Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

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

(Stock Code: 00579)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2016 was RMB14,635.8 million, increased by 2.02% as compared with the previous year.
- Profit before taxation for the year ended 31 December 2016 was RMB2,570.3 million, increased by 0.36% as compared with the previous year.
- Profit attributable to ordinary shareholders of the Company for the year ended 31 December 2016 was RMB1,955.6 million, increased by 2.36% as compared with the previous year.
- Basic and diluted earnings per share for the year ended 31 December 2016 was RMB28.46 cents.

FINAL DIVIDEND

- The Board recommended a final dividend of RMB7.40 cents per share (tax inclusive) for the year ended 31 December 2016, which represent a total distribution of RMB508.41 million.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Beijing Jingneng Clean Energy Co., Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**" or "**us**") for the year ended 31 December 2016 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	**Year ended December 31, 2016** *RMB'000*	2015 *RMB'000*
Revenue	*4*	**14,635,836**	14,346,034
Other income	*5*	**1,445,079**	3,248,431
Gas consumption		**(8,715,697)**	(10,545,320)
Depreciation and amortization	*9*	**(1,913,517)**	(1,871,192)
Personnel costs	*9*	**(619,875)**	(550,911)
Repairs and maintenance		**(615,712)**	(526,266)
Other expenses		**(669,644)**	(672,308)
Other gains and losses	*6*	**(192,294)**	(55,545)
Profit from operations		**3,354,176**	3,372,923
Interest income	*7*	**27,063**	54,963
Finance costs	*7*	**(983,064)**	(1,197,841)
Share of results of associates		**172,155**	331,178
Share of result of a joint venture		**–**	5
Profit before taxation		**2,570,330**	2,561,228
Income tax expense	*8*	**(443,296)**	(528,478)
Profit for the year	*9*	**2,127,034**	2,032,750
Profit for the year attributable to:			
– Ordinary shareholders of the Company		**1,955,569**	1,910,643
– Holders of perpetual notes		**77,250**	41,482
– Non-controlling interests		**94,215**	80,625
		2,127,034	2,032,750
Earnings per share			
Basic *(RMB cents)*	*11*	**28.46**	27.81

	Note	**Year ended December 31,** **2016** ***RMB'000***	2015 *RMB'000*
Profit for the year	*9*	**2,127,034**	2,032,750
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations:			
Exchange differences arising during the year		**19,755**	(35,270)
Cash flow hedges			
Loss during the year		**(243,273)**	(5,717)
Income tax effect		**72,982**	1,715
Reclassification adjustments for cash flow hedges recognized in profit or loss, net of income tax		**–**	9,381
Other comprehensive expense for the year, net of income tax		**(150,536)**	(29,891)
Total comprehensive income for the year		**1,976,498**	2,002,859
Total comprehensive income for the year attributable to:			
– Ordinary shareholders of the Company		**1,837,015**	1,886,311
– Holders of perpetual notes		**77,250**	41,482
– Non-controlling interests		**62,233**	75,066
		1,976,498	2,002,859

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT DECEMBER 31, 2016

	Note	At December 31, 2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**33,282,883**	30,858,075
Intangible assets		**3,884,876**	4,153,766
Goodwill		**190,049**	190,049
Prepaid lease payments		**192,124**	159,832
Investments in associates		**1,939,484**	2,080,553
Loans to associates		**148,000**	150,000
Investment in a joint venture		**80,467**	80,471
Loan to a joint venture		**15,000**	–
Deferred tax assets		**181,565**	185,011
Derivative financial assets		**–**	85,049
Available-for-sale financial assets		**128,028**	128,028
Value-added tax recoverable		**695,284**	486,427
Deposit paid for acquisition of property, plant and equipment		**188,883**	792,560
		40,926,643	39,349,821
Current assets			
Inventories		**128,366**	134,170
Trade and bill receivables	*12*	**3,368,118**	2,994,101
Other receivables, deposits and prepayments		**489,064**	422,638
Current tax assets		**15,966**	18,491
Amounts due from related parties		**370,801**	393,599
Prepaid lease payments		**5,436**	4,383
Value-added tax recoverable		**293,431**	525,647
Held for trading financial asset		**265,750**	338,873
Restricted bank deposits		**97,306**	105,215
Cash and cash equivalents		**1,772,006**	2,114,669
		6,806,244	7,051,786

	Note	At December 31, 2016 RMB'000	2015 RMB'000
Current liabilities			
Trade and other payables	*13*	**3,991,966**	3,807,239
Amounts due to related parties		**103,289**	224,398
Bank and other borrowings – due within one year		**7,794,224**	3,557,535
Short-term debentures		**6,000,000**	6,000,000
Corporate bonds – due within one year		**2,195,516**	–
Income tax payable		**113,182**	205,547
Deferred income – current portion		**81,082**	394,515
		20,279,259	14,189,234
Net current liabilities		**(13,473,015)**	(7,137,448)
Total assets less current liabilities		**27,453,628**	32,212,373
Non-current liabilities			
Derivative financial liabilities		**167,053**	3,542
Bank and other borrowings – due after one year		**9,283,513**	13,396,508
Corporate bonds – due after one year		**–**	2,189,854
Deferred tax liabilities		**84,230**	98,418
Deferred income		**482,082**	372,541
Other non-current liability		**41,438**	44,266
		10,058,316	16,105,129
Net assets		**17,395,312**	16,107,244
Capital and reserves			
Share capital		**6,870,423**	6,870,423
Reserves		**8,509,052**	7,226,480
Equity attributable to ordinary shareholders of the Company		**15,379,475**	14,096,903
Perpetual notes		**1,527,982**	1,527,982
Non-controlling interests		**487,855**	482,359
Total equity		**17,395,312**	16,107,244

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION

The Company was a joint stock company established in the People's Republic of China (the "**PRC**") with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The address of the Company's registered office is at Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC. The principal place of business of the Company is No.6 Xibahe Road, Chaoyang District, Beijing, the PRC.

In the opinion of the directors of the Company (the "**Directors**"), 北京能源集團有限責任公司(Beijing Energy Holding Co., Ltd., English name for identification purpose) ("**BEH**") is the Company's ultimate holding company (also the immediate parent company). BEH is a state-owned enterprise established in the PRC with limited liability and is wholly-owned by 北京市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality, English name for identification purpose).

The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are gas-fired power and heat energy generation, wind power generation, photovoltaic power generation, hydropower generation and other business.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

In preparing the consolidated financial statements, the Directors have given careful consideration that at December 31, 2016, the Group has net current liabilities of RMB13,473,015,000. The Group meets its working capital requirements from cash generated from its operating activities and available financing facilities from banks. At December 31, 2016, the Group has committed unutilized financing facilities amounting to approximately RMB24,046,564,000, of which approximately RMB20,497,943,000 are subject to renew during the next 12 months from the date of the consolidated statement of financial position. The Directors are confident that these financing facilities will continue to be available to the Group for the foreseeable period not less than 12 months from the balance sheet date of the consolidated financial statements. Based on the assessment, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. ADOPTION OF NEW AND REVISED IFRS

In the current year, the Group has applied the following amendments to IFRSs:

Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

The application of the new and revised IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs, including IFRIC Interpretations that are developed by the IFRS Interpretations Committee, which have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
IFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 7	Disclosure Initiative[4]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]

Notes:

(1) Effective for annual periods beginning on or after January 1, 2018
(2) Effective for annual periods beginning on or after January 1, 2019
(3) Effective for annual periods beginning on or after a date to be determined
(4) Effective for annual periods beginning on or after January 1, 2017
(5) Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

Except as described below, the Directors anticipate that the application of the amendments will have no impact on the Group.

4. REVENUE AND SEGMENT INFORMATION

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

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Sales of goods:		
– Electricity	**13,238,853**	13,055,616
– Heat energy	**1,391,896**	1,286,549
Service income:		
– Repair and maintenance	**5,087**	3,869
	14,635,836	14,346,034

The Group manages its businesses by divisions, such as performs the monthly revenue analysis by segments which are organized by types of business. Information is reported internally to the Group's chief operating decision maker ("**CODM**"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment. The Group has presented the following operating and reportable segments.

– Gas-fired power and heat energy generation: manages and operates natural gas-fired power plants and generates electric power and heat energy for sale to external customers.

– Wind power: constructs, manages and operates wind power plants and generates electric power for sale to external customers.

– Photovoltaic power: manages and operates photovoltaic power plants and sales of electricity generated to external customers.

– Hydropower: manages and operates hydropower plants and sales of electricity generated to external customers.

Business activities other than "Gas-fired power and heat energy generation", "Wind power", "Photovoltaic power" and "Hydropower" were grouped and presented as "Others" in the segment information.

(a) **Segment revenue, results, assets and liabilities**

An analysis of the Group's reportable segment revenue, results, assets, and liabilities for the year ended December 31, 2016 and 2015 by reportable segment is as follows:

	Gas-fired power and heat energy generation *RMB'000*	**Wind power** *RMB'000*	**Photovoltaic power** *RMB'000*	**Hydropower** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
For the year ended December 31, 2016						
Revenue from external customers						
Sales of electricity	**10,490,376**	**1,729,687**	**645,740**	**373,050**	**–**	**13,238,853**
Sales of heat energy	**1,391,896**	**–**	**–**	**–**	**–**	**1,391,896**
Others	**–**	**–**	**–**	**–**	**5,087**	**5,087**
Reportable segment revenue/ consolidated revenue	**11,882,272**	**1,729,687**	**645,740**	**373,050**	**5,087**	**14,635,836**
Reportable segment results *(Note (i))*	**2,386,711**	**747,513**	**388,889**	**17,642**	**(191,191)**	**3,349,564**
Reportable segment assets	**15,880,112**	**17,861,001**	**6,402,498**	**3,341,112**	**13,630,761**	**57,115,484**
Reportable segment liabilities	**(9,092,393)**	**(12,592,160)**	**(4,165,711)**	**(2,088,050)**	**(14,076,990)**	**(42,015,304)**
Additional segment information:						
Depreciation	**792,529**	**603,648**	**205,133**	**109,662**	**1,227**	**1,712,199**
Amortization	**5,523**	**168,115**	**180**	**27,029**	**471**	**201,318**
Finance costs *(Note (ii))*	**192,811**	**440,844**	**88,491**	**65,662**	**195,256**	**983,064**
Other income	**1,223,510**	**209,835**	**175**	**836**	**6,111**	**1,440,467**
Including:						
– Government grant related to clean energy production	**1,196,371**	**19,850**	**–**	**–**	**–**	**1,216,221**
– Grants related to construction of assets	**11,019**	**2,632**	**–**	**308**	**–**	**13,959**
– Income from carbon credits	**2,641**	**131,241**	**–**	**–**	**–**	**133,882**
– Others	**13,479**	**56,112**	**175**	**528**	**6,111**	**76,405**
Expenditures for reportable segment non-current assets	**977,819**	**1,546,457**	**1,383,960**	**73,692**	**553**	**3,982,481**

	Gas-fired power and heat energy generation *RMB'000*	Wind power *RMB'000*	Photovoltaic power *RMB'000*	Hydropower *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended December 31, 2015						
Revenue from external customers						
Sales of electricity	10,525,045	1,573,670	531,302	425,599	–	13,055,616
Sales of heat energy	1,286,549	–	–	–	–	1,286,549
Others	609	–	–	–	3,260	3,869
Reportable segment revenue/ consolidated revenue	11,812,203	1,573,670	531,302	425,599	3,260	14,346,034
Reportable segment results *(Note (i))*	2,326,869	717,655	322,914	162,902	(160,475)	3,369,865
Reportable segment assets	16,061,175	16,023,535	5,695,716	3,341,435	12,506,701	53,628,562
Reportable segment liabilities	(9,620,504)	(11,240,575)	(3,387,584)	(2,154,639)	(13,438,114)	(39,841,416)
Additional segment information:						
Depreciation	854,460	552,198	159,972	102,609	2,363	1,671,602
Amortization	5,171	167,606	132	26,161	520	199,590
Finance costs *(Note (ii))*	292,390	549,408	88,838	80,674	186,531	1,197,841
Other income	3,053,308	191,736	–	263	3,124	3,248,431
Including:						
– Government grant related to clean energy production	3,020,252	19,835	–	–	–	3,040,087
– Grants related to construction of assets	5,000	2,632	–	48	–	7,680
– Income from carbon credits	7,863	129,312	–	–	–	137,175
– Others	20,193	39,957	–	215	3,124	63,489
Expenditures for reportable segment non-current assets	903,688	1,485,135	1,512,382	171,236	50,310	4,122,751

Notes:

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization, personnel costs, repair and maintenance, other expenses, and including other gains and losses and other income (excluding dividend from AFS financial assets).

(ii) Finance costs have been allocated among the segments for the additional information to the CODM, but are not considered to arrive at the segment profit. It represents amounts regularly provided to the CODM but not included in the measure of segment profit or loss. However, the relevant borrowings have been allocated into the segment liabilities.

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Results		
Reportable segment profit	**3,349,564**	3,369,865
Unallocated		
Dividend income from available-for-sale financial asset	**4,612**	3,058
Profit from operations	**3,354,176**	3,372,923
Interest income	**27,063**	54,963
Finance costs	**(983,064)**	(1,197,841)
Share of results of associates	**172,155**	331,178
Share of result of a joint venture	**–**	5
Consolidated profit before taxation	**2,570,330**	2,561,228

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**57,115,484**	53,628,562
Inter-segment elimination	**(12,863,856)**	(10,863,092)
Unallocated assets:		
– Investments in associates	**1,939,484**	2,080,553
– Loans to associates	**148,000**	150,000
– Investment in a joint venture	**80,467**	80,471
– Loan to a joint venture	**15,000**	–
– Deferred tax assets	**181,565**	185,011
– Available-for-sale financial assets	**128,028**	128,028
Different presentation on:		
– Value-added tax recoverable *(Note (i))*	**988,715**	1,012,074
Consolidated total assets	**47,732,887**	46,401,607
Liabilities		
Reportable segment liabilities	**42,015,304**	39,841,416
Inter-segment elimination	**(12,863,856)**	(10,863,092)
Unallocated liabilities:		
– Income tax payable	**113,182**	205,547
– Deferred tax liabilities	**84,230**	98,418
Different presentation on:		
– Value-added tax recoverable *(Note (i))*	**988,715**	1,012,074
Consolidated total liabilities	**30,337,575**	30,294,363

Note:

(i) Value-added tax recoverable was net-off with value-added tax payables under segment information, but reclassified and presented as assets on the consolidated statement of financial position.

All assets are allocated to reportable segments, other than AFS financial assets, investments in associates and a joint venture, loans to associates and a joint venture, value-added tax recoverable and deferred tax assets; all liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities.

(c) Geographical information

Over 90% of the Group's revenue and non-current assets (non-current assets excluded deferred tax assets and financial assets) are located in the PRC, therefore no geographical segment information was presented. The basis for attributing the revenue is based on the location of customers from which the revenue is earned, which are located in/out of the PRC and the sales activities are made in/out of the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

(d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended December 31, 2016 amounted to RMB13,061,880,000(2015: RMB12,937,340,000). Sales of electricity to the major customers for the year ended December 31, 2016 by segment were as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Gas-fired power and heat energy generation	**10,490,376**	10,525,045
Wind power	**1,596,398**	1,469,375
Photovoltaic power	**645,740**	531,302
Hydropower	**329,366**	411,618
Total	**13,061,880**	12,937,340

5. OTHER INCOME

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production	**1,216,221**	3,040,087
– Construction of assets	**13,959**	7,680
Income from carbon credits *(Note (a))*	**133,882**	137,175
Value-added tax refunds *(Note (b))*	**51,336**	42,423
Dividend from available-for-sale financial asset	**4,612**	3,058
Others	**25,069**	18,008
	1,445,079	3,248,431

Notes:

(a) During the year ended December 31, 2016, income from carbon credits were mainly derived from the sales of carbon credits registered under relevant mechanisms in Australia and PRC.

(b) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind, photovoltaic farms and a full refund of value-added tax for its revenue from the sale of heat energy to residential customers. A receivable and the corresponding income of the value-added tax refund are recognized when relevant value-added tax refund application is registered with the relevant PRC tax authorities.

6. OTHER GAINS AND LOSSES

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
Impairment loss on doubtful receivables	**(2,543)**	(3,996)
Loss on derecognition of an intangible asset	**(88,320)**	–
Reversal of impairment loss on doubtful receivables	**591**	2,708
Loss on disposal of property, plant and equipment	**(2,974)**	(1,056)
Gain on disposal of an available-for-sale investment	**–**	10,700
Net exchange loss	**(1,034)**	(12,016)
Loss arising on change in fair value of financial asset classified as held for trading	**(91,907)**	(52,623)
Loss on settlement of hedged derivatives	**–**	(13,401)
Loss on change in fair value of financial assets classified as other derivatives	**–**	(1,578)
Loss on change in fair value of financial assets classified as hedging instruments	**(10,071)**	–
Others	**3,964**	15,717
	(192,294)	(55,545)

7. INTEREST INCOME/FINANCE COSTS

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Interest income from:		
– Loans to associates	**6,770**	7,968
– Loan to a joint venture	**6**	–
– Deposits with a related non-bank financial institution *(Note)*	**14,667**	17,392
– Bank balances	**5,620**	29,603
Total interest income	**27,063**	54,963
Interest on bank and other borrowings, short-term debentures, and corporate bonds	**1,081,657**	1,281,767
Less: Amounts capitalized in property, plant and equipment	**(98,593)**	(83,926)
Total finance costs	**983,064**	1,197,841
Net finance costs	**956,001**	1,142,878

	Year ended December 31,	
	2016	2015
Capitalization rate of borrowing costs to expenditure on qualifying assets	**4.23%**	5.21%

Note: A related non-bank financial institution refers to京能集團財務有限公司(BEH Finance Co, Ltd., English name for identification purpose) ("**BEH Finance**") which is a fellow subsidiary of the Group.

8. INCOME TAX EXPENSE

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**380,899**	501,448
Other jurisdictions	**–**	–
	380,899	501,448
Deferred tax:		
Current year	**62,397**	27,030
Income tax expense	**443,296**	528,478

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2015: 25%) on the estimated assessable profits of the group companies established in the PRC for the year ended December 31, 2016.

Under the PRC enterprise income tax Law, the preferential tax treatment for encouraged enterprises located in western PRC and certain industry-oriented tax incentives remains available up to December 31, 2020 when the original preferential tax period was expired. A PRC enterprise which enjoys this tax treatment is entitled to a preferential tax rate of 15% with a two-year tax exemption and a three-year 50% deduction on the PRC enterprise income tax for taxable income commencing from the first year, when relevant projects start to generate revenue. The Group's certain wind farm projects, photovoltaic power projects and hydropower projects were entitled to this tax concession for years ended December 31, 2016 and 2015.

Two major operating subsidiaries 北京京西燃氣熱電有限公司 (Beijing Jingxi Gas-fired Power Co.,Ltd, English name for identification purpose) ("**Jingxi Gas**") and 北京京能未來燃氣熱電有限公司 (Beijing Jingneng Weilai Gas-fired Power Co., Ltd., English name for identification purpose) ("**Weilai Gas**") were qualified as High and New Technology Enterprises since 2015 and are entitled to a preferential income tax rate of 15%.The qualification of High and New Technology Enterprises is subject to review once every three years and the two major subsidiaries continued to be recognized as a high-tech enterprise for the year ended December 31, 2016.

Hong Kong Profit Tax and Australia Profit Tax are calculated at 16.5% (2015: 16.5%) and 30% (2015: 30%), respectively, of the estimated assessable profit. No provision for Hong Kong profit tax has been made as the Group has no assessable profit derived in Hong Kong.

The tax charge for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Profit before taxation	**2,570,330**	2,561,228
PRC enterprise income tax at 25% (2015: 25%)	**642,583**	640,307
Tax effect on:		
– Expenses not deductible for tax purposes	**38,189**	2,332
– Tax effect of share of results of associates and a joint venture	**(43,039)**	(82,796)
– Tax losses not recognized as deferred tax assets	**38,875**	101,479
– Utilization of tax losses not recognized previously	**(390)**	(876)
– PRC enterprise income tax exemption and concessions	**(235,853)**	(120,189)
– Effect of different tax rates of group entities operating in jurisdictions other than PRC	**2,931**	(11,779)
	443,296	528,478

9. PROFIT FOR THE YEAR

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**7,250**	5,953
Prepaid lease payments released to profit or loss	**5,436**	4,459
Operating lease payments in respect of land and building	**34,607**	25,092
Depreciation and amortization:		
Depreciation of property, plant and equipment	**1,712,199**	1,671,652
Amortization of intangible assets	**201,431**	199,590
Less: Amount capitalized to construction in progress	**113**	50
Total depreciation and amortization	**1,913,517**	1,871,192
Personnel costs:		
Directors' emoluments	**1,689**	1,561
Other personnel costs	**618,186**	549,350
Total personnel costs	**619,875**	550,911

10. DIVIDENDS

(a) On June 23, 2016, a final dividend of RMB6.83 cents per share (tax inclusive) in respect of the year ended December 31, 2015 amounting to RMB469,250,000 was declared by the Directors and subsequently paid by July 30, 2016.

(b) On June 25, 2015, a final dividend of RMB4.21 cents per share (tax inclusive) in respect of the year ended December 31,2014 amounting to RMB289,245,000 was declared by the Directors and subsequently paid by July 30, 2015.

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	Year ended December 31,	
	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	**1,955,569**	1,910,643

	Year ended December 31,	
	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,870,423**	6,870,423

No diluted earnings per share are presented as there were no potential ordinary shares in issue during both years.

12. TRADE AND BILL RECEIVABLES

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**3,332,243**	2,914,815
Bill receivables	**38,506**	81,863
	3,370,749	2,996,678
Less: allowance for doubtful receivables	**2,631**	2,577
	3,368,118	2,994,101

The Group allows an average period of 60 days to its electricity and heat customers, except for clean energy power price premium is 365 days. The following is an aged analysis of the Group's trade and bill receivables net of allowance for doubtful receivables based on the invoices date which approximated the respective dates on which revenue was recognized as at the end of reporting period:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
Within 60 days	**2,112,336**	1,729,396
61 to 365 days	**700,950**	717,475
1 to 2 years	**404,372**	363,584
2 to 3 years	**140,616**	145,996
Over 3 years	**9,844**	37,650
	3,368,118	2,994,101

The Group's major customers are the PRC state-owned grid companies with good credit rating.

The clean energy power price premium is included as a component of the government-approved on-grid tariff of wind and photovoltaic power. The financial resource for the clean energy power price premium is the national renewable energy fund that accumulated through a special levy on the consumption of electricity. The government in the PRC is responsible to collect and allocate the fund and make settlement through state-owned grid companies to the wind and photovoltaic farm project companies.

As of December 31, 2016, the Group's total outstanding balance of clean energy power price premium was RMB1,469,778,000 (2015: RMB1,086,917,000), comprise RMB939,725,000 incurred in the year ended December 31, 2016, RMB379,593,000 incurred in the year ended December 31, 2015, RMB140,616,000 incurred in the year ended December 31, 2014, RMB9,844,000 incurred in and before the year ended December 31, 2013.

As of December 31, 2015, the Group's total outstanding balance of clean energy power price premium was RMB1,086,917,000, comprise RMB553,353,000 incurred in the year ended December 31, 2015, RMB350,476,000 incurred in the year ended December 31, 2014, RMB145,996,000 incurred in the year ended December 31, 2013 and RMB37,092,000 incurred in and before the year ended December 31, 2012.

The trade receivables that were past due but not impaired mainly represented the clean energy power price premium. The Director considers that there has not been a significant change in credit quality and is no impairment in view of the creditability of the debtors and the continuing repayment from these debtors.

The aged analysis of trade receivables which are past due but not impaired is as follows:

	At December 31,	
	2016	2015
	RMB'000	*RMB'000*
1 to 2 years	**401,741**	350,476
2 to 3 years	**140,616**	145,996
Over 3 years	**9,844**	37,092
	552,201	533,564

Bill receivables are mainly bank's acceptance bills endorsed by the PRC state-owned grid companies.

The Directors consider the debts that are neither past due nor impaired are of good credit quality.

At December 31, 2016, trade receivables amounting to RMB75,984,000 (2015:RMB87,023,000) are pledged for bank borrowings.

Movements in the allowance of doubtful receivables are set out as follows:

	Year ended December 31, 2016 *RMB'000*	2015 *RMB'000*
At the beginning of the year	**2,577**	1,623
Provided during the year	**645**	1,027
Reversed during the year	**(591)**	(73)
At the end of the year	**2,631**	2,577

13. TRADE AND OTHER PAYABLES

	At December 31, 2016 *RMB'000*	2015 *RMB'000*
Trade payables	**1,580,415**	1,807,212
Payables for acquisition of property, plant and equipment	**867,522**	597,289
Retention payables	**638,647**	817,395
Bills payable	**434,884**	112,773
Advance received from customers	**54,257**	59,747
Salary and staff welfares	**80,286**	66,912
Non-income tax payables	**75,825**	73,527
Accrued interests payable	**128,211**	168,828
Dividend payables to a non-controlling equity owner of subsidiary	**69,997**	34,769
Other payables	**61,922**	68,787
	3,991,966	3,807,239

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. At December 31, 2016, there was RMB49,693,000 (2015: RMB231,737,000) retention payables to be settled after one year at the end of the reporting period. The Group normally settles the trade payable related to gas purchase within 30 days, settles the payable related to equipment purchase and construction cost, according to related contractual arrangements which normally require progress payments during the construction period and a final payment after construction cost verified by independent valuer.

The following is an aged analysis of the Group's trade and bill payables by invoices date as at the reporting date:

	At December 31, 2016 *RMB'000*	2015 *RMB'000*
Within 30 days	**977,101**	1,272,499
31 to 365 days	**749,585**	297,986
1 to 2 years	**129,424**	315,887
2 to 3 years	**148,638**	27,540
Over 3 years	**10,551**	6,073
	2,015,299	1,919,985

The Group's trade payables denominated in a currency other than the functional currency of the relevant group entities are set out below:

	Year ended December 31, 2016 *RMB'000*	2015 *RMB'000*
EUR	**285**	15,833

MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Review

In 2016, the global economy continued to experience intensive adjustment and further slowed down growth rate as compared with last year. Meanwhile, international trade stayed sluggish and global capital flow intensified, driving the recovery of bulk commodity price and causing significant fluctuation at the same time. As the negative impact of the persistent downturn began to take effect, the world's economic landscape underwent changes. In face of such complex external situations, China experienced decelerating economic growth and recorded an annual growth rate of 6.7%, representing a decrease of 0.2 percentage points from 2015.

The year 2016 marked the beginning of the "Thirteenth Five-Year" plan, during which China actively promoted clean alternative energy and developed into the leading nation in terms of installed capacity of hydropower, wind power and solar power generation. It is estimated that the total energy consumption of China reached approximately 4.36 billion tonnes of standard coal and its non-fossil fuel consumption accounted for 13.3% of the total consumption, representing an increase of 1.3 percentage points from last year. Under the five major economic missions to "address overcapacity, reduce inventory, deleverage, lower costs, and bolster areas of weakness", national electricity consumption reached 5.99 trillion KWH for 2016, representing a year-on-year growth of 5.2%. Net increase in installed generating capacity was 120 million KW for the whole country, representing a decrease of 11 million KW or 8.5% from last year. In particular, net increase for thermal power was 48.36 million KW, with a year-on-year decrease of 18.42 million KW or 27.6%; net increase for hydropower was 11.74 million KW, with a year-on-year decrease of 2.01 million KW or 14.6%; net increase for wind power was 18.73 million KW, with a year-on-year decrease of 12.67 million KW or 40.3%; net increase for photovoltaic power was 34.59 million KW, with a year-on-year increase of 20.79 million KW or 1.5 times; and net increase for nuclear power was 7.2 million KW, with a year-on-year increase of 1.08 million KW or 17.7%. In 2016, power generation from non-fossil fuel increased rapidly and the operating hours of thermal power facilities further declined to 4,165 hours, hitting the lowest since 1964. There was also a swing from oversupply of thermal coal in the first half of 2016 to a mild supply shortage in the second half of the year. In general, there was sufficient supply in the country, with surplus in certain regions.

In view of the complex economic environment during the Reporting Period, the Group adopted the investment and management policy of "enhancing management, optimizing planning, combining production and financing, and boosting efficiency through innovation" while adhered to the development concepts of "innovation, coordination, environment friendly, transparency and sharing". In pursuit of economic benefits, the Group produced profits from stock, achieved development from increment, and sought progress while maintaining stability. Under the established principle of "expand gas-fired power, strengthen wind power, enhance photovoltaic power, integrate hydropower and achieve breakthrough in waste-to-energy", all business segments developed in an orderly manner, indicating the effectiveness of the "go global" strategy. Meanwhile, the Group has steadily boosted its competitiveness, profitability and capability to sustain growth, which allowed it to stay on the upward development trend.

II. Business Review for the Year of 2016

1. Intensive and effective efforts to push forward construction works and rapid development in wind power and photovoltaic power generation

In 2016, all business segments of the Group experienced different rates, but in general maintained balanced development. As the Group put wind power and photovoltaic power projects into smooth operation, installed capacity of clean energy further expanded. As at 31 December 2016, the consolidated installed capacity of the Group totaled 7,791 MW, of which, the installed capacity of gas-fired power generation accounted for 4,436 MW or 56.94% of the total; wind power generation accounted for 2,263 MW or 29.05% of the total; photovoltaic power generation accounted for 643 MW or 8.25% of the total; and hydropower generation accounted for 449 MW or 5.76% of the total. China's efforts in restructuring and transformation in 2016 have led to further upgrade of quality of energy supply and increasing consumption of clean energy. To take advantage of this opportunity, the Group enhanced the internal management and made reasonable production plans. In view of China's tariff reduction policy for wind power and photovoltaic power, the Group secured quality construction projects swiftly through active planning, coordinating and organizing efforts as well as advancing the fulfilment of conditions for construction commencement. As a result, newly increased installed generating capacity of wind power saw a year-on-year growth of 18% to 348 MW for the year; while that of photovoltaic power went up by 46% to 203 MW.

As at 31 December 2016, the consolidated installed capacity of the Group, classified by types of power generation, was as follows:

Types of power generation	**Consolidated installed capacity as at 31 December 2016** *(MW)*	**Percentage**
Gas-fired power and heat energy generation	4,436	56.94%
Wind power generation	2,263	29.05%
Photovoltaic power generation	643	8.25%
Hydropower generation	449	5.76%
Total	7,791	100.00%

As at 31 December 2016, the aggregate consolidated power generation of the Group, classified by types of power generation, was as follows:

Types of power generation	**Aggregate consolidated power generation as at 31 December 2016** *(MWH)*	**Aggregate consolidated power generation as at 31 December 2015** *(MWH)*	**Year-on-year increase in aggregate consolidated power generation** *(%)*
Gas-fired power and heat energy generation	19,430,755.76	19,722,391.50	-1.48
Wind power generation	4,156,625.29	3,689,823.83	12.65
Photovoltaic power generation	810,127.44	630,044.25	28.58
Hydropower generation	1,823,065.52	1,862,841.34	-2.14
Total	26,220,574.01	25,905,100.92	1.22

2. Sustaining competitiveness by "focusing on Beijing market" and "constructing refined projects"; expansion of high quality domestic and overseas gas-fired projects

As a state-owned enterprise in the country's capital city, the Group sought to consolidate its strategic position. While persisting on the principles of "focusing on Beijing market" and "constructing refined projects", it pursued development in not only China, but also the rest of the world. Adhering to the established principle of "expand gas-fired power", the Group explored the markets in Beijing, China and overseas by giving full play to its strengths and expanding quality projects. Leveraging its strong presence in first-tier cities, such as Beijing, Shanghai, Guangzhou and Shenzhen, and the opportunities ushered in by Beijing-Tianjin-Hebei integration, the Group moderately developed centralized natural gas power generation and pushed forward regional energy projects that combined distributed gas-fired generation and energy internet based on local circumstances. During the Reporting Period, in terms of installed capacity, the Group had secured a market share of approximately 60% in Beijing's gas-fired power market, accounted for over 70% of centralized heat energy generation, and thus, became the largest gas-fired thermal power supplier in Beijing. In addition, the Beijing Haidian Shangzhuang Thermal Project with an installed capacity of 266MW, which began construction in 2015, is expected to commence operation in 2017. The Group also monitored the progress of Shenzhen Low Carbon City Project, Shandong Weihai Project and Queensland Greenland Gas-fired Project in Australia. During the Reporting Period, the Group pursued steady development supported by multiple growth drivers and dedication for excellence. It strived to deliver high quality projects so as to achieve efficient and significant growth in the "Thirteenth Five-Year" period.

3. **Full upgrade of operation and management capabilities; effective response to pressure from curtailment**

During the Reporting Period, in pursuit of economic benefits, the Group produced profits from stock, achieved development from increment, and sought progress while maintaining stability. It developed new operating model to adapt to the power sector reform and adopted differentiated marketing strategies based on the market practices for power sectors in different regions, thereby effectively control the curtailment rate. With a view to managing progress of new projects, the Group strengthened coordination with the local governments and strived to gain support from grid companies and competent authorities. It took active measures to boost power generation and supply while controlling parasitic load of power plants. Such move ensured steady progress in annual power generation and growth in average operating hours.

In view of the long-term influence due to tariff adjustment, the Group further strengthened management on projects under construction and approved projects under construction. Such move was conducive to the on-time delivery of projects with quality and quantity guaranteed, and implementation of higher on-grid tariff. To cope with the reduction in electricity price for wind power generation and photovoltaic power generation, which may become a common practice, the Group strictly controlled investment to new projects and carefully selected quality projects. Furthermore, to lower the operating cost of completed projects and maintain profitability, the Group exercised cost control in pre-stage development, further optimized design, enhanced cost control over the whole construction process and strengthened infrastructure management.

4. **Full utilization of financing channels to continuously lower financing cost**

The Group recorded further decline in financing cost due to its constant efforts to upgrade capital control capability. While strengthening ability to obtain loan facility, it also further expanded the issue of low cost debentures. During the Reporting Period, the Group completed the issue of RMB3 billion short-term debentures and RMB5 billion super-short-term debentures on revolving basis with an average interest rate of 2.97%. In 2016, proceeds from issuances, out of which, RMB4.31 billion was applied to the Group's subsidiaries. Such move not only significantly reduced financing costs of the Group's subsidiaries, but also helped some of them to overcome the challenges in obtaining financing.

5. Strategic planning for overseas business to steadily develop international competitiveness

During the Reporting Period, the operating hours of the Gullen Range Wind Power Project in Australia exceeded 3,100 hours, with a power generation of 520 million KWH. The outstanding operation and revenue performance of the project laid a solid foundation for the "Go Global" development strategy of the Group. In 2016, the Group leveraged on the overseas base of the Gullen Range Project in Australia to carry out intensive research on the Australian energy market, following which, it successfully acquired the Gullen 10 MW photovoltaic power project, which was the first overseas merger of photovoltaic power project, making it the first large-scaled power plant in Australia that combines wind power and photovoltaic power generation. The Group pushed forward both project development and merger, diversified the business mix comprising wind power, photovoltaic power and greenland projects, and mapped out reasonable plans for the Australian market, and as a result, its reserved capacity in Australia reached approximately 1,000 MW.

6. Image enhancement in the capital market and world renowned reputation

During the Reporting Period, Mr. Chen Ruijun, an executive Director and the general manager of the Group, garnered the "Best CEO for Listed Companies" at the Sixth China Securities Golden Bauhinia Awards organized by Hong Kong Ta Kung Wen Wei Media Group. The award received by Mr. Chen Ruijun, our executive Director and general manager, indicated market recognition of the Group's outstanding performance in operating efficiency, corporate governance, profitability, sustainability and brand value, as well as excellent brand image under the supervision of the management.

To help teenagers and other disadvantaged groups in need in Hong Kong, the Group joined Mingxi Charity Foundation, which was established by Beijing Enterprises Holdings and Beijing Holdings as the leading entities, and Beijing enterprises based in Hong Kong as co-promoters. As a platform for Beijing enterprises based in Hong Kong to give back to and serve the local community, Mingxi Charity Foundation allows the Company to better fulfil its social responsibilities and is conducive to enhancing its corporate image and reputation.

During the Reporting Period, *China Energy News* and China Institute of Energy Economics Research held a major charity event to release the result of "Global Top 500 New Energy Companies", which was an authoritative review and research on the new energy sector. Among a total of 282 Asian enterprises being selected, the Group, owing to its excellent corporate governance, sound financial strengths and advanced management, ranked 42th among the "Global Top 500 New Energy Companies", demonstrating its outstanding competitiveness and world leading position.

7. **Tightened risk and internal control for optimizing management**

To continuously enhance and optimize operation procedures, the Group carried out comprehensive revision of management standards and conducted self-evaluation on internal control practices, where it inspected the evaluation results of 675 control points and proposed appropriate remedial actions for management deficiencies based on its insights into day-to-day management. Meanwhile, the Group revised over 160 management procedures for 17 major management aspects, as well as added and revised 87 standards for the purpose of strengthening regulation on operation procedures.

The Group conducted benchmarking against industry peers to enhance management. It focused on addressing the issues identified in benchmarking, while inspected and supervised the progress of remedial actions.

The Group upheld the principle of "governance by laws" and was endeavored to prevent operational risks. The Company's legal approval procedure for contract signing were standardized and regularized, thereby providing strong protection against legal risks in relation to contract management. At the same time, the Group promoted legal knowledge through various channels, with emphasis placed on laws, regulations and cases related to staff's daily lives and workplaces.

III. Operating Results And Analysis

1. Overview

In 2016, the Company achieved steady improvement in terms of profitability. Net profit for the whole year amounted to RMB2,127.0 million, representing an increase of 4.63% as compared to RMB2,032.8 million for 2015. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,955.6 million, representing an increase of 2.36% as compared to RMB1,910.6 million for 2015.

2. Operating Income

Total revenue increased by 2.02% from RMB14,346.0 million for 2015 to RMB14,635.8 million for 2016. Adjusted total operating income decreased by 8.82% from RMB17,386.1 million in 2015 to RMB15,852.1 million in 2016, due to the decrease in government grants and subsidies related to clean energy production in the power and heat energy generation segment as a result of the decrease in gas prices in 2015.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment increased by 0.59% from RMB11,812.2 million for 2015 to RMB11,882.3 million for 2016, due to the increase in sales volume of heat in this segment. Revenue from sales of electricity decreased by 0.33% from RMB10,525.0 million for 2015 to RMB10,490.4 million for 2016. Revenue from sales of heat energy increased by 8.19% from RMB1,286.5 million for 2015 to RMB1,391.9 million for 2016, due to the increase in sales volume of heat in this segment.

Wind Power Segment

The revenue from wind power segment increased by 9.91% from RMB1,573.7 million for 2015 to RMB1,729.7 million for 2016, due to the increase in sales volume of electricity as a result of the increase in the installed capacity in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 21.53% from RMB531.3 million for 2015 to RMB645.7 million for 2016, due to the increase in sales volume of electricity as a result of the increase in the installed capacity in this segment.

Hydropower Segment

The revenue from hydropower segment decreased by 12.34% from RMB425.6 million for 2015 to RMB373.1 million for 2016, due to the decrease in sales volume of electricity of this segment.

Others

Other revenue increased by 54.55% from RMB3.3 million for 2015 to RMB5.1 million for 2016, due to the increase in revenue from providing external maintenance service.

3. *Other Income*

Other income decreased by 55.51% from RMB3,248.4 million for 2015 to RMB1,445.1 million for 2016, due to the decrease in government grants and subsidies related to clean energy production as a result of the decrease in gas prices in the gas-fired power and heat energy generation segment.

4. *Operating Expenses*

Operating expenses decreased by 10.51% from RMB14,221.5 million for 2015 to RMB12,726.7 million for 2016, due to the decrease in gas consumption as a result of the decrease in gas prices in the gas-fired power and heat energy generation segment.

(1) Gas Consumption

Gas consumption decreased by 17.35% from RMB10,545.3 million for 2015 to RMB8,715.7 million for 2016, due to the decrease in gas consumption as a result of the decrease in gas prices in the gas-fired power and heat energy generation segment.

(2) Depreciation and Amortization

Depreciation and amortization increased by 2.26% from RMB1,871.2 million for 2015 to RMB1,913.5 million for 2016, due to the increase in the installed capacity in the wind power segment and photovoltaic power segment.

(3) Personnel Cost

Personnel cost increased by 12.52% from RMB550.9 million for 2015 to RMB619.9 million for 2016, due to the increase in the number of employees as a result of the business development of the Group and additional personnel costs expensed following the commencement of production of new projects.

(4) Repairs and Maintenance

Repairs and maintenance increased by 16.99% from RMB526.3 million for 2015 to RMB615.7 million for 2016, due to the increase in maintenance expenses as a result of warranty expiry of some of the equipment in the wind power segment and photovoltaic power segment.

(5) Other Expenses

Other expenses decreased by 0.40% from RMB672.3 million for 2015 to RMB669.6 million for 2016.

(6) Other Losses

Other losses increased by 246.49% from RMB55.5 million for 2015 to RMB192.3 million for 2016, due to the increase in loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company during the holding period and the derecognition of operation right of one of Yunnan Hydropower Projects.

5. Operating Profit

As a result of the above, our operating profit decreased by 0.55% from RMB3,372.9 million for 2015 to RMB3,354.2 million for 2016.

6. Adjusted Segment Operating Profit

The total adjusted segment operating profit decreased by 1.15% from RMB3,161.5 million for 2015 to RMB3,125.3 million for 2016.

Gas-fired Power and Heat Energy Generation Segment

The adjusted segment operating profit of our gas-fired power and heat energy generation segment increased by 2.87% from RMB2,293.8 million for 2015 to RMB2,359.6 million for 2016, as a result of the increase in the volume of heat supply in this segment.

Wind Power Segment

Adjusted segment operating profit of our wind power segment increased by 2.14% from RMB545.8 million for 2015 to RMB557.5 million for 2016 due to the increase in sales volume of electricity as a result of newly installed capacity in this segment.

Photovoltaic Power Segment

The adjusted segment operating profit of our photovoltaic power segment increased by 20.38% from RMB322.9 million for 2015 to RMB388.7 million for 2016, due to the increase in sales volume of electricity as a result of the newly installed capacity in this segment.

Hydropower Segment

The adjusted segment operating profit of our hydropower segment decreased by 89.67% from RMB162.6 million for 2015 to RMB16.8 million for 2016, due to the decrease in sales volume of electricity of the projects in this segment and the derecognition of operation right of the Yunnan Hydropower Project.

Others

Other adjusted operating profit decreased from loss of RMB163.6 million for 2015 to loss of RMB197.3 million for 2016, due to the increase in loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company.

7. Finance Costs

Our finance costs decreased by 17.92% from RMB1,197.8 million for 2015 to RMB983.1 million for 2016 due to the decrease in market interest rate and the decline in average interest rate as a result of issue of short-term and super-short-term debentures with low interest rate.

8. Share of Results of Associates and a Joint Venture

Share of results of associates and a joint venture decreased by 48.01% from RMB331.2 million for 2015 to RMB172.2 million for 2016, due to the decrease in net profit as a result of decline in earnings of a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

9. Profit before Taxation

As a result of the above, profit before taxation increased by 0.36% from RMB2,561.2 million for 2015 to RMB2,570.3 million for 2016.

10. Income Tax Expense

Income tax expense decreased by 16.12% from RMB528.5 million for 2015 to RMB443.3 million for 2016. Effective tax rate decreased from 20.63% for 2015 to 17.25% for 2016, primarily due to the fact that Jingxi Gas Project and Weilai Gas Project were entitled to the preferential income tax rate of 15% for high technology enterprises.

11. Profit for the Year

As a result of the above, profit for the year increased by 4.63% from RMB2,032.8 million for 2015 to RMB2,127.0 million for 2016.

12. Profit for the Year Attributable to Ordinary Shareholders of the Company

Profit for the year attributable to ordinary shareholders of the Company increased by 2.36% from RMB1,910.6 million in 2015 to RMB1,955.6 million in 2016.

IV. Financial Position

1. Overview

As of 31 December 2016, total assets of the Group amounted to RMB47,732.9 million, total liabilities were RMB30,337.6 million and shareholders' equity reached RMB17,395.3 million, among which equity attributable to the ordinary shareholders amounted to RMB15,379.5 million.

2. Particulars of Assets and Liabilities

Total assets increased by 2.87% from RMB46,401.6 million as at 31 December 2015 to RMB47,732.9 million as at 31 December 2016, due to the increase in investment for the construction of new projects. Total liabilities increased by 0.14% from RMB30,294.4 million as at 31 December 2015 to RMB30,337.6 million as at 31 December 2016, due to the increase in construction loans for new projects. Total equity of shareholders increased by 8.00% from RMB16,107.2 million as at 31 December 2015 to RMB17,395.3 million as at 31 December 2016. Equity attributable to ordinary shareholders of the Company increased by 9.10% from RMB14,096.9 million as at 31 December 2015 to RMB15,379.5 million as at 31 December 2016, due to the operating accretion from business.

3. Liquidity

As of 31 December 2016, current assets amounted to RMB6,806.2 million, including monetary capital of RMB1,772.0 million; bills and trade receivables of RMB3,368.1 million (mainly comprising receivables from sales of electricity and heat energy); and prepayment and other current assets of RMB1,666.1 million (mainly comprising deductible value added tax and other account receivables). Current liabilities amounted to RMB20,279.3 million, including short-term borrowings of RMB7,794.2 million, short-term debentures of RMB6,000.0 million, corporate bonds due within one year of RMB2,195.5 million and bills and trade payables of RMB3,992.0 million (mainly comprising payables for gas, payables for engineering and purchase of equipment); other current liabilities amounted to RMB297.6 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities increased by 88.77% from RMB7,137.4 million as at 31 December 2015 to RMB13,473.0 million as at 31 December 2016. Current ratio decreased by 16.14% from 49.70% as at 31 December 2015 to 33.56% as at 31 December 2016, due to the increase in debts due within one year.

4. Net Gearing Ratio

Net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, decreased by 1.37% from 58.84% as at 31 December 2015 to 57.47% as at 31 December 2016 due to the increase in shareholders' equity.

The Group's long-term and short-term borrowings increased by 0.51% from RMB25,143.9 million as at 31 December 2015 to RMB25,273.2 million as at 31 December 2016, including short-term borrowings of RMB7,794.2 million, long-term borrowings of RMB9,283.5 million, corporate bonds of RMB2,195.5 million and short-term debentures of RMB6,000.0 million.

Bank deposits and cash held by the Group decreased by 16.21% from RMB2,114.7 million as at 31 December 2015 to RMB1,772.0 million as at 31 December 2016, due to the utilization of funds for construction.

V. Other Significant Events

1. Financing

On 27 January 2016, the Group issued the first tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.97%, which was settled on 23 October 2016. On 25 February 2016, the Group issued the second tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.70%, which was settled on 21 November 2016. On 11 May 2016, the Group issued the third tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.02%. On 17 June 2016, the Group issued the fourth tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.08%. On 16 November 2016, the Group issued the fifth tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.27%.

On 7 July 2016, the Group issued the first tranche of the short-term debentures to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.80%. On 23 August 2016, the Group issued the second tranche of the short-term debentures to raise proceeds of RMB1,000.0 million, bearing an interest rate of 2.70%. On 28 October 2016, the Group issued the third tranche of the short-term debentures to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.03%.

2. Capital Expenditure

In 2016, the Group's capital expenditure amounted to RMB3,982.5 million, including RMB977.8 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB1,546.5 million incurred for construction projects in the wind power segment, RMB1,384.0 million incurred for construction projects in the photovoltaic power segment, RMB73.7 million incurred for construction projects in the hydropower segment, and RMB0.5 million incurred for construction projects in other segments.

3. Significant Investment

According to the development plan of the Group, the Group established Xuwen Jingneng New Energy Co., Limited (徐聞京能新能源有限公司) in 2016 as a wholly-owned subsidiary to carry out the construction of photovoltaic power projects.

4. Contingent Liabilities

As of 31 December 2016, the Group had no external guarantees.

5. Mortgage of Assets

As of 31 December 2016, the Group's bank borrowings were secured by trade receivables of RMB76.0 million.

VI. Risk Factors and Risk Management

Currently, the operation and development of the Group are not exposed to any material risk factors, but they will be impacted to a certain extent by several factors in the short run:

Interest rate risk

The Group is principally engaged in electricity investment, which requires relatively high capital investments. Thus the uncertainties of interest rate will affect the financing cost of the Group. The Group's good credit standing and sufficient credit facility from banks can ensure safe, stable and successful funding. Also, for the purpose of minimizing financing costs, the Group has secured a large sum of stable, low-cost funding through a variety of financing means, such as ultra short-term financing bonds, short-term financing bonds, corporate bonds and perpetual bonds, to ensure the funding of projects.

The Group closely monitors changes in the economic environment, determines the direction of movement in bank interest rate and enhanced the management of debt structure with timely adjustment, so as to minimize interest rate risk exposure.

Exchange rate risk

The businesses of the Group are mainly located in mainland China, where most of the income and expenses are denominated in Renminbi. The Group has a small portion of overseas investments and loans in foreign currencies (including deposits denominated in AUD, HK dollars, US dollars, Euro, as well as borrowings in US dollars, AUD). Changes in the Renminbi exchange rate may cause exchange loss or gain to the Group's foreign currency-denominated business.

The Group will continue to monitor the exchange rate so as to cope with changes in the foreign exchange market and enhance the risk management on exchange rate by various means.

VII. 2017 Business Outlook

As economic growth in China has entered into the new normal, the combined effect of external environment and changes of internal growth drivers added uncertainties to development in the power sector. In recent years, new energy generation experienced fast growth, leading to continuous optimization of energy structure. However, such overly rapid and concentrated development mode, coupled with lack of coordination between power grids, has resulted in worsening excessive power generation and a bottleneck for restructuring and upgrade of the power sector. At the end of 2016, China published a number of plans for the energy and power sector under the "Thirteenth Five-Year" plan, hence the year of 2017 will be a crucial year for the implementation of such plans. Under such backdrop, for the next three years, as a clean energy enterprise, the Group will have to meet the national requirements under the "Thirteenth Five-Year" plan, carry out restructuring as a way to adapt, and grasp opportunities to expand and develop business.

In 2017, the Group will strive to realize various business objectives by accomplishing the following tasks:

1. To strengthen the strategic positioning as an enterprise in the capital, promote domestic and international development

The Group will ride on the back of its success in Beijing and adopt appropriate measures to develop centralized natural gas power generation. Where it meets the conditions of gas sources, prices, location, transmission pipelines, the Group will, after giving full consideration of gas demand from industrial sectors and heating, focus on developing the "Beijing-Tianjin-Hebei" and "Beijing-Shanghai-Guangzhou-Shenzhen" regions, as well as promoting distributed power generation based on local needs for the purpose of "expanding gas-fired power generation" in terms of geographical diversification. Leveraging its business presence in Beijing and Inner Mongolia, the Group aims at "strengthening wind power generation" in Hebei and Shandong. Meanwhile, it will make full use of China's favourable policy and opportunities in UHV power transmission to "enhance photovoltaic power generation" with a focus on central-eastern China, featuring Hebei, Shandong, Zhejiang and Anhui. It will closely monitor industry trend so as to advance development of the solar thermal power sector in areas with favorable light conditions as technology matures and cost drops. Taking into account the market conditions, it plans to control the size of its hydropower assets. In pursuit of profitability, it is also set to achieve "breakthrough in waste-to-energy" in China.

Following in-depth study of the local energy policy and extensive research on market pattern, energy profile and characteristics of projects, the Group will strive to develop quality projects orderly and prudently in developed and growing economies as well as politically stable countries and regions with promising outlooks. Firstly, it will capitalize on the overseas base of the GR project in Australia to carry out intensive research on the Australian energy market, so as to identify opportunities for expanding clean energy projects. Secondly, it will actively explore other overseas projects to seek international opportunities. For projects in developed economies, the Group will carry out in-depth study on the international policies of the local governments, regional capacity, grid balancing and other conditions, so that when market matures and high rate of return is expected, it will be able to make targeted planning and achieve proper development. The Group will keep an eye on key projects along the "One Belt and One Road" initiative to push forward internationalization in a steady manner.

2. To reinforce refined business management and produce profits from stock

The Group will spare no efforts in professional and refined management by focusing on lowering costs and improving efficiency. Meanwhile, it will further explore internal potential and take all effective measures to boost business efficiency. The Group will also continue to optimize the production and management model, strengthen implementation of management procedures, improve comprehensive control and operation management of equipment, place emphasis on cost control, and enhance equipment efficiency. Apart from such, the Group will make use of the full consumption policy for clean energy and renewable energy to actively increase power generation and heat supply and bring profitability to a higher level.

3. **To seize opportunity in power sector reform and achieve balanced development through technology innovation**

The year of 2017 is crucial for the "Thirteenth Five-Year" Plan and the reform of the power sector. As the reform progresses, the clean energy sector is blessed with unprecedented opportunities. In view of such, the Group endeavors to explore business diversification through innovation, develop new technology for introducing new business model to the industry and acquire replicable and reproducible experience through application. Driven by technology innovation, the Group is determined to achieve breakthrough as its business expands and strengthens. It will also strive to maintain a balance between stock and increment in the new and renewable energy sector, as it seeks for endless impetus to business development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2016.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company on the 2016 Annual General Meeting (the "**AGM**") to be held on 28 June 2017, for the payment of a final dividend of RMB7.40 cents per share (tax inclusive) for the year ended 31 December 2016 (the "**2016 Final Dividends**") payable to the shareholders of the Company whose names are listed in the register of members of the Company on 10 July 2017, in an aggregate amount of approximately RMB508.41 million. The 2016 Final Dividends will be denominated and declared in RMB. Dividends on domestic shares will be paid in RMB and dividends on H Shares will be paid in Hong Kong dollars. Subject to the passing of the relevant resolution at the AGM, the 2016 Final Dividends is expected to be paid on or around 8 August 2017.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force since January 1, 2008 and other relevant rules, where the Company distributes the proposed 2016 Final Dividends to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold enterprise income tax at a 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 organizations 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.

Pursuant to the PRC Individual Income Tax Law, the Implementation Regulations of the Individual Income Tax Law, the Tentative Measures on Withholding and Payment of Individual Income Tax and other relevant laws and regulations, the foreign individuals who are the holders of H shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H shares, which shall be withheld and paid by such domestic enterprises on behalf of the such individual H shareholders. However, the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax effective from 13 May 1994 (the "**1994 Notice**") grants exemption to foreign individuals from PRC individual income tax on dividend from foreign-invested enterprises. Since the Company has become a "foreign-invested enterprise" since August 2010 as approved by the relevant PRC authorities, the individual shareholders who hold the Company's H shares and whose names appear on the register of members of H shares of the Company (the "**Individual H Shareholders**") are not required to pay PRC individual income tax when the Company distributes the 2016 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2016 Final Dividends to be distributed to the Individual H Shareholders to pay the PRC individual income tax.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlement to attend and vote at the AGM and to the proposed 2016 Final Dividends, the H Share register of members of the Company will be closed from 29 May 2017 to 28 June 2017 (both days inclusive) and from 5 July 2017 to 10 July 2017 (both days inclusive), respectively, during which periods no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, holders of H Shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 26 May 2017. In order to qualify for receiving the proposed 2016 Final Dividends (subject to the approval by Shareholders at the forthcoming AGM), holders of H Shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on 4 July 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2016.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors and supervisors of the Company. Upon making specific enquiries to all of the directors and supervisors of the Company, all directors and supervisors of the Company confirmed that during the Reporting Period, each of the directors and supervisors of the Company had fully complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2016 annual results and the financial statements for the year ended 31 December 2016 prepared in accordance with the IFRSs.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.jncec.com/. The 2016 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
KANG Jian
Company Secretary

Beijing, the PRC
28 March 2017

As at the date of this announcement, the non-executive directors of the Company are Mr. Zhu Yan, Mr. Li Dawei, Mr. Guo Mingxing, Mr. Zhu Baocheng, Mr. Yu Zhongfu and Mr. Zhao Wei; the executive director of the Company is Mr. Chen Ruijun; and the independent non-executive directors of the Company are Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping.