龍源電力集團股份有限公司

CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

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

(Stock Code: 00916)

Results Announcement For The Year Ended 31 December 2018

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2018, revenue amounted to RMB26,388 million, representing an increase of 7.3% over last year
- For the year ended 31 December 2018, profit before taxation amounted to RMB5,897 million, representing an increase of 7.9% over last year
- For the year ended 31 December 2018, net profit attributable to equity holders of the Company amounted to RMB4,166 million, representing an increase of 8.3% over last year
- For the year ended 31 December 2018, earnings per share amounted to RMB0.4883, representing an increase of RMB0.0294 over last year

The board of directors (the "**Board**") of China Longyuan Power Group Corporation Limited* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018, together with comparative figures for the corresponding period in 2017. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

(Expressed in thousands of Renminbi unless otherwise stated)

	Note	**2018**	2017
		RMB'000	*RMB'000*
Revenue	5	**26,387,923**	24,591,616
Other net income	6	**917,476**	712,328
Operating expenses			
Depreciation and amortisation		**(7,286,259)**	(6,798,303)
Coal consumption		**(2,464,806)**	(2,475,402)
Coal sales costs		**(3,150,753)**	(3,762,103)
Service concession construction costs		**(14,112)**	(74,227)
Personnel costs		**(2,074,951)**	(1,676,599)
Material costs		**(192,440)**	(233,075)
Repairs and maintenance		**(818,624)**	(621,689)
Administration expenses		**(588,461)**	(541,791)
Other operating expenses		**(1,472,961)**	(783,828)
		(18,063,367)	(16,967,017)
Operating profit		**9,242,032**	8,336,927
Finance income		**211,687**	208,011
Finance expenses		**(3,724,382)**	(3,423,410)
Net finance expenses	7	**(3,512,695)**	(3,215,399)
Share of profits less losses of associates and joint ventures		**167,499**	343,862
Profit before taxation	8	**5,896,836**	5,465,390
Income tax	9	**(975,616)**	(915,692)
Profit for the year		**4,921,220**	4,549,698

	Note	2018 RMB'000	2017 RMB'000
Other comprehensive (loss)/income:			
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		**(112,543)**	–
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**–**	3,025
Available-for-sale financial assets:			
Changes in fair value, net of tax		**–**	(6,798)
Exchange difference on translation of foreign operation		**(116,386)**	111,200
Exchange difference on net investment in overseas subsidiaries		**(69,730)**	126,855
Other comprehensive (loss)/income for the year, net of tax	10	**(298,659)**	234,282
Total comprehensive income for the year		**4,622,561**	4,783,980
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**3,923,809**	3,688,053
– Perpetual medium-term notes holders		**242,000**	157,937
Non-controlling interests		**755,411**	703,708
Profit for the year		**4,921,220**	4,549,698

	Note	**2018**	2017
		RMB'000	*RMB'000*
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**3,644,575**	3,911,377
– Perpetual medium-term notes holders		**242,000**	157,937
Non-controlling interests		**735,986**	714,666
Total comprehensive income for the year		**4,622,561**	4,783,980
Basic and diluted earnings per share *(RMB cents)*	11	**48.83**	45.89

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

(Expressed in thousands of Renminbi unless otherwise stated)

	Note	**2018**	2017
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**110,000,510**	109,473,406
Investment properties		**9,591**	10,319
Lease prepayments		**2,152,429**	2,164,613
Intangible assets		**8,109,681**	8,692,170
Goodwill		**61,490**	61,490
Investments in associates and joint ventures		**4,549,432**	4,471,899
Other assets		**3,688,776**	3,468,257
Deferred tax assets		**146,376**	170,709
Total non-current assets		**128,718,285**	128,512,863
Current assets			
Inventories		**851,973**	953,366
Trade and bills receivables	12	**10,541,524**	7,154,516
Prepayments and other current assets		**2,818,545**	3,629,367
Tax recoverable		**210,578**	102,065
Other financial assets		**249,080**	177,813
Restricted deposits		**253,090**	33,471
Cash at banks and on hand		**2,861,261**	5,071,579
Total current assets		**17,786,051**	17,122,177

	Note	2018 RMB'000	2017 RMB'000
Current liabilities			
Borrowings		**28,335,804**	35,774,163
Trade and bills payables	13	**2,058,877**	1,890,907
Other current liabilities		**9,121,974**	9,219,817
Obligations under finance leases		**53,945**	46,000
Tax payable		**209,668**	228,531
Total current liabilities		**39,780,268**	47,159,418
Net current liabilities		**(21,994,217)**	(30,037,241)
Total assets less current liabilities		**106,724,068**	98,475,622
Non-current liabilities			
Borrowings		**46,644,884**	41,620,177
Obligations under finance leases		**361,478**	414,945
Deferred income		**1,449,938**	1,553,605
Deferred tax liabilities		**164,260**	161,694
Other non-current liabilities		**1,537,715**	1,425,919
Total non-current liabilities		**50,158,275**	45,176,340
NET ASSETS		**56,565,793**	53,299,282
CAPITAL AND RESERVES			
Share capital		**8,036,389**	8,036,389
Perpetual medium-term notes		**4,991,000**	4,991,000
Reserves		**36,209,041**	33,098,462
Total equity attributable to equity holders of the Company		**49,236,430**	46,125,851
Non-controlling interests		**7,329,363**	7,173,431
TOTAL EQUITY		**56,565,793**	53,299,282

NOTES

1 STATEMENT OF COMPLIANCE

These financial statements set out in this report have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which is a collective term that includes all applicable International Financial Reporting Standards, International Accounting Standards ("**IAS**") and interpretations promulgated by the International Accounting Standards Board (the "**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance.

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2018.

Going concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2018 amounting to RMB21,994,217,000. The directors are of the opinion that, based on a review of the forecasted cash flows and the availability of unutilised banking facility, the Group will have sufficient liquid funds to finance its operation and capital expenditure.

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the annual consolidated financial statements for the year ended 31 December 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018. The nature and effect of these changes are disclosed below:

(a) IFRS 9 Financial Instruments

IFRS 9 replaces of IAS 39 Financial Instruments: *Recognition and Measurement* from 1 January 2018.

The comparative information is not restated and the Group recognised any transition adjustments in relation to the adoption of IFRS 9 against the opening balance of equity at 1 January 2018 as further disclosed below.

(i) Classification and measurement

On initial application of IFRS 9, the available-for-sale equity investments have been reclassified and measured at fair value through other comprehensive income ("**FVOCI**"). These equity investments are subsequently measured at fair value. Dividends from the investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed and classified its financial assets into the appropriate IFRS 9 categories. The main effects resulting from the reclassification were as follows:

Financial assets – 1 January 2018	Measured at fair value through profit or loss ("FVPL") *RMB'000*	Reclassified and measured at FVOCI (Available-for-sale in 2017) *RMB'000*	Measured at amortised cost (Receivables in 2017) *RMB'000*
Closing balance as at 31 December 2017 under IAS 39	77,813	862,517	14,052,027
Fair value adjustment of unquoted equity investments previously stated at cost which are now categorised as equity investments at FVOCI	–	192,914	–
Opening balance as at 1 January 2018 under IFRS 9	77,813	1,055,431	14,052,027

The impact on the Group's equity as at 1 January 2018 was as follows:

	Fair value reserve *RMB'000*
Closing balance as at 31 December 2017 under IAS 39	9,006
Reclassification of investments from available-for-sale to FVOCI	192,914
Opening balance as at 1 January 2018 under IFRS 9	201,920

(ii) Impairment

IFRS 9 requires an entity to recognise a loss allowance on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected losses that were estimated based on the present values of all cash shortfalls over the remaining life of all of its trade and bills receivables. Furthermore, the Group has applied the general approach and recorded twelve-month expected credit losses that were estimated based on the possible default events on its other receivables within the next twelve months. The effect of adoption on the Group's financial statements was minimal.

(b) IFRS 15 Revenue from Contracts with Customers and its amendments

IFRS 15 supersedes IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 using the modified retrospective method to all contracts that are not completed at the date of initial application. The Group concluded that the transitional adjustment made on 1 January 2018 to retained earnings upon initial adoption of IFRS 15 was nil and the comparative information was not restated. It is because the Group recognised revenue upon the transfer of significant risks and rewards before the adoption, which coincides with the fulfilment of performance obligations. From 1 January 2018, revenue is recognised when a customer obtains control of a good or service and the customer has the ability to direct the use and obtain the benefits from the good or service. Additionally, the Group's contracts with customers generally have only one performance obligation.

The Group's revenue are substantially generated from the wind and coal power sale, steam sale, coal trading and other related business.

(i) Power and steam sale

The Group's contracts with customers for the power and steam generation and sale generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point in time and revenue continues to be recognised upon transmission to the customers. The adoption of IFRS 15 did not have an impact on the amount of revenue recognised.

(ii) Coal trading

Determining whether coal trading revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. Since the Group has sole discretion in determining the pricing, takes full responsibility of the good provided to the customers, and also is responsible for the risk associated with the goods before change of control over the goods, and the customers' complaints and requests, the Group considers that it controls the specified goods before their delivery to its customers. Accordingly, the Group recognises revenue on the gross basis.

(iii) Presentation and disclosure requirements

Note 5 has included the disclosures on disaggregated revenue and other disclosures required under IFRS15.

4 SEGMENT REPORTING

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

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

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

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

(a) Segment results, assets and liabilities

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

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

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

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2018 and 2017 is set out below:

For the year ended 31 December 2018:

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

For the year ended 31 December 2017:

	Wind power *RMB'000*	Coal power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers				
– Sales of electricity	15,981,487	3,202,356	477,787	19,661,630
– Others	16,617	4,787,413	51,729	4,855,759
Subtotal	15,998,104	7,989,769	529,516	24,517,389
Inter-segment revenue	–	–	375,017	375,017
Reportable segment revenue	15,998,104	7,989,769	904,533	24,892,406
Reportable segment profit (operating profit)	7,914,920	450,118	107,189	8,472,227
Depreciation and amortisation before inter-segment elimination	(6,253,075)	(378,250)	(204,134)	(6,835,459)
(Provision)/reversal of impairment losses of trade and other receivables	(7,317)	–	1,514	(5,803)
Provision of impairment losses of property, plant and equipment and lease prepayments	(40,762)	(58,056)	–	(98,818)
Interest income	15,577	18,661	15,258	49,496
Interest expense	(2,700,679)	(63,628)	(268,202)	(3,032,509)
Reportable segment assets	135,610,065	6,545,392	8,005,210	150,160,667
Expenditures for reportable segment non-current assets during the year	10,309,326	233,513	111,355	10,654,194
Reportable segment liabilities	93,277,588	3,873,681	10,233,880	107,385,149

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

	2018	2017
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**26,654,089**	24,892,406
Service concession construction revenue	**14,112**	74,227
Elimination of inter-segment revenue	**(280,278)**	(375,017)
Consolidated revenue	**26,387,923**	24,591,616
Profit		
Reportable segment profit	**9,413,828**	8,472,227
Elimination of inter-segment profits	**4,643**	31,792
	9,418,471	8,504,019
Share of profits less losses of associates and joint ventures	**167,499**	343,862
Net finance expenses	**(3,512,695)**	(3,215,399)
Unallocated head office and corporate expenses	**(176,439)**	(167,092)
Consolidated profit before taxation	**5,896,836**	5,465,390

	2018	2017
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**152,678,412**	150,160,667
Inter-segment elimination	**(10,483,146)**	(7,718,060)
	142,195,266	142,442,607
Investments in associates and joint ventures	**4,549,432**	4,471,899
Equity investments at fair value through other comprehensive income	**870,756**	–
Available-for-sale investments	**–**	38,319
Unquoted equity investments	**–**	724,198
Other financial assets	**249,080**	177,813
Tax recoverable	**210,578**	102,065
Deferred tax assets	**146,376**	170,709
Unallocated head office and corporate assets	**67,307,317**	64,997,717
Elimination	**(69,024,469)**	(67,490,287)
Consolidated total assets	**146,504,336**	145,635,040
Liabilities		
Reportable segment liabilities	**107,895,302**	107,385,149
Inter-segment elimination	**(15,371,456)**	(14,813,821)
	92,523,846	92,571,328
Tax payable	**209,668**	228,531
Deferred tax liabilities	**164,260**	161,694
Unallocated head office and corporate liabilities	**61,775,032**	60,077,277
Elimination	**(64,734,263)**	(60,703,072)
Consolidated total liabilities	**89,938,543**	92,335,758

(c) Geographical information

As the Group does not have material operations outside the People's Republic of China ("**PRC**"), no geographic segment reporting is presented.

(d) Major customers

Revenue from the PRC government-controlled power grid companies amounted to RMB21,295,653,000 for the year ended 31 December 2018 (2017: RMB19,388,696,000). All the service concession construction revenue is from the PRC government.

5 REVENUE

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

	2018	2017
	RMB'000	*RMB'000*
Sales of electricity	**21,895,372**	19,661,630
Sales of steam	**664,017**	619,844
Service concession construction revenue	**14,112**	74,227
Sales of coal	**3,261,970**	3,872,999
Others	**552,452**	362,916
	26,387,923	24,591,616

(i) Disaggregated revenue information:

For the year ended 31 December 2018

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

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

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

* Contract liabilities as at 1 January 2018 with total amount of RMB95,794,000 was recognised as revenue in 2018.

(ii) Performance obligations

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

Sales of electricity, steam and coal

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

Service concession construction revenue

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

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	RMB'000
Within one year	**88,692**
More than one year	**263,662**
	352,354

The remaining performance obligations expected to be recognised in more than one year related to service concession constructions that are to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

6 OTHER NET INCOME

	2018 ***RMB'000***	2017 *RMB'000*
Government grants	**761,446**	657,046
Rental income from investment properties	**35,945**	5,757
Gains on disposal of plant, property and equipment and lease prepayments	**39,551**	6,595
Others	**80,534**	42,930
	917,476	712,328

7 FINANCE INCOME AND EXPENSES

	2018	2017
	RMB'000	*RMB'000*
Interest income on financial assets	**111,065**	49,496
Dividend income	**58,594**	49,860
Net unrealised profits on trading securities and derivative financial instruments	**28,626**	19,068
Foreign exchange gains	**13,402**	89,587
Finance income	**211,687**	208,011
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,498,690**	3,047,711
Interest on bank and other borrowings repayable more than five years	**1,176,130**	264,766
Finance charges on obligations under finance leases	**19,852**	19,362
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(316,857)**	(299,330)
	3,377,815	3,032,509
Foreign exchange losses	**30,516**	59,146
Net unrealised losses on derivative financial instruments	**–**	217,141
Bank charges and others	**316,051**	114,614
Finance expenses	**3,724,382**	3,423,410
Net finance expenses	**(3,512,695)**	(3,215,399)

The borrowing costs have been capitalised at rates of 3.96% to 5.15% per annum for the year ended 31 December 2018 (2017: 3.92% to 4.89%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2018	2017
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**1,801,178**	1,475,867
Contributions to defined contribution retirement plans	**273,773**	200,732
	2,074,951	1,676,599

(b) Other items

	2018	2017
	RMB'000	*RMB'000*
Amortisation		
– lease prepayments	**84,104**	86,295
– intangible assets	**460,740**	384,881
Depreciation		
– investment properties	**731**	731
– property, plant and equipment	**6,740,684**	6,326,396
Provision of impairment losses		
– property, plant and equipment	**265,907**	98,818
– trade and other receivables	**248,202**	5,803
– intangible assets	**255**	–
Auditors' remuneration		
– annual audit service	**14,980**	16,680
– interim review service	**6,300**	6,300
Operating lease charges		
– plant and equipment	**15,449**	13,829
– properties	**41,264**	39,250
Cost of inventories	**5,807,999**	6,470,580

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

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

	2018	2017
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**964,101**	831,062
Under provision in respect of prior years	**14,290**	78,870
	978,391	909,932
Deferred tax		
Origination and reversal of temporary differences	**(2,775)**	5,760
	975,616	915,692

Notes:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2017 and 2018, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to relevant tax authorities' approvals.

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

Pursuant to CaiShui [2011] No.58, the Company's subsidiaries established in the Western Region of the PRC are entitled to the preferential income tax rate of 15% from 1 January 2011 to 31 December 2020.

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

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

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

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

	2018 ***RMB'000***	2017 *RMB'000*
Profit before taxation	**5,896,836**	5,465,390
Notional tax on profit before taxation	**1,474,209**	1,366,348
Tax effect of non-deductible expenses	**15,968**	25,032
Tax effect of share of profits less losses of associates and joint ventures	**(41,875)**	(85,966)
Tax effect of non-taxable income	**(266)**	(9,069)
Effect of differential tax rate of certain subsidiaries of the Group	**(545,889)**	(596,524)
Use of unrecognised tax losses in prior years	**(9,109)**	(12,404)
Tax effect of unused tax losses and deductible temporary differences not recognised	**61,600**	146,029
Under provision in respect of prior years	**14,290**	78,870
Others	**6,688**	3,376
Income tax	**975,616**	915,692

10 OTHER COMPREHENSIVE INCOME

	2018	2017
	RMB'000	*RMB'000*
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Equity investments at FVOCI:		
– Changes in fair value recognised during the year	**(84,675)**	–
– Tax expense	**(27,868)**	–
– Net of tax amount	**(112,543)**	–
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale financial assets:		
– Changes in fair value recognised during the year	**–**	(9,063)
– Tax expense	**–**	2,265
– Net of tax amount	**–**	(6,798)
Exchange difference on translation of foreign operations		
– Before and net of tax amount	**(116,386)**	111,200
Share of other comprehensive income of associates		
– Before and net of tax amount	**–**	3,025
Exchange difference on net investment in overseas subsidiaries		
– Before and net of tax amount	**(69,730)**	126,855
Other comprehensive (loss)/income	**(298,659)**	234,282

11 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the year ended 31 December 2018 of RMB3,923,809,000 (2017: RMB3,688,053,000) and the number of shares in issue during the year ended 31 December 2018 of 8,036,389,000 (2017: 8,036,389,000).

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

12 TRADE AND BILLS RECEIVABLES

	2018 ***RMB'000***	2017 *RMB'000*
Amounts due from third parties	**10,511,548**	7,149,127
Amounts due from fellow subsidiaries	**18,021**	14,967
Amounts due from associates	**25,113**	2,252
	10,554,682	7,166,346
Less: allowance for doubtful debts	**(13,158)**	(11,830)
	10,541,524	7,154,516
Analysed into:		
Trade receivables	**9,793,691**	6,378,040
Bills receivables	**747,883**	776,476
	10,541,524	7,154,516

(a) Ageing analysis

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**10,399,535**	7,146,070
Between 1 and 2 years	**140,886**	2,290
Between 2 and 3 years	**1,103**	157
Over 3 years	**–**	5,999
	10,541,524	7,154,516

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

(b) Impairment of trade and bills receivables

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

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**11,830**	10,431
Impairment losses recognised	**1,328**	5,399
Reversal of impairment losses	**–**	(4,000)
At 31 December	**13,158**	11,830

Impairment under IFRS 9 for the year ended 31 December 2018

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

Pursuant to CaiJian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in March 2012, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium has come into force since 2012 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. As at 31 December 2018, most of the Group's related projects have been approved for the tariff premium of renewable energy and certain projects are in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance. There is no due date for settlement. The trade receivables from tariff premium are fully recoverable considering there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

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

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

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

Bills receivables as at 31 December 2018 were all bank's acceptance bills with a maturity of one to six months, management considers the probability of default as minimal.

Impairment under IAS 39 for the year ended 31 December 2017

As at 31 December 2017, the Group's trade and bills receivables of RMB11,830,000 were individually determined to be impaired. The individually impaired receivables relate to balances that management assessed to be not recovered based on available information. Consequently, specific allowances for doubtful debts were recognised. The Group does not hold any collateral over these balances.

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017 *RMB'000*
Neither past due nor impaired	7,131,979
Past due with 1 year	10,343
Past due between 1 and 2 years	2,000
Past due between 2 and 3 years	5,558
Past due over 3 years	4,636
	7,154,516

Receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

All trade and bills receivables are expected to be recovered within one year.

13 TRADE AND BILLS PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Bills payables	**1,310,066**	1,366,778
Trade payables	**685,541**	261,420
Amounts due to associates	**43,694**	132,910
Amounts due to fellow subsidiaries	**19,576**	129,799
	2,058,877	1,890,907

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**1,699,853**	1,792,843
Between 1 and 2 years	**268,829**	53,070
Between 2 and 3 years	**48,695**	40,800
Over 3 years	**41,500**	4,194
	2,058,877	1,890,907

As at 31 December 2018 and 2017, all trade and bills payables are payable and expected to be settled within one year.

14 DIVIDENDS

	2018	2017
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.0977 per share (2017: RMB0.0918)	**785,155**	737,741

The directors of the Company resolved on 19 March 2019 that a dividend of RMB0.0977 per share is to be distributed to the shareholders for 2018, subject to approval of the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

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

I. INDUSTRY REVIEW

Operational Environment

In 2018, in consistent adherence to the overall keynote of seeking progress while maintaining stability in economic development, China implemented new development concepts and requirements on high-quality development. With the supply-side structural reform as the central task, China focused on the three critical battles against potential risk, poverty, and pollution and sped up in reforming and opening to the outside. As a result, China's economy made progress amid overall stability. However, the current economic operation faces uncertainties despite the overall stability. The structural adjustment, transformation and upgrading of the domestic economy are yet to be achieved; deep-seated structural conflicts in economic operation still exist; and the external environment is undergoing obvious changes. When the domestic intrinsic contradictions clash with external uncertainties, resonance effects are very likely to outbreak, which will bring challenges and pressures to the sustainable and stable development of China's economy.

In 2018, China's electricity supply and demand were roughly balanced on the whole. Based on the statistics of China Electricity Council, the power consumption across the country was 6,844.9 billion kWh, representing a year-on-year increase of 8.5%, 1.9 percentage points higher than that of 2017; and the total power generation across the country was 6,994.0 billion kWh, representing a year-on-year increase of 8.4%, 1.8 percentage points higher than that of 2017. In particular, grid-connected wind power generation amounted to 366.0 billion kWh, representing a year-on-year increase of 20.2%, and up by 0.5 percentage point over last year in terms of the percentage in nationwide power generation. The average utilisation hours of power generation facilities across the country in 2018 were 3,862 hours, representing an increase of 73 hours year-on-year, of which wind power utilisation hours were 2,095 hours, up by 146 hours year-on-year. The power generation capacity newly added through infrastructure construction across the country amounted to 124 GW, of which grid-connected capacity of wind power amounted to 21 GW. As at the end of 2018, the total power generation installed capacity across the country was 1,900 GW, representing a year-on-year increase of 6.5%, of which grid-connected capacity of wind power amounted to 184 GW, accounting for 9.7% of the total installed capacity.

Policy factors

In 2018, China issued various policies and specified the target in the development of the clean energy industry in China. In June 2018, the State Council promulgated and distributed the Opinion on Enhancing Protection of the Ecological Environment on All Fronts and Fighting the Battle of Pollution Control with Resolution (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的實施意見》), proposing to increase the use of clean energy, expand the channels for the consumption of clean energy and implement the policies on fully protected purchase of power generated with renewable energy. In July 2018, the State Council issued the Three-year Action Plan on Winning the Battle for Blue Sky Protection (《打贏藍天保衛戰三年行動計劃》), specifying that consumption of non-fossil energy shall account for 15% of the total energy consumption by 2020. China will develop hydropower in an orderly way and nuclear power in a safe and efficient way, optimise the development layout of wind and solar energy and develop biomass and geothermal energy based on local conditions. County-scale biomass heat and power cogeneration, biomass briquette-fueled boilers and biogenic natural gas are encouraged in resource eligible areas. It will also promote the consumption of renewable energy to address hydro, wind and solar power curtailment fundamentally.

The NDRC further implemented the arrangement of the CPC Central Committee to establish a long-term mechanism on clean energy consumption. The NDRC and the National Energy Administration ("**NEA**") jointly issued the Action Plan on Clean Energy Consumption (2018–2020) (清潔能源消納行動計劃) (2018–2020) (the "**Plan**") in October 2018, proposing to fundamentally solve the consumption of clean energy by 2020 and setting out clean energy consumption quota for each province or region. In particular, it specifies that the average utilisation rate of wind power shall be above 88% (striving for above 90%) and the wind power curtailment rate shall be below 12% (striving to be controlled within 10%) across the country in 2018. In 2019, it shall guarantee that the average utilisation rate of wind power shall be above 90% (striving for above 92%) and the wind power curtailment rate shall be below 10% (striving to be controlled below 8%) across the country. In 2020, it shall guarantee that the average utilisation rate of wind power shall reach the advanced level in the world (striving for above 95%) and the wind power curtailment rate shall be controlled at a reasonable level (striving to be controlled below 5%) across the country. Meanwhile, to address the consumption of wind power and other clean energy and establish the long-term mechanism for the consumption of clean energy, the Plan sets out relevant measures on optimising power layout and reasonably controlling the power development pace; speeding up the market-oriented reform of the power industry and displaying the adjustment function of the market; enhancing the guidance of macro policies to establish systems and mechanisms to the benefit of clean energy consumption; deeply exploring the potential in peak-shaving from the power side and fully improving the adjustment capacity of the power system; improving power grid infrastructure and giving full display to the power grid as a platform for resources allocation; promoting the interaction of generation, grid, load and energy storage and actively advancing the reform of the power consumption; and implementing the accountability system to enhance consumption appraisal and regulation standards.

The NEA, the leading energy authority, also introduced a series of measures to promote the rapid and healthy development of the renewable energy industry. In March 2018, the NEA issued the Notice on Guiding Opinions on Energy Work in 2018 (《關於印發2018年能源工作指導意見的通知》), setting out the overall plan on the development of renewable energy for the year and proposing to steadily promote the development of wind power and solar energy generation. According to the Notice, enhancement of investment monitoring and alarming mechanism on wind power and photovoltaic power projects is required in order to control the size of new construction in the regions with severe wind and solar power curtailment and achieve declines in the amount and rate of wind and photovoltaic power curtailment; key wind power bases shall be constructed in an orderly way to boost the construction of distributed wind power, low-speed wind power and offshore wind power projects; the establishment of grid parity wind power demonstration projects shall be vigorously promoted and the roadmap in relation thereto be prepared; and construction of wind power projects shall be carried forward progressively with the plan to commence construction of wind power projects in an aggregate capacity of approximately 25,000 MW, representing newly-added installed capacity of approximately 20,000 MW in the year. Efforts would be made to promote the preliminary work of wind power projects with an aggregate capacity of approximately 20,000 MW in certain areas. It requires to actively and steadily push forward the construction of offshore wind power projects, explore and advance the construction of offshore wind power demonstration projects in deep waters in Shanghai and speed up in pressing ahead the development of distributed wind power projects.

The Circular on Interim Administrative Measures for the Development and Construction of Distributed Wind Power Projects (《分散式風電項目開發建設暫行管理辦法的通知》), the Circular on Matters Concerning Easing Burdens of Enterprises in Renewable Energy Sector (《關於減輕可再生能源領域企業負擔有關事項的通知》) and the Circular on Improving and Perfecting the Working Mechanism on Establishment of the Trial Power Spot Market (《關於健全完善電力現貨市場建設試點工作機制的通知》) were promulgated by the NEA successively to set out provisions on developing distributed wind power projects, promoting the reduction of renewable energy cost, improving and perfecting the working mechanism on the establishment of the trial power spot market, etc.

In May 2018, the NEA issued the Circular on the 2018 Administrative Requirements of Wind Power Construction (《關於2018年度風電建設管理有關要求的通知》), which put forward requirements on strictly implementing plans and early warning requirements, giving priority to the consumption work, strictly implementing power delivery and consumption conditions, enforcing competitive allocation of wind projects, optimising the investment environment for the construction of wind power projects and actively promoting full consumption of wind power projects in the neighborhood. For newly added centralized onshore wind power projects located in provinces (autonomous regions and municipalities directly under the Central Government) that have not yet issued their respective wind power construction plans for 2018 and offshore wind power projects whose investors are not yet determined, the allocation and determination of on-grid tariffs shall be conducted through a competitive tender process while the original plans shall continue to apply for provinces (autonomous regions and municipalities directly under the Central Government) that have issued their respective wind power development plans for 2018 and offshore wind power projects whose investors have been determined. From 2019 onwards, a competitive tender process should be adopted for allocation and determination of on-grid tariffs of newly approved centralized onshore wind power projects in every province (autonomous region and municipality directly under the Central Government) and all offshore wind power projects. The wind power industry will see a new round of tariffs reduction and the market competition will be intensified.

After three rounds of opinion canvassing on the Circular on Implementing the Quota System for Renewable Energy Power (《關於實行可再生能源電力配額制的通知》) conducted by the NEA in March, September and November 2018, such document specifies the implementing procedure of the quota system on renewable energy power and the methods for determining the quota indicators of renewable energy power and verifying the fulfillment of the quota. Meanwhile, it also published the quota indicators of total renewable energy power and the renewable energy power other than hydropower for each province (autonomous region and municipality directly under the Central Government), respectively, which comprise restrictive indicators and incentive indicators. In addition to further promoting the consumption of renewable energy and relieving grid curtailment tension by virtue of policies, the implementation of the quota system will also provide a consumption mechanism in favor of the development of renewable energy and thus lay a systematic foundation for further advancing the energy production and consumption revolution in China.

II. BUSINESS REVIEW

1. Promoted production safety soundly and increased wind power generation steadily

In 2018, the Group followed the fundamental principle of improving the production and management system and carried out such tasks as research on institutional systems, implementation of safety measures, establishment of safe and civilized production standards, professional training and equipment management to accomplish the closed-loop management process and the work effectiveness and advance various tasks in relation to production safety in a solid manner.

In 2018, the Group strengthened the implementation of accountability system of production safety and formulated the Measures on Safety Monitoring and Assessment to standardize the assessment; it also further enhanced the system establishment and compiled the Working System on Safety Monitoring, which covers over 60 new safety provisions and provides system guarantee for safety monitoring. It promoted the risk prevention system across the Group, amended professional measures, sorted risk points in operations and prepared the corresponding prevention measures on safety to enhance the guarantee on operation safety. The Group organised trainings on safety skills and examinations on safety knowledge and mounted the event themed "castigating those violating regulations, preventing occurrence of accidents" on the warning day to establish the guarantee on safety culture and enhance the safety awareness and skills of all employees. It enhanced efforts in safety checks and modification, reinforced safety monitoring and inspections, identified safety hazards in an all-round way, designated responsible persons on the implementation of modification, monitored the closed loop for addressing issues and solved deep-rooted problems affecting safety. In addition, the Group launched equipment management and organised relevant departments to discuss and study to form unified thoughts and seek the best solutions. It also rolled out various technical transformation programs while actively coordinating with equipment manufacturers in equipment management to improve operation efficiency of the equipment. Following the business-driven principle and with the targets of improving the working efficiency and quality of wind farms and achieving safety management, the Group steadily facilitated the trial construction of intelligent wind farms and preliminarily realized overall supervision on the processes of operation, maintenance and repair, equipment and safety and enhanced the working efficiency and quality of wind farms.

The Group strictly implemented dual controls on grid curtailment rate and quantity. The Group further addressed grid curtailment management through a two-pronged approach as well as other methods to prevent risk backlashes. Internally, it performed stringent assessment on grid curtailment, deepened follow-up analysis on grid curtailment, established the emergency response mechanism on grid curtailment management and implemented the reporting and other systems on grid curtailment; externally, it strengthened marketing awareness and strove for additional transactions. Meanwhile, despite the ever-expanding scale of wind power trading, the Group observed the principle of "striving for larger capacity while maintaining the price" and further conducted market transactions to maximise the benefits of the Group.

In 2018, the Group generated a cumulative gross electricity output of 49,971 GWh, of which electricity generated from our wind power segment amounted to 39,542 GWh, representing a year-on-year increase of 14.78%, mainly attributable to the increase in utilisation hours and installed capacity. In 2018, the average utilisation hours of the wind power business was 2,209 hours, up by 174 hours as compared with that of 2017, which was primarily attributable to the decrease in grid curtailment rate, the increase in wind resources and the enhanced efficiency of new units.

In 2018, the consolidated gross power generation from coal power segment of the Group was 9,920 GWh, representing a decrease of 5.66% as compared with 10,515 GWh in 2017. This was mainly due to the significant increase in the electricity from outside the region and the new energy power generation, which squeezed the share of coal power. The average utilisation hours of the Group's coal power segment in 2018 was 5,291 hours, representing a decrease of 317 hours as compared with 5,608 hours in 2017.

2. Deepened the preliminary work and continued to optimise the development layout

In 2018, in the context of the "5.18" new policy in respect of wind power issued by the NEA, the Group had 14 wind power projects with an aggregate capacity of 1,710 MW approved, thus preserving the fixed tariff for the year. In particular, offshore wind power projects with an aggregate capacity of 1,000 MW were approved, hitting a historical high; the Group obtained the approval for the sole wind power project in Sichuan Province, filling the Group's gap of wind power development in Sichuan Province. As at the end of 2018, the Group had wind power projects of 7.0 GW approved but not yet put into operation, which would be sufficient to meet the sustainable development requirement during the "13th Five-Year Plan" period.

In 2018, the Group continued to deepen its work and proactively strengthened its strategic leadership to overcome difficulties. The Group, in close compliance with a series of wind power policies promulgated in China in recent years, maintained close communication with local governments and energy authorities, made prompt deployment for and guided the units to change their working ideas and carried out relevant design and research in advance so as to accurately identify project risks and advance each task in a proactive and steady way. The focus was placed on promoting the development layout of wind power development in southeastern coastal provinces, non-restricted areas in the central and eastern regions, and at sea. The Group paid close attention to and timely participated in the development and construction of bases and UHV transmission channel projects, and continuously adjusted the key development sector of national wind power to achieve the development pattern of "nationwide presence and provincial dispersion". It launched wind power projects in 31 provinces and regions across the country, thereby effectuating nationwide coverage (excluding Hong Kong, Macau and Taiwan).

3. Optimised project quality management and steadily promoted project construction

In 2018, the Group effectively promoted the progress of construction projects by fulfilling the conditions for commencement of construction in advance, further strengthening cost management and control and optimising project quality management, resulting in steady progress in the construction of wind power projects. Thanks to reinforced management of construction safety, project construction was carried out under stable safety environment without any construction or equipment-related safety accident. Six wind power projects with a capacity of 523.5 MW were put into operation throughout the year.

The Group continued to lead the industry development by strengthening technological innovation and promoting safe and civilized construction. It effectively ensured safe construction at sea by adopting innovative construction management means, setting up mobile satellite base stations, introducing accurate coordinate weather forecasting system and implementing full coverage of communication over the construction site. The Group strengthened the research on the basic types of offshore wind power projects and promoted the development of large-diameter rock-socketed single pile construction technology. The successful experience concluded in rock broaching anchor foundation provided technical reserves for the application thereof in subsequent projects. The new single-blade hoisting construction technology was proactively applied in projects in forested and mountainous areas so as to reduce the negative impact of construction on the forested and mountainous areas. The construction start-up procedures were strictly implemented to ensure that projects were constructed in accordance with the laws and regulations. Water and soil conservation was regulated in wind farm construction to build ecological wind farms nationwide and achieve green and sustainable development. In June 2018, the wind power project of Shandong Longyuan with an installed capacity of 98.2 MW in Yushan and Qingyun Towns, Linshu County, the wind power project of Guangxi Longyuan with an installed capacity of 48 MW in Liujing Town, Heng County and the wind power project with an installed capacity of 47.5 MW in Beibao Town, Chongming County, Shanghai of the Group obtained the "China Quality Power Project Award", the highest prize for project quality in the power construction industry in China.

As at 31 December 2018, the consolidated installed capacity of the Group was 21,044 MW, among which, the consolidated installed capacity of the wind power, coal power and other renewable energy segments were 18,919 MW, 1,875 MW and 250 MW, respectively.

4. Innovated marketing strategies and basically maintained stable tariff

In 2018, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB457 per MWh (value-added tax ("**VAT**") exclusive), representing an increase of RMB4 per MWh as compared with RMB453 per MWh (VAT exclusive) in 2017. The average on-grid tariffs for wind power amounted to RMB482 per MWh (VAT exclusive), representing a decrease of RMB2 per MWh as compared with RMB484 per MWh (VAT exclusive) in 2017, which was due to: (1) the increase in the sales volume of wind power in the regions with lower tariffs brought by the improvement of grid curtailment as compared with the corresponding period of 2017; and (2) the increase in electricity sales in the regions with wind power trading as compared with the corresponding period of 2017. The average on-grid tariffs for coal power amounted to RMB337 per MWh (VAT exclusive), representing an increase of RMB9 per MWh as compared with the average on-grid tariffs for coal power of RMB328 per MWh (VAT exclusive) in 2017, which was mainly due to a joint influence of the higher proportion of direct power supply, the upward adjustments to the benchmark tariff of electricity generated by desulphurization coal power generating units and the decrease in the VAT rate by one percentage point.

5. Continued to strengthen capital management to give advantage to the capital cost advantage

In 2018, in response to the severe currency markets at home and abroad, the Group continued its intensified management and control of financing to raise the cash sweep ratio, and laid down an overall operation plan to optimise regional capital allocation and effectively control capital cost. By leveraging the capital scheduling and coordination mechanism under the direct management of the headquarters, it strengthened capital plan management and continued to improve capital utilisation efficiency to maximise the time value of funds. In terms of financing, it kept a close watch on domestic and foreign capital markets to further expand financing channels and varieties, successfully obtaining approval for registration of debt financing instruments and green asset-backed notes from the National Association of Financial Market Institutional Investors and spared no effort to ensure the safety of its funds. In 2018, the Company successfully issued ten tranches of ultra short-term debentures, one tranche of green enterprise bonds, one tranche of green corporate bonds and one tranche of green asset-backed notes, enabling the Group to maintain an advantage among its peers in terms of capital cost throughout the year. The Group continued to make the best of the financing advantages of bond markets and won the “outstanding issuer of green bonds” and “outstanding issuer of corporate bonds” awards in Chinese bond market, setting up a well-established corporate image.

6. Increased efforts on technical research and development and continuously improved supporting capacity of technology

In 2018, the Group continued to increase its support for science and technology projects that had significant influence on wind power development and obtained 14 new science and technology projects, 38 authorized patents and 13 software copyrights. Further efforts were made to strengthen the preparation of standards and directive procedures. In particular, the Group undertook the preparation of 11 national and industry standards, and the "Guidelines on Vibration Evaluation of Wind Turbine" and the "Post-evaluation Procedures for Photovoltaic Power Station Equipment", two standards in the energy industry prepared by the Group, were approved by the NEA for implementation, manifesting the Company's consistent technology-leading advantage in the industry. The Power Generating Unit No. 1 of Wenling Jiangxia Pilot Tidal Power Station of the Group won the honorary title of China's top 20 "Outstanding Marine Projects". The "Three-blade New Tidal Generator Set Design, Manufacturing and Engineering Demonstration" and the "Research and Application of Dedicated Large Drill and Key Construction Technologies for Offshore Wind Power Construction" won three provincial and ministerial awards including China Electric Power Science and Technology Award. The "Safety Monitoring and Evaluation Technology for Support Structure of Offshore Wind Turbine" won the China Electric Power Construction Science and Technology Progress Award. Three projects including the "Technical Design, Manufacturing and Installation of Multi-pile Steel Structure of Offshore Wind Turbine" won the Energy Innovation Award granted by China Energy Research Society, and ten scientific and technological projects including the "Technical Research and Engineering Demonstration Construction of Digital Wind Farms" won the Science and Technology Progress Award of China Energy Investment Corporation. The Group made a large number of scientific and technological achievements with core competitiveness including the "New Intertidal Single Pile Foundation Design for Wind Power Development in Intertidal Zone, Large Diameter Pile Rock Embedded Technology", etc., many of which were the first of the kind in the world.

7. Adhered to the requirements of high quality development to "go global" in a proactive and steady way

In 2018, following the requirements of high-quality development, the Group proactively participated in the construction of the "Belt and Road", steadily implemented the "go global" strategy, and exerted concentrated efforts on overseas wind power and photovoltaic market to optimise the layout structure and steadily promote the development of overseas business. During the year, the Group increased its research and development efforts in regional markets such as North Africa and South America. Through field visits and negotiations on specific projects and negotiations thereon, the Group has formed the overseas market development idea of "expansion of business to cover North America with the operating projects in Canada as the base, extension of presence from Argentina to the entire Latin America, development of the market in Central and Eastern Europe and the countries along the "Belt and Road" starting from Poland and Ukraine, and achievement of coordinated development of North and South Africa relying on the operating projects in South Africa" and the market strategy of focusing on greenfield investment and laying equal stress on greenfield development and acquisition of projects under construction, which has laid a sound foundation for the future development of overseas business.

In 2018, Longyuan Canada of the Group intensified the safety management of wind farms and improved the quality of wind turbine operation and maintenance. Dufferin Wind Farm recorded total power generation of 272 GWh. As at 31 December 2018, it has maintained safe production for a total of 1,492 days. Longyuan Canada also proactively fulfilled its social responsibilities and established close relationship with the government, community organisations, and aboriginal tribes where the project is located. In 2018, the Group's project in De Aar, South Africa has been put into production and operation for a full year. After one year of hard efforts, the project's utilisation hours reached 3,120 hours, ranking the forefront of the Group, and its accumulated power generation reached 763 GWh, far beyond the target set at the beginning of the year.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In 2018, the net profit of the Group amounted to RMB4,921 million, representing an increase of 8.2% as compared to RMB4,550 million in 2017. Net profit attributable to equity holders amounted to RMB4,166 million, representing an increase of 8.3% as compared to RMB3,846 million in 2017. Earnings per share amounted to RMB48.83 cents, representing an increase of RMB2.94 cents as compared to RMB45.89 cents in 2017.

Operating revenue

Operating revenue of the Group amounted to RMB26,388 million in 2018, representing an increase of RMB1,796 million or 7.3% as compared to RMB24,592 million in 2017, the increase of operating revenue mainly due to: (1) electricity sales and other revenue of wind power segment increased by RMB2,412 million or 15.1% in 2018 as compared to 2017, mainly due to the increase in electricity sales volume of wind power segment; (2) revenue from coal sales of coal power segment decreased by RMB611 million or 15.8% in 2018 as compared to 2017, mainly due to the decrease in coal sales volume; (3) revenue from electricity sales of coal power segment decreased by RMB98 million or 3.1% in 2018 as compared to 2017, mainly due to a joint influence of the decrease in electricity sales volume and the increase in average price of coal power segment; and (4) revenue from electricity sales of other renewable energy segments decreased by RMB86 million or 18.0% as compared to 2017, mainly due to the decrease in photovoltaic and biomass power generation.

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

Operating revenue	**2018**		2017	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Electricity sales and others of wind power segment	**18,410**	**69.7%**	15,998	65.1%
Electricity sales of coal power segment	**3,104**	**11.7%**	3,202	13.0%
Steam sales of coal power segment	**664**	**2.5%**	620	2.5%
Coal sales	**3,262**	**12.4%**	3,873	15.7%
Electricity sales of other renewable energy business	**392**	**1.5%**	478	2.0%
Service concession construction revenue	**14**	**0.1%**	74	0.3%
Sales of electricity equipment	**0.00**	**0.0%**	2	0.1%
Others	**542**	**2.1%**	345	1.3%
Total	**26,388**	**100.0%**	24,592	100.0%

Other net income

Other net income of the Group amounted to RMB917 million in 2018, representing an increase of 28.8% as compared with RMB712 million in 2017, mainly due to the corresponding increase in VAT refund amount (part of government grants) as a result of the increase in revenue of electricity sales of wind power segment.

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

Other net income	**2018**		2017	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Government grants	**761**	**83.0%**	657	92.3%
Others	**156**	**17.0%**	55	7.7%
Total	**917**	**100.0%**	712	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB18,063 million in 2018, representing an increase of 6.5% as compared to RMB16,967 million in 2017, primarily due to (1) the provision of RMB257 million made for asset impairment, the increase in depreciation and amortisation expenses, repair and maintenance expenses and personnel costs in the wind power segment; (2) the decrease in the coal sales costs in the coal power segment; and (3) provision of RMB248 million made for impairment in other segments.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB7,286 million in 2018, representing an increase of 7.2% as compared to RMB6,798 million in 2017, primarily due to the increase of RMB439 million or 7.0% in depreciation and amortisation expenses of wind power segment over 2017 as a result of expansion in the installed capacity of wind power projects.

Coal consumption costs

Coal consumption costs of the Group amounted to RMB2,465 million in 2018, representing a decrease of 0.4% as compared to RMB2,475 million in 2017, which was mainly due to (1) an increase of approximately 4.3% in the average unit price of standard coal for power and steam generation as affected by the slight increase in the coal price in 2018 and (2) a decrease of approximately 4.5% in the standard coal consumption as a result of the decrease in power generation.

Coal sales costs

Coal sales costs of the Group in 2018 amounted to RMB3,151 million, representing a decrease of 16.2% as compared to RMB3,762 million in 2017, which was mainly due to the decrease of approximately 16.6% in the sales volume of coal of the Group in 2018.

Service concession construction costs

The Group's service concession construction costs in 2018 amounted to RMB14 million, representing a decrease of 81.1% as compared to RMB74 million in 2017, primarily due to a decrease in the construction volume of service concession projects under construction in 2018 as compared to 2017.

Personnel costs

Personnel costs of the Group amounted to RMB2,075 million in 2018, representing an increase of 23.7% as compared to RMB1,677 million in 2017, which was mainly due to (1) an increase in headcounts as a result of the Group's expansion; (2) the increases in personnel salary and benefits; and (3) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB192 million in 2018, representing a decrease of 17.6% as compared to RMB233 million in 2017, which was primarily due to (1) the decrease in the materials consumed for desulphurization and denitration as the coal power electricity generation decreased by 5.7%; and (2) the decreases of electricity sales and material costs as a result of the overhaul of Guodian Youyi Biomass Power Co., Ltd. (國電友誼生物質發電有限公司) in certain period of the year.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB819 million in 2018, representing an increase of 31.7% as compared to RMB622 million in 2017, which was mainly due to (1) the increase in the repair expenses of the wind power segment with the growth of the wind power installed capacity; (2) the increase in the repair expenses as a result of standard safety and civilisation construction conducted intensively in the wind power segment in 2018; and (3) the increase in the repair and maintenance expenses as a result of the extended maintenance period for units under overhauls in the coal power segment during the year.

Administrative expenses

Administrative expenses of the Group amounted to RMB588 million in 2018, representing an increase of 8.5% as compared to RMB542 million in 2017, which was primarily due to the increase in expenses such as the travelling expenses, office allowance, utility bills and maintenance expenses as a result of the business growth of the Group.

Other operating expenses

Other operating expenses of the Group amounted to RMB1,473 million in 2018, representing an increase of 87.9% as compared to RMB784 million in 2017, which was mainly due to (1) the provision of RMB257 million, RMB9 million and RMB248 million respectively made for asset impairment in the wind power, coal power segments as well as other segments in 2018, as compared to the provision RMB105 million made for asset impairment in 2017; (2) an increase in taxes as a result of increased revenue from power generation business; (3) the increase in property insurance for relevant wind power equipment; and (4) an increase in the EPC costs arising from the provision of engineering procurement construction services by the Group.

Operating profit

Operating profit of the Group amounted to RMB9,242 million in 2018, representing an increase of 10.9% as compared to RMB8,337 million in 2017, which was mainly due to (1) an increase of RMB1,378 million in operating profit from sales of electricity of wind power segment as a result of the increase in average utilisation hours of wind power and installed capacity expansion; and (2) a decrease of RMB67 million in the operating profit of coal power segment as a result of the decrease of electricity sales.

Net finance expenses

Net finance expenses of the Group amounted to RMB3,513 million in 2018, representing an increase of RMB298 million or 9.3% as compared to RMB3,215 million in 2017. The main reasons are as follows: (1) an increase of RMB245 million in the gain on changes in fair value of the cross-currency exchange contracts and interest rate swap contracts as compared to 2017; (2) interest income generated from financial assets in 2018 increased by RMB62 million as compared to 2017; (3) the interest expenses increased by RMB345 million in 2018 as compared to the corresponding period in 2017 as a result of the increase in average balance of borrowings and interest rate; (4) an increase of RMB203 million in the factoring expenses and ABN expenses in 2018 as compared to 2017; and (5) the Group's net foreign exchange loss in 2018 increased by RMB48 million as compared to 2017.

Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB167 million in 2018, representing a decrease of 51.5% as compared to RMB344 million in 2017, which was mainly due to (1) the decrease of RMB46 million in the share of net profits of Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司), a joint venture, in 2018 as affected by the increased coal prices and the decrease of power generation; (2) the decrease of RMB74 million in the share of net profits of China Guodian Financial Leasing Co., Ltd. (國電融資租賃有限公司), an associate, in 2018; and (3) the decrease of RMB50 million in the share of net profits of Guodian United Power Technology Co., Ltd.(國電聯合動力技術有限公司), an associate, in 2018.

Income tax

Income tax of the Group amounted to RMB976 million in 2018, representing an increase of 6.6% as compared to RMB916 million in 2017, which was mainly due to (1) a year-on-year increase of 7.9% in profit before tax in 2018; and (2) higher tax rate in 2018 as compared to that in 2017 as a result of the end of tax holiday for certain wind power projects.

Net profit

In 2018, the net profit of the Group amounted to RMB4,921 million, representing an increase of 8.2% as compared to RMB4,550 million in 2017, mainly attributable to the year-on-year increase in net profit of wind power segment.

Net profit attributable to equity holders of the Company

In 2018, net profit attributable to equity holders of the Company amounted to RMB4,166 million, representing an increase of 8.3% as compared to RMB3,846 million in 2017, mainly attributable to the increase in net profit from wind power segment, most equity interests of which were held by equity holders of the Company.

Segment results of operations

Wind power segment

Operating revenue

In 2018, the operating revenue of the wind power segment of the Group amounted to RMB18,424 million, representing an increase of 14.6% from RMB16,072 million in 2017, primarily due to an increase in revenue from electricity sales as a result of growing electricity sales of wind power segment caused by an increase in average utilisation hours and installed capacity of wind power business.

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

Operating revenue	**2018**		2017	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**18,399**	**99.8%**	15,981	99.4%
Service concession construction revenue	**14**	**0.1%**	74	0.5%
Others	**11**	**0.1%**	17	0.1%
Total	**18,424**	**100.0%**	16,072	100.0%

Operating profit

In 2018, the operating profit of the wind power segment of the Group amounted to RMB9,293 million, representing an increase of 17.4% as compared to RMB7,915 million in 2017. The fact that growth of operating profit was higher than that of the revenue from electricity sales in the wind power segment, was mainly due to the growth of revenue from electricity sales outpaced that of the costs as a result of the increase in average utilisation hours of power equipment in 2018.

Coal power segment

Operating revenue

In 2018, the operating revenue of the coal power segment of the Group amounted to RMB7,314 million, representing a decrease of 8.5% as compared to RMB7,990 million in 2017, primarily attributable to: (1) a decrease in revenue from electricity sales due to a decrease of 5.6% in the electricity sales volume of the coal power segment in 2018 as compared to 2017; (2) a year-on-year decrease in the revenue from coal trading due to the scaling down of coal trading volume in 2018.

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

Operating revenue	**2018**		2017	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Revenue from electricity sales	**3,104**	**42.4%**	3,202	40.1%
Revenue from sales of steam	**664**	**9.1%**	620	7.7%
Revenue from coal trading	**3,262**	**44.6%**	3,873	48.5%
Others	**284**	**3.9%**	295	3.7%
Total	**7,314**	**100.0%**	7,990	100.0%

Operating profit

In 2018, operating profit of the coal power segment of the Group amounted to RMB383 million, representing a decrease of 14.9% as compared to RMB450 million in 2017, which was mainly attributable to the combined effect of a decrease in the electricity sales of the coal power segment and rising coal purchasing prices.

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

Operating profit	2018		2017	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Sales of electricity, steam and others	**272**	**71.0%**	399	88.7%
Coal trading business	**111**	**29.0%**	51	11.3%
Total	**383**	**100.0%**	450	100.0%

Other segments

Operating revenue

In 2018, the operating revenue of other segments of the Group amounted to RMB930 million, representing an increase of 2.8% as compared to RMB905 million in 2017, which was mainly due to: (1) an increase in the revenue from consulting and design services and revenue from EPC in other segments; and (2) a decrease in the revenue from electricity sales as a result of a decrease in the power generation of the photovoltaic and biomass businesses.

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

Operating revenue	2018		2017	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Revenue from electricity sales	**392**	**42.2%**	478	52.8%
Revenue from EPC	**263**	**28.3%**	257	28.4%
Revenue from other sales	**200**	**21.5%**	114	12.6%
Others	**75**	**8.0%**	56	6.2%
Total	**930**	**100.0%**	905	100.0%

Operating profit

In 2018, the operating loss of other segments of the Group amounted to RMB262 million, representing a decrease of 344.9% as compared to the operating profit of RMB107 million in 2017, which was primarily due to: (1) the provision of RMB248 million made for impairment in 2018; and (2) a decrease in the revenue from electricity sales of the photovoltaic and biomass businesses.

Assets and liabilities

As at 31 December 2018, total assets of the Group amounted to RMB146,504 million, representing an increase of RMB869 million as compared with total assets of RMB145,635 million as at 31 December 2017. This was primarily due to: (1) an increase of RMB664 million in current assets including trade and bills receivables; and (2) an increase of RMB205 million in non-current assets including property, plant and equipment.

As at 31 December 2018, total liabilities of the Group amounted to RMB89,939 million, representing a decrease of RMB2,397 million as compared to total liabilities of RMB92,336 million as at 31 December 2017. This was primarily due to: (1) an increase of RMB4,982 million in non-current liabilities including long-term borrowings; and (2) a decrease of RMB7,379 million in current liabilities including short-term borrowings.

As at 31 December 2018, equity attributable to equity holders of the Company amounted to RMB49,236 million, representing an increase of RMB3,110 million as compared with RMB46,126 million as at 31 December 2017, which was mainly earnings from normal business operation during the year.

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

Assets	**2018 Amount *(RMB million)***	2017 Amount *(RMB million)*
Property, plant and equipment	**110,001**	109,473
Investment properties and lease prepayments	**2,162**	2,175
Intangible assets and goodwill	**8,171**	8,754
Other non-current assets	**8,384**	8,111
Current assets	**17,786**	17,122
Total	**146,504**	145,635

Liabilities	**2018 Amount (RMB million)**	2017 Amount (RMB million)
Long-term borrowings	**46,645**	41,620
Deferred income and deferred tax liabilities	**1,614**	1,716
Obligations under finance leases and other non-current liabilities	**1,900**	1,841
Current liabilities	**39,780**	47,159
Total	**89,939**	92,336

Capital liquidity

As at 31 December 2018, current assets of the Group amounted to RMB17,786 million, representing an increase of RMB664 million as compared with RMB17,122 million as at 31 December 2017, which was mainly attributable to an increase in trade and bills receivables, and a decrease in other current assets including cash at banks and on hand.

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

Current assets	**2018**		2017	
	Amount (RMB million)	**Proportion (%)**	Amount (RMB million)	Proportion (%)
Trade and bills receivables	**10,542**	**59.3%**	7,155	41.8%
Prepayments and other current assets	**2,819**	**15.8%**	3,629	21.2%
Cash at banks and on hand and restricted deposits	**3,114**	**17.5%**	5,105	29.8%
Others	**1,311**	**7.4%**	1,233	7.2%
Total	**17,786**	**100.0%**	17,122	100.0%

As at 31 December 2018, current liabilities of the Group amounted to RMB39,780 million, representing a decrease of RMB7,379 million as compared with RMB47,159 million as at 31 December 2017, which was mainly due to repayment of external short-term borrowings.

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

Current liabilities	**2018**		2017	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Borrowings	**28,336**	**71.2%**	35,774	75.9%
Trade and bills payables	**2,059**	**5.2%**	1,891	4.0%
Tax payable	**209**	**0.5%**	229	0.5%
Obligations under finance leases and other current liabilities	**9,176**	**23.1%**	9,265	19.6%
Total	**39,780**	**100.0%**	47,159	100.0%

As at 31 December 2018, net current liabilities of the Group amounted to RMB21,994 million, representing a decrease of RMB8,043 million as compared with RMB30,037 million as at 31 December 2017. The liquidity ratio was 0.45 as at 31 December 2018, representing an increase of 0.09 as compared with the liquidity ratio of 0.36 as at 31 December 2017, which was mainly attributable to the combined effect of an increase in current assets including receivables and a decrease in short-term borrowings in the year.

Restricted deposits amounted to RMB253 million, mainly including monetary funds deposited in the custodial account opened by the Company which can only be transferred to a trust account or be used for repaying bank loans.

Borrowings and bills payables

As at 31 December 2018, the Group's balance of the borrowings and bills payables amounted to RMB76,291 million, representing a decrease of RMB2,470 million as compared with the balance of RMB78,761 million as at 31 December 2017. As at 31 December 2018, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB29,646 million (including long-term borrowings due within one year of RMB5,273 million and bills payables of RMB1,310 million) and long-term borrowings amounting to RMB46,645 million (including debentures payables of RMB21,293 million). The abovementioned borrowings included borrowings denominated in Renminbi of RMB69,525 million, borrowings denominated in U.S. dollars of RMB2,593 million and borrowings denominated in other foreign currencies of RMB2,863 million. As at 31 December 2018, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB252 million and corporate bonds with fixed interest rates of RMB21,293 million. As at 31 December 2018, the balance of bills payables issued by the Group amounted to RMB1,310 million.

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

Borrowings and bills payables	**2018**		2017	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Bank loans	**44,684**	**58.6%**	52,815	67.0%
Loans from other financial institutions	**41**	**0.1%**	41	0.1%
Loans from fellow subsidiaries	**482**	**0.6%**	451	0.6%
Corporate bonds	**29,774**	**39.0%**	24,087	30.6%
Bills payables	**1,310**	**1.7%**	1,367	1.7%
Total	**76,291**	**100.0%**	78,761	100.0%

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

Borrowings and bills payables	**2018**		2017	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Within 1 year	**29,646**	**38.9%**	37,141	47.1%
1-2 years	**7,270**	**9.5%**	4,894	6.2%
2-5 years	**25,904**	**34.0%**	22,136	28.1%
Over 5 years	**13,471**	**17.6%**	14,590	18.6%
Total	**76,291**	**100.0%**	78,761	100.0%

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

Borrowings and bills payables	**2018**		2017	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Bills payables	**1,310**	**1.7%**	1,367	1.7%
Fixed rate borrowings	**32,542**	**42.7%**	31,896	40.5%
Floating rate borrowings	**42,439**	**55.6%**	45,498	57.8%
Total	**76,291**	**100.0%**	78,761	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB7,751 million in 2018, representing a decrease of 27.2% as compared with RMB10,654 million in 2017, among which, the expenditures for the construction of wind power projects amounted to RMB7,382 million, and the expenditures for the construction of other renewable energy projects amounted to RMB14 million. The sources of funds mainly included self-owned funds and external borrowings.

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

Capital expenditures	**2018**		2017	
	Amount *(RMB million)*	**Proportion** *(%)*	Amount *(RMB million)*	Proportion *(%)*
Wind power projects	**7,382**	**95.2%**	10,309	96.8%
Other renewable energy projects	**14**	**0.2%**	111	1.0%
Others	**355**	**4.6%**	234	2.2%
Total	**7,751**	**100.0%**	10,654	100.0%

Net gearing ratio

As at 31 December 2018, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and obligations under finance leases less cash and cash equivalents) by the sum of net debt and total equity, was 56.18%, representing a decrease of 1.55 percentage points from 57.73% as at 31 December 2017. This was primarily due to the increase in total equity in 2018 as a result of the increase in retained earnings this year.

Major investments

The Group made no major investment in 2018.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals in 2018.

Pledged assets

As at 31 December 2018, general banking facilities amounted to RMB12,200 million are secured by tariff collection rights and equipment with net carrying amount of RMB1,195 million.

Contingent liabilities/Guarantees

As at 31 December 2018, the Group provided a guarantee of RMB142 million for bank loans of an associate, and issued a counter-guarantee of no more than RMB19 million to the controlling shareholder of an associate. As at 31 December 2018, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB9 million.

Cash flow analysis

As at 31 December 2018, cash at banks and on hand held by the Group amounted to RMB2,861 million, representing a decrease of RMB2,211 million as compared with RMB5,072 million as at 31 December 2017, which was mainly attributable to the expenditures on investment in wind power projects and repayment of borrowings. The principal sources of funds of the Group mainly include cash inflow generated from operating activities and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow of the Group's operating activities amounted to RMB14,255 million in 2018, representing an increase of RMB2,124 million as compared with that of RMB12,131 million in 2017, mainly due to the increase in revenue of electricity sales.

The net cash outflow from investing activities of the Group for 2018 was RMB8,633 million. The cash outflow for investment activities were mainly used for the construction of wind power projects.

The net cash outflow from financing activities of the Group for 2018 was RMB7,802 million. The cash inflow from financing activities was mainly generated from the issue of corporate bonds and bank loans. The cash outflow for financing activities was primarily used for the repayment of borrowings and payments of interest of borrowings.

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

Cash inflows from financing activities	**2018**		2017	
	Amount ***(RMB million)***	**Proportion** ***(%)***	Amount *(RMB million)*	Proportion *(%)*
Proceeds from borrowings	**71,579**	**99.9%**	71,436	99.3%
Cash received relating to other financing activities	**61**	**0.1%**	518	0.7%
Total	**71,640**	**100.0%**	71,954	100.0%

Cash outflows from financing activities	**2018**		2017	
	Amount	**Proportion**	Amount	Proportion
	(RMB million)	***(%)***	*(RMB million)*	*(%)*
Repayment of borrowings	**74,185**	**93.4%**	67,872	93.8%
Dividends paid	**1,289**	**1.6%**	1,297	1.8%
Interests paid	**3,901**	**4.9%**	3,133	4.3%
Cash payments relating to other financing activities	**67**	**0.1%**	4	0.1%
Total	**79,442**	**100.0%**	72,306	100.0%

IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk

As the power system reform continues to deepen, the trading scale and scope of new energy market will continue to increase, the construction of pilot exploratory markets for spot goods and auxiliary services will speed up and policies on renewable energy quota system, grid parity of wind power generation, competitive allocation, market-oriented subsidy, etc. will be successively implemented. Since the increasingly severe market competition poses more severe test for enterprise marketing and operation, the Group will keep tracking relevant national policies, judge the effects of policies in order to leverage on relevant policies reasonably, and proactively propose its own appeals to safeguard its benefits as a new energy enterprise.

2. Climatic risk

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind resources, which is represented by the higher power generation in years of high wind speed and the lower power generation in years of low wind speed than that in normal years. On the vast territory of the PRC which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climate characteristics of the years of high and low wind speeds in the same period. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As at the end of 2018, following the progress of projects in Sichuan and Henan, the Group had substantial projects in 31 provinces, autonomous regions and municipalities in China, covering all regions except for Hong Kong, Macau and Taiwan and formulating an increasingly optimised and rational project layout. In the future, we will further balance the project development ratio in the regions subject to the impact of different monsoons.

3. Risks relating to power grids

In recent years, grid curtailment received high concerns. In 2018, the nationwide grid curtailment tended to be improving on the whole. Due to the grid connection structure and sluggish growth of power load, the situation of grid curtailment was not fundamentally alleviated in a few exceptional districts. The Group will continue to study the characteristics of operation and absorption of wind power, accurately judge the changing trends of policies and make full use of national policies to cope with the grid curtailment and prevent recurrence risk. In addition, it will enhance proactive communication with the government and grid companies, and take the initiative to capture market share of power generation.

4. Interest rate risk

The Group is principally engaged in domestic investment in wind farms, which requires enormous capital expenditure and a large amount of loan fund. Therefore, any changes in interest rate will have certain impacts on the Group's cost of funds. With sound performance and credibility, a stable debt structure and diversified financing channels, the financing interest rate incurred always remains lower than the average level among the peers. Meanwhile, the Group will, through active participation in direct financing markets within and outside the PRC, innovate financing products in order to effectively avert interest rate risks. In addition, the Group will pay close attention to changes of policy in the domestic and international financial markets, timely adopt a targeted financing model during fluctuation of interest rate so as to partially offset the impacts on financial costs brought by changes in interest rates.

5. Risk in currency exchange rate

The business of the Group is mainly situated in mainland China where most of its revenue as well as expenses are denominated in Renminbi. Meanwhile, a certain portion of the Group's investments are carried out abroad and a certain amount of its loans are denominated in foreign currencies. Therefore, fluctuations in the Renminbi exchange rate will result in foreign exchange losses or gains of the Group in those transactions denominated in foreign currencies. The Group pays close attention to monitoring and analysing the risk in the foreign exchange rate, keeps close contact with domestic and international financial institutions in terms of businesses relating to exchange rate and designs appropriate means to use foreign currencies and other approaches to improve risk management of the currency exchange rate.

6. Risk in fuel prices

The Group has two coal power plants with an installed capacity of 1,875 MW. The fluctuations in coal price will affect the operating results of the Group's coal power business and there are many uncertain factors in the domestic coal market. The Group will strengthen communication with key coal enterprises to ensure orderly purchase of thermal coal under long term agreements on a yearly basis under the premise of ensuring power generation and heat supply of units as well as controlling fuel costs. The Group will keep a close eye on and earnestly analyze the trends of coal and transportation as well as the changes in prices, work out and implement coal purchasing strategies, maintain reasonable coal inventory, and constantly improve the capability to comprehend the operating law of the coal market and to control fuel costs and ensure supplies. The Group will constantly standardize and expand supply channels of spot coal, optimise coal structure, prevent operational risks and improve the Group's capability to ensure coal supply and control costs.

V. OUTLOOK IN 2019

Outlook for Business Environment at Home and Abroad

2019 will be a year of opportunities and challenges for wind power developers. Since 2018, the curtailment pressure weighing on the wind power market in China has been eased somewhat, with high levels of curtailment in the wind power being effectively curbed, and cumulative grid-connected wind power capacity and the average utilisation hours of wind power generating units being picked up significantly. The goal of "largely eliminating renewable energy curtailment by 2020" and the upcoming quota system after rounds of consultation will boost wind power consumption, spur the trading of green certificates, and cover the shortfall of the Renewable Energy Development Fund effectively.

In order to achieve the development goals set out in the "13th Five-Year Plan", the central government and provincial governments have introduced a number of favorable policies aiming at supporting the wind and solar power plants through multiple channels and from multiple aspects, such as reducing non-technical costs, ensuring consumption, giving priority to power generation, acquiring at full payment, launching trading of renewable energy certificates, cutting electricity transmission and distribution tariffs, promoting market-based trading, and giving financial support. Thanks to the state's policy-based support and guidance, there have been breakthrough advances in wind power technologies, bringing down the costs of wind farms. In some places of the "Three North" areas and plain and hilly areas, the power generation cost of a new wind power project could be equivalent to that of a local coal-fired power plant if no grid curtailment was imposed, indicating that grid parity is becoming a reality. With easing grid curtailment and the support of relevant incentive measures, the Group will be able to exploit the huge advantages of its projects in the pipeline in the "Three North" areas. We will keep a close eye on the annual monitoring and early warning and the construction of UHV power transmission lines, ensure adequate consumption capacity and focus on promoting construction of large base projects.

In 2019, provincial governments in China are introducing measures for competitive allocation of wind power projects, signaling the official launch of an auction mechanism for newly approved centralized onshore wind power projects and offshore wind power projects. Competitive allocation will initiate the market-driven development of the wind power industry and pose higher requirements to wind power developers in respect of technologies and management standard. As a major wind power developer in China, the Group has stronger market competitiveness and will rely on its technical advantages in project construction and operation and maintenance, and lower capital costs to continuously reduce development costs and improve project performance. The measures for competitive allocation introduced in various provinces indicate that the competition for wind power projects is not only about electricity price, but also about such factors as the depth of preliminary works and the occupation of ecological and environmental protection areas. In such a context, we will compare the projects in the pipeline subject to auctions with other projects in the same region, analyze the comprehensive competitiveness and ranking levels in the region, and preliminarily estimate the lowest bidding price that could enable us to secure profit, so as to prepare for the kick-off of the auction mechanism in various provinces. Understanding that only precise cost estimation will give us an edge in a bidding process, we will further improve the accuracy of calculations regarding power generation, study how to estimate project cost that is more approximate to the actual cost, and explore new designs to reduce costs. In addition, we will keep a close eye on projects with strong competitiveness in the regions and refine our preliminary work to get us well-prepared and thus enable us to win in a bidding process.

In recent years, local governments have tightened regulation over wind power projects, and imposed more rigorous requirements for approving the planning, environmental impact assessment, land, forest land and grip connection, setting stricter conditions for the implementation of project development. Further, domestic wind turbine manufacturers, private enterprises and financial institutions have all set foot in the wind power filed, making the competition for wind power resources even more fierce. In response to such situation, the Group will timely adjust its development strategy, proactively explore new ways to temporize with the development needs, and consistently seek breakthroughs with innovative management concepts and professional technical support, so as to further expand its market share.

The world is going through a new round of major development, transformation and adjustment. The economic and social well-being of countries in the world is increasingly interconnected. The reform of the global governance system and the international order is picking up speed, and it has become a consensus of all countries in the world to cope with climate change and develop green energy. All these have created favorable conditions for us to "Go Global" to explore overseas markets, strengthen cooperation with other countries in new energy sector, and participate in energy development in other countries. On the other hand, the world economy is going through profound adjustment, and protectionism and unilateralism are resurging. Economic globalization faces headwinds, and multilateralism and the system of free trade are under threat. Uncertainties and instabilities still abound, and risks and challenges are growing. Driven by the "Belt and Road" initiative, China's state-owned and private enterprises have gone abroad to explore overseas markets, especially new energy markets, leading to increasingly fierce competition. We will continue to actively participate in promoting the "Belt and Road" initiative and focus on overseas wind power and photovoltaic markets, implementing our "Go Global" strategy step by step.

Operation Targets of the Group in 2019

In 2019, the business guidelines of the Company are as follows: Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will fully implement the guiding principles from the 19th CPC National Congress and the Second and Third Plenary Sessions of the 19th CPC Central Committee, earnestly study and follow the gist of the Central Economic Work Conference and the National Work Conference on Party Building of State-owned Enterprises, uphold and strengthen overall Party leadership, adhere to the underlying principle of pursuing progress while ensuring stability, put into practice the new development philosophy and deepen supply-side structural reform; we will vigorously pursue the strategy of innovation-driven development, enhance our ability to unite, and improve political ecology; and we will strive to develop our Company into a world-class renewable energy giant with global competitiveness and greet the 70th anniversary of the founding of the People's Republic of China with outstanding achievements.

In 2019, the Group will endeavor to achieve the following objectives:

1. To uphold and strengthen Party leadership, and move further forward with the full and rigorous governance over the Party;

2. To strengthen safety management over production and operation, and continuously improve operation quality;

3. To optimise our strategic plans and push for high-quality development;

4. To strengthen technological innovation and enhance our core competitiveness;

5. To deepen management innovation and strengthen endogenous impetus;

6. To highlight political standards and strengthen the building of leadership team and cadres; and

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

FINAL DIVIDEND

The Board recommends the distribution of a final dividend of RMB0.0977 per share (tax inclusive) in cash for the year ended 31 December 2018 to shareholders whose names appear on the Company's register of members as at Thursday, 30 May 2019. The abovementioned dividend will be subject to shareholders' approval at the Annual General Meeting of the Company to be held on Friday, 17 May 2019, and is expected to be paid on Friday, 26 July 2019. Details of the dividend payment will be announced after holding of the Annual General Meeting.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2018 final dividend to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax.

According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual H-share shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these shareholders. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these shareholders.

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

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

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

The Company will determine the resident status of the individual H-share shareholders based on the registered address as recorded in the register of members of the Company on Thursday, 30 May 2019 (the "**Registered Address**"). If the resident status of any individual H-share shareholder is not in consistency with that indicated by the Registered Address, such individual H-share shareholder shall notify the Company's H share registrar not later than 4:30 p.m. on Friday, 24 May 2019, and provide relevant supporting documents to the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Any individual H-share shareholder who fails to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

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

CLOSURE OF REGISTER OF MEMBERS

In order to determine the holders of shares who are eligible to attend and vote at the Annual General Meeting to be held on Friday, 17 May 2019, the register of members of the Company will be closed from Wednesday, 17 April 2019 to Friday, 17 May 2019, both days inclusive. To be eligible to attend and vote at the said Annual General Meeting, unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16 April 2019.

In order to determine the holders of shares who are entitled to receive the abovementioned final dividend, the register of members of the Company will be closed from Saturday, 25 May 2019 to Thursday, 30 May 2019, both days inclusive. To be eligible to receive the final dividend for the year ended 31 December 2018 (subject to the approval of the Company's shareholders), unregistered holders of H shares of the Company shall lodge relevant share transfer documents with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 24 May 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2018, save as disclosed below, the Company complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

In respect of code provision E.1.2 of the Corporate Governance Code, Mr. Qiao Baoping, the Chairman of the Company, was unable to attend the 2017 annual general meeting of the Company held on 25 May 2018 due to work reasons.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct governing dealings by its directors and supervisors in the securities of the Company. Having made specific enquiry of the directors and supervisors of the Company, all directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during 2018. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

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

AUDITORS

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

AUDIT COMMITTEE

The 2018 annual results of the Group and the financial statements for the year ended 31 December 2018 prepared in accordance with the IFRSs have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

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

The Company's 2018 annual report containing all the information required under the Listing Rules will be despatched to the shareholders and will be published on the websites of the Company and the Stock Exchange in due course.

By order of the Board
China Longyuan Power Group Corporation Limited*
Qiao Baoping
Chairman

Beijing, the PRC, 19 March 2019

As at the date of this announcement, the non-executive directors of the Company are Mr. Qiao Baoping, Mr. Liu Jinhuan, Mr. Luan Baoxing and Mr. Yang Xiangbin; the executive directors are Mr. Jia Yanbing and Mr. Huang Qun; and the independent non-executive directors are Mr. Zhang Songyi, Mr. Meng Yan and Mr. Han Dechang.

* *For identification purpose only*