | 4,365 |
| Reversal of impairment of trade receivables | *10* | **(30,870)** | (10,105) |
| Impairment of trade receivables | *10* | **39,910** | 177,589 |
| Impairment of prepayments, deposits and other receivables | | **31,465** | 7,816 |
| Reversal of impairment of prepayment, deposits and other receivables | | **(5,582)** | (1,210) |
| Impairment of goodwill | | **–** | 8,255 |
| Impairment of intangible assets | | **–** | 14,433 |
| Impairment of construction in progress | | **7,075** | 5,950 |
| Rental income on investment properties | | **(2,108)** | (2,142) |
| Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties | | **1,003** | 1,391 |

*Notes:*

(a) Depreciation of approximately RMB1,334,352,000 (2018: RMB1,037,724,000) is included in the cost of sales on the face of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

(b) All of the Group's full-time employees in Mainland China are covered by various government-sponsored retirement plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group is required to make monthly contributions to these plans at 20% of the employees' salaries. Contributions to these plans are expensed as incurred. As at 31 December 2019 and 2018, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

## 6. FINANCE COSTS

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Interest on bank loans and other borrowings wholly repayable within five years | **721,831** | 614,858 |
| Interest on bank loans and other borrowings wholly repayable beyond five years | **321,319** | 311,209 |
| Interest on lease liabilities | **54,936** | – |
| Interest on finance leases | **–** | 48,688 |
| Total interest expense | **1,098,086** | 974,755 |
| Less: Interest capitalised to items of property, plant and equipment | **(222,752)** | (172,210) |
| | **875,334** | 802,545 |
| Other finance costs: | | |
| Discounted amounts of non-current portion of trade receivables charged/(reversed) | **–** | (17,296) |
| | **875,334** | 785,249 |

Borrowing costs capitalised for the year are calculated by applying the following capitalisation rates per annum to expenditure on qualifying assets:

| | **2019** | 2018 |
|---|---|---|
| Capitalisation rates | **2.7%-6.3%** | 3.1%-5.9% |

## 7. INCOME TAX EXPENSE

Pursuant to Caishui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知), certain subsidiaries of the Company, which were set up after 1 January 2008 and are engaged in public infrastructure projects, are entitled to a tax holiday of a three-year full exemption followed by a three-year 50% exemption commencing from their respective first years generating operating income (the "3+3 tax holiday"). As at 31 December 2019, certain entities were in the process of enjoying the 3+3 tax holiday, keeping the relevant documents in case of the investigation of the respective tax authorities.

Under the relevant PRC Corporate Income Tax Law and respective regulations, except for certain preferential treatments available to certain subsidiaries of the Company as mentioned above, the PRC entities within the Group were subject to corporate income tax at a rate of 25% during the years ended 31 December 2019 and 2018.

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits in Hong Kong for the years ended 31 December 2019 and 2018.

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Current income tax – Mainland China | **334,579** | 212,025 |
| Deferred income tax | **21,728** | (44,031) |
| Tax charge for the year | **356,307** | 167,994 |

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate applicable to the Company to the income tax expense at the Group's effective income tax rate for the year is as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Profit before tax | **2,184,249** | 1,743,158 |
| Income tax charge at the statutory income tax rate of 25% | **546,062** | 435,789 |
| Effect of tax exemption for specific locations or enacted by local authorities | **(194,036)** | (247,289) |
| Deductible temporary differences not recognised | **4,243** | 9,883 |
| Tax effect of share of profits and losses of associates | **(55,514)** | (73,915) |
| Tax effect of share of profits and losses of joint ventures | **1,768** | 1,449 |
| Non-taxable income | **(1,712)** | (1,077) |
| Expenses not deductible for tax | **4,803** | 2,071 |
| Tax losses not recognised | **58,477** | 43,554 |
| Tax losses utilised from previous periods | **(7,784)** | (2,471) |
| Tax charge for the year at the effective rate | **356,307** | 167,994 |

## 8. DIVIDENDS

Currently, the Company is actively proceeding on the work of initial public offering and listing of A shares (the "**A Share Offering**"). In order to ensure the smooth progress of the A Share Offering and complete the listing plan as soon as possible, the Board does not recommend the distribution of final dividend for the year ended 31 December 2019. After the completion of the A Share Offering, the Company will consider the distribution of profits to new and existing shareholders in a timely manner based on its profitability and financial capabilities. Specific arrangements will be made after such decision is made in accordance with the articles of association and relevant laws and regulations.

At the annual general meeting held on 11 June 2019, the Company's shareholders approved the payment of the final dividend for the year ended 31 December 2018 of RMB0.125 per share, which amounted to RMB464,395,000 and was settled in full in July 2019.

Pursuant to the State Administration of Taxation Circular Guoshuihan [2008] No. 897, the Company is required to withhold a 10% enterprise income tax when it distributes dividends to its non-resident enterprise shareholders out of the profit earned in 2008 and beyond. In respect of the shareholders who are not individuals with names appearing on the Company's register of members, who are considered as non-resident enterprise shareholders, the Company will distribute the dividend after deducting the enterprise income tax at the rate of 10%.

Due to the repeal of Guoshuifa [1993] No. 45 Circular on the Questions Concerning Tax on the Profits Earned by Enterprises with Foreign Investment, Foreign Enterprises and Individual Foreigners from the Transfer of Stocks (Stock Rights) and on Dividend Income (關於外商投資企業、外國企業和外籍個人取得股票(股權)轉讓收益和股息所得稅收問題的通知(國稅發[1993]45號)), the Company is required from 4 January 2011 under the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) and its implementation rules and regulations to withhold and pay individual income tax at rates ranging from 10% to 20% when it distributes dividends to its non-PRC resident individual shareholders out of the profit earned in 2010 and beyond.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the years ended 31 December 2019 and 2018 is based on the respective profits attributable to ordinary equity holders of the Company for those years, and the respective weighted average numbers of ordinary shares in issue during those years.

For the financial instruments classified as equity, the distributions are cumulative, the undeclared amount of the cumulative distributions is deducted in arriving at earnings for the purposes of the basic earnings per share calculation.

The Company did not have any dilutive potential ordinary shares during the years ended 31 December 2019 and 2018.

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Earnings: | | |
| Profit attributable to ordinary equity holders of the parent | **1,414,786** | 1,268,506 |
| Less: Distribution relating to the first tranche of 2018 renewable green corporate bonds (i) | **(35,164)** | (28,717) |
| Less: Distribution relating to the first tranche of 2019 renewable green corporate bonds (ii) | **(35,760)** | – |
| Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation | **1,343,861** | 1,239,789 |

| | **Number of shares** | |
|---|---|---|
| | **2019** | 2018 |
| Shares: | | |
| Weighted average number of ordinary shares in issue during the years used in the basic earnings per share calculation | **3,715,160,396** | 3,715,160,396 |

(i) The first tranche of 2018 renewable green corporate bonds issued by the Company in March 2018 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest which has been generated but not yet declared, from 1 January 2019 to 31 December 2019 and from issue date to 31 December 2018, was deducted from earnings when calculating the earnings per share for the year ended 31 December 2019 and the year ended 31 December 2018 respectively.

(ii) The first tranche of 2019 renewable green corporate bonds issued by the Company in March 2019 were classified as other equity instruments with deferrable cumulative interest distribution and payment. The interest which has been generated but not yet declared, from issue date to 31 December 2019, was deducted from earnings when calculating the earnings per share for the year ended 31 December 2019.

**10. Trade and bills receivables**

The majority of the Group's revenues are generated through the sale of natural gas and electricity. The credit periods offered by the Group to customers of natural gas and electricity generally range from one month to two months. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group holds collateral or other credit enhancements over certain receivable balances. Trade and bills receivables are non-interest-bearing.

| | **31 December 2019** | 31 December 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Trade receivables | **4,049,603** | 3,331,078 |
| Bills receivable | **451,561** | 491,465 |
| Impairment | **(535,516)** | (526,476) |
| | **3,965,648** | 3,296,067 |

As part of its normal business, the Group endorsed some of its bills receivable to suppliers of the Group for the purchase of items of property, plant and equipment. Bills receivable is held within a business model whose objective is achieved by both collecting contractual cash flows and selling bills receivable. Therefore, from 1 January 2019, the Group classified bills receivable presented in trade and bills receivable as at 31 December 2019 amounting RMB451,561,157 as financial assets measured at fair value through other comprehensive income.

Included in the trade receivables as at 31 December 2019 were receivables under two service concession arrangements in the aggregate amount of RMB209,656,000 (31 December 2018: RMB190,528,000).

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

| | **31 December 2019** | 31 December 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **1,212,046** | 1,286,461 |
| 3 to 6 months | **521,248** | 397,264 |
| 6 months to 1 year | **869,541** | 804,586 |
| 1 to 2 years | **1,106,148** | 698,670 |
| 2 to 3 years | **195,295** | 65,166 |
| Over 3 years | **61,370** | 43,920 |
| | **3,965,648** | 3,296,067 |

The movements in the loss allowance for impairment of trade receivables are as follows:

| | **2019** | 2018 |
|---|---|---|
| | ***RMB'000*** | *RMB 000* |
| At 1 January | **526,476** | 358,992 |
| Impairment losses recognised *(note 5)* | **39,910** | 177,589 |
| Reversal *(note 5)* | **(30,870)** | (10,105) |
| At 31 December | **535,516** | 526,476 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

**As at 31 December 2019**

| | **Gross carrying amount** *RMB'000* | **Expected credit losses** *RMB'000* |
|---|---|---|
| Individual evaluation of expected credit losses | **481,387** | **481,387** |
| Assessment of expected credit losses by credit risk portfolio | **3,568,216** | **54,129** |
| | **4,049,603** | **535,516** |

| | **Benchmark electricity price and the subsidy for renewable energy tariff** | **Less than 1 year** | **1 to 2 years** | **2 to 3 years** | **Over 3 years** | **Total** |
|---|---|---|---|---|---|---|
| Expected credit loss rate | **1%** | **5.28%** | **30.00%** | **50.00%** | **100.00%** | **1.52%** |
| Gross carrying amount (RMB'000) | **3,505,480** | **40,554** | **6,405** | **1,528** | **14,249** | **3,568,216** |
| Expected credit losses (RMB'000) | **35,055** | **2,140** | **1,921** | **764** | **14,249** | **54,129** |

As at 31 December 2018

| | **Gross carring amount** *RMB'000* | **Expected credit losses** *RMB'000* |
|---|---|---|
| Individual evaluation of expected credit losses | 553,515 | 509,014 |
| Assessment of expected credit losses by credit risk portfolio | 2,777,563 | 17,462 |
| | 3,331,078 | 526,476 |

| | Benchmark electricity price and the subsidy for renewable energy tariff | Less than 1year | 1 to 2 years | 2 to 3 years | Over 3 years | Total |
|---|---|---|---|---|---|---|
| Expected credit loss rate | – | 0.35% | 30.00% | 50.00% | 100.00% | 14.11% |
| Gross carrying amount (RMB'000) | 2,653,839 | 100,312 | 4,858 | 5,792 | 12,762 | 2,777,563 |
| Expected credit losses (RMB'000) | – | 347 | 1,457 | 2,896 | 12,762 | 17,462 |

## 11. Trade and bills payables

Trade and bills payables are non-interest-bearing and are normally settled within six months.

| | **31 December 2019** *RMB'000* | 31 December 2018 *RMB'000* |
|---|---|---|
| Bills payable | **39,213** | 74,315 |
| Trade payables | **97,350** | 74,130 |
| | **136,563** | 148,445 |

An ageing analysis of the Group's trade and bills payables, based on the invoice date, as at the reporting date is as follows:

| | **31 December 2019** *RMB'000* | 31 December 2018 *RMB'000* |
|---|---|---|
| Within 6 months | **107,030** | 133,539 |
| 6 months to 1 year | **18,810** | 4,112 |
| 1 to 2 years | **5,024** | 6,214 |
| 2 to 3 years | **3,424** | 1,570 |
| More than 3 years | **2,275** | 3,010 |
| | **136,563** | 148,445 |