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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2019 was RMB8,065.0 million, representing an increase of 0.36% as compared with the corresponding period of 2018.

- Profit before taxation for the six months ended 30 June 2019 was RMB1,700.9 million, representing a decrease of 1.77% as compared with the corresponding period of 2018.

- Profit attributable to ordinary shareholders of the Company for the six months ended 30 June 2019 was RMB1,268.3 million, representing an increase of 4.29% as compared with the corresponding period of 2018.

- Basic and diluted earnings per share for the six months ended 30 June 2019 was RMB15.38 cents.

RESULTS HIGHLIGHTS

The board of directors (the "**Board**") of Beijing Jingneng Clean Energy Co., Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**" or "**we**" or "**us**") for the six months ended 30 June 2019 (the "**Reporting Period**"), prepared under International Financial Reporting Standards (the "**IFRSs**").

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(Unless otherwise specified, all amounts are stated in RMB'000)

		For the six months ended 30 June	
		2019	2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**8,064,971**	8,036,391
Other income	*5*	**619,504**	504,151
Gas consumption		**(4,542,057)**	(4,300,126)
Depreciation and amortization	*9*	**(1,185,483)**	(1,083,356)
Personnel costs		**(316,183)**	(320,187)
Repairs and maintenance		**(226,821)**	(235,729)
Other expenses		**(274,688)**	(343,292)
Other gains and losses	*6*	**54,757**	(11,713)
Profit from operations		**2,194,000**	2,246,139
Interest income	*7*	**27,422**	20,054
Finance costs	*7*	**(579,971)**	(557,881)
Share of results of associates		**59,405**	23,317
Profit before taxation		**1,700,856**	1,731,629
Income tax expense	*8*	**(380,520)**	(414,287)
Profit for the period	*9*	**1,320,336**	1,317,342
Profit for the period attributable to:			
– Ordinary shareholders of the Company		**1,268,270**	1,216,095
– Holders of perpetual notes		**–**	35,768
– Non-controlling interests		**52,066**	65,479
		1,320,336	1,317,342
Earnings per share			
Basic *(RMB cents)*	*11*	**15.38**	17.58

	Notes	For the six months ended 30 June **2019** ***RMB'000*** **(Unaudited)**	 2018 *RMB'000* (Unaudited)
Profit for the period	*9*	**1,320,336**	1,317,342
Other comprehensive income			
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Fair value gain on:			
equity investments at fair value through other comprehensive income ("**FVOCI**")		**–**	2,312
Income tax effect		**–**	(578)
		–	1,734
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations:			
Exchange differences during the period		**(6,663)**	(46,273)
Cash flow hedges:			
(Loss) gain during the period		**(10,397)**	4,380
Income tax effect		**1,843**	(1,314)
		(15,217)	(43,207)
Other comprehensive expense for the period, net of income tax		**(15,217)**	(41,473)
Total comprehensive income for the period		**1,305,119**	1,275,869
Total comprehensive income attributable to:			
– Ordinary shareholders of the Company		**1,253,053**	1,174,622
– Holders of perpetual notes		**–**	35,768
– Non-controlling interests		**52,066**	65,479
		1,305,119	1,275,869

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2019

(Unless otherwise specified, all amounts are stated in RMB'000)

	Notes	**As at 30 June 2019 *RMB'000* (Unaudited)**	As at 31 December 2018 *RMB'000* (Audited)
Non-current Assets			
Property, plant and equipment		**35,264,953**	34,899,238
Right-of-use assets		**557,398**	–
Intangible assets		**3,474,405**	3,589,275
Goodwill		**190,049**	190,049
Prepaid lease payments		**–**	239,697
Investments in associates		**2,009,652**	1,950,247
Loans to associates		**139,000**	139,000
Investment in a joint venture		**152,967**	152,967
Loans to a joint venture		**15,000**	30,000
Deferred tax assets		**239,260**	284,596
Equity investments at fair value through other comprehensive income		**136,241**	136,241
Value-added tax recoverable		**669,012**	525,080
Deposit paid for acquisition of property, plant and equipment		**580,954**	622,488
Restricted bank deposits		**68,175**	51,060
		43,497,066	42,809,938
Current Assets			
Inventories		**133,775**	115,831
Trade and bills receivables	*12*	**5,672,556**	5,364,872
Other receivables, deposits and prepayments		**428,017**	359,081
Current tax assets		**23,735**	15,098
Amounts due from related parties		**54,500**	158,017
Prepaid lease payments		**–**	6,081
Loans to a joint venture		**65,000**	–
Value-added tax recoverable		**335,345**	362,287
Financial assets at fair value through profit or loss ("**FVTPL**")		**263,792**	227,313
Restricted bank deposits		**73,994**	102,005
Cash and cash equivalents		**3,940,384**	5,420,937
		10,991,098	12,131,522

	Notes	As at 30 June 2019 RMB'000 (Unaudited)	As at 31 December 2018 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	*13*	**3,432,461**	3,708,661
Amounts due to related parties		**455,293**	129,938
Bank and other borrowings – due within one year		**5,551,435**	8,864,459
Short-term financing debentures		**6,082,989**	6,086,848
Medium-term notes		**82,873**	80,189
Contract liabilities		**59,337**	88,564
Income tax payable		**23,472**	128,598
Deferred income – current portion		**206,275**	304,660
		15,894,135	19,391,917
Net Current Liabilities		**(4,903,037)**	(7,260,395)
Total Assets less Current Liabilities		**38,594,029**	35,549,543
Non-current Liabilities			
Derivative financial liabilities		**52,619**	49,202
Bank and other borrowings – due after one year		**11,918,497**	9,824,454
Medium-term notes – due after one year		**3,490,094**	3,490,094
Deferred tax liabilities		**174,953**	177,799
Deferred income		**471,662**	464,824
Lease liabilities		**186,210**	–
Other non-current liabilities		**33,184**	31,570
		16,327,219	14,037,943
Net Assets		**22,266,810**	21,511,600
Capital and Reserves			
Share capital		**8,244,508**	8,244,508
Reserves		**13,573,014**	12,869,870
Equity attributable to equity holders of the Company		**21,817,522**	21,114,378
Non-controlling interests		**449,288**	397,222
Total Equity		**22,266,810**	21,511,600

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 (Unaudited)

1. GENERAL AND BASIS OF PRESENTATION

In preparing the consolidated financial statements, the directors of the Company (the "**Directors**") have given careful consideration of the Group's net current liabilities of RMB4,903,037,000 as at 30 June 2019. The Group met its day-to-day working capital requirements through cash flows from operating activities and available banking facilities. Based on assessment, the Directors are of the view that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future. Accordingly the consolidated financial statements have been prepared on a going concern basis.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Such condensed consolidated financial statements have not been audited.

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("**IAS**") 34 Interim Financial Reporting as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board (the "**IASB**") which are mandatorily effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

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, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on IFRS 16 *Leases*

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

2.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of land that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in expected payment under a guaranteed residual value in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

2.1.2 Transition and summary of effects arising from initial application of IFRS 16

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 agreement contains a Lease and not apply this standards 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. Specifically, the Group assessed its lease contract with leasehold land/building.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised 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 recognise 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 building in the People's Republic of China and Australia 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.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of RMB209,372,000 and right-of-use assets of RMB536,672,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental 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 rates	**244,233**
Less: Recognition exemption – short-term leases	**(34,861)**
Lease liabilities relating to operating leases recognised upon application of IFRS 16	**209,372**
Lease liabilities as at 1 January 2019	**209,372**
Analysed as	
Current	**30,818**
Non-current	**178,554**
	209,372

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognized Upon application of IFRS 16		**209,372**
Reclassified from prepaid lease payments	*(a)*	**245,778**
Reclassified from prepaid rent for leasehold land		**81,522**
		536,672
By class:		
Leasehold lands and buildings		**536,672**
		536,672

Note:

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB6,081,000 and RMB239,697,000 respectively were reclassified to right-of-use assets.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *RMB'000*	Adjustments *RMB'000*	Carrying amounts Under IFRS 16 at 1 January 2019 *RMB'000*
Non-current Assets			
Property, plant and equipment	34,899,238	(16,579)	34,882,659
Prepaid lease payments	239,697	(239,697)	–
Right-of-use assets	–	536,672	536,672
Current Assets			
Prepaid lease payments	6,081	(6,081)	–
Other receivables, deposits and prepayments	359,081	(64,943)	294,138
Current Liabilities			
Lease liabilities	–	30,818	30,818
Non-current Liabilities			
Lease liabilities	–	178,554	178,554

Note:

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

3 REVENUE

(i) Disaggregation of revenue from contracts with customers

For the six months ended 30 June 2019 (Unaudited)

	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	**5,147,508**	**1,028,875**	**685,668**	**149,896**	**–**	**7,011,947**
Sales of heat energy	**1,052,148**	**–**	**–**	**–**	**–**	**1,052,148**
Repairs and maintenance and other services	**–**	**–**	**–**	**–**	**876**	**876**
Timing of revenue recognition						
A point in time	**6,199,656**	**1,028,875**	**685,668**	**149,896**	**–**	**8,064,095**
Over time	**–**	**–**	**–**	**–**	**876**	**876**
Revenue from contracts with customers	**6,199,656**	**1,028,875**	**685,668**	**149,896**	**876**	**8,064,971**

For the six months ended 30 June 2018 (Unaudited)

	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	5,190,635	1,149,558	485,598	145,699	–	6,971,490
Sales of heat energy	1,058,413	–	–	–	–	1,058,413
Repairs and maintenance and other services	–	–	–	–	6,488	6,488
Timing of revenue recognition						
A point in time	6,249,048	1,149,558	485,598	145,699	–	8,029,903
Over time	–	–	–	–	6,488	6,488
Revenue from contracts with customers	6,249,048	1,149,558	485,598	145,699	6,488	8,036,391

(ii) Geographical information

Over 90% of the Group's revenue is generated in the PRC, therefore no geographical information was presented. The basis for attributing the revenue is based on the location of customers from which the revenue is generated, which are located in/out of the PRC and the sales activities are made in/out of the PRC.

4 SEGMENT INFORMATION

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

– Gas-fired power and heat energy generation: managing and operating natural gas-fired power plants and generating electric power and heat energy for sale to external customers.

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

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

– Hydropower: managing and operating hydropower plants and sales of electricity generated to external customers.

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

An analysis of the Group's reportable segment information for the six months ended 30 June 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 six months ended 30 June 2019 (unaudited)						
Revenue from external customers						
Reportable segment results before depreciation and amortization *(Note (i))*	**1,684,270**	**923,870**	**675,728**	**102,370**	**(6,755)**	**3,379,483**
Depreciation	**436,165**	**350,489**	**242,472**	**53,898**	**499**	**1,083,523**
Amortization	**4,883**	**84,260**	**200**	**12,372**	**245**	**101,960**
Reportable segment results	**1,243,222**	**489,121**	**433,056**	**36,100**	**(7,499)**	**2,194,000**

	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 six months ended 30 June 2018 (unaudited)						
Reportable segment results before depreciation and amortization *(Note (i))*	1,744,526	1,059,552	453,615	95,708	(23,906)	3,329,495
Depreciation	406,982	359,146	155,813	60,154	374	982,469
Amortization	3,983	83,313	150	12,347	1,094	100,887
Reportable segment results	1,333,561	617,093	297,652	23,207	(25,374)	2,246,139

Note:

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization expense, personnel costs, repairs and maintenance, other expenses, other gains and losses and other income (excluding dividend from equity instruments at FVOCI).

5. OTHER INCOME

	For the six months ended 30 June (Unaudited)	
	2019	2018
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production *(Note (a))*	**459,203**	327,655
– Construction of assets *(Note (b))*	**10,004**	9,936
Income from carbon credits	**52,038**	66,760
Value-added tax refunds *(Note (c))*	**61,476**	67,856
Others	**36,783**	31,944
	619,504	504,151

Notes:

(a) The Group's gas-fired and wind power facilities located in Beijing, the PRC, were entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensated the Group based on a pre-determined subsidized rate and quantities approved from time to time for the sale of electricity generated by those facilities. The grants will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities at the pre-determined subsidized rate.

(b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and will release to profit or loss to match with the depreciation of related assets.

(c) 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 a full refund of value-added tax for its revenue from the sale of heat energy to residential customers. The accounts receivables arising from refund of value-added tax and related revenue are recognized when the relevant tax authority in China registers the relevant application for refund of such value-added tax.

6. OTHER GAINS AND LOSSES

	For the six months ended 30 June (Unaudited)	
	2019	2018
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
Loss on disposal of property, plant and equipment	**(2,308)**	(596)
Net exchange (loss) gain	**(1,382)**	271
Gain (loss) arising on change in fair value of financial assets classified as FVTPL	**34,991**	(10,259)
Others	**23,456**	(1,129)
	54,757	(11,713)

7. INTEREST INCOME/FINANCE COSTS

	For the six months ended 30 June (Unaudited)	
	2019	2018
	RMB'000	*RMB'000*
Interest income	**27,422**	20,054
Interest expense	**607,365**	597,692
Less: Amounts capitalized:		
– property, plant and equipment	**(27,394)**	(39,811)
Total finance costs	**579,971**	557,881
Net finance costs	**552,549**	537,827

8. INCOME TAX EXPENSE

	For the six months ended 30 June (Unaudited)	
	2019	2018
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**332,648**	447,284
Deferred tax:		
Current period	**47,872**	(32,997)
Income tax expense	**380,520**	414,287

PRC enterprise income tax has been generally calculated at the applicable enterprise income tax rate of 25% on the estimated assessable profits of the Group companies established in the PRC for the six months ended 30 June 2019.

Under the Enterprise Income Tax Law, the preferential tax treatment for encouraging enterprises located in western PRC and certain industry-oriented tax incentives remains available up to 31 December 2020 when the original preferential tax period expires. 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 generate profit. The Group's certain wind farm projects and hydropower power projects are entitled to this tax concession.

北京京能未來燃氣熱電有限公司 (Beijing Jingneng Weilai Gas-fired Power Co., Ltd., English name for identification purpose) ("**Weilai Gas**") was qualified as High and New Technology Enterprises since 2015 and is entitled to a preferential income tax rate of 15%. The qualification of High and New Technology Enterprises is subject to review once every three years, and this subsidiary continued to be recognized as a High and New Technology Enterprises for the period ended 30 June 2019.

Hong Kong Profits Tax and Australia Profit Tax are calculated at 16.5% and 30%, respectively, of the estimated assessable profit. During the six months ended 30 June 2019, taxation arising in other jurisdictions is calculated at the rate prevailing in Australia. No provision for Hong Kong profits tax has been made as the Group has no assessable profit arising in Hong Kong.

9. PROFIT FOR THE PERIOD

	For the six months ended 30 June (Unaudited)	
	2019	2018
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging:		
Auditors' remuneration	**1,226**	1,284
Prepaid lease payments released to profit or loss	**–**	2,838
Lease payments in respect of land and building	**30,157**	28,052
Depreciation and amortization:		
Depreciation of property, plant and equipment	**1,078,769**	982,469
Depreciation of right-of-use assets	**4,754**	–
Amortization of intangible assets	**101,960**	100,887
Total depreciation and amortization	**1,185,483**	1,083,356

10. DIVIDENDS

(a) On 20 June 2019, a dividend in the total amount of approximately RMB549,909,000 was declared by the Company.

(b) The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2019 of RMB1,268,270,000 (six months ended 30 June 2018: RMB1,216,095,000) and the weighted average number of shares in issue for the six months ended 30 June 2019 of 8,244,508,000 (six months ended 30 June 2018: 6,915,973,000 shares).

12. TRADE AND BILL RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
– goods and services	**1,312,982**	1,995,306
– clean energy power price premium	**4,356,791**	3,355,461
Bills receivable	**10,246**	21,246
	5,680,019	5,372,013
Less: allowance for credit losses	**(7,463)**	(7,141)
	5,672,556	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 price premium. The aging analysis of the Group's trade and bills receivables net of allowance for credit losses is as follows:

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 60 days	**1,286,509**	2,346,544
61 to 365 days	**1,994,845**	1,419,203
1 to 2 years	**1,651,328**	1,027,341
2 to 3 years	**451,958**	327,204
Over 3 years	**287,916**	244,580
	5,672,556	5,364,872

13. TRADE AND OTHER PAYABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**1,692,401**	2,001,766
Payables for acquisition of property, plant and equipment	**763,781**	919,240
Retention payables	**464,480**	282,402
Bills payable	**–**	27,656
Salary and staff welfares	**73,778**	89,892
Non-income tax payables	**61,358**	153,847
Dividend payables	**235,573**	136,462
Others	**141,090**	97,396
	3,432,461	3,708,661

The following is an ageing analysis of the Group's trade and bills payables by invoice date as at the reporting date:

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**699,263**	1,385,785
31 to 365 days	**951,261**	547,356
1 to 2 years	**20,228**	17,966
2 to 3 years	**5,882**	4,902
Over 3 years	**15,767**	73,413
	1,692,401	2,029,422

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF THE POWER INDUSTRY

In the first half of 2019, amid the overall steady economic growth of the PRC, active progress has been secured in quality development. Total power consumption recorded a year-on-year increase of 5.0%, representing a decline from the same period of last year. Power consumption has been "shifted" from rapid growth in previous years to medium growth at present. According to the statistics from China Electricity Council, as of 30 June 2019, newly-added installed capacity nationwide reached 40.74 million kW, representing a year-on-year decrease of 11.94 million kW, of which thermal power generation amounted to 16.93 million kW (coal-fired power generation of 9.84 million kW and gas-fired power generation of 5.16 million kW), representing a year-on-year increase of 1.78 million kW; wind power generation amounted to 9.09 million kW, representing a year-on-year increase of 0.99 million kW; photovoltaic power generation amounted to 11.64 million kW, representing a year-on-year decrease of 14.17 million kW; and hydropower generation amounted to 1.82 million kW, representing a year-on-year decrease of 0.67 million kW.

In the first half of 2019, the power output of above-the-scale power plants across the country reached 3,367.3 billion kWh, representing a year-on-year increase of 3.3%, of which, thermal power generation amounted to 2,448.7 billion kWh, representing a year-on-year increase of 0.2%; wind power generation amounted to 214.5 billion kWh, representing a year-on-year increase of 11.5%; photovoltaic power generation amounted to 106.7 billion kWh, representing a year-on-year increase of 30%; and hydropower generation amounted to 513.8 billion kWh, representing a year-on-year increase of 11.8%. In the first half of the year, remarkable results have been achieved in renewable energy consumption with approximately 98 billion kWh alternative power consumed accumulatively nationwide, representing 2.9% of total power consumption. Installed capacity of renewable energy has been continuously expanded and the utilization of renewable energy was significantly enhanced.

In the first half of the year, the cumulative average utilization hours of power generation equipment across the country reached 1,834 hours, representing a year-on-year decrease of 24 hours, of which, thermal power generation amounted to 2,066 hours, representing a year-on-year decrease of 60 hours, of which coal-fired power generation amounted to 2,127 hours, representing a year-on-year decrease of 57 hours; gas-fired power generation amounted to 1,212 hours, representing a year-on-year decrease of 121 hours; on-grid wind power generation amounted to 1,133 hours, representing a year-on-year decrease of 10 hours; photovoltaic power generation amounted to 650 hours, representing a year-on-year increase of 13 hours, and hydropower generation amounted to 1,674 hours, representing a year-on-year increase of 169 hours. The wind power curtailment rate across the country was 4.7%, representing a year-on-year decrease of 4 percentage points and photovoltaic power curtailment rate was 2.4%, representing a year-on-year decrease of 1.2 percentage points.

II. BUSINESS REVIEW FOR THE FIRST HALF OF 2019

1. Increase in installed capacity

As at 30 June 2019, consolidated installed capacity of the Group reached 8,863 MW, representing a year-on-year increase of 10%. The installed capacity of the gas-fired power and heat energy generation segment was 4,702 MW, accounting for 53% of the consolidated installed capacity; the installed capacity of the wind power generation segment was 2,348 MW, accounting for 27% of the consolidated installed capacity; the installed capacity of the photovoltaic power generation segment was 1,363 MW, accounting for 15% of the consolidated installed capacity; the installed capacity of the hydropower segment was 450 MW, accounting for 5% of the consolidated installed capacity. In the first half of the year, newly-added installed capacity of the photovoltaic power generation segment was 195 MW, including 114 MW from acquired projects and 81 MW from self-built projects. Wind power generation projects and photovoltaic power generation projects that commenced construction reached 799.5 MW and 440 MW, respectively.

2. Increase in power generation

In the first half of 2019, the Group was devoted to promoting the synergetic development in the Beijing-Tianjin-Hebei Region. With its headquarters in Beijing and the business network spanning across the country, the Group focused on the key task of "stabilize growth, strengthen integration and seek for innovation and development", and implemented the investment and operation policy of "foundation consolidation, control refinement, layout optimization, innovation and efficiency". We adopted the development concepts of "innovation, coordination, green, openness and sharing". In pursuit of economic benefits, the Group produced profits from stock, achieved development from increment, and sought progress while maintaining stability. As of 30 June 2019, the consolidated power generation of the Group was 13.58 billion kWh, representing a year-on-year increase of 5.18%, of which, the power generation of the gas-fired power and heat energy generation segment was 9.506 billion kWh, representing a year-on-year increase of 6.46% with the average utilization hours of facilities reaching 2,022 hours, which was 810 hours more than the national average; the power generation of the wind power generation segment was 2.53 billion kWh, representing a year-on-year decrease of 8.17% with the average utilization hours of facilities reaching 1,078 hours, which was 55 hours less than the national average; the power generation of the photovoltaic power generation segment was 903 million kWh, representing a year-on-year increase of 43.79% with the average utilization hours of facilities reaching 684 hours, which was 34 hours more than the national average and the power generation of the hydropower segment was 641 million kWh, representing a year-on-year increase of 7% with the average utilization hours of facilities reaching 1,425 hours, which was 249 hours less than the national average.

3. **Steady promotion of overseas projects**

In the first half of 2019, leveraging on the "going global" and "two-wheel drive" strategies, the Group relied on the Australian market to gradually expand overseas markets, with a view to forming the guiding ideology of a global-oriented business system, and actively exploring overseas markets. Currently, the 108 MW wind power project in Baiala, Australia has entered the stage of engineering construction and is expected to be put into operation in 2020; the overall development of the Vola project is relatively smooth, and the approval on its grid connection capability has been obtained from power grid companies. Targeting at countries alongside the "Belt and Road Initiative" for project development, the Group will attach significant importance to Europe and South Asia in the future, and has conducted detailed analysis on the macro and power markets of India, Germany, Bangladesh, Spain, Argentina, Vietnam and other countries.

4. **Reduction in financing cost**

In the first half of the year, the Group took advantage of its position as a state-owned enterprise to tap the financing opportunities in the inter-bank bond market, obtain low-interest funds and reduce the Company's financing cost. The Company will continue to strengthen cooperation with banks and rationally arrange the issuance time of debentures according to the capital demand and interest rate trend. In the first half of the year, the Company completed the issuance of RMB3.5 billion ultra-short-term financing debentures, including the first tranche of 180-day ultra-short-term financing debentures of RMB2 billion with an interest rate of 3.15% issued in March and the second tranche of 270-day ultra-short-term financing debentures of RMB1.5 billion with an interest rate of 3.39% issued in April, which remained at a relatively low level among similar debentures in the same period. On the premise of ensuring the safety of funds, the Company made efforts to reduce financing costs.

III. OPERATING RESULTS AND ANALYSIS

1. **Overview**

In the first half of 2019, the Company's profitability recorded continuous improvement. Profit for the period amounted to RMB1,320.3 million, representing an increase of 0.23% as compared with RMB1,317.3 million for the first half of 2018. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,268.3 million, representing an increase of 4.29% as compared with RMB1,216.1 million for the first half of 2018.

2. **Operating Income**

In the first half of 2019, the total revenue increased by 0.36% from RMB8,036.4 million for the first half of 2018 to RMB8,065.0 million. Adjusted total operating income increased by 1.92% from RMB8,364.0 million for the first half of 2018 to RMB8,524.2 million for the first half of 2019, due to an increase in sales volume of electricity as a result of the increase in the installed capacity in the wind power segment and the photovoltaic power segment.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment decreased by 0.79% from RMB6,249.0 million for the first half of 2018 to RMB6,199.7 million for the first half of 2019, of which, revenue from sales of electricity decreased by 0.83% from RMB5,190.6 million for the first half of 2018 to RMB5,147.5 million for the first half of 2019. Revenue from sales of heat energy decreased by 0.60% from RMB1,058.4 million for the first half of 2018 to RMB1,052.1 million for the first half of 2019.

Wind Power Segment

The revenue from wind power segment decreased by 10.50% from RMB1,149.6 million for the first half of 2018 to RMB1,028.9 million for the first half of 2019, due to a decrease in sales volume of electricity as a result of the lower average speed of wind in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 41.21% from RMB485.6 million for the first half of 2018 to RMB685.7 million for the first half of 2019, due to an increase in sales volume of electricity as a result of increased installed capacity in this segment.

Hydropower Segment

The revenue from hydropower segment increased by 2.88% from RMB145.7 million for the first half of 2018 to RMB149.9 million for the first half of 2019, due to an increase in sales volume of electricity in this segment.

Others

Other revenue decreased by 86.15% from RMB6.5 million for the first half of 2018 to RMB0.9 million for the first half of 2019.

3. Other Income

Other income increased by 22.87% from RMB504.2 million for the first half of 2018 to RMB619.5 million for the first half of 2019 due to an increase in the government subsidies and grants related with clean energy production as a result of the increase in sales volume of electricity of the gas-fired power and heat energy generation segment.

4. Operating Expenses

Operating expenses increased by 3.12% from RMB6,294.4 million for the first half of 2018 to RMB6,490.5 million for the first half of 2019, due to the increase in operating expenses following the commencement of production of new projects in the gas-fired power and heat energy generation segment and photovoltaic power segment.

Gas Consumption

Gas consumption increased by 5.63% from RMB4,300.1 million for the first half of 2018 to RMB4,542.1 million for the first half of 2019, due to the increase in gas consumption as a result of the increased installed capacity in the gas-fired power and heat energy generation segment.

Depreciation and Amortization

Depreciation and amortization increased by 9.42% from RMB1,083.4 million for the first half of 2018 to RMB1,185.5 million for the first half of 2019, due to an increase in installed capacity in the gas-fired power and heat energy generation segment and photovoltaic power segment.

Personnel Cost

Personnel cost decreased by 1.25% from RMB320.2 million for the first half of 2018 to RMB316.2 million for the first half of 2019, due to a decrease in staff cost thanks to the "reducing operational and construction costs to improve quality and efficiency" measure adopted by the Group.

Repairs and Maintenance

Repairs and maintenance decreased by 3.78% from RMB235.7 million for the first half of 2018 to RMB226.8 million for the first half of 2019 mainly due to a decrease in maintenance costs of generator units in the gas-fired power and heat energy generation segment.

Other Expenses

Other expenses decreased by 19.98% from RMB343.3 million for the first half of 2018 to RMB274.7 million for the first half of 2019, due to a decrease in other expenses thanks to the "reducing operational and construction costs to improve quality and efficiency" measure adopted by the Group.

Other Gains and Losses

Other gains and losses improved from a loss of RMB11.7 million for the first half of 2018 to a gain of RMB54.8 million for the first half of 2019, due to an increase in the gain from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

5. Operating Profit

As a result of the above, operating profit decreased by 2.32% from RMB2,246.1 million for the first half of 2018 to RMB2,194.0 million for the first half of 2019.

6. Adjusted Segment Operating Profit

Total adjusted segment operating profit decreased by 1.73% from RMB2,069.6 million for the first half of 2018 to RMB2,033.7 million for the first half of 2019.

Gas-fired Power and Heat Energy Generation Segment

Adjusted segment operating profit of gas-fired power and heat energy generation segment decreased by 7.71% from RMB1,301.1 million for the first half of 2018 to RMB1,200.8 million for the first half of 2019, mainly due to the receipt of compensation in 2017 in the first half of 2018 in this segment.

Wind Power Segment

Adjusted segment operating profit of wind power segment decreased by 22.71% from RMB500.3 million for the first half of 2018 to RMB386.7 million for the first half of 2019 due to a decrease in the sales volume of electricity as a result of the decreased average wind speed in this segment.

Photovoltaic Power Segment

Adjusted segment operating profit of photovoltaic power segment increased by 51.45% from RMB283.4 million for the first half of 2018 to RMB429.2 million for the first half of 2019, due to an increase in the sales volume of electricity as a result of the increase in the installed capacity in this segment.

Hydropower Segment

Adjusted segment operating profit of hydropower segment increased by 60.36% from RMB22.2 million for the first half of 2018 to RMB35.6 million for the first half of 2019, due to an increase in sales volume of electricity in this segment.

Others

Adjusted operating profit of others improved from a loss of RMB37.4 million for the first half of 2018 to a loss of RMB18.6 million for the first half of 2019, due to an increase in the gain from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

7. Finance Costs

Finance costs increased by 3.96% from RMB557.9 million for the first half of 2018 to RMB580.0 million for the first half of 2019, due to expensing interest costs following the commencement of production of new projects.

8. Share of Results of Associates

Share of results of associates increased by 154.94% from RMB23.3 million for the first half of 2018 to RMB59.4 million for the first half of 2019, due to an increase in net profit as a result of increased sales volume of electricity from a subsidiary of Beijing Jingneng International Power Co., Ltd., an associate of the Company.

9. Profit before Taxation

As a result of the foregoing, profit before taxation decreased by 1.77% from RMB1,731.6 million for the first half of 2018 to RMB1,700.9 million for the first half of 2019.

10. Income Tax Expense

Income tax expense decreased by 8.16% from RMB414.3 million for the first half of 2018 to RMB380.5 million for the first half of 2019. Effective tax rate decreased from 23.92% for the first half of 2018 to 22.37% for the first half of 2019.

11. Profit for the Period

As a result of the foregoing, profit for the period increased by 0.23% from RMB1,317.3 million for the first half of 2018 to RMB1,320.3 million for the first half of 2019.

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

Profit for the period attributable to ordinary shareholders of the Company increased by 4.29% from RMB1,216.1 million for the first half of 2018 to RMB1,268.3 million for the first half of 2019.

IV. FINANCIAL POSITION

1. Overview

As of 30 June 2019, total assets of the Group amounted to RMB54,488.2 million, total liabilities amounted to RMB32,221.4 million and shareholders' equity amounted to RMB22,266.8 million, among which equity attributable to the equity holders amounted to RMB21,817.5 million.

2. Particulars of Assets and Liabilities

Total assets decreased by 0.83% from RMB54,941.5 million as at 31 December 2018 to RMB54,488.2 million as at 30 June 2019, due to the decrease in monetary capital. Total liabilities decreased by 3.62% from RMB33,429.9 million as at 31 December 2018 to RMB32,221.4 million as at 30 June 2019, due to the repayment of bank loans. Total equity increased by 3.51% from RMB21,511.6 million as at 31 December 2018 to RMB22,266.8 million as at 30 June 2019. Equity attributable to equity holders of the Company increased by 3.33% from RMB21,114.4 million as at 31 December 2018 to RMB21,817.5 million as at 30 June 2019, due to the accretion from business results in the first half of 2019.

3. Liquidity

As of 30 June 2019, current assets amounted to RMB10,991.1 million, including monetary capital of RMB3,940.4 million, bills and account receivables of RMB5,672.6 million (mainly comprising receivables from sales of electricity and sales of heat), and prepayment and other current assets of RMB1,378.1 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB15,894.1 million, including short-term borrowings of RMB5,551.4 million, short-term financing debentures of RMB6,083.0 million, medium-term notes of RMB82.9 million, bills and account payables of RMB2,920.7 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB1,256.1 million, mainly comprising income tax payable and amounts due to related parties.

Net current liabilities decreased by 32.47% from RMB7,260.4 million as at 31 December 2018 to RMB4,903.0 million as at 30 June 2019. Current ratio increased by 6.59% from 62.56% as at 31 December 2018 to 69.15% as at 30 June 2019, due to the repayment of short-term borrowings.

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 0.58% from 51.59% as at 31 December 2018 to 51.01% as at 30 June 2019, due to a decrease in bank borrowings.

The Group's long-term and short-term borrowings decreased by 4.30% from RMB28,346.1 million as at 31 December 2018 to RMB27,125.9 million as at 30 June 2019, including short-term borrowings of RMB5,551.4 million, short-term financing debentures of RMB6,083.0 million, medium-term notes of RMB3,573.0 million and long-term borrowings of RMB11,918.5 million.

Bank balances and cash held by the Group decreased by 27.31% from RMB5,420.9 million as at 31 December 2018 to RMB3,940.4 million as at 30 June 2019, due to the use of monetary capital.

V. OTHER SIGNIFICANT EVENTS

1. Financing

On 22 March 2019, the Group completed the issuance of the first tranche RMB2 billion 180-day ultra-short-term financing debentures of 2019 at an interest rate of 3.15%. On 22 April 2019, the Group completed the issuance of the second tranche RMB1.5 billion 270-day ultra-short-term financing debentures of 2019 at an interest rate of 3.39%.

2. Capital Expenditure

In the first half of 2019, the Group's capital expenditure amounted to RMB761.7 million, including RMB232.5 million incurred for construction projects in the wind power segment and RMB529.2 million incurred for construction projects in the photovoltaic power segment.

3. Significant Investment

According to the development plan of the Group, the Group acquired wholly-owned subsidiaries named "Changning Guangju Electric Power Development Co., Ltd. (常寧光聚電力開發有限公司)", "Runfeng Golmud Power Co., Ltd. (潤峰格爾木電力有限公司)", "Yangxi Qingyun Sunshine New Energy Technology Co., Ltd. (陽西清芸陽光新能源科技有限公司)" and "Lufeng Mingda New Energy Technology Co., Ltd. (陸豐市明大新能源科技有限公司)" in the first half of 2019, which are engaged in the construction of photovoltaic power generation projects.

4. Contingent Liabilities

As of 30 June 2019, the Group had no external guarantees.

5. Mortgage of Assets

As of 30 June 2019, the Group secured its bank loans by trade receivables of RMB208.0 million, and used fixed assets of RMB2,339.9 million as collateral for bank loans, and pledged the entire equity interest in New Gullen Range Wind Farm (Holding) Pty Ltd. to the National Australia Bank Ltd. as the pledge of bank loans.

6. Subsequent Events

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

VI. BUSINESS PROSPECT FOR THE SECOND HALF OF 2019

1. Safety production guarantee

The 70th anniversary since the founding of New China will be celebrated in the second half of 2019. Ensuring safe production is arduous with great responsibility. The Company will resolutely implement the principle of "safety is of utmost importance in industry, business and operation management", urge and guide affiliated enterprises to establish and perfect the safety responsibility system for all employees, implement the management of potential safety hazards, eliminate loopholes in fire control management, strengthen key areas such as outsourcing projects and personnel management, and carry out various safety management in a targeted manner according to the actual production and seasonal characteristics, so as to strive to create a sound safe production atmosphere for the 70th anniversary since the founding of New China.

2. Promoting the preliminary work of incremental projects

In 2019, the Group will continue to adhere to the "two-wheel drive" of independent development and project merger and acquisition, and will follow the development path of "intensification, regionalization, scale-up, specialization and high efficiency". After more than a year of practice, the "two-wheel drive" model has achieved initial results. In the second half of 2019, we will accelerate our pace of progress to create a brand-new situation through giving due consideration and importance to both acquisition, merger and self-built development.

Based on active tracking of the Beijing-Tianjin-Hebei market, the Company will make great efforts to explore the national electricity market and closely follow up the subsequent work of Zhangjiakou-Beijing clean energy heating demonstration project. The Company will continue to promote the layout of key projects in Beijing-Tianjin-Hebei Region, Beijing city sub-center, the Winter Olympics, the "Belt and Road Initiative", Guangdong-Hong Kong-Macau Greater Bay Area and seek for breakthroughs. The Company will actively promote Shanghaimiao, Ulanqab wind power base, Datong Green-Power-to-Beijing and other projects. It will proactively carry out the preliminary work of Shandong Rizhao Gas Project and Hubei Yichang Zhongji Comprehensive Energy Service Project. Great efforts will be made to secure new progress in the research and application of strategic emerging projects such as the implementation of major projects, acquisition of strategic projects, offshore wind power, affordable on-grid projects, and "three-energy, two-heat and one-network" projects.

3. Reform and integration and regional management

In the first half of 2019, the reform and integration basically came to an end with phased results achieved. In the second half of the year, in order to improve the efficiency of management and control, further carry out reform and integration, expand the scale of clean energy and make it the core competitiveness in the market, the Company will continuously improve efforts in management and control to strengthen the core competitiveness of the Company. In combination with the regional distribution, asset type, production characteristics and regional development potential of affiliated enterprises, the Group has carried out regional management of affiliated businesses and set up seven regional management branches. At present, it has completed the division of five regional branches, including Beijing, South China, Southwest China, Northwest China and Australia. The regional branches will be responsible for market development, engineering construction, production and operation and grass-roots party construction within the region, so as to continuously realize regionalization, specialization and refined management, and lay a solid foundation for the Company's quality and sustainable development in the future.

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 six months ended 30 June 2019.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

As a company listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2019.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 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 throughout 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2019 interim results and the unaudited financial statements for the six months ended 30 June 2019 prepared in accordance with the IFRSs.

PUBLICATION OF INTERIM RESULTS AND INTERIM 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 2019 interim 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
20 August 2019

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.