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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 2017

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2017 was RMB14,227.4 million, decreased by 2.79% as compared with the previous year.
- Profit before taxation for the year ended 31 December 2017 was RMB2,452.3 million, decreased by 4.59% as compared with the previous year.
- Basic and diluted earnings per share for the year ended 31 December 2017 was RMB25.83 cents.

FINAL DIVIDEND

- The Board recommended a final dividend of RMB7.40 cents per ordinary share (tax inclusive) for the year ended 31 December 2017, representing 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 2017 (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 2017

		Year ended 31 December	
	Notes	**2017**	2016
		RMB'000	*RMB'000*
Revenue	*4*	**14,227,365**	14,635,836
Other income	*5*	**1,353,370**	1,445,079
Gas consumption		**(8,089,769)**	(8,715,697)
Depreciation and amortization expense		**(2,117,944)**	(1,913,517)
Personnel costs		**(700,248)**	(619,875)
Repairs and maintenance		**(560,888)**	(615,712)
Other expenses		**(710,415)**	(669,644)
Other gains and losses	*6*	**45,298**	(192,294)
Profit from operations		**3,446,769**	3,354,176
Interest income	*7*	**33,886**	27,063
Finance costs	*7*	**(1,077,630)**	(983,064)
Share of results of associates		**49,276**	172,155
Profit before taxation		**2,452,301**	2,570,330
Income tax expense	*8*	**(516,716)**	(443,296)
Profit for the year	*9*	**1,935,585**	2,127,034
Profit for the year attributable to:			
– Ordinary shareholders of the Company		**1,774,473**	1,955,569
– Holders of perpetual notes		**77,250**	77,250
– Non-controlling interests		**83,862**	94,215
		1,935,585	2,127,034

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – continued:

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	**Year ended 31 December** **2017** *RMB'000*	2016 *RMB'000*
Profit for the year	*9*	**1,935,585**	2,127,034
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations:			
Exchange differences arising during the year		**(11,878)**	19,755
Cash flow hedges			
Gain (loss) during the year		**338,399**	(243,273)
Income tax relating to items that may be reclassified subsequently to profit or loss		**(101,520)**	72,982
Other comprehensive income (expense) for the year, net of income tax		**225,001**	(150,536)
Total comprehensive income for the year		**2,160,586**	1,976,498
Total comprehensive income for the year attributable to:			
– Ordinary shareholders of the Company		**1,937,527**	1,837,015
– Holders of perpetual notes		**77,250**	77,250
– Non-controlling interests		**145,809**	62,233
		2,160,586	1,976,498
Earnings per share			
Basic *(RMB cents)*	*11*	**25.83**	28.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	At 31 December 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Property, plant and equipment		**33,948,817**	33,282,883
Intangible assets		**3,764,511**	3,884,876
Goodwill		**190,049**	190,049
Prepaid lease payments		**193,600**	192,124
Investments in associates		**1,900,299**	1,939,484
Loans to associates		**142,000**	148,000
Investment in a joint venture		**80,467**	80,467
Loans to a joint venture		**30,000**	15,000
Deferred tax assets		**228,246**	181,565
Derivative financial assets		**182,499**	–
Available-for-sale financial assets		**128,028**	128,028
Value-added tax recoverable		**633,528**	695,284
Deposit paid for acquisition of property, plant and equipment		**738,533**	188,883
		42,160,577	40,926,643
Current assets			
Inventories		**130,374**	128,366
Trade and bill receivables	*12*	**3,867,593**	3,368,118
Other receivables, deposits and prepayments		**374,640**	489,064
Current tax assets		**14,982**	15,966
Amounts due from related parties		**460,712**	370,801
Prepaid lease payments		**6,033**	5,436
Value-added tax recoverable		**302,617**	293,431
Held for trading financial asset		**247,175**	265,750
Restricted bank deposits		**715,894**	97,306
Cash and cash equivalents		**2,675,087**	1,772,006
		8,795,107	6,806,244

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued:

AT 31 DECEMBER 2017

	Note	At 31 December 2017 RMB'000	2016 RMB'000
Current liabilities			
Trade and other payables	13	**3,483,214**	3,991,966
Amounts due to related parties		**83,074**	103,289
Bank and other borrowings – due within one year		**9,922,736**	7,794,224
Short-term debentures		**6,000,000**	6,000,000
Corporate bonds – due within one year		**–**	2,195,516
Income tax payable		**95,977**	113,182
Deferred income-current portion		**238,167**	81,082
		19,823,168	20,279,259
Net current liabilities		**(11,028,061)**	(13,473,015)
Total assets less current liabilities		**31,132,516**	27,453,628
Non-current liabilities			
Derivative financial liabilities		**8,714**	167,053
Bank and other borrowings – due after one year		**9,494,596**	9,283,513
Medium-term note – due after one year		**2,002,713**	–
Deferred tax liabilities		**196,554**	84,230
Deferred income		**487,769**	482,082
Other non - current liability		**37,069**	41,438
		12,227,415	10,058,316
Net assets		**18,905,101**	17,395,312
Capital and reserves			
Share capital		**6,870,423**	6,870,423
Reserves		**9,938,168**	8,509,052
Equity attributable to ordinary shareholders of the Company		**16,808,591**	15,379,475
Perpetual notes		**1,527,982**	1,527,982
Non-controlling interests		**568,528**	487,855
Total equity		**18,905,101**	17,395,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 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 31 December 2017, the Group has net current liabilities of RMB11,028,061,000. The Group meets its working capital requirements with cash generated from its operating activities and available financing facilities from banks. At 31 December 2017, the Group has committed unutilized financing facilities amounting to approximately RMB17,404,732,000, of which approximately RMB9,889,989,000 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 REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

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

Amendments to IAS 7	*Disclosure Initiative*
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to IFRS 12	*As part of the Annual Improvements to IFRSs 2014-2016 Cycle*

Except as described below, the application of the 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.

Amendments to IAS 7 Disclosure Initiative

The Group has applied the amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised IFRSs in issue but not yet effective

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 and the related Amendements*[1]
IFRS 16	*Leases*[2]
IFRS 17	*Insurance Contracts*[4]
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[2]
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 9	*Prepayment Features with Negative Compensation*[2]
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 19	*Plan Amendment, Curtailment or Settlement*[2]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[2]
Amendments to IAS 40	*Transfers of Investment Property*[1]
Amendments to IAS 28	*As part of the Annual Improvements to IFRS Standards 2014-2016 Cycle*[1]
Amendments to IFRSs	*Annual Improvements to IFRS Standards 2015-2017 Cycle*[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to IFRSs and Interpretations mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on consolidated financial statements in the foreseeable future.

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("**FVTOCI**"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss;

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss;

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized;

- The new general hedge accounting requirements retain the three types of hedge accounting currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the Directors anticipate the following potential impact on initial application of IFRS 9:

Classification and measurement:

Equity securities classified as available-for-sale investments carried at cost less impairment: these securities qualified for designation as measured at FVTOCI under IFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognized as other comprehensive income and accumulated in the investments revaluation reserve. Upon initial application of IFRS 9, the fair value gain relating to these securities would be adjusted to investments revaluation reserve as at 1 January 2018. However, it is not practicable to provide a reasonable amount of the effect until the Group completes a detailed review.

All other financial assets and financial liabilities will continue to be measured on the same basis as are currently measured under IAS 39.

Impairment

In general, the Directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognized by the Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognized under IAS 39 mainly attributable to expected credit losses provision on trade and bill receivables, amounts due from related parties and other receivables and deposits. Such further impairment recognized under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets at 1 January 2018.

Hedge accounting

As the new hedge accounting requirements will align more closely with the Group's risk management policies, with generally more qualifying hedging instruments and hedged items, an assessment of the Group's current hedging relationships indicates that they will qualify as continuing hedging relationships upon application of IFRS 9. Accordingly, the Directors anticipate that the application of the new hedging requirements may not have a material impact on the Group's current hedge designation and hedge accounting.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligation, principal versus agent consideration, as well as licensing application guidance.

The Directors have assessed the full impact of IFRS 15 on the Group's consolidated financial statements and it is not expected to have a material impact on the Group's consolidated financial statements but may require additional disclosures.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will presented as financing cash flows by the Group.

Under IAS 17, the Group has already recognized an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB323,694,000 (2016: RMB112,861,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the application of new requirements may result in changes in measurements, presentation and disclosure as indicated above.

4. REVENUE AND SEGMENT INFORMATION

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

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Sales of goods:		
– Electricity	**12,671,397**	13,238,853
– Heat energy	**1,538,637**	1,391,896
Others	**17,331**	5,087
	14,227,365	14,635,836

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 sale of electricity generated to external customers.

– Hydropower: managing and operating hydropower plants and sale 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 31 December 2017 and 2016 by operating and reportable segment is as follows:

	Gas-fired power and heat energy generation	Wind power	Photovoltaic power	Hydropower	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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 grant 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**

	Gas-fired power and heat energy generation	Wind power	Photovoltaic power	Hydropower	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 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

Notes:

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization, personnel costs, repairs and maintenance, other expenses, other gains and losses and other income (excluding dividend from 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	
	2017	2016
	RMB'000	*RMB'000*
Results:		
Reportable segment profit	**3,442,283**	3,349,564
Unallocated		
Dividend income from available-for-sale financial asset	**4,486**	4,612
Profit from operations	**3,446,769**	3,354,176
Interest income	**33,886**	27,063
Finance costs	**(1,077,630)**	(983,064)
Share of results of associates	**49,276**	172,155
Consolidated profit before taxation	**2,452,301**	2,570,330

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Assets:		
Reportable segment assets	**60,493,676**	57,115,484
Inter-segment elimination	**(12,983,177)**	(12,863,856)
Unallocated assets:		
– Investments in associates	**1,900,299**	1,939,484
– Loans to associates	**142,000**	148,000
– Investment in a joint venture	**80,467**	80,467
– Loan to a joint venture	**30,000**	15,000
– Deferred tax assets	**228,246**	181,565
– Available-for-sale financial assets	**128,028**	128,028
Different presentation on:		
– Value-added tax recoverable *(Note (i))*	**936,145**	988,715
Consolidated total assets	**50,955,684**	47,732,887
Liabilities:		
Reportable segment liabilities	**43,805,084**	42,015,304
Inter-segment elimination	**(12,983,177)**	(12,863,856)
Unallocated liabilities:		
– Income tax payable	**95,977**	113,182
– Deferred tax liabilities	**196,554**	84,230
Different presentation on:		
– Value-added tax recoverable *(Note (i))*	**936,145**	988,715
Consolidated total liabilities	**32,050,583**	30,337,575

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 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 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 31 December 2017 amounted to RMB12,613,093,000 (2016: RMB13,061,880,000). Sales of electricity to the major customers for the year ended 31 December 2017 by segment were as follows:

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Gas-fired power and heat energy generation	**9,532,728**	10,490,376
Wind power	**1,902,478**	1,596,398
Photovoltaic power	**868,914**	645,740
Hydropower	**308,973**	329,366
Total	**12,613,093**	13,061,880

5. OTHER INCOME

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production	**1,048,990**	1,216,221
– Construction of assets	**18,383**	13,959
Income from carbon credits *(Note (a))*	**131,353**	133,882
Value-added tax refunds *(Note (b))*	**108,465**	51,336
Dividend from available-for-sale financial asset	**4,486**	4,612
Others	**41,693**	25,069
	1,353,370	1,445,079

Notes:

(a) During the year ended 31 December 2017, income from carbon credits were 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. 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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
Impairment loss on doubtful receivables	**(2,206)**	(2,543)
Loss on derecognition of an intangible asset	**–**	(88,320)
Reversal of impairment loss on doubtful receivables	**250**	591
Loss on disposal of property, plant and equipment	**(2,722)**	(2,974)
Net exchange gain (loss)	**51,577**	(1,034)
Loss arising on change in fair value of financial asset classified as held for trading	**(1,210)**	(91,907)
Loss on ineffectiveness of cash flow hedging instrument	**–**	(10,071)
Others	**(391)**	3,964
	45,298	(192,294)

7. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Interest income from:		
– Loans to associates	**6,886**	6,770
– Loans to a joint venture	**978**	6
– Deposits with a related non-bank financial institution *(Note)*	**18,626**	14,667
– Bank balances	**7,396**	5,620
Total interest income	**33,886**	27,063
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term note	**1,128,991**	1,081,657
Less: Amounts capitalized in property, plant and equipment	**(51,361)**	(98,593)
Total finance costs	**1,077,630**	983,064
Net finance costs	**1,043,744**	956,001

	Year ended 31 December	
	2017	2016
Capitalization rate of borrowing costs to expenditure on qualifying assets	**4.90%**	4.23%

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 BEH.

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**553,184**	380,899
Other jurisdictions	**–**	–
	553,184	380,899
Deferred tax:		
Current year	**(36,468)**	62,397
Income tax expense	**516,716**	443,296

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2016: 25%) on the estimated assessable profits of the group companies established in the PRC for the year ended 31 December 2017.

Under the PRC enterprise income tax law, the preferential tax treatment for encourage enterprises located in 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 2017 and 2016 respectively.

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 high-tech enterprises for the year ended 31 December 2017.

Hong Kong Profits Tax and Australia Profit Tax are calculated at 16.5% (2016: 16.5%) and 30% (2016: 30%) respectively, of the estimated assessable profit. No provision for Hong Kong Profits Tax and Australia Profit Tax has been made as the Group has no assessable profit derived in Hong Kong and Australia.

The tax charges 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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit before taxation	**2,452,301**	2,570,330
PRC enterprise income tax at 25% (2016: 25%)	**613,075**	642,583
Tax effect on:		
– Expenses not deductible for tax purposes	**11,037**	38,189
– Tax effect of share of results of associates	**(12,319)**	(43,039)
– Tax losses not recognized as deferred tax assets	**43,647**	38,875
– Utilization of tax losses not recognized previously	**(1,629)**	(390)
– PRC enterprise income tax exemption and concessions	**(139,718)**	(235,853)
– Effect of different tax rates of group entities operating in jurisdictions other than PRC	**2,623**	2,931
	516,716	443,296

9. PROFIT FOR THE YEAR

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**7,359**	7,250
Prepaid lease payments released to profit or loss	**6,033**	5,436
Operating lease payments in respect of land and building	**73,889**	34,607
Depreciation and amortization:		
Depreciation of property, plant and equipment	**1,918,271**	1,712,199
Amortization of intangible assets	**199,911**	201,431
Less: Amount capitalized to construction in progress	**238**	113
Total depreciation and amortization	**2,117,944**	1,913,517
Personnel costs:		
Directors' emoluments	**1,420**	1,689
Other personnel costs	**698,828**	618,186
Total personnel costs	**700,248**	619,875

10. DIVIDENDS

(a) On 28 June 2017, 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 declared by the Directors and subsequently paid by 10 July 2017.

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

(c) Subsequent to the end of the Reporting Period, a final dividend in respect of the year ended 31 December 2017 of RMB7.40 cents per ordinary share (tax inclusive), totaling approximately RMB508,411,000 was proposed by the Board and is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	**1,774,473**	1,955,569

	Year ended 31 December	
	2017	2016
	'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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**3,816,882**	3,332,243
Bill receivables	**54,031**	38,506
	3,870,913	3,370,749
Less: allowance for doubtful receivables	**3,320**	2,631
	3,867,593	3,368,118

The Group allows an average credit period of 60 days to its electricity and heat customers, except for clean energy power price premium are 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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 60 days	**2,029,424**	2,112,336
61 to 365 days	**919,247**	700,950
1 to 2 years	**549,569**	404,372
2 to 3 years	**255,201**	140,616
Over 3 years	**114,152**	9,844
	3,867,593	3,368,118

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 power 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.

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 31 December	
	2017	2016
	RMB'000	*RMB'000*
1 to 2 years	**515,291**	401,741
2 to 3 years	**230,075**	140,616
Over 3 years	**114,152**	9,844
	859,518	552,201

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 31 December 2017, trade receivables amounting to RMB132,733,000 (2016: RMB75,984,000) are pledged for bank borrowings.

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

	Year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
At the beginning of the year	**2,631**	2,577
Provided during the year	**939**	645
Reversed during the year	**(250)**	(591)
At the end of the year	**3,320**	2,631

13. TRADE AND OTHER PAYABLES

	At 31 December	
	2017	2016
	RMB'000	*RMB'000*
Trade payables	**1,534,669**	1,580,415
Payables for acquisition of property, plant and equipment	**1,095,391**	867,522
Retention payables	**257,119**	638,647
Bills payable	**35,217**	434,884
Advance received from customers	**85,279**	54,257
Salary and staff welfares	**90,204**	80,286
Non-income tax payables	**139,794**	75,825
Accrued interests payable	**92,139**	128,211
Dividend payables to a non-controlling equity owner of a subsidiary	**73,136**	69,997
Other payables	**80,266**	61,922
	3,483,214	3,991,966

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. At 31 December 2017, there was RMB24,952,000 (2016: RMB49,693,000) 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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Within 30 days	**833,793**	977,101
31 to 365 days	**559,798**	749,585
1 to 2 years	**16,803**	129,424
2 to 3 years	**82,843**	148,638
Over 3 years	**76,649**	10,551
	1,569,886	2,015,299

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 31 December	
	2017	2016
	RMB'000	*RMB'000*
Euro ("**EUR**")	**2,035**	285
United States dollars ("**US$**")	**2,783**	–

MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Review

In 2017, the global economy continued to recover and rise, which gave rise to economic growth and moderate inflation in general. Amid the improving overall economic conditions, the PRC promoted structure optimization, change of development momentum and quality upgrade with a focus on the supply-side structural reform during the year. As a result, China's economy achieved steady growth and fared better than expected, entering a phase of high-quality development. In 2017, the country's GDP reached RMB82.7122 trillion, representing a year-on-year increase of 6.9%.

In 2017, the PRC pushed forward the energy production and consumption revolution, accelerated the development in promoting the use of clean energy and significantly optimized the energy consumption structure. The total energy consumption of China increased by approximately 2.9% as compared to last year with the consumption of clean energy, including natural gas, hydropower, nuclear power and wind power, as a percentage of total energy consumption grew by approximately 1.5 percentage points from last year and the share of coal consumption decreased by approximately 1.7 percentage points. National electricity consumption reached 6,307.7 billion kWH, representing a year-on-year growth of 6.6%. Net increase in installed capacity was 133.72 million kW for the whole country, of which, net increase in non-fossil fuel generation was 89.88 million kW, hitting a record high. Net increase of hydropower was 12.87 million kW; net increase in on-grid wind power was 19.52 million kW, representing a year-on-year increase of 8.8 percentage points; net increase of on-grid solar power was 53.38 million kW, representing a year-on-year increase of 19.6 percentage points. Net increase of coal-fired power was 38.55 million kW, down 1.42 million kW from last year. The national electricity output totaled 6.42 trillion kWH, representing a year-on-year growth of 6.5%. Among which, non-fossil fuel generation increased by 10.0% from last year and accounted for 30.4% of total power generation, up 1.0 percentage point year-on-year. Total power generation from on-grid solar energy, on-grid wind power and nuclear power increased by 75.4%, 26.3% and 16.5% respectively. Hydropower generation grew by 1.7% and thermal power generation went up by 5.2% year-on-year.

During the Reporting Period, the Group focused on "quality and efficiency improvement". It fully implemented the operating philosophy of "building a solid foundation, refining management and control, optimizing business plans and boosting efficiency through innovation". In pursuit of economic benefits, the Group generated profits through existing operation capacity, achieved growth from increment and sought progress while maintaining stability. As a result, all business segments developed in an orderly manner and the Group steadily improved its competitiveness, profitability and capability to sustain growth, allowing it to stay on the track of steady development.

II. Business Review for the Year of 2017

1. Strengthened construction progress management and steadily increased installed capacity

In 2017, the Group continued to push forward key projects under construction and closely monitored construction quality of each stage. It ensured timely, orderly and high-quality construction work through stringent time management for milestones of construction projects. During the Reporting Period, the Group commenced commercial operation of 9 new projects with a total installed capacity of 240 MW, including 2 wind power projects with an installed capacity of 85 MW, representing a year-on-year growth of 3.8%, and 7 photovoltaic projects with an installed capacity of 155 MW, representing a year-on-year growth of 24.1%.

As at 31 December 2017, the consolidated installed capacity of the Group totaled 8,031 MW, representing a year-on-year growth of 3.1%. Of which, the installed capacity of gas-fired power projects accounted for 4,436 MW or 55.23% of the total; wind power projects accounted for 2,348 MW or 29.24% of the total; photovoltaic power projects accounted for 798 MW or 9.94% of the total; and hydropower projects accounted for 449 MW or 5.59% of the total.

Power generation of all segments reached 25.263 billion kWH for the year. Among which, gas-fired power and heat energy generation totaled 17.526 billion kWH, wind power generation totaled 4.719 billion kWH, photovoltaic power generation totaled 1.147 billion kWH and hydropower generation totaled 1.871 billion kWH.

As at 31 December 2017, 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 2017** *(MW)*	**Percentage**
Gas-fired power and heat energy generation	4,436	55.23%
Wind power generation	2,348	29.24%
Photovoltaic power generation	798	9.94%
Hydropower generation	449	5.59%
Total	8,031	100.00%

2. ***Active expansion of high-quality projects and in-depth optimization of business plan***

In 2017, the Group spared no efforts to achieve breakthroughs in various aspects. Aiming at more in-depth progress, it proposed innovative development strategy and implemented the semi-organic growth model driven by construction and acquisition. By fully leveraging favourable national policy and opportunities from the adoption of ultra-high-voltage electricity transmission, the Group targeted the development of photovoltaic power in areas including Hunan and Guangdong and acquired major photovoltaic stations with better profitability and that were not subjected to power curtailment. During the Reporting Period, the Group acquired the Guangdong Heyuan 100 MW Agriculture and Light Complementary Photovoltaic Power Project, Hunan Datong Lake 200 MW Fishing and Light Complementary Photovoltaic Power Project, Gonghe Yuantong 10 MW Photovoltaic Power Project and Lingyuan Dongda 40 MW Photovoltaic Power Project which further optimized its business network.

3. ***Green and efficient growth driven by innovation and full implementation of Beijing-Tianjin-Hebei Coordinated Development***

On 28 September 2017, Beijing Jingxi Gas-fired Power Co., Ltd ("**Jingxi Gas**"), a subsidiary of the Group, was awarded the "First Batch of Influential Brand in Beijing-Tianjin-Hebei Region-2017 Green Development Role Model" at the "2017 Summit of Innovation for Beijing-Tianjin-Hebei Coordinated Development cum Beijing-Tianjin-Hebei Influential Brand Award Ceremony". On 15 December 2017, Jingxi Gas received the "2017 Most Influential PRC Brand in Technological Innovation" Award at the 4th China Green Development and Ecological Construction Forum cum "China Green Development Demonstrative Project (2017) Press Conference". Through technological innovation, Jingxi Gas made active efforts and contribution to the green economy and green transformation.

Seizing opportunities in the Beijing-Tianjin-Hebei Coordinated Development, the Group leveraged its own strengths to capture market resources in the Beijing-Tianjin-Hebei region in 2017. The distributed photovoltaic project in the administration and office area of the sub-centre of Beijing has commenced construction and the first phase of the Qianxi Jinxin 4 MW Rooftop Photovoltaic Power Project has achieved on-grid connection. In addition, the Group promoted the initial development of key projects in the Beijing-Tianjin-Hebei region. The Guanting Wind Farm 200 MW Follow-up Project and the Mentougou Jiangshuihe 50 MW Wind Power Project made application for preparation works to the Beijing Municipal Commission of Development and Reform.

4. ***Coordinated and formulated plans for various financing channels to further rationalize the debt structure***

In 2017, against the backdrop of financial deleveraging, the PRC faced liquidity squeeze and interest rate hike, leading to significantly higher financing cost in the bond market. In facing the challenging financing environment, the Group coordinated various financing channels and issued a total of RMB8.0 billion super short-term bonds and RMB2.0 billion mid-term notes. At the same time, it expanded the bank financing channels and increased the credit limit to RMB24.4 billion, including RMB14.025 billion for loans. This secured working capital by ensuring timely renewal of domestic and foreign loans. During the Reporting Period, the Group achieved steady growth in assets and lowered the gearing ratio.

5. Continuous expansion of overseas projects to fully capitalize on synergy

Following the acquisition of Gullen Wind Farm in Australia and photovoltaic projects, the Group acquired the Biala Wind Farm in Australia during the Reporting Period, with an estimated installed capacity of 108 MW. The Biala Project and Gullen Project are adjacent to each other, hence they are able to share existing booster station and other grid connection facilities, which lowers the grid connection fee and increases project profits. The synergy makes it easier for the Group to coordinate and manage its overseas operation as well. In addition, the difference in pricing strategies balances the tariff revenue from the two projects. In addition to delivering fixed income, it also secures higher profitability and further optimizes the tariff structure in the Australian market.

6. Enhanced production safety through various measures to maintain leading operational capability

In 2017, the Group strengthened the foundation of production safety management and established a long-lasting production safety mechanism. During the year, it attained the production safety goal of "ten non-occurrences" and entered into safety target letter and individual undertakings on "no harm done in four aspects" in connection with all levels of projects under its direct management. Through comprehensive inspection programmes, including "spring inspection"; "autumn inspection"; inspection for peak season in summer; annual inspection of wind farms; inspection to secure stable electricity supply for the 19th National Congress; inspection for resistance to wind, fire, low temperature and freezing; inspection of the work tickets; safety assessment by external specialists and self-inspection; inspection of hidden fire threats and other comprehensive inspection on all business segments, the Group identified and rectified the deficiencies and carried out follow-up actions for the closed-loop management of hidden safety risks. Based on operation features of individual business segments, the Group strengthened equipment management and maintenance, and optimized the operation and repair practices, so as to ensure the stable operation of units. During the Reporting Period, the average utilization hours of wind power and photovoltaic power outperformed the national average.

III. Operating Results and Analysis

1. Overview

In 2017, the Company achieved net profit of RMB1,935.6 million, representing a decrease of 9.00% as compared to RMB2,127.0 million for 2016. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,774.5 million, representing a decrease of 9.26% as compared to RMB1,955.6 million for 2016.

2. Operating Income

Total revenue decreased by 2.79% from RMB14,635.8 million for 2016 to RMB14,227.4 million for 2017. Adjusted total operating income decreased by 3.63% from RMB15,852.1 million in 2016 to RMB15,276.4 million in 2017, due to the decrease in revenue from sales of electricity as a result of fewer utilization hours and a reduction in government grants and subsidies related to clean energy production in the gas-fired power and heat energy generation segment in 2017.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment decreased by 6.80% from RMB11,882.3 million for 2016 to RMB11,073.9 million for 2017. Revenue from sales of electricity decreased by 9.11% from RMB10,490.4 million for 2016 to RMB9,535.2 million for 2017, due to the decrease in sales volume of electricity resulting from the reduction in utilization hours in the segment. Revenue from sales of heat energy increased by 10.54% from RMB1,391.9 million for 2016 to RMB1,538.6 million for 2017, due to the increase in sales volume of heat in this segment.

Wind Power Segment

The revenue from wind power segment increased by 9.99% from RMB1,729.7 million for 2016 to RMB1,902.5 million for 2017, 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 34.57% from RMB645.7 million for 2016 to RMB868.9 million for 2017, 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 2.22% from RMB373.1 million for 2016 to RMB364.8 million for 2017.

Others

Other revenue increased by 239.22% from RMB5.1 million for 2016 to RMB17.3 million for 2017, due to the increase in revenue from providing maintenance services to external parties.

3. Other Income

Other income decreased by 6.35% from RMB1,445.1 million for 2016 to RMB1,353.4 million for 2017, due to the decrease in government grants and subsidies related to clean energy production as a result of the decrease in gas sales in the gas-fired power and heat energy generation segment.

4. Operating Expenses

Operating expenses decreased by 4.66% from RMB12,726.7 million for 2016 to RMB12,134.0 million for 2017, due to the decrease in gas consumption as a result of the decrease in the sales volume of electricity in the gas-fired power and heat energy generation segment.

(1) Gas Consumption

Gas consumption decreased by 7.18% from RMB8,715.7 million for 2016 to RMB8,089.8 million for 2017, due to the decrease in gas consumption as a result of the decrease in the sales volume of electricity in the gas-fired power and heat energy generation segment.

(2) *Depreciation and Amortization*

Depreciation and amortization increased by 10.68% from RMB1,913.5 million for 2016 to RMB2,117.9 million for 2017, due to the increase in the installed capacity in the wind power segment and photovoltaic power segment.

(3) *Personnel Cost*

Personnel cost increased by 12.95% from RMB619.9 million for 2016 to RMB700.2 million for 2017, 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 decreased by 8.90% from RMB615.7 million for 2016 to RMB560.9 million for 2017, due to the decrease in maintenance expenses in the gas-fired power and heat energy generation segment.

(5) *Other Expenses*

Other expenses increased by 6.09% from RMB669.6 million for 2016 to RMB710.4 million for 2017, due to the increase in land lease expenses.

(6) *Other Gains and Losses*

Other gains and losses increased from a loss of RMB192.3 million for 2016 to a gain of RMB45.3 million for 2017, due to the decrease 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 and the derecognition of operation right over the Yunnan Hydropower Project assumed by the Company in 2016.

5. Operating Profit

As a result of the above, the Company's operating profit increased by 2.76% from RMB3,354.2 million for 2016 to RMB3,446.8 million for 2017.

6. Adjusted Segment Operating Profit

The total adjusted segment operating profit increased by 0.55% from RMB3,125.3 million for 2016 to RMB3,142.4 million for 2017.

Gas-fired Power and Heat Energy Generation Segment

The adjusted segment operating profit of our gas-fired power and heat energy generation segment decreased by 15.50% from RMB2,359.6 million for 2016 to RMB1,993.9 million for 2017, as a result of the decrease in the sales volume of electricity resulting from the reduction of utilization hours in this segment.

Wind Power Segment

Adjusted segment operating profit of our wind power segment increased by 11.28% from RMB557.5 million for 2016 to RMB620.4 million for 2017 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 24.54% from RMB388.7 million for 2016 to RMB484.1 million for 2017, 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 482.74% from RMB16.8 million for 2016 to RMB97.9 million for 2017, due to the derecognition of operation right over the Yunnan Hydropower Project assumed by the Company in 2016 in this segment.

Others

Other adjusted operating profit increased from a loss of RMB197.3 million for 2016 to a loss of RMB53.9 million for 2017, due to the decrease 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 9.61% from RMB983.1 million for 2016 to RMB1,077.6 million for 2017 due to the increase in market interest rate and the interest payments expensed following the commencement of production of new projects.

8. Share of Results of Associates and a Joint Venture

The share of results of associates and a joint venture decreased by 71.37% from RMB172.2 million for 2016 to RMB49.3 million for 2017, due to the decrease in net profit of a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company, resulting from rising coal price.

9. Profit before Taxation

As a result of the above, profit before taxation decreased by 4.59% from RMB2,570.3 million for 2016 to RMB2,452.3 million for 2017.

10. Income Tax Expense

Income tax expense increased by 16.56% from RMB443.3 million for 2016 to RMB516.7 million for 2017. The effective tax rate increased from 17.25% for 2016 to 21.07% for 2017.

11. Profit for the Year

As a result of the above, profit for the year decreased by 9.00% from RMB2,127.0 million for 2016 to RMB1,935.6 million for 2017.

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

Profit for the year attributable to ordinary shareholders of the Company decreased by 9.26% from RMB1,955.6 million in 2016 to RMB1,774.5 million in 2017.

IV. Financial Position

1. Overview

As of 31 December 2017, total assets of the Group amounted to RMB50,955.7 million, total liabilities were RMB32,050.6 million and shareholders' equity reached RMB18,905.1 million, among which equity attributable to the ordinary shareholders amounted to RMB16,808.6 million.

2. Particulars of Assets and Liabilities

Total assets increased by 6.75% from RMB47,732.9 million as at 31 December 2016 to RMB50,955.7 million as at 31 December 2017, due to the increase in investment for the construction of new projects. Total liabilities increased by 5.65% from RMB30,337.6 million as at 31 December 2016 to RMB32,050.6 million as at 31 December 2017, due to the increase in construction loans for new projects. Total equity of shareholders increased by 8.68% from RMB17,395.3 million as at 31 December 2016 to RMB18,905.1 million as at 31 December 2017. Equity attributable to ordinary shareholders of the Company increased by 9.29% from RMB15,379.5 million as at 31 December 2016 to RMB16,808.6 million as at 31 December 2017, due to the operating accretion from businesses.

3. Liquidity

As of 31 December 2017, current assets amounted to RMB8,795.1 million, including monetary capital of RMB2,675.1 million; bills and trade receivables of RMB3,867.6 million (mainly comprising receivables from sales of electricity and heat energy); and prepayment and other current assets of RMB2,252.4 million (mainly comprising deductible value added tax and other account receivables). Current liabilities amounted to RMB19,823.2 million, including short-term borrowings of RMB9,922.7 million, short-term debentures of RMB6,000.0 million, and bills and trade payables of RMB3,483.2 million (mainly comprising payables for gas, payables for engineering and purchase of equipment); other current liabilities amounted to RMB417.3 million, mainly including income tax payable and amounts due to related parties.

Net current liabilities decreased by 18.15% from RMB13,473.0 million as at 31 December 2016 to RMB11,028.1 million as at 31 December 2017. Current ratio increased by 10.81% from 33.56% as at 31 December 2016 to 44.37% as at 31 December 2017, 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 0.78% from 57.47% as at 31 December 2016 to 56.69% as at 31 December 2017 due to the increase in shareholders' equity.

The Group's long-term and short-term borrowings increased by 8.49% from RMB25,273.2 million as at 31 December 2016 to RMB27,420.0 million as at 31 December 2017, comprising short-term borrowings of RMB9,922.7 million, long-term borrowings of RMB9,494.6 million, mid-term notes of RMB2,002.7 million and short-term debentures of RMB6,000.0 million.

Bank deposits and cash held by the Group increased by 50.97% from RMB1,772.0 million as at 31 December 2016 to RMB2,675.1 million as at 31 December 2017, due to the ample funds raised from multiple parties for securing liquidity in light of the tightening of credit policy at the end of last year.

V. Other Significant Events

1. Financing

On 9 March 2017, the Group issued the first tranche of the super-short-term debentures of 270 days to raise proceeds of RMB2,000.0 million, bearing an interest rate of 4.30%, which was settled on 4 December 2017. On 18 August 2017, the Group issued the second tranche of the super-short-term debentures of 270 days to raise proceeds of RMB2,000.0 million, bearing an interest rate of 4.58%. On 13 November 2017, 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 4.90%. On 14 December 2017, the Group issued the fourth tranche of the super-short-term debentures of 270 days to raise proceeds of RMB2,000.0 million, bearing an interest rate of 5.15%.

On 1 December 2017, the Group issued the 5-year mid-term notes to raise proceeds of RMB2,000.0 million, bearing an interest rate of 5.5%.

2. Capital Expenditure

In 2017, the Group's capital expenditure amounted to RMB3,141.4 million, including RMB416.1 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB572.2 million incurred for construction projects in the wind power segment, RMB2,048.2 million incurred for construction projects in the photovoltaic power segment, RMB36.2 million incurred for construction projects in the hydropower segment, and RMB68.8 million incurred for construction projects in other segments.

3. *Significant Investment*

According to the development plan of the Group, the Group established "Beipiao Jingneng New Energy Co., Limited" (北票京能新能源有限公司), "Chaoyang County Jingneng New Energy Co., Limited" (朝陽縣京能新能源有限公司), "Jinyun County Jingneng New Energy Co., Limited" (縉雲縣京能新能源有限公司), "Huludao Nanpiao Jingtai New Energy Co., Limited" (葫蘆島南票京泰新能源有限公司), "Huludao Nanpiao Wanhe New Energy Co., Limited" (葫蘆島南票萬和新能源有限公司) and "Linghai Jingxin New Energy Co., Limited" (淩海京鑫新能源有限公司) as wholly-owned subsidiaries in 2017 to carry out the construction of photovoltaic power projects.

The Group acquired "Gonghe Yuantong Photovoltaic Power Co., Limited" (共和源通光伏發電有限公司), "Dongyuan Tianhua Sunlight New Energy Power Photovoltaic Power Co., Limited" (東源天華陽光新能源電力有限公司), Yiyang Datong Lake Dongda Photovoltaic Power Co., Limited (益陽大通湖東大光伏發電有限公司), "Lingyuan Dongda Photovoltaic Power Co., Limited" (淩源東大光伏發電有限公司) as wholly-owned subsidiaries in 2017 to carry out the construction of photovoltaic power projects. The Group acquired the wholly-owned subsidiary Newtricity Development Biala Pty Ltd. (紐崔希蒂拜亞拉開發公司) in Australia in 2017, which was primarily engaged in construction of wind power projects.

4. *Contingent Liabilities*

As of 31 December 2017, the Group had no external guarantees.

5. *Mortgage of Assets*

As of 31 December 2017, the Group's bank borrowings were secured by trade receivables of RMB132.7 million; bank borrowings were secured by fixed assets of RMB1,537.48 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.

6. *Subsequent Events*

Subsequent to the Reporting Period to the date of this announcement, the Group had no material subsequent events.

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 number of stable sources of funding through a variety of means, such as the issue of super-short-term debentures, short-term debentures, mid-term notes and perpetual bond. It also adhered to the principle of combining short-term and long-term funds carrying interest at fixed or floating rates, 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 AUD, HK dollars, US dollars, Euro, as well as borrowings in US dollars and AUD). 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 means.

VII. 2018 Business Outlook

The year 2018 is crucial to the "Thirteenth Five-Year" plan. In 2018, the clean energy sector will continue to shift from unplanned growth to the production model that focuses on quality and efficiency. The improving renewable energy development and utilization mechanism, rising local consumption and evolving market mechanism and policy will reduce wind and solar power curtailment. The Group will thoroughly follow the decision of the 19th National Congress. It will pursue economic benefits by generating profit through existing operation capacity and attaining growth from increment. Through concerted efforts and practical approach, the Group will adapt to the new trend with a good culture, new achievements and new breakthrough.

In 2018, the Group will strive to realize various business objectives by accomplishing the following tasks:

1. ***Comprehensive enhancement of innovation capability to improve quality and efficiency***

   Favourable government policy and subsidies play an important role in the PRC clean energy industry. Nonetheless, the state has introduced various policies to gradually open up the clean energy market as it underwent rapid expansion, which was demonstrated by the frequent promulgation of NDRC policies on clean energy grid parity. The Group will have to enhance its innovation capabilities so as to achieve growth in the new order. Firstly, it will develop new production and management mode, conduct research on the management of operation and maintenance target for new projects, and maximize efficiency by utilizing social capital. Secondly, it will formulate new performance assessment model for the production system. Through ongoing exploration of appraisal system that correlates with power generation target and utilization rate target, it will encourage production personnel to be more proactive and creative. Thirdly, it will adopt new technology and process, in order to achieve breakthrough in the application of new materials and technology.

2. ***Increase efforts in project expansion and optimize clean energy layout***

   In 2018, the Group will adhere to existing development strategy and “focusing on Beijing market”, “constructing refines projects” and “strengthening projects”. It will develop high-quality resources and continue to optimize the business plan. Centering on the Beijing-Tianjin-Hebei region, Yangtze River Delta and Pearl River Delta, it will push forward regional energy projects that integrate distributed gas-fired power and energy internet. While further development of clean energy projects in the Beijing-Tianjin-Hebei remains one of its missions, the Group will also take part in project construction in key regions such as Tongzhou, Xiong’an, the stadium of the Winter Olympics, New Airport, and the “Three Cities and One District”. The Group will follow the trend of market development and secure high-quality wind power projects in Central, Eastern and Southern China, where there are abundant wind resources and favourable conditions for on-gird connection and power consumption. The Group will conduct in-depth market research and promote agriculture and light complementary, fishing and light complementary, wind and light complementary and distributed photovoltaic projects with strong market competitiveness. In pursuit of breakthroughs in offshore wind power and solar thermal power generation, it will take advantage of the country’s supporting policy. Where project revenue is secured, it will follow up on waste-to-energy projects. Based on its projects in Australia, the Group will develop along the Belt and Road initiative, thereby enlarging overseas market share.

3. ***Further consolidate the management foundation to enhance professional management and control***

   In 2018, the Group will further optimise operation management and internal decision making procedures. In addition to that, it will continue to optimize the formulation, promotion, implementation, inspection and evaluation of the standard system, so as to ensure compliance, inspection and supervision of all aspects of management practices. It will conduct comprehensive benchmarking with top-notch industry players to identify deficiencies and seek improvements, with an aim of maintaining the leading position in terms of management standard. It will also enhance operation compliance and strengthen risk management and internal control system for more effective risk control, with a view of promoting professional management.

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 2017.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company at the 2017 Annual General Meeting (the "**AGM**") to be held on 28 June 2018, for their consideration and approval of the payment of a final dividend of RMB7.40 cents per share (tax inclusive) for the year ended 31 December 2017 (the "**2017 Final Dividends**") payable to the shareholders of the Company, whose names are listed in the register of members of the Company on 11 July 2018, in an aggregate amount of approximately RMB508.41 million. The 2017 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 2017 Final Dividends are expected to be paid on or around 15 August 2018.

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 2017 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 2017 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2017 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 2017 Final Dividends, the H Share register of members of the Company will be closed from 29 May 2018 to 28 June 2018 (both days inclusive) and from 6 July 2018 to 11 July 2018 (both days inclusive) respectively, during such 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 28 May 2018.

In order to qualify for receiving the proposed 2017 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 5 July 2018.

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 complies with 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 2017 except for the limited deviation on the grounds and causes as explained below.

Code Provision E.1.2

Code Provision E.1.2 stipulates that the chairman of the Board should attend the Annual General Meeting. Mr. Zhu Yan, being the chairman of the Board in 2017, did not attend the Company's Annual General Meeting held on 28 June 2017 as he had to attend the 12th Beijing Municipal Congress of the Communist Party of China and deal with the related issues in June 2017.

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 2017, 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 2017 annual results and the financial statements for the year ended 31 December 2017 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 2017 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
27 March 2018

As at the date of this announcement, the non-executive directors of the Company are Mr. Meng Wentao, Mr. Jin Shengxiang, Mr. Tang Xinbing, Mr. Yu Zhongfu and Mr. Zhao Wei; 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.