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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December	
	Notes	**2019**	2018
		RMB'000	*RMB'000*
Revenue	*4*	**16,388,643**	16,238,805
Other income	*6*	**1,051,030**	1,029,099
Gas consumption		**(9,142,759)**	(9,038,448)
Depreciation and amortization expense	*10*	**(2,453,173)**	(2,230,295)
Personnel costs	*10*	**(852,220)**	(756,476)
Repairs and maintenance		**(624,293)**	(658,294)
Other expenses		**(733,492)**	(726,250)
Other gains and losses	*7*	**98,899**	(80,703)
Impairment losses, net of reversal		**(10,819)**	(15,784)
Profit from operations		**3,721,816**	3,761,654
Interest income	*8*	**53,802**	43,136
Finance costs	*8*	**(1,219,609)**	(1,142,163)
Share of results of associates		**119,283**	79,948
Profit before taxation		**2,675,292**	2,742,575
Income tax expense	*9*	**(507,961)**	(626,458)
Profit for the year	*10*	**2,167,331**	2,116,117
Profit for the year attributable to:			
– Equity holders of the Company		**2,090,770**	1,995,943
– Holders of perpetual notes			35,768
– Non-controlling interests		**76,561**	84,406
		2,167,331	2,116,117
Earnings per share			
Basic and diluted *(RMB cents)*	*12*	**25.36**	26.55

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

FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit for the year	**2,167,331**	2,116,117
Items that will not be reclassified to profit or loss		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	**6,072**	(6,107)
Income tax relating to items that will not be reclassified to profit or loss	**(1,518)**	1,527
	4,554	(4,580)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(6,618)**	(74,701)
Cash flow hedges:		
Gain (loss) during the year	**13,103**	(183,025)
Reclassification of reserves in relation with power purchase agreement	**11,617**	–
Income tax relating to items that may be reclassified subsequently to profit or loss	**(5,227)**	50,771
	12,875	(206,955)
Other comprehensive income (expense) for the year, net of income tax	**17,429**	(211,535)
Total comprehensive income for the year	**2,184,760**	1,904,582
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	**2,108,199**	1,784,408
– Holders of perpetual notes		35,768
– Non-controlling interests	**76,561**	84,406
	2,184,760	1,904,582

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		At 31 December	
	Note	**2019**	2018
		RMB'000	*RMB'000*
Non-current Assets			
Property, plant and equipment		**39,783,191**	34,899,238
Right-of-use assets		**1,060,884**	–
Intangible assets		**4,048,675**	3,589,275
Goodwill		**190,049**	190,049
Prepaid lease payments			239,697
Investments in associates		**2,025,210**	1,950,247
Loans to associates		**134,000**	139,000
Investment in a joint venture		**152,967**	152,967
Loans to a joint venture		**15,000**	30,000
Deferred tax assets		**326,603**	284,596
Equity instruments at fair value through other comprehensive income		**142,313**	136,241
Value-added tax recoverable		**910,507**	525,080
Prepayments for acquisition of property, plant and equipment		**689,652**	622,488
Restricted bank deposits		**55,645**	51,060
Derivative financial asset		**7,597**	–
		49,542,293	42,809,938
Current Assets			
Inventories		**106,485**	115,831
Trade and bills receivables	*13*	**4,897,922**	5,364,872
Other receivables, deposits and prepayments		**344,809**	359,081
Current tax assets		**10,639**	15,098
Loans to a joint venture – current		**60,000**	–
Amounts due from related parties		**60,371**	158,017
Prepaid lease payments			6,081
Value-added tax recoverable		**383,058**	362,287
Financial asset at fair value through profit or loss		**259,880**	227,313
Restricted bank deposits		**1,592**	102,005
Cash and cash equivalents		**4,056,110**	5,420,937
		10,180,866	12,131,522

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
AT 31 DECEMBER 2019

	Note	At 31 December 2019 RMB'000	2018 RMB'000
Current Liabilities			
Trade and other payables	14	**4,737,422**	3,708,661
Amounts due to related parties		**138,243**	129,938
Bank and other borrowings – due within one year		**7,863,793**	8,864,459
Short-term debentures		**6,076,941**	6,086,848
Medium-term notes		**70,283**	80,189
Corporate bond		**4,873**	–
Contract liabilities		**62,079**	88,564
Lease liabilities		**44,361**	–
Derivative financial liabilities		**8,707**	–
Income tax payable		**117,791**	128,598
Deferred income		**313,033**	304,660
		19,437,526	19,391,917
Net Current Liabilities		**(9,256,660)**	(7,260,395)
Total Assets less Current Liabilities		**40,285,633**	35,549,543
Non-current Liabilities			
Derivative financial liabilities		**62,382**	49,202
Bank and other borrowings – due after one year		**11,409,514**	9,824,454
Medium-term notes		**3,490,094**	3,490,094
Corporate bond		**999,642**	–
Deferred tax liabilities		**196,110**	177,799
Deferred income		**485,258**	464,824
Lease liabilities		**543,039**	–
Other non-current liability		**24,285**	31,570
		17,210,324	14,037,943
Net Assets		**23,075,309**	21,511,600
Capital and Reserves			
Share capital		**8,244,508**	8,244,508
Reserves		**14,428,160**	12,869,870
Equity attributable to equity holders of the Company		**22,672,668**	21,114,378
Non-controlling interests		**402,641**	397,222
Total Equity		**23,075,309**	21,511,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is 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 2019, the Group has net current liabilities of RMB9,256,660,000. The Group meets its working capital requirements with cash generated from its operating activities and available financing facilities from banks. At 31 December 2019, the Group has committed unutilized financing facilities granted to the Group amounting to approximately RMB22 billion of which approximately RMB16 billion 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 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 for the first time in the current year:

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

Except for the application on IFRS 16 *Leases* ("**IFRS 16**"), the application of the new and amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 IFRS 16 Leases

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 *Determining whether an Arrangement Contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognized at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognized additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognized in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognize right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of leasehold land and buildings in the PRC was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognizing the lease liabilities for leases previously classified as operating leases, the Group has applied the relevant long-term benchmark borrowing rate of the People's Bank of China at the date of initial application. The borrowing rate applied is 4.90%.

	At 1 January 2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	296,633
Lease liabilities discounted at relevant incremental borrowing rate	244,233
Less: Recognition exemption – short-term leases	(34,861)
Lease liabilities relating to operating leases recognized upon application of I	

(4) Effective for annual periods beginning on or after 1 January 2020.

(5) Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

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

Amendments to IFRS 3 *Definition of a Business*

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The optional concentration test and the amended definition of a business are not expected to have a significant impact to the Group.

Amendments to IAS 1 and IAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2019					
	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	**10,617,359**	**1,996,032**	**1,604,606**	**366,399**		**14,584,396**
Sales of heat energy	**1,802,599**					**1,802,599**
Repairs and maintenance and other services					**1,648**	**1,648**
Timing of revenue recognition						
A point in time	**12,419,958**	**1,996,032**	**1,604,606**	**366,399**		**16,386,995**
Over time					**1,648**	**1,648**
Geographical markets						
Mainland China	**12,419,958**	**1,865,428**	**1,604,606**	**366,399**	**1,648**	**16,258,039**
Overseas		**130,604**				**130,604**
Revenue from contracts with customers	**12,419,958**	**1,996,032**	**1,604,606**	**366,399**	**1,648**	**16,388,643**

	For the year ended 31 December 2018					
	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
Geographical markets						
Mainland China	12,579,782	1,966,974	1,171,286	362,640	10,069	16,090,751
Overseas	–	148,054	–	–	–	148,054
Revenue from contracts with customers	12,579,782	2,115,028	1,171,286	362,640	10,069	16,238,805

(ii) Performance obligations for contracts with customers

Majority of the sales of electricity to provincial power grid companies are pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies. The Group's sales of electricity are made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.

Sales of heat energy to heat customers are pursuant to the heat energy purchase agreements entered into between the Group and the heat customers. The Group's sales of heat energy are made to the heat customers at the tariff rates approved by the Beijing Municipal Commission of Development and Reform.

For sales of electricity and heat energy, revenue is recognized when control of electricity and heat has been transferred, being when electricity and heat is supplied to the power grid companies and the heat customers. The normal credit term is 60 days upon electricity and heat is supplied. There is no significant financing component among the payment terms of sales of electricity and heat.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 and the expected timing of recognizing revenue are within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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: constructing, 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 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 years ended 31 December 2019 and 2018 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 2019						
Revenue from external customers	**12,419,958**	**1,996,032**	**1,604,606**	**366,399**	**1,648**	**16,388,643**
Reportable segment revenue/ consolidated revenue	**12,419,958**	**1,996,032**	**1,604,606**	**366,399**	**1,648**	**16,388,643**
Reportable segment results *(Note (i))*	**1,909,735**	**912,540**	**905,258**	**110,717**	**(121,732)**	**3,716,518**
Reportable segment assets	**14,874,157**	**20,741,946**	**16,733,344**	**2,994,401**	**26,010,626**	**81,354,474**
Reportable segment liabilities	**(8,160,872)**	**(13,853,913)**	**(12,859,926)**	**(2,010,073)**	**(23,936,573)**	**(60,821,357)**
Additional segment information:						
Depreciation	**867,722**	**698,126**	**541,724**	**106,886**	**1,882**	**2,216,340**
Amortization	**9,712**	**200,774**	**936**	**24,891**	**520**	**236,833**
Finance costs *(Note (ii))*	**115,127**	**397,880**	**290,924**	**73,941**	**341,737**	**1,219,609**
Other income	**785,222**	**239,292**	**6,792**	**1,445**	**12,981**	**1,045,732**
Including:						
– Government grants related to clean energy production	**680,616**	**21,349**				**701,965**
– Grants related to construction of assets	**17,495**	**5,006**	**4,590**	**894**		**27,985**
– Income from carbon credits	**761**	**130,313**				**131,074**
– Others	**86,350**	**82,624**	**2,202**	**551**	**12,981**	**184,708**
Expenditures for reportable segment non-current assets	**694,651**	**1,213,051**	**5,750,579**	**46,036**	**4,384**	**7,708,701**

	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	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	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

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 impairment losses and including other income (excluding dividend from equity instruments at fair value through other comprehensive income ("**FVTOCI**")).

(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 results. 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	
	2019	2018
	RMB'000	*RMB'000*
Results		
Reportable segment profit	**3,716,518**	3,750,530
Unallocated		
Dividend income from equity instruments at FVTOCI	**5,298**	11,124
Profit from operations	**3,721,816**	3,761,654
Interest income	**53,802**	43,136
Finance costs	**(1,219,609)**	(1,142,163)
Share of results of associates	**119,283**	79,948
Consolidated profit before taxation	**2,675,292**	2,742,575

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**81,354,474**	69,987,195
Inter-segment elimination	**(25,780,973)**	(18,626,153)
Unallocated assets:		
– Investments in associates	**2,025,210**	1,950,247
– Loans to associates	**134,000**	139,000
– Investment in a joint venture	**152,967**	152,967
– Loans to a joint venture	**75,000**	30,000
– Deferred tax assets	**326,603**	284,596
– Equity instruments at FVTOCI	**142,313**	136,241
Different presentation on:		
– Value-added tax recoverable *(Note)*	**1,293,565**	887,367
Consolidated total assets	**59,723,159**	54,941,460
Liabilities		
Reportable segment liabilities	**60,821,357**	50,862,249
Inter-segment elimination	**(25,780,973)**	(18,626,153)
Unallocated liabilities:		
– Income tax payable	**117,791**	128,598
– Deferred tax liabilities	**196,110**	177,799
Different presentation on:		
– Value-added tax recoverable *(Note)*	**1,293,565**	887,367
Consolidated total liabilities	**36,647,850**	33,429,860

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, 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 2019 amounted to RMB14,414,562,000 (2018: RMB14,230,408,000), which accounts for approximately 88% (2018: 88%) of the Group's external revenue. Sales of electricity to the major customers for current and prior years by segment were as follows:

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Gas-fired power	**10,617,359**	10,755,827
Wind power	**1,865,428**	1,981,192
Photovoltaic power	**1,604,606**	1,171,286
Hydropower	**327,169**	322,103
Total	**14,414,562**	14,230,408

No other customer contributed over 10% of the total external revenue of the Group for both years.

6. OTHER INCOME

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production	**701,965**	675,782
– Construction of assets	**27,985**	27,620
Income from carbon credits *(Note (a))*	**131,074**	139,193
Value-added tax refunds *(Note (b))*	**105,327**	120,572
Dividend from equity instruments at FVTOCI	**5,298**	11,124
Others	**79,381**	54,808
	1,051,030	1,029,099

Notes:

(a) 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	
	2019	2018
	RMB'000	*RMB'000*
Other gains and losses comprise:		
Gain (loss) on disposal of property, plant and equipment	**1,190**	(2,200)
Net exchange loss	**(3,059)**	(15,665)
Gain (loss) arising on change in fair value of financial asset at fair value through profit or loss	**26,990**	(30,655)
Ineffectiveness arising from cash flow hedging instrument recognized in profit or loss		(29,369)
Fair value loss of cash flow hedging instrument recognized in profit or loss	**(26,651)**	–
Bargain purchase gain	**117,088**	–
Others	**(16,659)**	(2,814)
	98,899	(80,703)

8. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Interest income from:		
– Loans to associates	**6,245**	6,751
– Loans to a joint venture	**2,988**	1,445
– Deposits with a related non-bank financial institution	**21,097**	14,908
– Bank balances and deposits	**23,472**	20,032
Total interest income	**53,802**	43,136
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term notes	**1,298,820**	1,236,813
Interest on lease liabilities	**12,694**	–
Less: Amounts capitalized in property, plant and equipment	**(91,905)**	(94,650)
Total finance costs	**1,219,609**	1,142,163

	Year ended 31 December	
	2019	2018
Capitalization rate of borrowing costs to expenditure on qualifying assets	**4.41%**	5.11%

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**532,152**	654,645
Other jurisdictions	**10,748**	–
	542,900	654,645
Deferred tax:		
Current year	**(34,939)**	(28,187)
Income tax expense	**507,961**	626,458

PRC enterprise income tax has been generally provided at the applicable enterprise income tax rate of 25% (2018: 25%) on the estimated assessable profits of the group entities established in the PRC for the year ended 31 December 2019.

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 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. Certain of the Group's wind farm projects, photovoltaic projects and hydropower power projects were entitled to this tax concession for the years ended 31 December 2019 and 2018.

An 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) was qualified as High and New Technology Enterprise and is entitled to a preferential income tax rate of 15%, for the years ended 31 December 2019 and 2018.

Under the two-tiered profits tax rates regime in Hong Kong, the first Hong Kong dollars ("**HK$**") 2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of relevant group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision for Hong Kong income Tax has been made as the Group has no assessable profit derived in Hong Kong.

Australian income tax is calculated at 30% (2018: 30%) of the estimated assessable profit.

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**2,675,292**	2,742,575
PRC enterprise income tax at 25% (2018: 25%)	**668,823**	685,644
Tax effect on:		
– Expenses not deductible for tax purposes	**18,832**	16,490
– Share of results of associates	**(29,821)**	(19,987)
– Tax losses not recognized as deferred tax assets	**72,011**	44,748
– Utilization of tax losses not recognized previously	**(1,965)**	(2,019)
– PRC enterprise income tax exemption and concessions	**(229,085)**	(102,864)
Effect of different tax rates of group entities operating in jurisdictions other than PRC	**9,166**	4,446
	507,961	626,458

10. PROFIT FOR THE YEAR

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Auditors' remuneration	**8,463**	6,324
Expense relating to short-term leases	**46,987**	–
Operating lease payments in respect of land and building		65,712
Release of prepaid lease payments		6,081
Depreciation and amortization:		
Depreciation of property, plant and equipment	**2,194,651**	2,027,233
Depreciation of right-of-use assets	**29,736**	–
Amortization of intangible assets	**236,833**	212,133
Less: Amount capitalized to construction in progress	**(8,047)**	(9,071)
Total depreciation and amortization	**2,453,173**	2,230,295
Personnel costs:		
Directors' emoluments	**3,315**	1,205
Other personnel costs	**848,905**	755,271
Total personnel costs	**852,220**	756,476

11. DIVIDENDS

(a) A final dividend of RMB6.67 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2018 amounting to RMB549,900,000 was approved in the Company's annual general meeting held on 20 June 2019 and subsequently paid on 1 August 2019.

(b) 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.

(c) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of RMB7.22 cents per ordinary share (tax inclusive), totaling RMB595,300,000 has been proposed by the Board 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	
	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	**2,090,770**	1,995,943

	Year ended 31 December	
	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,244,508**	7,517,937

Diluted earnings per share are presented as the same as the basic earnings per share as there were no potential ordinary shares in issue during both years.

13. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
– goods and services	**520,080**	1,995,306
– clean energy power price premium	**4,294,906**	3,355,461
Bills receivable	**98,933**	21,246
	4,913,919	5,372,013
Less: Allowance for credit losses	**(15,997)**	(7,141)
	4,897,922	5,364,872

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 other than clean energy power premium. The aged analysis of the Group's trade and bills receivables net of allowance for credit losses is as follows:

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 60 days	**1,011,049**	2,346,544
61 to 365 days	**1,570,957**	1,419,203
1 to 2 years	**1,474,339**	1,027,341
2 to 3 years	**496,747**	327,204
Over 3 years	**344,830**	244,580
	4,897,922	5,364,872

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

14. TRADE AND OTHER PAYABLES

	At 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables	**2,327,602**	2,001,766
Payables for acquisition of property, plant and equipment	**1,389,957**	919,240
Retention payables	**173,470**	282,402
Bills payable		27,656
Salary and staff welfares	**105,526**	89,892
Non-income tax payables	**180,709**	153,847
Dividend payables to a non-controlling equity owner of a subsidiary	**71,142**	136,462
Others	**489,016**	97,396
	4,737,422	3,708,661

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	
	2019	2018
	RMB'000	*RMB'000*
Within 30 days	**2,094,691**	1,385,785
31 to 365 days	**148,726**	547,356
1 to 2 years	**68,733**	17,966
2 to 3 years	**11,127**	4,902
Over 3 years	**4,325**	73,413
	2,327,602	2,029,422

MANAGEMENT DISCUSSION AND ANALYSIS

I. Review of the Electric Power Industry

In 2019, the national production and operation of electric power remained stable, and the demand and supply of electric power was generally balanced. The annual power consumption of the entire society was 7.23 trillion kWh, representing a year-on-year increase of 4.5%. The power consumption of the tertiary industry and urban and rural residents contributes to 51% of the growth of the power consumption of the entire society. In 2019, electric power sustained the trend of green and low-carbon development. The ratio of installed capacity of non-fossil fuel electricity generation continued to rise and the power generation continued to grow rapidly.

According to the statistics from China Electricity Council, as of the end of December 2019, the installed capacity of national power generation equipment was 2,010.66 million kW, representing a year-on-year increase of 5.8%, which was the lowest growth rate for the last six years. Among which, the capacity of thermal power generation was 1,190.55 million kW, accounting for 59.2% of the total installed capacity, representing a year-on-year increase of 3.6%, which was the lowest growth rate in recent years; the capacity of on-grid wind power generation was 210.05 million kW, accounting for 10.4% of the total installed capacity, representing a year-on-year increase of 14%; the capacity of on-grid photovoltaic power generation was 204.68 million kW, accounting for 10.2% of the total installed capacity, representing a year-on-year increase of 15%; and the capacity of hydropower generation was 356.40 million kW, accounting for 17.7% of the total installed capacity, representing a year-on-year increase of 1.2%.

In 2019, the power generation of power plants above the national scale was 7,142.2 billion kWh, representing a year-on-year increase of 3.5%. Among which, the capacity of thermal power generation was 5,165.4 billion kWh, representing a year-on-year increase of 1.9%; the capacity of wind power generation was 357.7 billion kWh, representing a year-on-year increase of 7.0%; the capacity of photovoltaic power generation was 117.2 billion kWh, representing a year-on-year increase of 13.3%; and the capacity of hydropower generation was 1,153.4 billion kWh, representing a year-on-year increase of 4.8%. In 2019, the utilization hour of thermal power generation was 4,293 hours, representing a year-on-year decrease of 85 hours. Among which, the utilization hour of coal-fired power generation was 4,416 hours, representing a year-on-year decrease of 79 hours; the utilization hour of gas-fired power generation was 2,646 hours, representing a year-on-year decrease of 121 hours; the utilization hour of hydropower generation equipment was 3,726 hours,

II. Business Review for the Year of 2019

1. Rapid growth of installed capacity, steady rise in power generation

In 2019, the Group followed the development principal of "intensification, regionalization, scale, specialization and high efficiency" and committed to promote the project development works. The development route of "rooted in Beijing, tapping into Beijing, Tianjin and Hebei area, covering the whole country and expanding to overseas market" has been increasingly clear. The benefits of the "two-wheel drive" mode was significant. All the reform of regional branches was completed. Benefiting from this, as at 31 December 2019, the consolidated installed capacity of the Group was 9,622 MW, representing a year-on-year increase of 11%, the installed capacity growth rate of the year of which is the highest for the past 5 years; the consolidated power generation was 28.806 billion kWh, representing a year-on-year increase of 3.5%. The installed capacity of the gas-fired power and heat energy generation segment was 4,702 MW, accounting for 49% of the total installed capacity; the installed capacity of the wind power generation segment was 2,398 MW, accounting for 25% of the total installed capacity, with an increase in installed capacity of 50 MW; the installed capacity of the photovoltaic power generation segment was 2,071 MW, accounting for 21.5% of the total installed capacity, with an increase in installed capacity of 903 MW; the installed capacity of the hydropower segment was 450 MW, accounting for 4.5% of the total installed capacity. The annual total capacity in-progress of the Group was 1,618MW in 2019. Among which, the installed capacity in-progress of the wind power generation segment was 958 MW; the installed capacity in-progress of the photovoltaic power generation segment was 660 MW.

2. Commence the preliminary work of projects with commitments

In 2019, the self-developed projects of the Group continued to grow at a steady pace, with further increase in acquisition capacity. The Zhangjiakou-Beijing heating demonstration project completed successfully. The Company has actively promoted Datong Green-Power-to-Beijing and other projects with bases of over 10 million kW; applied the admission of Jiangsu Yancheng 600 MW offshore wind power project into the "14th Five-Year" plan of offshore wind power in Jiangsu Province; speeded up the research and layout of projects such as comprehensive energy service, hydrogen energy, energy storage and deep geothermal heat; has actively promoted Zhongguan Village Ecological Town Project; established a hydrogen energy project team; finished compiling the hydrogen energy development theme report; continued to explore the development of hydrogen energy projects. In 2019, the new energy projects with preliminary work commenced and intended acquisition amounted to approximately 5 million kW.

3. Continue implementing stable financial policies

The Company has further broadened the financing channels, optimized the debt structure and reduced the capital costs. The Company has issued the first tranche of corporate bonds of RMB1.0 billion and super-short-term debentures of RMB8.0 billion, with the lowest interest rate of 2.8%. While effectively securing the needs of capital of projects and safety of corporate capital chain, the Company has saved financial expenses, fully utilized various innovative financing instruments, and ensured that the overall gearing ratio of the Group was constantly controlled at a reasonable level. Corporate credit rating remained at AAA level, with rating forecast of stability.

4. Successful completion of reform in regional management

2019 was the first full operational year since the reform and integration of the Group. Reform in regional management with the focus on promotion of wind power, photovoltaic power and hydropower projects has been fully finalized in 2019. The set-up work for all 7 regional branches, including the Australia branch, has been completed. In November, each of the national regional branches completed safety production handover and management handover, achieving safe and smooth transition during the period of new energy segment reform, and establishing solid foundation for the exercise of the regional management function.

5. Orderly promotion of overseas projects

The set-up of Australia branch has been completed during the year. On such basis, the overseas project management institutions were further formulated, and the management system was optimized. The various tasks of the Australia project put into operation remained steady and orderly. The construction works of the Baiala project advanced at a steady pace, with full production expected to be ready in November 2020. The development application of the Vola project has been formally submitted. Meanwhile, the preliminary works of the 100,000 kW photovoltaic project in Bangladesh and the 120,000 kW wind power project in Binzhi, Vietnam have been followed up.

III. Operating Results and Analysis

1. Overview

In 2019, the Company achieved net profit of RMB2,167.3 million, representing an increase of 2.42% as compared to RMB2,116.1 million for 2018. Profit attributable to shareholders of ordinary shares of the Company amounted to RMB2,090.8 million, representing an increase of 4.75% as compared to RMB1,995.9 million for 2018.

2. Operating Income

Total revenue increased by 0.92% from RMB16,238.8 million for 2018 to RMB16,388.6 million for 2019. Adjusted total operating income increased by 1.04% from RMB16,914.6 million in 2018 to RMB17,090.6 million in 2019, due to the increase in revenue from sales of electricity as a result of increased installed capacity in the photovoltaic power segment in 2019.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment decreased by 1.27% from RMB12,579.8 million for 2018 to RMB12,420.0 million for 2019. Revenue from sales of electricity decreased by 1.29% from RMB10,755.8 million for 2018 to RMB10,617.4 million for 2019, due to the decrease in power price resulting from the decrease in value-added tax rate in this segment. Revenue from sales of heat energy decreased by 1.17% from RMB1,824.0 million for 2018 to RMB1,802.6 million for 2019, due to the decrease in sales volume of heat in this segment, and the decrease in heat price resulting from the decrease in value-added tax rate.

Wind Power Segment

The revenue from wind power segment decreased by 5.63% from RMB2,115.0 million for 2018 to RMB1,996.0 million for 2019, due to the decrease in sales volume of electricity as a result of the decrease in the utilization hours of electricity generation in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 36.99% from RMB1,171.3 million for 2018 to RMB1,604.6 million for 2019, due to the increase in sales volume of electricity as a result of the increase in the installed capacity in production in this segment.

Hydropower Segment

The revenue from hydropower segment increased by 1.05% from RMB362.6 million for 2018 to RMB366.4 million for 2019.

Others

Other revenue decreased by 84.16% from RMB10.1 million for 2018 to RMB1.6 million for 2019, due to the decrease in revenue from providing maintenance services to external parties.

3. Other Income

Other income increased by 2.13% from RMB1,029.1 million for 2018 to RMB1,051.0 million for 2019, due to the increase in subsidies resulting from the increase in power generation of gas-fired power and heat energy generation segment.

4. Operating Expenses

Operating expenses increased by 1.57% from RMB13,506.3 million for 2018 to RMB13,717.9 million for 2019, due to the increase in operating expenses as a result of the increase in the installed capacity in production in the photovoltaic power segment.

(1) Gas Consumption

Gas consumption increased by 1.16% from RMB9,038.4 million for 2018 to RMB9,142.8 million for 2019, 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 9.99% from RMB2,230.3 million for 2018 to RMB2,453.2 million for 2019, due to the increase in the installed capacity in production in the photovoltaic power segment.

(3) Personnel Cost

Personnel cost increased by 12.65% from RMB756.5 million for 2018 to RMB852.2 million for 2019, 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 decreased by 5.16% from RMB658.3 million for 2018 to RMB624.3 million for 2019, due to the decrease in maintenance expenses in the gas-fired power and heat energy generation segment.

(5) Other Expenses

Other expenses increased by 0.99% from RMB726.3 million for 2018 to RMB733.5 million for 2019.

(6) Other Gains and Losses

Other gains and losses increased from a loss of RMB80.7 million for 2018 to a gain of RMB98.9 million for 2019, 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 gains generated from project mergers and acquisitions.

5. Operating Profit

As a result of the above, the Company's operating profit decreased by 1.06% from RMB3,761.7 million for 2018 to RMB3,721.8 million for 2019.

6. Adjusted Segment Operating Profit

The total adjusted segment operating profit decreased by 1.04% from RMB3,408.3 million for 2018 to RMB3,372.8 million for 2019.

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 14.25% from RMB2,105.1 million for 2018 to RMB1,805.1 million for 2019, due to the decrease in power price resulting from the decrease in value-added tax rate in this segment and the increase in gas costs (without tax).

Wind Power Segment

The adjusted segment operating profit of our wind power segment decreased by 4.73% from RMB729.1 million for 2018 to RMB694.6 million for 2019, due to the decrease in sales volume of electricity as a result of the reduction in utilization hours in this segment.

Photovoltaic Power Segment

The adjusted segment operating profit of our photovoltaic power segment increased by 35.77% from RMB661.8 million for 2018 to RMB898.5 million for 2019, due to the increase in sales volume of electricity as a result of the newly installed capacity in production in this segment.

Hydropower Segment

The adjusted segment operating profit of our hydropower segment increased by 5.4% from RMB103.7 million for 2018 to RMB109.3 million for 2019.

Others

Other adjusted operating profit decreased from a loss of RMB191.3 million for 2018 to a loss of RMB134.7 million for 2019, 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 gains generated from project mergers and acquisitions.

7. Finance Costs

Our finance costs increased by 6.78% from RMB1,142.2 million for 2018 to RMB1,219.6 million for 2019 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 49.31% from RMB79.9 million for 2018 to RMB119.3 million for 2019, due to the increase in profit of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

9. Profit before Taxation

As a result of the above, profit before taxation decreased by 2.45% from RMB2,742.6 million for 2018 to RMB2,675.3 million for 2019.

10. Income Tax Expense

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

Profit for the year attributable to shareholders of ordinary shares of the Company increased by 4.75% from RMB1,995.9 million in 2018 to RMB2,090.8 million in 2019.

IV. Financial Position

1. Overview

As of 31 December 2019, total assets of the Group amounted to RMB59,723.2 million, total liabilities were RMB36,647.9 million and shareholders' equity reached RMB23,075.3 million, among which equity attributable to the shareholders of ordinary shares amounted to RMB22,672.7 million.

2. Particulars of Assets and Liabilities

Total assets increased by 8.70% from RMB54,941.5 million as at 31 December 2018 to RMB59,723.2 million as at 31 December 2019, due to the increase in investment for the construction of new projects and merger and acquisition projects. Total liabilities increased by 9.63% from RMB33,429.9 million as at 31 December 2018 to RMB36,647.9 million as at 31 December 2019, due to the increase in construction loans for new projects. Total equity of shareholders increased by 7.27% from RMB21,511.6 million as at 31 December 2018 to RMB23,075.3 million as at 31 December 2019. Equity attributable to shareholders of ordinary shares of the Company increased by 7.38% from RMB21,114.4 million as at 31 December 2018 to RMB22,672.7 million as at 31 December 2019, due to the increase in the operating accretion from businesses.

3. Liquidity

As of 31 December 2019, current assets amounted to RMB10,180.9 million, including monetary capital of RMB4,056.1 million; bills and trade receivables of RMB4,897.9 million (mainly comprising receivables from sales of electricity and heat energy); and prepayments and other current assets of RMB1,226.9 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB19,437.5 million, including short-term borrowings of RMB7,863.8 million, short-term debentures of RMB6,076.9 million, medium-term notes of 0.5 (m)0.5 (o)0. (7m)0Q7.5 (0)0.5 (7)0.5 (9)3.6 ( )0.5 (0.0.5 (i)0.

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, increased by 1.25% from 51.59% as at 31 December 2018 to 52.84% as at 31 December 2019 due to the increase in debts.

The Group's long-term and short-term borrowings increased by 5.54% from RMB28,346.1 million as at 31 December 2018 to RMB29,915.2 million as at 31 December 2019, comprising short-term borrowings of RMB7,863.8 million, long-term borrowings of RMB11,409.5 million, medium-term notes of RMB3,560.4 million, short-term financing debentures of RMB6,076.9 million and corporate bonds of RMB1,004.5 million.

Bank deposits and cash held by the Group decreased by 25.18% from RMB5,420.9 million as at 31 December 2018 to RMB4,056.1 million as at 31 December 2019, due to the use of monetary capital.

V. Other Significant Events

1. *Financing*

On 22 March 2019, the Group issued the first tranche of the super-short-term debentures of 180 days to raise proceeds of RMB2,000.0 million, bearing an interest rate of 3.15%. On 22 April 2019, the Group issued the second tranche of the super-short-term debentures of 270 days to raise proceeds of RMB1,500.0 million, bearing an interest rate of 3.39%. On 26 July 2019, the Group issued the third tranche of the super-short-term debentures of 270 days to raise proceeds of RMB2,500.0 million, bearing an interest rate of 3.15%. On 14 November 2019, 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 2.80%.

On 13 November 2019, the Group issued the 3-year corporate bonds to raise proceeds of RMB1,000.0 million, bearing an interest rate of 3.64%.

2. *Capital Expenditure*

In 2019, the Group's capital expenditure amounted to RMB7,708.7 million, including RMB694.7 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB1,213.1 million incurred for construction projects in the wind power segment, RMB5,750.6 million incurred for construction projects in the photovoltaic power segment, RMB46.0 million incurred for construction projects in the hydropower segment, and RMB4.3 million incurred for construction projects in other segments.

3. Significant Investments

According to the development plan of the Group, the Group established wholly-owned subsidiaries, "Tianjin Jingneng New Energy Co., Ltd. (天津京能新能源有限公司)" and "Tianjin Jinghe New Energy Co., Ltd. (天津京河新能源有限公司)", in 2019 to engage in the construction of wind power projects. As of 31 December 2019, the construction of these wholly-owned subsidiaries has not started, and it is expected that the profitability of the Group will be enhanced in the future.

The Group acquired 16 wholly-owned subsidiaries, namely "Tianjin Tuanbo Yuhong Photovoltaic Technology Co., Ltd. (天津團泊昱宏光伏科技有限公司)", "Tianjin Tuanbo Yulong Photovoltaic Technology Co., Ltd. (天津團泊昱隆光伏科技有限公司)", "Lufeng Mingda New Energy Technology Co., Ltd. (陸豐市明大新能源科技有限公司)", "Huizhou Yongjing Renewable Energy Technology Co., Ltd. (惠州市永景新能源科技有限公司)", etc., to engage in the construction and operation of photovoltaic power generation projects. The acquired projects increased the photovoltaic installed capacity of the Group, and had good performance during the reporting period, and are expected to further enhance the operating result and profitability of the Group in the future.

4. Contingent Liabilities

As of 31 December 2019, the Group had no contingent liabilities.

5. Mortgage of Assets

As of 31 December 2019, the Group's bank borrowings were secured by trade receivables of RMB440.2 million; bank borrowings were secured by fixed assets of RMB1,062.6 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. Events after the Reporting Period

After the outbreak of the 2019 coronavirus in early 2020 (the "**COVID-19 Outbreak**"), the state has implemented and will continue to implement a series of preventive and control measures. The major measures adopted by the Company are as follows: purchase and distribution of epidemic prevention and disinfection materials for employees; requirement of wearing masks in the office areas; adoption of a flexible working system to reduce the density of personnel in the office areas; checking temperature of all personnel entering the office areas and recording their personal information; disinfection of office areas for multiple times per day; adoption of separate dinning system to avoid gathering of employees; convening meetings by way of telephone or video conference. No confirmed or suspected cases have been reported so far. The Company will be watching closely on the development of the COVID-19 Outbreak. As of the date of this Announcement, the Company has not found any cases of COVID-19. There has not been any effect of our production during the period of epidemic. The Group pays attention to safe production and guarantees power supply at all times. In addition, Beijing extended the heating season to 31 March 2020. The gas-fired power plants of the Group not only secured power supply, but also stringently executed the heating task of Beijing municipality, which ensured the successful completion of supplying heat in Beijing and contributed to the performance of the Company. The COVID-19 Outbreak did not have impact on the result of other business segments.

Save as disclosed above, the Company has no other significant subsequent events after the end of the Reporting Period.

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 Outlook for 2020

As the promotion of market-oriented reform of electric power deepened, the drop in power price of new energy quickened, various policy subsidies continued to decrease or were cancelled, the volume of electric power traded kept increasing, the market competition became more intense, and the operation and development of new energy industry faced serious challenges. On the other hand, the renewable energy quota policy undergone multiple changes will be implemented in 2020. In order to further mitigate the power consumption problem of renewable energy to bring out the benefits of the policy, further raising the ratio of renewable energy during the period of "14th Five-Year" is also currently a common industry consensus. The country is greatly committed to continually develop clean energy industry in the future. The diverse clean energy application and project development of the Group is still promising.

1. Converting challenges into driving forces, and promoting the upgrade of industry

In 2020, the Group will capture the industry development trend of promotion of structural reform in the power supply side, full deployment of corresponding resources in the demand side, and promotion of Green transformation upgrade of electricity in China during the "14th Five-Year" period. The Group will capture the opportunities for projects derived from the process of reform adjustment and information technology upgrade.

With the objectives of "showcasing Jingneng's first-class international position with Olympic characteristics", we will focus on the planning and design, so that the Zhangjiakou wind power project will become a benchmark project of new energy projects. Besides, an integrated energy system will be built for the Winter Olympic Village in Winter Olympics Yanqing Division and the Mountain Media Center, to precisely fulfill our responsibility of service assurance as a green power supplier of the Olympic Games.

The Group will capture the significant strategic opportunities of Beijing "Three Cities and One District" construction, synergetic development in the Beijing-Tianjin-Hebei Region, Yangtze River Delta integrated development, Guangdong-Hong Kong-Macau Greater Bay Area development and rural revitalization. The Group will seek new breakthrough of development, merger and acquisition of projects and the implementation of major projects, and seek new opportunities of innovation regarding commercial mode and development mode. The Group will closely monitor the progress of market-oriented reform in natural gas, and seek the possibilities of extension towards upstream industry chains such as LNG. The Group will continue to develop offshore wind power project, with a view to bringing it to implementation stage as soon as practical. The Group will put more effort into the preliminary work of overseas market in countries and regions alongside the "Belt and Road Initiative", striving for new breakthrough in other overseas markets while

4. ***Taking scientific and technological innovation as the most importance factor to productivity, and maximizing our potential for development***

In 2020, the Group will continue to enhance scientific and technological innovation capacity building, commence deep cooperation with universities and colleges, research institutes and equipment manufacturers, procure transformation of scientific and technological achievements, and further increase the input of technology research and development expenses. Through the commencement of technology transformation and technological innovation projects, the Group will further raise the economical and reliability indicators, optimize environmental protection indicators and procure enterprise technological progress. The Group will further raise the management efficiency through information system upgrade that procures management upgrade. The Group will further optimize regional management system, and continue to promote the fusion between informatization and industrialization with the goal of "unattended, few people on duty, centralized monitoring, smart operation and maintenance".

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 2019.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company at the annual general meeting for the year ended 31 December 2019 (the "**AGM**") to be held on 28 May 2020, for their consideration and approval of the payment of a final dividend of RMB0.0722 per share (tax inclusive) for the year ended 31 December 2019 (the "**2019 Final Dividends**") payable to the shareholders of the Company, whose names are listed in the register of members of the Company on 9 June 2020, in an aggregate amount of approximately RMB595.3 million. The 2019 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 2019 Final Dividends is expected to be paid on or around 28 July 2020.

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 2019 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 2019 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2019 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 2019 Final Dividends, the H Share register of members of the Company will be closed from 28 April 2020 to 28 May 2020 (both days inclusive) and from 4 June 2020 to 9 June 2020 (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 27 April 2020.

In order to qualify for receiving the proposed 2019 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 3 June 2020.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of

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 2019, 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 2019 annual results and the consolidated financial statements for the year ended 31 December 2019 prepared in accordance with the IFRSs.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKEx news website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.jncec.com/. The 2019 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
31 March 2020

As at the date of this announcement, the non-executive Directors of the Company are Mr. Liu Haixia, Mr. Ren Qigui, Ms. Li Juan and Mr. Wang Bangyi; the executive Directors of the Company are Mr. Zhang Fengyang, Mr. Zhu Jun and Mr. Cao Mansheng; and the independent non-executive Directors of the Company are Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping.