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 2018

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2018 was RMB16,238.8 million, increased by 14.14% as compared with the previous year.
- Profit before taxation for the year ended 31 December 2018 was RMB2,742.6 million, increased by 11.84% as compared with the previous year.
- Basic and diluted earnings per share for the year ended 31 December 2018 was RMB26.55 cents.

FINAL DIVIDEND

- The Board recommended a final dividend of RMB6.67 cents per ordinary share (tax inclusive) for the year ended 31 December 2018, representing a total distribution of approximately RMB549.9 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 2018 (the "**Reporting Period**"), prepared under International Financial Reporting Standards ("**IFRSs**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**Year ended 31 December** **2018** *RMB'000*	2017 *RMB'000*
Revenue	*4*	**16,238,805**	14,227,365
Other income	*6*	**1,029,099**	1,353,370
Gas consumption		**(9,038,448)**	(8,089,769)
Depreciation and amortization expense	*10*	**(2,230,295)**	(2,117,944)
Personnel costs	*10*	**(756,476)**	(700,248)
Repairs and maintenance		**(658,294)**	(560,888)
Other expenses		**(726,250)**	(710,415)
Other gains and losses	*7*	**(80,703)**	45,298
Impairment losses, net of reversal		**(15,784)**	–
Profit from operations		**3,761,654**	3,446,769
Interest income	*8*	**43,136**	33,886
Finance costs	*8*	**(1,142,163)**	(1,077,630)
Share of results of associates		**79,948**	49,276
Profit before taxation		**2,742,575**	2,452,301
Income tax expense	*9*	**(626,458)**	(516,716)
Profit for the year	*10*	**2,116,117**	1,935,585
Profit for the year attributable to:			
– Equity holders of the Company		**1,995,943**	1,774,473
– Holders of perpetual notes		**35,768**	77,250
– Non-controlling interests		**84,406**	83,862
		2,116,117	1,935,585
Earnings per share			
Basic *(RMB cents)*	*12*	**26.55**	25.83

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**2,116,117**	1,935,585
Items that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income	**(6,107)**	–
Income tax relating to items that will not be reclassified to profit or loss	**1,527**	–
	(4,580)	–
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(74,701)**	(11,878)
Cash flow hedges:		
(Loss) gain during the year	**(183,025)**	338,399
Income tax relating to items that may be reclassified subsequently to profit or loss	**50,771**	(101,520)
	(206,955)	225,001
Other comprehensive (expense) income for the year, net of income tax	**(211,535)**	225,001
Total comprehensive income for the year	**1,904,582**	2,160,586
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**1,784,408**	1,937,527
– Holders of perpetual notes	**35,768**	77,250
– Non-controlling interests	**84,406**	145,809
	1,904,582	2,160,586

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	NOTE	**31/12/2018**	31/12/2017
		RMB'000	*RMB'000*
Non-current Assets			
Property, plant and equipment		**34,899,238**	33,948,817
Intangible assets		**3,589,275**	3,764,511
Goodwill		**190,049**	190,049
Prepaid lease payments		**239,697**	193,600
Investments in associates		**1,950,247**	1,900,299
Loans to associates		**139,000**	142,000
Investment in a joint venture		**152,967**	80,467
Loans to a joint venture		**30,000**	30,000
Deferred tax assets		**284,596**	228,246
Equity instruments at fair value through other comprehensive income		**136,241**	–
Available-for-sale financial assets		**–**	128,028
Value-added tax recoverable		**525,080**	633,528
Deposit paid for acquisition of property, plant and equipment		**622,488**	738,533
Restricted bank deposits		**51,060**	–
Derivative financial asset		**–**	182,499
		42,809,938	42,160,577
Current Assets			
Inventories		**115,831**	130,374
Trade and bills receivables	*13*	**5,364,872**	3,867,593
Other receivables, deposits and prepayments		**359,081**	374,640
Current tax assets		**15,098**	14,982
Amounts due from related parties		**158,017**	460,712
Prepaid lease payments		**6,081**	6,033
Value-added tax recoverable		**362,287**	302,617
Financial asset at fair value through profit or loss		**227,313**	–
Held for trading financial asset		**–**	247,175
Restricted bank deposits		**102,005**	715,894
Cash and cash equivalents		**5,420,937**	2,675,087
		12,131,522	8,795,107

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 31 DECEMBER 2018

	NOTE	**31/12/2018**	31/12/2017
		RMB'000	*RMB'000*
Current Liabilities			
Trade and other payables	*14*	**3,708,661**	3,483,214
Amounts due to related parties		**129,938**	83,074
Bank and other borrowings – due within one year		**8,864,459**	9,922,736
Short-term debentures		**6,086,848**	6,000,000
Medium-term notes		**80,189**	–
Contract liabilities		**88,564**	–
Income tax payable		**128,598**	95,977
Deferred income		**304,660**	238,167
		19,391,917	19,823,168
Net Current Liabilities		**(7,260,395)**	(11,028,061)
Total Assets less Current Liabilities		**35,549,543**	31,132,516
Non-current Liabilities			
Derivative financial liabilities		**49,202**	8,714
Bank and other borrowings – due after one year		**9,824,454**	9,494,596
Medium-term notes		**3,490,094**	2,002,713
Deferred tax liabilities		**177,799**	196,554
Deferred income		**464,824**	487,769
Other non-current liability		**31,570**	37,069
		14,037,943	12,227,415
Net Assets		**21,511,600**	18,905,101
Capital and Reserves			
Share capital		**8,244,508**	6,870,423
Reserves		**12,869,870**	9,938,168
Equity attributable to equity holders of the Company		**21,114,378**	16,808,591
Perpetual notes		**–**	1,527,982
Non-controlling interests		**397,222**	568,528
Total Equity		**21,511,600**	18,905,101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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 businesses.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the Directors have given careful consideration that at 31 December 2018, the Group has net current liabilities of RMB7,260,395,000. The Group meets its working capital requirements with cash generated from its operating activities and available financing facilities from banks. At 31 December 2018, the committed unutilized financing facilities granted to the Group amounted to approximately RMB30,581,115,000, of which approximately RMB29,686,115,000 are subject to renewal 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 date of the consolidated statement of financial position. 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. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") for the first time in the current year:

IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers and the related Amendments*
IFRIC-Int 22	*Foreign Currency Transactions and Advance Consideration*
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
Amendments to IAS 28	*As part of the Annual Improvements to IFRSs 2014-2016 Cycle*
Amendments to IAS 40	*Transfers of Investment Property*

Except as described below, the application of the new and amendments to 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.

3.1 IFRS 15 Revenue from Contracts with Customers

The Group has applied IFRS 15 for the first time in the current year. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

The Group has applied IFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognized in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transitional provisions in IFRS 15, the Group has elected to apply the Standard retrospectively only to contacts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 18 *Revenue* and IAS 11 *Construction Contracts* and the related interpretations.

The Group recognizes revenue from the following major sources which arise from contracts with customers:

- Sales of electricity
- Sales of heat energy
- Repairs and maintenance and other services

Summary of effects arising from initial application of IFRS 15

The transition to IFRS 15 does not have impact on the Group's retained profits at 1 January 2018.

The following adjustments were made to the amounts recognized in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 December 2017	Reclassification	**Carrying amounts under IFRS 15 at 1 January 2018***
		RMB'000	*RMB'000*	***RMB'000***
Current Liabilities				
Trade and other payables	*(a)*	3,483,214	(60,031)	**3,423,183**
Contract liabilities		–	60,031	**60,031**

* The amounts in this column are before the adjustments from the application of IFRS 9.

(a) As at 1 January 2018, advances from customers of RMB60,031,000 in respect of electricity sales contracts previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarize the impacts of applying IFRS 15 on each of the line items in the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Current Liabilities			
Trade and other payables	3,911,016	88,564	3,999,580
Contract liabilities	88,564	(88,564)	–

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of IFRS 15
	RMB'000	*RMB'000*	*RMB'000*
Operating Activities			
Increase in trade and other payables	408,934	28,533	437,467
Increase in contract liabilities	28,533	(28,533)	–

3.2 IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets, and (3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transitional provisions set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognized as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognized in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS 39 *Financial Instruments: Recognition and Measurement*.

In addition, the Group applied the hedge accounting prospectively.

Summary of effects arising from initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets subject to ECL under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018.

	Notes	**Available-for-sale financial assets**	**Held for trading financial asset**	**Financial asset at fair value through profit or loss ("FVTPL")**	**Equity instruments at fair value through other comprehensive income ("FVTOCI")**	**Deferred tax assets/ liabilities**	**FVTOCI reserve**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Closing balance at 31 December 2017 – IAS39		128,028	247,175	–	–	31,692	–
Effect arising from initial application of IFRS 9:							
Reclassification							
From available-for-sale financial assets	*(a)*	(128,028)	–	–	128,028	–	–
From held for trading financial asset	*(b)*	–	(247,175)	247,175	–	–	–
Remeasurement							
From cost less impairments to fair value	*(a)*	–	–	–	14,320	(3,580)	10,740
Opening balance at 1 January 2018		**–**	**–**	**247,175**	**142,348**	**28,112**	**10,740**

Notes:

(a) From available-for-sale financial assets to equity investments at FVTOCI

The Group elected to present in other comprehensive income for the fair value changes in all of its equity investments previously classified as available for sale. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of IFRS 9, RMB128,028,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, all of which related to unquoted equity investments previously measured at cost less impairment under IAS 39. The fair value gains of RMB14,320,000 relating to those unquoted equity investments previously carried at cost less impairment were adjusted to equity instruments at FVTOCI and fair value through other comprehensive income reserve as at 1 January 2018.

(b) From held for trading financial asset to financial asset at FVTPL

The Group has reassessed its investment in equity security classified as held for trading under IAS 39 as if the Group had purchased this investment at the date of initial application. Based on the facts and circumstances as at the date of initial application, RMB247,175,000 of the Group's investment was held for trading and continued to be measured at FVTPL.

(c) Impairment under ECL model

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Trade receivables have been assessed individually.

ECL for other financial assets at amortized cost, including other receivables and deposits, loans to associates, loans to a joint venture, amounts due from related parties, bills receivable, restricted deposits and cash and cash equivalents are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9. As the assessed amount is not material, no additional credit loss allowance has been recognized against retained profit as at 1 January 2018.

3.3 Impacts on opening consolidated statement of financial position arising from application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognized for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 (Audited) *RMB'000*	IFRS 15 *RMB'000*	IFRS 9 *RMB'000*	**1 January 2018 (Restated)** ***RMB'000***
Non-current Assets				
Available-for-sale financial assets	128,028	–	(128,028)	**–**
Equity instruments at FVTOCI	–	–	142,348	**142,348**
Current Assets				
Held for trading financial asset	247,175	–	(247,175)	**–**
Financial asset at FVTPL	–	–	247,175	**247,175**
Current Liabilities				
Trade and other payables	3,483,214	(60,031)	–	**3,423,183**
Contract liabilities	–	60,031	–	**60,031**
Non-current Liabilities				
Deferred tax liabilities	196,554	–	3,580	**200,134**
Capital and Reserves				
Reserves	9,938,168	–	10,740	**9,948,908**

4. **REVENUE**

A. **For the year ended 31 December 2018**

(i) ***Disaggregation of revenue from contracts with customers:***

	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*
Types of goods and services						
Sales of electricity	10,755,827	2,115,028	1,171,286	362,640	–	14,404,781
Sales of heat energy	1,823,955	–	–	–	–	1,823,955
Repairs and maintenance and other services	–	–	–	–	10,069	10,069
Timing of revenue recognition						
A point in time	12,579,782	2,115,028	1,171,286	362,640	–	16,228,736
Over time	–	–	–	–	10,069	10,069
Revenue from contracts with customers	12,579,782	2,115,028	1,171,286	362,640	10,069	16,238,805

(ii) ***Geographical information***

	Total *RMB'000*
Geographical market	
Mainland China	16,090,751
Overseas	148,054
Total	16,238,805

B. **For the year ended 31 December 2017**

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

	Total *RMB'000*
Sales of goods:	
– Electricity	12,671,397
– Heat energy	1,538,637
Others	17,331
Total	14,227,365

5. SEGMENT INFORMATION

The Group manages its businesses by divisions, such as performing 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: managing and operating natural gas-fired power plants and generating electric power and heat energy for sale to external customers.

– Wind power: constructing, managing and operating wind power plants and generating electric power for sale to external customers.

– Photovoltaic power: managing and operating photovoltaic power plants and sales of electricity generated to external customers.

– Hydropower: managing and operating 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" are 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 years ended 31 December 2018 and 2017 by operating and 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 31 December 2018						
Revenue from external customers	12,579,782	2,115,028	1,171,286	362,640	10,069	16,238,805
Reportable segment revenue/ consolidated revenue	12,579,782	2,115,028	1,171,286	362,640	10,069	16,238,805
Reportable segment results *(Note (i))*	2,181,982	959,945	670,479	105,248	(167,124)	3,750,530
Reportable segment assets	15,958,062	18,175,811	11,138,585	3,154,097	21,560,640	69,987,195
Reportable segment liabilities	(9,101,055)	(12,162,023)	(7,449,600)	(2,130,939)	(20,018,632)	(50,862,249)
Additional segment information:						
Depreciation	825,019	728,008	364,640	108,769	797	2,027,233
Amortization	8,748	168,427	703	24,693	491	203,062
Finance costs *(Note (ii))*	123,577	454,976	201,055	73,019	289,536	1,142,163
Other income	730,548	253,009	8,688	1,533	24,197	1,017,975
Including:						
– Government grants related to clean energy production	653,658	22,124	–	–	–	675,782
– Grants related to construction of assets	15,098	5,428	6,459	635	–	27,620
– Income from carbon credits	10,258	128,935	–	–	–	139,193
– Others	51,534	96,522	2,229	898	24,197	175,380
Expenditures for reportable segment non-current assets	740,533	547,959	2,288,073	17,458	26,323	3,620,346

	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 31 December 2017						
Revenue from external customers						
Sales of electricity	9,535,247	1,902,478	868,913	364,759	–	12,671,397
Sales of heat energy	1,538,637	–	–	–	–	1,538,637
Others	–	–	–	–	17,331	17,331
Reportable segment revenue/ consolidated revenue	11,073,884	1,902,478	868,913	364,759	17,331	14,227,365
Reportable segment results *(Note (i))*	2,074,940	835,050	486,849	98,881	(53,437)	3,442,283
Reportable segment assets	15,179,850	18,193,549	8,488,121	3,348,990	15,283,166	60,493,676
Reportable segment liabilities	(8,691,547)	(12,280,297)	(5,914,458)	(2,079,955)	(14,838,827)	(43,805,084)
Additional segment information:						
Depreciation	825,342	703,348	270,813	117,946	822	1,918,271
Amortization	6,452	167,944	230	24,572	475	199,673
Finance costs *(Note (ii))*	151,508	469,384	127,164	65,526	264,048	1,077,630
Other income	1,108,409	236,322	2,730	980	443	1,348,884
Including:						
– Government grants related to clean energy production	1,027,332	21,658	–	–	–	1,048,990
– Grants related to construction of assets	12,670	2,782	2,486	445	–	18,383
– Income from carbon credits	4,402	126,951	–	–	–	131,353
– Others	64,005	84,931	244	535	443	150,158
Expenditures for reportable segment non-current assets	416,062	572,198	2,048,178	36,222	68,760	3,141,420

Notes:

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization expense, personnel costs, repairs and maintenance, other expenses, other gains and losses and other income (excluding dividend from equity instruments at FVTOCI (2017: available-for-sale 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 31 December	
	2018	2017
	RMB'000	*RMB'000*
Results		
Reportable segment profit	**3,750,530**	3,442,283
Unallocated		
Dividend income from equity instruments at FVTOCI	**11,124**	–
Dividend income from available-for-sale financial assets	**–**	4,486
Profit from operations	**3,761,654**	3,446,769
Interest income	**43,136**	33,886
Finance costs	**(1,142,163)**	(1,077,630)
Share of results of associates	**79,948**	49,276
Consolidated profit before taxation	**2,742,575**	2,452,301

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**69,987,195**	60,493,676
Inter-segment elimination	**(18,626,153)**	(12,983,177)
Unallocated assets:		
– Investments in associates	**1,950,247**	1,900,299
– Loans to associates	**139,000**	142,000
– Investment in a joint venture	**152,967**	80,467
– Loans to a joint venture	**30,000**	30,000
– Deferred tax assets	**284,596**	228,246
– Equity instruments at FVTOCI	**136,241**	–
– Available-for-sale financial assets	**–**	128,028
Different presentation on:		
– Value-added tax recoverable *(Note)*	**887,367**	936,145
Consolidated total assets	**54,941,460**	50,955,684
Liabilities		
Reportable segment liabilities	**50,862,249**	43,805,084
Inter-segment elimination	**(18,626,153)**	(12,983,177)
Unallocated liabilities:		
– Income tax payable	**128,598**	95,977
– Deferred tax liabilities	**177,799**	196,554
Different presentation on:		
– Value-added tax recoverable *(Note)*	**887,367**	936,145
Consolidated total liabilities	**33,429,860**	32,050,583

Note: 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 equity instruments at FVTOCI (2017: available-for-sale 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 is generated from customers in the PRC and over 90% of the Group's non-current assets (not including deferred tax assets and financial assets) are located in the PRC. Therefore no geographical segment information is presented.

(d) Information of major customers

Revenue from the PRC government controlled power grid companies for the year ended 31 December 2018 amounted to RMB14,230,408,000 (2017: RMB12,613,093,000). Sales of electricity to the major customers for the year ended 31 December 2018 by segment were as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Gas-fired power and heat energy generation	**10,755,827**	9,532,728
Wind power	**1,981,192**	1,902,478
Photovoltaic power	**1,171,286**	868,914
Hydropower	**322,103**	308,973
Total	**14,230,408**	12,613,093

6. OTHER INCOME

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production	**675,782**	1,048,990
– Construction of assets	**27,620**	18,383
Income from carbon credits *(Note (a))*	**139,193**	131,353
Value-added tax refunds *(Note (b))*	**120,572**	108,465
Dividend from equity instruments at FVTOCI	**11,124**	–
Dividend from available-for-sale financial assets	**–**	4,486
Others	**54,808**	41,693
	1,029,099	1,353,370

Notes:

(a) During the year ended 31 December 2018, income from carbon credits was mainly derived from the sales of carbon credits registered under relevant mechanisms in Australia and the 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 farms and photovoltaic farms, and a full refund of value-added tax for its revenue from the sale of heat energy to residential customers. The income of the value-added tax refund is recognized when relevant value-added tax refund application is registered with the relevant PRC tax authorities.

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
Impairment loss on doubtful receivables	**–**	(1,956)
Loss on disposal of property, plant and equipment	**(2,200)**	(2,722)
Net exchange (loss) gain	**(15,665)**	51,577
Loss arising on change in fair value of financial asset classified as FVTPL	**(30,655)**	–
Loss arising on change in fair value of financial asset classified as held for trading	**–**	(1,210)
Loss on ineffectiveness of cash flow hedging instrument	**(29,369)**	–
Others	**(2,814)**	(391)
	(80,703)	45,298

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Interest income from:		
– Loans to associates	**6,751**	6,886
– Loans to a joint venture	**1,445**	978
– Deposits with a related non-bank financial institution *(Note)*	**14,908**	18,626
– Bank balances and deposits	**20,032**	7,396
Total interest income	**43,136**	33,886
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term notes	**1,236,813**	1,128,991
Less: Amounts capitalized in property, plant and equipment	**(94,650)**	(51,361)
Total finance costs	**1,142,163**	1,077,630
Net finance costs	**1,099,027**	1,043,744

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Capitalization rate of borrowing costs to expenditure on qualifying assets	**5.11%**	4.90%

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 subsidiary of BEH.

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**654,645**	553,184
Other jurisdictions	**–**	–
	654,645	553,184
Deferred tax:		
Current year	**(28,187)**	(36,468)
Income tax expense	**626,458**	516,716

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2017: 25%) on the estimated assessable profits of the group companies established in the PRC for the year ended 31 December 2018.

Under the PRC enterprise income tax law, the preferential tax treatment for encouraged enterprises located in the western PRC and certain industry-oriented tax incentives remain available up to 31 December 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 projects and hydropower power projects were entitled to this tax concession for the years ended 31 December 2018 and 2017 respectively.

One operating subsidiary of the Company 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**") was qualified as High and New Technology Enterprises since 2015 and is 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 subsidiary continued to be recognized as high and new technology enterprises for the year ended 31 December 2018.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit derived in Hong Kong.

Australia Profit Tax is calculated at 30% (2017: 30%), of the estimated assessable profit. No provision for Australia Profit Tax has been made as the Group's entities in Australia have available tax losses brought forward to set off against its profit generated in the year.

10. PROFIT FOR THE YEAR

	Year ended 31 December 2018 *RMB'000*	2017 *RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**6,324**	7,359
Prepaid lease payments released to profit or loss	**6,081**	6,033
Operating lease payments in respect of land and building	**65,712**	73,889
Depreciation and amortization:		
Depreciation of property, plant and equipment	**2,027,233**	1,918,271
Amortization of intangible assets	**212,133**	199,911
Less: Amount capitalized to construction in progress	**(9,071)**	(238)
Total depreciation and amortization	**2,230,295**	2,117,944
Personnel costs:		
Directors' emoluments	**1,205**	1,420
Other personnel costs	**755,271**	698,828
Total personnel costs	**756,476**	700,248

11. DIVIDENDS

(a) A final dividend of RMB7.40 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2017 amounting to RMB508,411,000 was approved in the Company's annual general meeting held on 28 June 2018 and subsequently paid on 10 August 2018.

(b) A final dividend of RMB7.40 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2016 amounting to RMB508,411,000 was approved in the Company's annual general meeting held on 28 June 2017 and subsequently paid on 10 July 2017.

(c) Subsequent to end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of RMB6.67 cents per ordinary share (tax inclusive), totaling RMB549,900,000 has been proposed by the board of directors and is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

12. 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 31 December	
	2018	2017
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of basic earnings per share	**1,995,943**	1,774,473

	Year ended 31 December	
	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**7,517,937**	6,870,423

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

13. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade receivables		
– goods and services	**1,995,306**	1,550,142
– renewable energy price premium	**3,355,461**	2,266,740
Bills receivable	**21,246**	54,031
	5,372,013	3,870,913
Less: allowance for credit losses	**(7,141)**	(3,320)
	5,364,872	3,867,593

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

The renewable energy price premium is included as a component of the government-approved on-grid tariff of wind power and photovoltaic power. The financial resource for the renewable energy 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.

The Group allows an average credit period of 60 days to its electricity and heat customers from the end of the month in which the sales are made. The aged analysis of the Group's trade and bills receivables net of allowance for credit losses is as follows:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 60 days	**2,346,544**	2,029,424
61 to 365 days	**1,419,203**	919,247
1 to 2 years	**1,027,341**	549,569
2 to 3 years	**327,204**	255,201
Over 3 years	**244,580**	114,152
	5,364,872	3,867,593

14. TRADE AND OTHER PAYABLES

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Trade payables	**2,001,766**	1,534,669
Payables for acquisition of property, plant and equipment	**919,240**	1,095,391
Retention payables	**282,402**	257,119
Bills payable	**27,656**	35,217
Advance received from customers	**–**	85,279
Salary and staff welfares	**89,892**	90,204
Non-income tax payables	**153,847**	139,794
Accrued interests payable	**–**	92,139
Dividend payable to non-controlling equity owner of a subsidiary	**136,462**	73,136
Others	**97,396**	80,266
	3,708,661	3,483,214

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. 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 bills payables by invoice dates as at the reporting date:

	At 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within 30 days	**1,385,785**	833,793
31 to 365 days	**547,356**	559,798
1 to 2 years	**17,966**	16,803
2 to 3 years	**4,902**	82,843
Over 3 years	**73,413**	76,649
	2,029,422	1,569,886

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF THE ELECTRIC POWER INDUSTRY

According to the statistics from China Electricity Council, as of the end of December 2018, power plants with a capacity of 6,000 kW and above had an aggregate power generation equipment capacity of 1.9 billion kW, representing a year-on-year growth of 6.5%. Among which, the capacity of thermal power generation was 1.14 billion kW, representing a year-on-year increase of 3%, which was the lowest growth rate in recent years; the capacity of on-grid wind power generation was 180 million kW, representing a year-on-year increase of 12.4%; the capacity of on-grid photovoltaic power generation was 170 million kW, representing a year-on-year increase of 33.9%; and the capacity of hydropower generation was 350 million kW, representing a year-on-year increase of 2.5%. In 2018, the capacity of coal-fired power generation exceeded 1 billion kW, which was 1.01 billion kW, accounting for 53.0% of the total installed capacity, representing a decrease of 2.2 percentage points from the previous year. Benefited from the country's campaign in driving supply-side structural reforms and addressing the overcapacity of coal-fired power generation, the installed capacity of non-fossil fuel power generation amounted to 770 million kW, accounting for 40.8% of the total installed capacity, representing an increase of 2.0 percentage points over the previous year. The clean energy consumption kept rising. In 2018, the utilization rate of national wind power reached 92.8% with a wind power curtailment rate of 7.2%, representing a decrease of 4.9 percentage points from the previous year, and the average annual utilization hour of electricity generation was 2,095 hours; the utilization rate of photovoltaic power equipment reached 97.0% with a photovoltaic power curtailment rate of 3.0%, representing a decrease of 2.8 percentage points from the previous year, and the average annual utilization hour of electricity generation was 1,212 hours; the utilization rate of hydropower equipment was over 95.0%, and the average annual utilization hour of electricity generation was 3,613 hours.

II. BUSINESS REVIEW FOR THE YEAR OF 2018

1. Increase in installed capacity

As at 31 December 2018, consolidated installed capacity of the Group reached 8,667 MW, representing a year-on-year increase of 8%, and the consolidated power generation was 27.83 billion kWh, representing a year-on-year increase of 10%. The installed capacity of the gas-fired power and heat energy generation segment was 4,702 MW, accounting for 54% of the consolidated installed capacity; the installed capacity of the wind power generation segment was 2,348 MW, accounting for 27% of the consolidated installed capacity; the installed capacity of the photovoltaic power generation segment was 1,168 MW, accounting for 14% of the consolidated installed capacity; the installed capacity of the hydropower segment was 449 MW, accounting for 5% of the consolidated installed capacity.

2. Increase in power generation

In October 2018, 北京上莊燃氣熱電有限公司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose), a subsidiary of the Group, was put into operation, and achieved immediate stable and profitable operation at the beginning. It was the 7th gas-fired power plants invested and operated by the Group in Beijing, with its power generation accounting for over 50% of the gas-fired power generation in Beijing and centralized heating accounting for over 60%. During the reporting period, the overall power generation and heat supply of the Group's gas-fired power and heat energy generation segment increased due to the heating season and the weather conditions. As at 31 December 2018, the power generation of the segment was 19.344 billion kWh, representing a year-on-year increase of 10.37%; the sales volume of heat amounted to 24.3783 million GJ, representing a year-on-year increase of 16.84%; the average utilization hours of facilities amounted to 4,297 hours, representing a year-on-year increase of 346 hours.

Thanks to the country's campaign in driving supply-side structural reforms and promoting resolution for the overcapacity of coal-fired power generation, the situation of national curtailment of the wind and photovoltaic power generation was effectively alleviated. Benefiting from this, the power generation of the Group's wind power generation segment was 5.112 billion kWh, representing a year-on-year increase of 8.33%, with the average utilization hours of facilities reaching 2,177 hours, which was 82 hours more than the national average; the power generation of the photovoltaic power generation segment was 1.521 billion kWh, representing a year-on-year increase of 32.6%, with the average utilization hours of facilities reaching 1,441 hours, which is 229 hours more than the national average.

3. Diversified financing channels

During the reporting period, the issuance of 902,471,890 domestic shares and 471,612,800 H shares to BEH and Beijing Energy Investment, respectively, was completed. The total proceeds raised from the issuance was approximately RMB3 billion, and will be used for supporting the Company's overall business development. The placement demonstrated the substantial shareholders' confidence in the future development of the Group and laid a foundation for further refinancing.

In order to support the development and construction of overseas investment projects and broaden the financing channels on overseas debt capital markets, the Group and the Hong Kong and Shanghai Banking Corporation Limited announced on 25 June 2018 in Beijing that they successfully completed the first transaction of issuance of green syndicated loans by a Chinese-funded enterprise in Hong Kong. The size of the green syndicated loan was HK$1.72 billion with a term of three years and subscription multiples of 3.7. All funds were used for wind power and photovoltaic power green projects developed and constructed by the Group.

During the reporting period, the Group completed the issuance of RMB4.5 billion ultra-short-term financing debentures, RMB4.0 billion short-term financing debentures and RMB1.5 billion medium-term notes. Amid the changing financing market, the Group repaid the principal and interests of various loans, short-term, ultra-short-term and perpetual bonds upon maturity on time, and actively expanded financing channels through cooperation with several banks, China Export & Credit Insurance Corporation and other institutions on innovative businesses, so as to minimize financing costs and optimize the long and short term capital structure while ensuring the safety of funds.

III. OPERATING RESULTS AND ANALYSIS

1. Overview

In 2018, the Company achieved net profit of RMB2,116.1 million, representing an increase of 9.33% as compared to RMB1,935.6 million for 2017. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,995.9 million, representing an increase of 12.48% as compared to RMB1,774.5 million for 2017.

2. Operating Income

Total revenue increased by 14.14% from RMB14,227.4 million for 2017 to RMB16,238.8 million for 2018. Adjusted total operating income increased by 10.72% from RMB15,276.4 million in 2017 to RMB16,914.6 million in 2018, due to the increase in revenue from sales of electricity as a result of increased utilization hours in the gas-fired power and heat energy generation segment, wind power segment and photovoltaic power segment in 2018.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment increased by 13.60% from RMB11,073.9 million for 2017 to RMB12,579.8 million for 2018. Revenue from sales of electricity increased by 12.80% from RMB9,535.2 million for 2017 to RMB10,755.8 million for 2018, due to the increase in sales volume of electricity resulting from the rise in utilization hours of electricity generation in this segment. Revenue from sales of heat energy increased by 18.55% from RMB1,538.6 million for 2017 to RMB1,824.0 million for 2018, due to the increase in sales volume of heat in this segment.

Wind Power Segment

The revenue from wind power segment increased by 11.17% from RMB1,902.5 million for 2017 to RMB2,115.0 million for 2018, due to the increase in sales volume of electricity as a result of the increase in the utilization hours in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 34.80% from RMB868.9 million for 2017 to RMB1,171.3 million for 2018, 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 0.6% from RMB364.8 million for 2017 to RMB362.6 million for 2018.

Others

Other revenue decreased by 41.62% from RMB17.3 million for 2017 to RMB10.1 million for 2018, due to the decrease in revenue from providing maintenance services to external parties.

3. Other Income

Other income decreased by 23.96% from RMB1,353.4 million for 2017 to RMB1,029.1 million for 2018, due to the decrease in government grants and subsidies related to clean energy production as a result of gas price and power price marketization in the gas-fired power and heat energy generation segment.

4. Operating Expenses

Operating expenses increased by 11.31% from RMB12,134.0 million for 2017 to RMB13,506.3 million for 2018, due to the increase in operating expenses as a result of the increase in the installed capacity in the gas-fired power and heat energy generation segment and the photovoltaic power segment.

(1) Gas Consumption

Gas consumption increased by 11.73% from RMB8,089.8 million for 2017 to RMB9,038.4 million for 2018, due to an increase in gas consumption as a result of the increased sales volume of electricity in the gas-fired power and heat energy generation segment.

(2) Depreciation and Amortization

Depreciation and amortization increased by 5.31% from RMB2,117.9 million for 2017 to RMB2,230.3 million for 2018, due to the increase in the installed capacity in the gas-fired power and heat energy generation segment and the photovoltaic power segment.

(3) Personnel Cost

Personnel cost increased by 8.04% from RMB700.2 million for 2017 to RMB756.5 million for 2018, 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 expenses increased by 17.36% from RMB560.9 million for 2017 to RMB658.3 million for 2018, due to the increase in maintenance expenses in the gas-fired power and heat energy generation segment.

(5) Other Expenses

Other expenses increased by 2.24% from RMB710.4 million for 2017 to RMB726.3 million for 2018.

(6) Other Gains and Losses and Impairment Losses

Other gains and losses and impairment losses decreased from a gain of RMB45.3 million for 2017 to a loss of RMB96.5 million for 2018, due to the increase in the loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company during the holding period.

5. Operating Profit

As a result of the above, the Company's operating profit increased by 9.14% from RMB3,446.8 million for 2017 to RMB3,761.7 million for 2018.

6. Adjusted Segment Operating Profit

The total adjusted segment operating profit increased by 8.46% from RMB3,142.4 million for 2017 to RMB3,408.3 million for 2018.

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 5.58% from RMB1,993.9 million for 2017 to RMB2,105.1 million for 2018, as a result of the increase in the sales volume of electricity resulting from the rise of utilization hours of electricity generation in this segment.

Wind Power Segment

Adjusted segment operating profit of our wind power segment increased by 17.52% from RMB620.4 million for 2017 to RMB729.1 million for 2018 due to the increase in sales volume of electricity as a result of the rise of utilization hours in this segment.

Photovoltaic Power Segment

The adjusted segment operating profit of our photovoltaic power segment increased by 36.71% from RMB484.1 million for 2017 to RMB661.8 million for 2018, 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 increased by 5.92% from RMB97.9 million for 2017 to RMB103.7 million for 2018.

Others

Other adjusted operating profit decreased from a loss of RMB53.9 million for 2017 to a loss of RMB191.3 million for 2018, due to the increase in the 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 increased by 5.99% from RMB1,077.6 million for 2017 to RMB1,142.2 million for 2018 due to the interest payments expensed following the commencement of production of new projects.

8. Share of Results of Associates

The share of results of associates increased by 62.07% from RMB49.3 million for 2017 to RMB79.9 million for 2018, due to the increase in net profit of a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company, resulting from an increase in utilization hours and power generation.

9. Profit before Taxation

As a result of the above, profit before taxation increased by 11.84% from RMB2,452.3 million for 2017 to RMB2,742.6 million for 2018.

10. Income Tax Expense

Income tax expense increased by 21.25% from RMB516.7 million for 2017 to RMB626.5 million for 2018. The effective tax rate increased from 21.07% for 2017 to 22.84% for 2018.

11. Profit for the Year

As a result of the above, profit for the year increased by 9.33% from RMB1,935.6 million for 2017 to RMB2,116.1 million for 2018.

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 12.48% from RMB1,774.5 million in 2017 to RMB1,995.9 million in 2018.

IV. FINANCIAL POSITION

1. Overview

As of 31 December 2018, total assets of the Group amounted to RMB54,941.5 million, total liabilities were RMB33,429.9 million and shareholders' equity reached RMB21,511.6 million, among which equity attributable to the ordinary shareholders amounted to RMB21,114.4 million.

2. Particulars of Assets and Liabilities

Total assets increased by 7.82% from RMB50,955.7 million as at 31 December 2017 to RMB54,941.5 million as at 31 December 2018, due to the increase in investment for the construction of new projects. Total liabilities increased by 4.30% from RMB32,050.6 million as at 31 December 2017 to RMB33,429.9 million as at 31 December 2018, due to the increase in construction loans for new projects. Total equity of shareholders increased by 13.79% from RMB18,905.1 million as at 31 December 2017 to RMB21,511.6 million as at 31 December 2018. Equity attributable to ordinary shareholders of the Company increased by 25.62% from RMB16,808.6 million as at 31 December 2017 to RMB21,114.4 million as at 31 December 2018, due to the private placement in 2018 and operating accretion from businesses.

3. Liquidity

As of 31 December 2018, current assets amounted to RMB12,131.5 million, including monetary capital of RMB5,420.9 million; bills and trade receivables of RMB5,364.9 million (mainly comprising receivables from sales of electricity and heat energy); and prepayment and other current assets of RMB1,345.7 million (mainly comprising deductible value added tax and other account receivables). Current liabilities amounted to RMB19,391.9 million, including short-term borrowings of RMB8,864.5 million, short-term debentures of RMB6,086.8 million, medium-term notes of RMB80.2 million and bills and trade payables of RMB3,708.7 million (mainly comprising payables for gas, payables for engineering and purchase of equipment); other current liabilities amounted to RMB651.7 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities decreased by 34.16% from RMB11,028.1 million as at 31 December 2017 to RMB7,260.4 million as at 31 December 2018. Current ratio increased by 18.19% from 44.37% as at 31 December 2017 to 62.56% as at 31 December 2018, due to the increase in monetary capital.

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 5.10% from 56.69% as at 31 December 2017 to 51.59% as at 31 December 2018 due to the increase in shareholders' equity.

The Group's long-term and short-term borrowings increased by 3.38% from RMB27,420.0 million as at 31 December 2017 to RMB28,346.1 million as at 31 December 2018, comprising short-term borrowings of RMB8,864.5 million, long-term borrowings of RMB9,824.5 million, medium-term notes of RMB3,570.3 million and short-term debentures of RMB6,086.8 million.

Bank deposits and cash held by the Group increased by 102.64% from RMB2,675.1 million as at 31 December 2017 to RMB5,420.9 million as at 31 December 2018, due to the temporary balance of funds raised for project mergers and acquisition.

V. OTHER SIGNIFICANT EVENTS

1. Financing

On 7 March 2018, the Group issued the first tranche of the super-short-term debentures of 240 days to raise proceeds of RMB1,000.0 million, bearing an interest rate of 4.98%. On 27 April 2018, the Group issued the first tranche of the short-term debentures to raise proceeds of RMB1,500.0 million, bearing an interest rate of 4.65%. On 29 May 2018, the Group issued second tranche of the super-short-term debentures of 180 days to raise proceeds of RMB1,500.0 million, bearing an interest rate of 4.35%. On 3 August 2018, the Group issued the third tranche of the super-short-term debentures of 270 days to raise proceeds of RMB2,000.0 million, bearing an interest rate of 3.50%. On 21 November 2018, the Group issued the second tranche of the short-term debentures to raise proceeds of RMB2,500.0 million, bearing an interest rate of 3.67%.

On 3 April 2018, the Group issued the 5-year mid-term notes to raise proceeds of RMB1,500.0 million, bearing an interest rate of 5.19%.

2. Capital Expenditure

In 2018, the Group's capital expenditure amounted to RMB3,620.3 million, including RMB740.5 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB548.0 million incurred for construction projects in the wind power segment, RMB2,288.1 million incurred for construction projects in the photovoltaic power segment, RMB17.4 million incurred for construction projects in the hydropower segment, and RMB26.3 million incurred for construction projects in other segments.

3. Significant Investment

According to the development plan of the Group, the Group established wholly-owned subsidiaries Inner Mongolia Jingneng Sunite Wind Power Co., Ltd. (內蒙古京能蘇尼特風力發電有限公司) and Jingneng Huainan Hebei Wind Power Company Limited (京能懷南河北風電有限責任公司) in 2018 to engage in the construction of wind power projects.

The Group established controlling subsidiaries Shouyang Jingshou Photovoltaic Power Generation Co., Ltd. (壽陽京壽光伏發電有限公司), Hunyuan Jingjing New Energy Co., Ltd. (渾源京晶新能源有限公司) and Haixing Jingxing New Energy Co., Ltd. (海興京興新能源有限公司) in 2018 to engage in the construction of photovoltaic power generation projects.

The Group acquired wholly-owned subsidiaries Xiangyin County Jinghe New Energy Co., Ltd. (湘陰縣晶和新能源有限公司) and Shenzhou Dianyang New Energy Co., Ltd. (深州電陽新能源有限公司) in 2018 to engage in the construction of photovoltaic power generation projects.

4. Contingent Liabilities

As of 31 December 2018, the Group had no external guarantees.

5. Mortgage of Assets

As of 31 December 2018, the Group's bank borrowings were secured by trade receivables of RMB227.7 million; bank borrowings were secured by fixed assets of RMB1,512.0 million; bank borrowings were secured by the entire equity in New Gullen Range Wind Farm (Holding) Pty Ltd., which was pledged to National Australia Bank.

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 certain 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 number of stable sources of funding through a variety of means, such as the issue of super short-term debentures, short-term debentures and mid-term notes. It also adhered to the principle of combining short-term and long-term funds, thereby providing stable funding for projects.

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

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 Australia dollars, HK dollars and US dollars, as well as borrowings in HK dollars and Australia dollars). Changes in the Renminbi exchange rate may cause exchange loss or gain to the Group's businesses denominated in foreign currencies.

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 the exchange rate to reduce exchange loss by various management means.

Safety Production Risk

The Group is mainly engaged in clean energy generation projects. In operation, safe production is the premise to ensure stable power generation and profit generation. Production operations that do not conform to regulations may cause equipment failure or personal injury, which may affect the Company's production and operation.

The Group attaches great importance to the three-level safety training for new employees, pays attention to the professional skills training for production personnel, continuously improves the on-site management mechanism, and regularly organizes emergency drills to prevent the occurrence of such risk.

Policy and Regulatory Risks

The Group primarily invests in and operates clean energy generation projects both within and outside the PRC. At present, China has issued a number of policies on clean energy generation. Changes in green certificate trading policies, laws and regulations, auditing systems and foreign exchange policies involved in domestic and foreign investment and construction projects may affect the Company's decision-making and income from investment projects.

The Group pays close attention to various related policies, laws and regulations related to it, follows up major policy changes, keeps abreast of industry developments in a timely manner, maintains smooth internal information communication channels, and adjusts to policy and market changes in a timely manner to minimize the impact of policy changes.

VII. BUSINESS PROSPECT FOR 2019

1. Continuing to promote incremental assets

In 2019, the Group will continue to adhere to the "two-wheel drive" of independent development and project mergers and acquisitions, and head towards "intensification, regionalization, scale, specialization and high efficiency". After one year of practice, the "two-wheel drive" model has already started to bear fruit. In 2019, we will accelerate our pace of progress to create a new situation through attaching sufficient and equal importance to both M&A and self-construction development. At present, the Group's planed pre-acquisition capacity reached 1,800 MW and reserve capacity reached 2,500 MW.

On the premise of firmly occupying the leading position in Beijing market, we will make great efforts to explore the power market around Beijing, push forward the work of Zhangjiakou-Beijing renewable energy clean heating demonstration project, actively carry out the preliminary work of a number of Beijing-Tianjin-Hebei regional projects such as Shougang Tangshan plant distributed photovoltaic project and Yanqing agriculture-photovoltaic complementary project, and follow up the green power supply project for 2022 Winter Olympics venues.

In 2019, the Group will focus on promoting research on offshore wind power and accelerate the application of emerging strategic projects such as "three energy, two heat and one network" (energy storage, energy conservation, hydrogen energy, geothermal heat, solar thermal energy, energy internet) to advance the transformation and upgrade of clean energy industry. We will actively implement the "going global" strategy, strive to identify investment opportunities for project mergers and acquisitions and new projects, further expand the Australian market, and seek to achieve breakthroughs in Europe and countries along the "Belt and Road Initiative".

2. Sound operation of on-going projects

At present, the Group has entered a period of steady growth from a period of rapid expansion. Based on the sustained and stable income of gas-fired power generation and heat supply sectors, guaranteed by the steady growth of installed capacity of wind power generation and photovoltaic power generation sectors, and guided by the advantages of state-owned enterprises in utilizing national policy resources, the Group will continue to explore business ideas, broaden its business channels, strengthen marketing, deliver quality projects and stick to the principle of "Every kilowatt-hour counts" for power and heat generation and supply.

In recent years, the state has continued to promote supply-side structural reform and complete the task of "Addressing Overcapacity, Destocking, Deleveraging, Lowering Corporate Costs, and Improving Weak Links". In view of overcapacity of power generation, the capability of reducing operation costs and construction costs and improving quality and efficiency will become core competitiveness of the Group. The Group will facilitate operation costs and construction costs reduction in practice through taking a combination of measures, including strict control of administrative costs, strengthening industrial synergy, striving for more favorable policies, cutting down financing costs, optimizing procurement methods, reducing inventory, formulating optimal infrastructure plans, and managing project costs, while expanding source of revenue by generating profits through existing operation capacity.

In 2018, the "reform and integration" of the Group has achieved initial results, and 2019 will be the year of capitalizing on and receiving benefit from the reform and integration. Making breakthrough amid the wave of state-owned enterprise reform will be the key task in 2019. Since the "Double Hundred Actions" crosses over the obstacles arising from the mechanism of state-owned enterprises and the "mixed-ownership reform" paves a way for us, the Group will manage to overcome difficulties facing us, deepen integration and reform, accelerate mergers and acquisitions and expansion, implement innovation-driven approach and continuously boost high-quality development, so as to obtain a new momentum of all-round growth characterized of higher quality, better efficiency, better structure, more efficient management and full play of advantages.

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 2018.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company at the annual general meeting for the year ended 31 December 2018 (the "**AGM**") to be held on 13 June 2019, for their consideration and approval of the payment of a final dividend of RMB6.67 cents per share (tax inclusive) for the year ended 31 December 2018 (the "**2018 Final Dividends**") payable to the shareholders of the Company, whose names are listed in the register of members of the Company on 25 June 2019, in an aggregate amount of approximately RMB549.9 million. The 2018 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 2018 Final Dividends is expected to be paid on or around 5 August 2019.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force since 1 January 2008 and other relevant rules, where the Company distributes the proposed 2018 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 2018 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2018 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 2018 Final Dividends, the H Share register of members of the Company will be closed from 14 May 2019 to 13 June 2019 (both days inclusive) and from 20 June 2019 to 25 June 2019 (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 10 May 2019.

In order to qualify for receiving the proposed 2018 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 19 June 2019.

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 2018.

COMPLIANCE WITH MODEL 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 2018, 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 2018 annual results and the financial statements for the year ended 31 December 2018 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 2018 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
26 March 2019

As at the date of this announcement, the non-executive directors of the Company are Mr. Liu Haixia, Mr. Jin Shengxiang, Mr. Tang Xinbing, Ms. Li Juan and Mr. Wang Bangyi; the executive director of the Company is Mr. Zhang Fengyang; and the independent non-executive directors of the Company are Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping.