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Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

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

(Stock Code: 00579)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2020 was RMB8,279.0 million, representing an increase of 2.65% as compared with the corresponding period of 2019.
- Profit before taxation for the six months ended 30 June 2020 was RMB1,654.3 million, representing a decrease of 2.74% as compared with the corresponding period of 2019.
- Profit and total comprehensive income attributable to ordinary shareholders of the Company for the six months ended 30 June 2020 was RMB1,295.2 million, representing an increase of 2.12% as compared with the corresponding period of 2019.
- Basic and diluted earnings per share for the six months ended 30 June 2020 was RMB15.71 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 2020 (the “**Reporting Period**”), prepared under International Financial Reporting Standards (the “**IFRSs**”).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

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

	<i>Notes</i>	For the six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	8,278,996	8,064,971
Other income	4	357,646	619,504
Gas consumption		(4,249,576)	(4,542,057)
Depreciation and amortization expenses	8	(1,325,439)	(1,185,483)
Personnel costs		(338,735)	(316,183)
Repairs and maintenance		(271,259)	(226,821)
Other expenses		(331,179)	(274,688)
Other gains and losses	5	(3,694)	54,757
Profit from operations		2,116,760	2,194,000
Interest income	6	22,857	27,422
Finance costs	6	(574,537)	(579,971)
Share of results of associates		89,202	59,405
Profit before taxation		1,654,282	1,700,856
Income tax expense	7	(318,373)	(380,520)
Profit for the period	8	1,335,909	1,320,336
Profit for the period attributable to:			
– Ordinary shareholders of the Company		1,295,215	1,268,270
– Holders of perpetual notes		6,079	–
– Non-controlling interests		34,615	52,066
		1,335,909	1,320,336
Earnings per share			
Basic (RMB cents)	10	15.71	15.38

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2020

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

	<i>Notes</i>	For the six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period	8	<u>1,335,909</u>	<u>1,320,336</u>
Other comprehensive income			
Other comprehensive income that will not be reclassified subsequently to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income (FVTOCI)		3,428	—
Reversal of income tax relating to items that will not be reclassified to profit or loss		<u>5,250</u>	<u>—</u>
		<u>8,678</u>	<u>—</u>
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations:			
Exchange differences during the period		(16,736)	(6,663)
Cash flow hedges:			
Loss during the period		(7,075)	(10,397)
Reclassification to reserves in relation with power purchase agreement		4,769	—
Income tax effect		<u>(1,001)</u>	<u>1,843</u>
		<u>(20,043)</u>	<u>(15,217)</u>
Other comprehensive expense for the period, net of income tax		(11,365)	(15,217)
Total comprehensive income for the period		<u>1,324,544</u>	<u>1,305,119</u>
Total comprehensive income attributable to:			
– Ordinary shareholders of the Company		1,283,850	1,253,053
– Holders of perpetual notes		6,079	—
– Non-controlling interests		<u>34,615</u>	<u>52,066</u>
		<u>1,324,544</u>	<u>1,305,119</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

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

	<i>Notes</i>	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Non-current Assets			
Property, plant and equipment		40,071,665	39,783,191
Right-of-use assets		1,045,467	1,060,884
Intangible assets		3,979,251	4,048,675
Goodwill		190,049	190,049
Investments in associates		3,453,287	2,025,210
Loans to associates		129,000	134,000
Investment in a joint venture		152,967	152,967
Loans to a joint venture		–	15,000
Deferred tax assets		337,598	326,603
Equity investments at fair value through other comprehensive income (FVTOCI)		61,313	142,313
Value-added tax recoverable		952,365	910,507
Deposit paid for acquisition of property, plant and equipment		1,235,888	689,652
Restricted bank deposits		37,301	55,645
Derivative financial instruments		4,996	7,597
		51,651,147	49,542,293
Current Assets			
Inventories		123,394	106,485
Trade and bills receivable	11	7,773,852	4,897,922
Other receivables, deposits and prepayments		498,108	344,809
Current tax assets		37,719	10,639
Loans to joint ventures – current		95,000	60,000
Amounts due from related parties		24,020	60,371
Value-added tax recoverable		478,492	383,058
Financial assets at fair value through profit or loss (FVTPL)		203,849	259,880
Restricted bank deposits		1,623	1,592
Cash and cash equivalents		4,741,381	4,056,110
		13,977,438	10,180,866

		As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current Liabilities			
Trade and other payables	12	5,008,268	4,737,422
Amounts due to related parties		486,310	138,243
Bank and other borrowings – due within one year		9,414,555	7,863,793
Short-term financing debentures		7,572,572	6,076,941
Medium-term notes		99,319	70,283
Corporate bond		29,521	4,873
Contract liabilities		46,793	62,079
Lease liabilities		30,736	44,361
Derivative financial liabilities		38,540	8,707
Income tax payable		122,230	117,791
Deferred income		421,202	313,033
		<u>23,270,046</u>	<u>19,437,526</u>
Net Current Liabilities		<u>(9,292,608)</u>	<u>(9,256,660)</u>
Total Assets less Current Liabilities		<u>42,358,539</u>	<u>40,285,633</u>
Non-current Liabilities			
Derivative financial liabilities		40,874	62,382
Bank and other borrowings – due after one year		9,359,182	11,409,514
Medium-term notes		4,488,679	3,490,094
Corporate bond		1,999,283	999,642
Deferred tax liabilities		190,805	196,110
Deferred income		475,673	485,258
Lease liabilities		538,226	543,039
Other non-current liabilities		17,865	24,285
		<u>17,110,587</u>	<u>17,210,324</u>
Net Assets		<u>25,247,952</u>	<u>23,075,309</u>
Capital and Reserves			
Share capital		8,244,508	8,244,508
Reserves		15,116,155	14,428,160
Equity attributable to equity holders of the Company		23,360,663	22,672,668
Non-controlling interests		387,578	402,641
Perpetual bond		1,499,711	–
Total Equity		<u>25,247,952</u>	<u>23,075,309</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020 (Unaudited)

1. GENERAL AND BASIS OF PRESENTATION

In preparing the condensed consolidated financial statements, the directors of the Company (the “**Directors**”) have given careful consideration of the Group’s net current liabilities of RMB9,292,608,000 as at 30 June 2020. 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 condensed 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 Committee as well as with the applicable disclosure requirements of Appendix 16 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Such condensed consolidated financial statements have not been audited.

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

2. PREPARATION BASIS AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with 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 IFRSs, and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2019.

Application of amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the 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 of application on Amendments to IAS 1 and IAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements.

2.2 Impacts of application of Amendments to IFRS 3 “Definition of a Business”

2.2.1 Accounting policies

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

2.2.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group.

2.3 Impacts of application of Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”

2.3.1 Accounting policies

Hedge accounting

For the purpose of determining whether a forecast transaction (or a component thereof) in a cash flow hedge is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Cash flow hedges

For the purpose of reclassifying the amount of accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

2.3.2 Transition and summary of effects

The amendments had no impact on the condensed consolidated financial statements of the Group as the Group’s designated hedged items is not affected by the interest rate benchmark reform.

3A. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers:

For the six months ended 30 June 2020 (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	4,868,711	1,109,536	1,028,642	143,215	–	7,150,104
Sales of heat energy	1,127,393	–	–	–	–	1,127,393
Repairs and maintenance and other services	–	–	–	–	1,499	1,499
Timing of revenue recognition						
A point in time	5,996,104	1,109,536	1,028,642	143,215	–	8,277,497
Over time	–	–	–	–	1,499	1,499
Geographical market						
Mainland China	5,996,104	1,057,468	1,026,435	143,215	1,499	8,224,721
Overseas	–	52,068	2,207	–	–	54,275
Revenue from contracts with customers	<u>5,996,104</u>	<u>1,109,536</u>	<u>1,028,642</u>	<u>143,215</u>	<u>1,499</u>	<u>8,278,996</u>

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
Geographical market						
Mainland China	6,199,656	977,473	681,463	149,896	876	8,009,364
Overseas	–	51,402	4,205	–	–	55,607
Revenue from contracts with customers	<u>6,199,656</u>	<u>1,028,875</u>	<u>685,668</u>	<u>149,896</u>	<u>876</u>	<u>8,064,971</u>

(ii) Geographical information

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.

3B. 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 chief accountant, 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 generating electric power for sale to external customers.
- Hydropower: managing and operating hydropower plants and sales of electricity generated to external customers.

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

An analysis of the Group's reportable segment information for the six months ended 30 June 2020 and 2019 by operating segment is as follows:

	Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2020 (unaudited)						
Revenue from external customers	5,996,104	1,109,536	1,028,642	143,215	1,499	8,278,996
Reportable segment results before depreciation and amortization (Note (i))	<u>1,425,653</u>	<u>1,048,704</u>	<u>967,842</u>	<u>106,931</u>	<u>(106,931)</u>	<u>3,442,199</u>
Depreciation	432,280	358,656	358,011	54,994	2,435	1,206,376
Amortization	<u>5,129</u>	<u>84,341</u>	<u>16,730</u>	<u>12,322</u>	<u>541</u>	<u>119,063</u>
Reportable segment results	<u><u>988,244</u></u>	<u><u>605,707</u></u>	<u><u>593,101</u></u>	<u><u>39,615</u></u>	<u><u>(109,907)</u></u>	<u><u>2,116,760</u></u>
	Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2019 (unaudited)						
Revenue from external customers	6,199,656	1,028,875	685,668	149,896	876	8,064,971
Reportable segment results before depreciation and amortization (Note (i))	<u>1,684,270</u>	<u>923,870</u>	<u>675,728</u>	<u>102,370</u>	<u>(6,755)</u>	<u>3,379,483</u>
Depreciation	436,165	350,489	242,472	53,898	499	1,083,523
Amortization	<u>4,883</u>	<u>84,260</u>	<u>200</u>	<u>12,372</u>	<u>245</u>	<u>101,960</u>
Reportable segment results	<u><u>1,243,222</u></u>	<u><u>489,121</u></u>	<u><u>433,056</u></u>	<u><u>36,100</u></u>	<u><u>(7,499)</u></u>	<u><u>2,194,000</u></u>

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 FVTOCI).

4. OTHER INCOME

	For the six months ended 30 June	
	(Unaudited)	
	2020	2019
	RMB'000	RMB'000
Government grants and subsidies related to:		
– Clean energy production (<i>Note (a)</i>)	199,907	459,203
– Construction of assets (<i>Note (b)</i>)	10,377	10,004
Income from carbon credits	60,007	52,038
Value-added tax refunds (<i>Note (c)</i>)	48,650	61,476
Others	38,705	36,783
	357,646	619,504

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 the PRC registers the relevant application for refund of such value-added tax.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June	
	(Unaudited)	
	2020	2019
	RMB'000	RMB'000
Other (losses) gains comprise:		
Loss on disposal of property, plant and equipment	(9,583)	(2,308)
Net exchange loss	(6,619)	(1,382)
(Loss) gain arising on change in fair value of financial assets classified as FVTPL	(60,594)	34,991
Others	73,102	23,456
	(3,694)	54,757

6. INTEREST INCOME/FINANCE COSTS

	For the six months ended 30 June (Unaudited)	
	2020 RMB'000	2019 RMB'000
Interest income	<u>22,857</u>	<u>27,422</u>
Interest expense	587,058	607,365
Less: Amounts capitalized: – property, plant and equipment	<u>(12,521)</u>	<u>(27,394)</u>
Total finance costs	<u><u>574,537</u></u>	<u><u>579,971</u></u>
Net finance costs	<u><u>551,680</u></u>	<u><u>552,549</u></u>

7. INCOME TAX EXPENSE

	For the six months ended 30 June (Unaudited)	
	2020 RMB'000	2019 RMB'000
Current tax:		
PRC enterprise income tax	<u>328,727</u>	<u>332,648</u>
Deferred tax:		
Current period	<u>(10,354)</u>	<u>47,872</u>
Income tax expense	<u><u>318,373</u></u>	<u><u>380,520</u></u>

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 2020.

Under the Enterprise Income Tax Law, the preferential tax treatment for encouraged enterprises located in the western China and certain industry-oriented tax incentives remain available up to 31 December 2020 when the original preferential tax period expired. Under the enterprise income tax law, the enterprises in encouraged industries in Western China are eligible for a preferential enterprise income tax rate of 15% for the period from 1 January 2021 to 31 December 2030. The enterprises in encouraged industries stated in this provision refer to those whose main business belongs to the industries and projects as set out in the Catalogue of Encouraged Industries in Western Regions and whose main business income accounts for more than 60% of the total income of the enterprise. A PRC enterprise which enjoys this tax treatment is entitled to a preferential tax rate of 15% with a three-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 projects were entitled to this tax concession.

Beijing Jingneng Weilai Gas-fired Power Co., Ltd.* (北京京能未來燃氣熱電有限公司) was qualified as High and New Technology Enterprises since 2015 and is currently 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 six months ended 30 June 2020.

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

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

For the six months ended 30 June 2020, Australian income tax is calculated at 30% of the estimated assessable profit.

8. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	(Unaudited)	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period has been arrived at after charging:		
Auditors' remuneration	1,710	1,226
Lease payments in respect of land and building	26,630	30,157
	<u> </u>	<u> </u>
Depreciation and amortization:		
Depreciation of property, plant and equipment	1,182,044	1,078,769
Depreciation of right-of-use assets	24,332	4,754
Amortization of intangible assets	119,063	101,960
	<u> </u>	<u> </u>
Total depreciation and amortization	<u>1,325,439</u>	<u>1,185,483</u>

9. DIVIDENDS

- (a) On 28 May 2020, a dividend in the total amount of approximately RMB595,253,000 was declared by the Company.
- (b) The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the six months ended 30 June 2020 of RMB1,295,215,000 (six months ended 30 June 2019: RMB1,268,270,000) and the weighted average number of shares in issue for the six months ended 30 June 2020 of 8,244,508,000 (six months ended 30 June 2019: 8,244,508,000 shares).

Diluted earnings per share are presented as the same as the basic earnings per share as there were no potential diluted shares in issue during the presented periods.

11. TRADE AND BILLS RECEIVABLE

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Trade receivables		
– goods and services	1,590,077	520,080
– clean energy power price premium	6,013,934	4,294,906
Bills receivable	<u>185,838</u>	<u>98,933</u>
	7,789,849	4,913,919
Less: allowance for credit losses	<u>(15,997)</u>	<u>(15,997)</u>
	<u><u>7,773,852</u></u>	<u><u>4,897,922</u></u>

The Group allows an average credit period of 60 days to its electricity and heat energy customers from the end of the month in which the sales are made other than clean energy power 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 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Within 60 days	1,838,612	1,011,049
61 to 365 days	2,418,477	1,570,957
1 to 2 years	2,138,704	1,474,339
2 to 3 years	1,040,796	496,747
Over 3 years	<u>337,263</u>	<u>344,830</u>
	<u><u>7,773,852</u></u>	<u><u>4,897,922</u></u>

12. TRADE AND OTHER PAYABLES

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Trade payables	2,072,401	2,327,602
Payables for acquisition of property, plant and equipment	1,589,273	1,389,957
Retention payables	270,264	173,470
Bills payable	100,000	–
Salary and staff welfare	98,086	105,526
Non-income tax payables	133,047	180,709
Dividend payables	186,519	71,142
Other payables	558,678	489,016
	<u>5,008,268</u>	<u>4,737,422</u>

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

	As at 30 June 2020 <i>RMB'000</i> (Unaudited)	As at 31 December 2019 <i>RMB'000</i> (Audited)
Within 30 days	790,809	2,094,691
31 to 365 days	1,171,748	148,726
1 to 2 years	70,802	68,733
2 to 3 years	24,483	11,127
Over 3 years	14,559	4,325
	<u>2,072,401</u>	<u>2,327,602</u>

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF THE POWER INDUSTRY

In the first half of 2020, facing the difficult challenges brought by the COVID-19 epidemic and the complicated domestic and overseas environment, the economy of China improved after suffering from downturn, the economic growth in the second quarter changed from negative to positive, the main indicators showed restorative growth, and the economic operation recovered steadily. As affected by the epidemic and the economic recovery, the energy industry in China during the period of epidemic provided indispensable anti-epidemic contribution by guaranteeing the supply. The production continued to grow at a stable rate and the energy construction continued to move forward. According to the statistics from China Electricity Council, as of 30 June 2020, the newly-added national installed capacity was 36.95 million kW, representing a year-on-year decrease of 3.79 million kW. Among which, the capacity of thermal power generation was 16.32 million kW (of which, the capacity of coal power generation was 10.25 million kW, the capacity of gas-fired power generation was 3.46 million kW), representing a year-on-year decrease of 0.61 million kW; the capacity of wind power generation was 6.32 million kW, representing a year-on-year decrease of 2.77 million kW; the capacity of solar power generation was 10.15 million kW, representing a year-on-year decrease of 1.49 million kW; and the capacity of hydropower generation was 4.12 million kW, representing a year-on-year increase of 2.30 million kW.

In the first half of 2020, the power generation of power plants above the national scale was 3,364.5 billion kWh, representing a year-on-year decrease of 1.4%. Among which, the capacity of thermal power generation was 2,434.3 billion kWh, representing a year-on-year decrease of 1.6%; the capacity of wind power generation was 237.9 billion kWh, representing a year-on-year increase of 10.9%; the capacity of photovoltaic power generation was 127.8 billion kWh, representing a year-on-year increase of 20%; the capacity of hydropower generation was 476.9 billion kWh, representing a year-on-year decrease of 7.3%.

In the first half of 2020, the accumulated average utilization hour of national power generation equipment was 1,727 hours, representing a year-on-year decrease of 107 hours. Among which, the utilization hour of thermal power generation was 1,947 hours, representing a year-on-year decrease of 119 hours (of which, the utilization hour of coal power generation was 1,994 hours, representing a year-on-year decrease of 133 hours, and the utilization hour of gas-fired power generation was 1,196 hours, representing a year-on-year decrease of 16 hours); the utilization hour of on-grid wind power generation was 1,123 hours, representing a year-on-year decrease of 10 hours; the utilization hour of solar power generation was 663 hours, representing a year-on-year increase of 13 hours; the utilization hour of hydropower generation was 1,528 hours, representing a year-on-year decrease of 146 hours. The national discard rate of wind power generation was 3.9%, representing a year-on-year decrease of 0.8 percentage point; the discard rate of photovoltaic power generation was 2.1%, representing a year-on-year decrease of 0.3 percentage point.

II. BUSINESS REVIEW FOR THE FIRST HALF OF 2020

1. Increase in installed capacity

As at 30 June, consolidated installed capacity of the Group reached 9,802 MW, representing a year-on-year increase of 11%. The installed capacity of the gas-fired power and heat energy generation segment was 4,702 MW, accounting for 48% of the consolidated installed capacity; the installed capacity of the wind power generation segment was 2,447 MW, accounting for 25% of the consolidated installed capacity; the installed capacity of the photovoltaic power generation segment was 2,203 MW, accounting for 22% 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 131 MW, including 61 MW from acquired projects and 70 MW from self-built projects. Newly-added installed capacity of the wind power generation segment was 50 MW.

2. Increase in power generation

In the first half of 2020, the Group focused on the strategic positioning of “being an excellent clean energy operator” with clean energy. All staff took up a proactive role to navigate the headwind, and endeavor to ensure high-quality development while preventing and controlling epidemic disease, thereby guaranteeing safe and stable production and operation and developing an encouraging pattern of epidemic prevention and control. Our production management continued to improve with growth in our power generation. As at 30 June, the consolidated power generation of the Group was 13.74 billion kWh, representing a year-on-year increase of 1.18%, of which, the power generation of the gas-fired power and heat energy generation segment was 9.005 billion kWh, representing a year-on-year decrease of 5.27% with the average utilization hours of facilities reaching 1,915 hours, which was 719 hours more than the national average; the power generation of the wind power generation segment was 2.63 billion kWh, representing a year-on-year increase of 3.95% with the average utilization hours of facilities reaching 1,095 hours, which was 28 hours less than the national average; the power generation of the photovoltaic power generation segment was 1.484 billion kWh, representing a year-on-year increase of 64.34% with the average utilization hours of facilities reaching 703 hours, which was 40 hours more than the national average; and the power generation of the hydropower segment was 0.621 billion kWh, representing a year-on-year decrease of 3.12% with the average utilization hours of facilities reaching 1,380 hours.

3. Pushing forward project development steadily

In the first half of 2020, the Group continued to adhere to the “two-wheel drive” of independent development and project merger and acquisition, and head on the path of “intensification, regionalization, scale, specialization and high efficiency”. In the first half of the year, the self-developed wind power and photovoltaic projects that achieved construction indicators had a total capacity of 450 MW; the wind power and photovoltaic projects that had been carried out by various regional companies had a total capacity of more than 5 GW; there were 17 wind power and photovoltaic projects in the process of due diligence; the photovoltaic projects acquired in the first half of the year had a total capacity of 61 MW.

In the first half of the year, Zhangjiakou-Beijing renewable clean energy heat supply demonstration project, the integrated energy utilization project of the Winter Olympic Village in Winter Olympics Yanqing Division and the Mountain Media Center and other key projects commenced construction on schedule. The Company actively promoted Ulanqab wind power base project, which has been included in the “14th Five-Year” new energy plan of Beijing. We continued to promote the preliminary work of various projects, such as Datong Green-Power-to-Beijing, the green ecological management of Xilinguole League Hunshandake Sand Land, Green-Power-to-Beijing of Huailai Pumped Storage Power Station; accelerated the progress of strategic projects of “three-energy, two-heat and one-network”; put more effort into the preliminary work of comprehensive energy service, offshore wind power, hydrogen energy, energy storage, city gas and other projects; and actively promoted the joint development of Jiangsu Yancheng 600 MW offshore wind power project with SDIC Power, with a view to achieving a breakthrough of developing an offshore wind power project for the Group.

4. Reducing capital costs

The Group obtained multiple funds with low interest rate in the direct financing market by taking advantage of the downward-interest-rate market conditions in the first half of 2020 and leveraging its financing strength of being a state-owned enterprise, thereby reducing overall financing costs of the Company. The Group rationally arranged the issuance time of debentures according to its overall capital requirement and the interest rate trends of bond market. The Company completed the issuance of RMB5.5 billion ultra-short-term financing debentures, RMB1.0 billion medium-term notes, RMB1.0 billion corporate bonds and RMB1.5 billion green medium-term notes. The debentures issued during the year remained at a relatively low level among similar debentures in the same period. The average interest rate of direct financing of the Group during the year reduced by approximately 61BP compared with the same period of last year. 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 2020, the Company's profitability recorded continuous improvement. Profit for the period amounted to RMB1,335.9 million, representing an increase of 1.18% as compared with RMB1,320.3 million for the first half of 2019. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,295.2 million, representing an increase of 2.12% as compared with RMB1,268.3 million for the first half of 2019.

2. Operating Income

In the first half of 2020, the total revenue increased by 2.65% from RMB8,065.0 million for the first half of 2019 to RMB8,279.0 million. Adjusted total operating income decreased by 0.53% from RMB8,524.2 million for the first half of 2019 to RMB8,478.9 million for the first half of 2020, due to a decrease in value-added tax rate of the gas-fired power and heat energy generation segment, and the downward adjustment of the power price in relation to a decrease in price of gas due to the COVID-19 epidemic during the season of heat energy generation, resulting in the decrease in government grants and subsidies on clean energy production.

Gas-fired Power and Heat Energy Generation Segment

The revenue from the gas-fired power and heat energy generation segment decreased by 3.28% from RMB6,199.7 million for the first half of 2019 to RMB5,996.1 million for the first half of 2020, of which, revenue from sales of electricity decreased by 5.42% from RMB5,147.5 million for the first half of 2019 to RMB4,868.7 million for the first half of 2020, due to the decrease in sales volume of electricity of this segment. Revenue from sales of heat energy increased by 7.16% from RMB1,052.1 million for the first half of 2019 to RMB1,127.4 million for the first half of 2020, due to the increase in sales volume of electricity as a result of the extension of heating supply period.

Wind Power Segment

The revenue from wind power segment increased by 7.83% from RMB1,028.9 million for the first half of 2019 to RMB1,109.5 million for the first half of 2020, due to the increase in sales volume of electricity as a result of an increase in the average wind speed and an increase in the installed capacity in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 50.01% from RMB685.7 million for the first half of 2019 to RMB1,028.6 million for the first half of 2020, 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 decreased by 4.47% from RMB149.9 million for the first half of 2019 to RMB143.2 million for the first half of 2020, due to a decrease in sales volume of electricity in this segment.

Others

Other revenue increased by 66.67% from RMB0.9 million for the first half of 2019 to RMB1.5 million for the first half of 2020.

3. Other Income

Other income decreased by 42.28% from RMB619.5 million for the first half of 2019 to RMB357.6 million for the first half of 2020 due to a decrease in value-added tax rate of the gas-fired power and heat energy generation segment, and the downward adjustment of the power price in relation to a decrease in price of gas due to the COVID-19 epidemic during the season of heat energy generation, resulting in the decrease in government grants and subsidies on clean energy production.

4. Operating Expenses

Operating expenses increased by 0.45% from RMB6,490.5 million for the first half of 2019 to RMB6,519.9 million for the first half of 2020, due to the expenses following the commencement of production of new projects in the wind power segment and the photovoltaic power segment expensed.

Gas Consumption

Gas consumption decreased by 6.44% from RMB4,542.1 million for the first half of 2019 to RMB4,249.6 million for the first half of 2020, due to the decrease in gas consumption as a result of the downward adjustment of the gas price during the heat supply season due to the COVID-19 epidemic and the decrease in power generation of the gas-fired power and heat energy generation segment.

Depreciation and Amortization

Depreciation and amortization increased by 11.80% from RMB1,185.5 million for the first half of 2019 to RMB1,325.4 million for the first half of 2020, due to an increase in installed capacity in the wind power segment and the photovoltaic power segment.

Personnel Cost

Personnel cost increased by 7.12% from RMB316.2 million for the first half of 2019 to RMB338.7 million for the first half of 2020, 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.

Repairs and Maintenance

Repairs and maintenance increased by 19.62% from RMB226.8 million for the first half of 2019 to RMB271.3 million for the first half of 2020, mainly due to an increase in maintenance costs as a result of the maintenance of certain generator units in the gas-fired power and heat energy generation segment going into overhaul period.

Other Expenses

Other Expenses principally comprise (1) external purchase of power, water and materials etc.; (2) property management, greening and fire protection fees; (3) rental expenses; (4) underwriting fees, bank commissions; (5) intermediary service fees; (6) property insurance premium; (7) other miscellaneous operating expenses.

Other expenses increased by 20.57% from RMB274.7 million for the first half of 2019 to RMB331.2 million for the first half of 2020, due to an increase in operating and management expenses as a result of the commencement of production of new projects.

Other Gains and Losses

Other gains and losses decreased from a gain of RMB54.8 million for the first half of 2019 to a loss of RMB3.69 million for the first half of 2020, due to an increase in the loss 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 3.52% from RMB2,194.0 million for the first half of 2019 to RMB2,116.8 million for the first half of 2020.

6. Adjusted Segment Operating Profit

Total adjusted segment operating profit decreased by 3.67% from RMB2,033.7 million for the first half of 2019 to RMB1,959.0 million for the first half of 2020.

Gas-fired Power and Heat Energy Generation Segment

Adjusted segment operating profit of gas-fired power and heat energy generation segment decreased by 21.47% from RMB1,200.8 million for the first half of 2019 to RMB943.0 million for the first half of 2020, due to a decrease in sales volume of electricity in this segment, as well as a decrease in value-added tax rate, and the downward adjustment of the power price in relation to a decrease in price of gas due to the COVID-19 epidemic during the season of heat energy generation, resulting in the decrease in government grants and subsidies on clean energy production.

Wind Power Segment

Adjusted segment operating profit of wind power segment increased by 28.83% from RMB386.7 million for the first half of 2019 to RMB498.2 million for the first half of 2020 due to an increase in sales volume of electricity as a result of an increase in average wind speed and the increase in the installed capacity in this segment.

Photovoltaic Power Segment

Adjusted segment operating profit of photovoltaic power segment increased by 37.35% from RMB429.2 million for the first half of 2019 to RMB589.5 million for the first half of 2020, 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 8.15% from RMB35.6 million for the first half of 2019 to RMB38.5 million for the first half of 2020, due to a decrease in operating costs in this segment.

Others

Adjusted operating profit of others increased by 492.47% from a loss of RMB18.6 million for the first half of 2019 to a loss of RMB110.2 million for the first half of 2020, due to an increase in the loss from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

7. Finance Costs

Finance costs decreased by 0.95% from RMB580.0 million for the first half of 2019 to RMB574.5 million for the first half of 2020, due to the decrease in cost of financing.

8. Share of Results of Associates

Share of results of associates and joint ventures increased by 50.17% from RMB59.4 million for the first half of 2019 to RMB89.2 million for the first half of 2020, 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 and increased revenue from BEH Finance Co., Ltd.

9. Profit before Taxation

As a result of the foregoing, profit before taxation decreased by 2.74% from RMB1,700.9 million for the first half of 2019 to RMB1,654.3 million for the first half of 2020.

10. Income Tax Expense

Income tax expense decreased by 16.32% from RMB380.5 million for the first half of 2019 to RMB318.4 million for the first half of 2020. Effective tax rate decreased from 22.37% for the first half of 2019 to 19.25% for the first half of 2020.

11. Profit for the Period

As a result of the foregoing, profit for the period increased by 1.18% from RMB1,320.3 million for the first half of 2019 to RMB1,335.9 million for the first half of 2020.

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 2.12% from RMB1,268.3 million for the first half of 2019 to RMB1,295.2 million for the first half of 2020.

IV. FINANCIAL POSITION

1. Overview

As of 30 June 2020, total assets of the Group amounted to RMB65,628.6 million, total liabilities amounted to RMB40,380.6 million and shareholders' equity amounted to RMB25,248.0 million, among which equity attributable to the equity holders amounted to RMB23,360.7 million.

2. Particulars of Assets and Liabilities

Total assets increased by 9.89% from RMB59,723.2 million as at 31 December 2019 to RMB65,628.6 million as at 30 June 2020, due to an increase in investment in new projects. Total liabilities increased by 10.19% from RMB36,647.9 million as at 31 December 2019 to RMB40,380.6 million as at 30 June 2020, due to increased debt as a result of capital demand for construction of projects. Total equity of shareholders increased by 9.42% from RMB23,075.3 million as at 31 December 2019 to RMB25,248.0 million as at 30 June 2020. Equity attributable to equity holders of the Company increased by 3.03% from RMB22,672.7 million as at 31 December 2019 to RMB23,360.7 million as at 30 June 2020, due to the accretion from business results and the issuance of green medium-term notes in the first half of 2020.

3. Liquidity

As of 30 June 2020, current assets amounted to RMB13,977.4 million, including monetary capital of RMB4,741.4 million, bills and account receivables of RMB7,773.9 million (mainly comprising receivables from sales of electricity and sales of heat), and prepayment and other current assets of RMB1,462.1 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB23,270.0 million, including short-term borrowings of RMB9,414.6 million, short-term financing debentures of RMB7,572.6 million, medium-term notes of RMB99.3 million, corporate bonds of RMB29.5 million, bills and account payables of RMB5,008.3 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB1,145.7 million, mainly comprising income tax payable and amounts due to related parties.

Net current liabilities increased by 0.39% from RMB9,256.7 million as at 31 December 2019 to RMB9,292.6 million as at 30 June 2020. Current ratio increased by 7.69% from 52.38% as at 31 December 2019 to 60.07% as at 30 June 2020, due to an increase in account receivables.

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 0.06% from 52.84% as at 31 December 2019 to 52.78% as at 30 June 2020.

The Group's long-term and short-term borrowings increased by 10.19% from RMB29,915.1 million as at 31 December 2019 to RMB32,963.1 million as at 30 June 2020, including short-term borrowings of RMB9,414.6 million, short-term financing debentures of RMB7,572.6 million, medium-term notes of RMB4,588.0 million, long-term borrowings of RMB9,359.2 million and corporate bonds of RMB2,028.8 million.

Bank balances and cash held by the Group increased by 16.90% from RMB4,056.1 million as at 31 December 2019 to RMB4,741.4 million as at 30 June 2020.

V. OTHER SIGNIFICANT EVENTS

1. Financing

On 8 January 2020, the Group completed the issuance of the first tranche RMB2,000.0 million 270-day ultra-short-term financing debentures of 2020 at an interest rate of 2.95%.

On 13 April 2020, the Group completed the issuance of the second tranche RMB2,000.0 million 270-day ultra-short-term financing debentures of 2020 at an interest rate of 1.96%.

On 12 June 2020, the Group completed the issuance of the third tranche RMB1,500.0 million 179-day ultra-short-term financing debentures of 2020 at an interest rate of 1.90%.

On 9 April 2020, the Group completed the issuance of the first tranche RMB1,000.0 million medium-term notes of 2020, with a period of 5 years, at an interest rate of 3.25%.

On 15 May 2020, the Group completed the issuance of the first tranche RMB1,500.0 million green medium-term notes of 2020, with a period of 3+N years, at an interest rate of 3.44%.

On 16 April 2020, the Group completed the issuance of the first tranche corporate bonds of 2020: for variety 1, RMB400.0 million, with a period of 3 years, at an interest rate of 2.65%; for variety 2, RMB600.0 million, with a period of 5 years, at an interest rate of 3.22%.

2. Capital Expenditure

In the first half of 2020, the Group's capital expenditure amounted to RMB1,636.3 million, among which RMB1,220.9 million incurred for construction projects in the wind power segment and RMB415.4 million incurred for construction projects in the photovoltaic power segment.

3. Acquisition of a Subsidiary

According to the development plan of the Group, the Group acquired 100% equity of Yi County Jiayu Photovoltaic Power Generation Co., Ltd.* (義縣珈煜光伏發電有限公司) in the first half of 2020, which is engaged in the construction of photovoltaic power generation projects. The project had good performance during the Reporting Period, and are expected to further enhance the operating results and profitability of the Group in the future.

4. Contingent Liabilities

As of 30 June 2020, the Group had no contingent liabilities.

5. Mortgage of Assets

As of 30 June 2020, the Group pledged its bank loans by trade receivables of RMB328.0 million, and used fixed assets of RMB1,396.9 million as collateral for bank loans, and pledged the entire equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd. to the National Australia Bank Ltd. as the pledge of bank loans.

6. Significant Events after the Reporting Period

The Board received a letter from Beijing Energy Holding Co., Ltd. (the “**Potential Offeror**”), the controlling shareholder of the Company, on 2 July 2020 (after trading hours), indicating its intention to make a conditional voluntary cash general offer for all the H shares (the “**H Shares**”) (other than those H shares owned or agreed to be acquired by the Potential Offeror or parties acting in concert with it) in the Company (the “**Possible Offer**”), which if proceeded with, could result in a privatization and delisting of the Company from the Stock Exchange. Please refer to the announcements of the Company dated 6 July 2020 and 6 August 2020 for further details. The Company will pay close attention to the development of the above-mentioned matters and perform its obligation on information disclosure in accordance with the relevant laws and regulations.

VI. BUSINESS PROSPECT FOR THE SECOND HALF OF 2020

In the context of the resumption of operation, production, market and business, all departments in various regions across the country earnestly implemented a series of policies and measures adopted by the central government to guarantee supply and stabilize price. At present, the power industry of China is in a crucial period of transforming its development mode and growth drivers. In the face of five new development trends of the energy industry of “low-carbon, diversity, market orientation, intelligentization and internationalization”, the Group will continue to maintain its strategic determination, strengthen development confidence, adhere to the concept of green development, innovate development modes, focus on development priorities, optimize development paths, and persistently promote the high-quality development of clean energy business.

1. Guaranteeing production with multi-measures

In the second half of 2020, the Group will strictly control production and operation costs, focus on energy conservation and consumption reduction, organize and sort out the use of annual production expenses, adopt various control and cost management measures, in order to lay a solid foundation for improving profitability. We will pay consistent attention to maintain safe and stable production, meticulously maintain and enhance the reliability of equipment, commit to the mission of guaranteeing supply during the peak season in summer and the National Day, and make efforts to increase power supply, thereby accomplishing the mission of fulfilling annual power and heat generation.

2. Focusing on promoting key projects

With the objectives of “showcasing Jingneng’s first-class international position with Olympic characteristics”, we will continue to focus on future development of Zhangjiakou-Beijing renewable clean energy heating demonstration project and strive to become a benchmark project of new energy in the second half of the year. Besides, an engineering system of integrated energy utilization project will be built for the Winter Olympic Village in 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 constructing “Three Cities and One District” in Beijing, 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 Jiangsu Yancheng offshore wind power project, with a view to bringing it to implementation stage as soon as practical.

3. Improving the interior loop of the Company

In the second half of 2020, all staff of the Group will continue to learn knowledge on various aspects conscientiously, enhance management capabilities, strengthen innovation awareness, raise the level of business constantly, focus on enhancing their ability in practice, accelerate knowledge update, optimize knowledge structure, and broaden their horizons and vision, thereby building up and leverage on their strengths to promote the advantages in professional management, striving to improve the profitability of existing projects, and ensuring high-quality operation of projects in progress on schedule. Our staff will steadfastly promote the development of incremental projects and the implementation of strategic projects, adhere to new development concepts, unremittingly drive the Company to make substantial progress in the reform of state-owned enterprises, technological innovation and new business development, so as to form a positive interior loop, and consistently achieve the ultimate goal of maximizing shareholders’ value.

In the face of the COVID-19 epidemic outbreak since early 2020, the Group will continue to closely monitor the impact of the epidemic on the industry and will take all necessary actions to minimize the negative impact of the epidemic on the Group.

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 2020.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 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 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 2020.

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 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's 2020 interim results and the unaudited financial statements for the six months ended 30 June 2020 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 2020 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
Deputy General Manager and Company Secretary

Beijing, the PRC
27 August 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 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.

** For identification purpose only*