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 2017

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2017 was RMB6,857.3 million, increased by 1.76% as compared with the corresponding period of 2016.
- Profit before taxation for the six months ended 30 June 2017 was RMB1,492.0 million, increased by 6.56% as compared with the corresponding period of 2016.
- Profit and total comprehensive income attributable to ordinary shareholders of the Company for the six months ended 30 June 2017 was RMB1,073.8 million, increased by 5.47% as compared with the corresponding period of 2016.
- Basic and diluted earnings per share for the six months ended 30 June 2017 was RMB15.30 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 2017 (the "**Reporting Period**"), prepared under International Financial Reporting Standards (the "**IFRSs**").

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

For the six months ended 30 June 2017

		For the six months ended 30 June (Unaudited)	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**6,857,276**	6,738,867
Other income	*4*	**616,998**	608,777
Gas consumption		**(3,786,798)**	(3,916,960)
Depreciation and amortization	*8*	**(1,030,157)**	(918,832)
Personnel costs		**(265,449)**	(229,985)
Repairs and maintenance		**(169,115)**	(171,580)
Other expenses		**(242,827)**	(236,012)
Other gains and losses	*5*	**(3,660)**	(82,387)
Profit from operations		**1,976,268**	1,791,888
Interest income	*6*	**15,922**	10,528
Finance costs	*6*	**(505,841)**	(486,335)
Share of results of associates		**5,610**	84,025
Profit before taxation		**1,491,959**	1,400,106
Income tax expense	*7*	**(368,262)**	(303,022)
Profit for the period	*8*	**1,123,697**	1,097,084
Profit for the period attributable to:			
– Ordinary shareholders of the Company		**1,050,958**	1,011,538
– Holders of perpetual notes		**38,308**	38,301
– Non-controlling interests		**34,431**	47,245
		1,123,697	1,097,084
Earnings per share			
Basic *(RMB cents)*	*10*	**15.30**	14.72

		For the six months ended 30 June (Unaudited)	
		2017	2016
	Notes	***RMB'000***	*RMB'000*
Profit for the period	*8*	**1,123,697**	1,097,084
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations:			
Exchange differences arising during the period		**48,687**	24,914
Cash flow hedges:			
Loss during the period		**(35,593)**	(19,963)
Income tax effect		**10,678**	5,989
Other comprehensive expense for the period, net of income tax		**23,772**	10,940
Profit and total comprehensive income for the period		**1,147,469**	1,108,024
Profit and total comprehensive income for the period attributable to:			
– Ordinary shareholders of the Company		**1,073,762**	1,018,106
– Holders of perpetual notes		**38,308**	38,301
– Non-controlling interests		**35,399**	51,617
		1,147,469	1,108,024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 30 June 2017

	Notes	**As at 30 June 2017** *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**32,971,100**	33,282,883
Intangible assets		**3,773,876**	3,884,876
Goodwill		**190,049**	190,049
Prepaid lease payments		**190,679**	192,124
Investments in associates		**1,945,094**	1,939,484
Loans to associates		**148,000**	148,000
Investment in a joint venture		**80,467**	80,467
Loan to a joint venture		**15,000**	15,000
Deferred tax assets		**247,927**	181,565
Available-for-sale financial assets		**128,028**	128,028
Value-added tax recoverable		**546,868**	695,284
Deposit paid for acquisition of property, plant and equipment		**461,557**	188,883
		40,698,645	40,926,643
Current assets			
Inventories		**138,575**	128,366
Trade and bill receivables	*11*	**3,375,703**	3,368,118
Other receivables, deposits and prepayments		**455,804**	489,064
Current tax assets		**39,849**	15,966
Amounts due from related parties		**31,978**	370,801
Prepaid lease payments		**3,925**	5,436
Value-added tax recoverable		**341,941**	293,431
Held for trading financial assets		**263,903**	265,750
Restricted bank deposits		**174,032**	97,306
Cash and cash equivalents		**3,884,603**	1,772,006
		8,710,313	6,806,244

	Notes	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*12*	**3,997,530**	3,991,966
Amounts due to related parties		**383,431**	103,289
Bank and other borrowings – due within one year		**9,813,409**	7,794,224
Short-term debentures		**6,000,000**	6,000,000
Corporate bonds – due within one year		**997,996**	2,195,516
Income tax payable		**70,120**	113,182
Deferred income – current portion		**260,356**	81,082
		21,522,842	20,279,259
Net current liabilities		**(12,812,529)**	(13,473,015)
Total assets less current liabilities		**27,886,116**	27,453,628
Non-current liabilities			
Derivative financial liabilities		**199,555**	167,053
Bank and other borrowings – due after one year		**9,120,285**	9,283,513
Deferred tax liabilities		**89,343**	84,230
Deferred income		**479,640**	482,082
Other non-current liability		**40,173**	41,438
		9,928,996	10,058,316
Net assets		**17,957,120**	17,395,312
Capital and reserves			
Share capital		**6,870,423**	6,870,423
Reserves		**9,074,403**	8,509,052
Equity attributable to ordinary shareholders of the Company		**15,944,826**	15,379,475
Perpetual notes		**1,489,040**	1,527,982
Non-controlling interests		**523,254**	487,855
Total equity		**17,957,120**	17,395,312

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2017 (Unaudited)

1. GENERAL AND BASIS OF PRESENTATION

In preparing the condensed consolidated financial statements, the directors have given careful consideration of the Group's net current liabilities of RMB12,812,529,000 as at 30 June 2017. 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 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 condensed consolidated financial statements are presented in Renminbi ("**RMB**"), which is the same as the function currency of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following amendments ("**revised IASs and IFRSs**") issued by the International Accounting Standards Board ("**IASB**") that are relevant for the preparation of the Group's condensed consolidated financial statements:

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

The application of the above revised IASs and IFRSs in the current interim period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 30 June (Unaudited)	
	2017	2016
	RMB'000	*RMB'000*
Sales of goods:		
– Electricity	**6,011,370**	5,931,312
– Heat energy	**841,945**	805,757
Others	**3,961**	1,798
	6,857,276	6,738,867

The Group manages its businesses by divisions, such as performs 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: manages and operates natural gas-fired power plants and generates electric power and heat energy for sale to external customers.

– Wind power: constructs, manages and operates wind power plants and generates electric power for sale to external customers.

– Photovoltaic power: constructs, manages and operates photovoltaic power plants and sales of electricity generated to external customers.

– Hydropower: manages and operates 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" were grouped and presented as "Others" in the segment information.

(a) Segment revenue, results

An analysis of the Group's reportable segment revenue, results for the six months ended 30 June 2017 by 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 2017 (Unaudited)						
Revenue from external customers						
Sales of electricity	4,520,896	902,490	432,800	155,184	–	6,011,370
Sales of heat energy	841,945	–	–	–	–	841,945
Others	–	–	–	–	3,961	3,961
Reportable segment revenue/ consolidated revenue	5,362,841	902,490	432,800	155,184	3,961	6,857,276
Reportable segment results before depreciation and amortization	1,678,039	851,858	403,472	118,527	(45,471)	3,006,425
Depreciation	399,875	336,606	135,889	57,151	1,768	931,289
Amortization	3,117	82,429	57	12,179	1,086	98,868
Reportable segment results *(Note(i))*	1,275,047	432,823	267,526	49,197	(48,325)	1,976,268

An analysis of the Group's reportable segment revenue, results for the six months ended 30 June 2016 by 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 2016 (Unaudited)						
Revenue from external customers						
Sales of electricity	4,633,864	850,171	285,916	161,361	–	5,931,312
Sales of heat energy	805,757	–	–	–	–	805,757
Others	–	–	–	–	1,798	1,798
Reportable segment revenue/ consolidated revenue	5,439,621	850,171	285,916	161,361	1,798	6,738,867
Reportable segment results before depreciation and amortization	1,669,743	795,595	261,249	123,230	(139,097)	2,710,720
Depreciation	383,859	280,135	98,306	53,767	2,124	818,191
Amortization	2,573	83,740	88	12,194	2,046	100,641
Reportable segment results *(Note(i))*	1,283,311	431,720	162,855	57,269	(143,267)	1,791,888

(i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortization, personnel costs, repair and maintenance, other expenses, and including other gains and losses and other income (excluding dividend from available-for-sale financial assets).

(b) Geographical information

Over 95% of the Group's revenue are located in the PRC, therefore no geographical segment information was presented. The basis for attributing the revenue is based on the location of customers from which the revenue is earned, which are located in/out of the PRC and the sales activities are made in/out of the PRC.

4. OTHER INCOME

	For the six months ended 30 June (Unaudited)	
	2017	2016
	RMB'000	*RMB'000*
Government grants and subsidies related to:		
– Clean energy production *(Note (a))*	**502,042**	516,133
– Construction of assets *(Note (b))*	**6,943**	3,816
Income from carbon credits	**55,950**	59,005
Value-added tax refunds *(Note (c))*	**38,346**	26,815
Others	**13,717**	3,008
	616,998	608,777

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-fired and wind power facilities and 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 photovoltaic farms and a full refund of value-added tax for its revenue from the sale of heat energy to residential customers. A receivable and the corresponding income of the value-added tax refund are recognized when relevant value-added tax refund application is registered with the relevant PRC tax authorities.

5. OTHER GAINS AND LOSSES

	For the six months ended 30 June (Unaudited)	
	2017	2016
	RMB'000	*RMB'000*
Other gains (losses) comprise:		
Impairment gain on doubtful debt receivables	**–**	391
Gain (loss) on disposal of property, plant and equipment	**11**	(579)
Net exchange (loss) gain	**(9,756)**	1,882
Gain (loss) arising from change in fair value of financial asset classified as held for trading	**6,165**	(88,009)
Loss arising from change in fair value of derivative financial assets	**–**	(2,541)
Others	**(80)**	6,469
	(3,660)	(82,387)

6. INTEREST INCOME/FINANCE COSTS

	For the six months ended 30 June (Unaudited)	
	2017	2016
	RMB'000	*RMB'000*
Interest income	**15,922**	10,528
Interest expense	**538,019**	536,379
Less: Amounts capitalized in property, plant and equipment	**(32,178)**	(50,044)
Total finance costs	**505,841**	486,335
Net finance costs	**489,919**	475,807

7. INCOME TAX EXPENSE

	For the six months ended 30 June (Unaudited)	
	2017	2016
	RMB'000	*RMB'000*
Current tax:		
PRC enterprise income tax	**420,024**	386,500
Deferred tax:		
Current period	**(51,762)**	(83,478)
Income tax expense	**368,262**	303,022

PRC enterprise income tax has been generally provided 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 2017.

Under the PRC 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 revenue. The Group's certain wind farm projects, photovoltaic 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 Weilai Gas continued to be recognized as a high-tech enterprise for the period ended 30 June 2017.

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 2017, 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.

8. PROFIT FOR THE PERIOD

	For the six months ended 30 June (Unaudited)	
	2017	2016
	RMB'000	*RMB'000*
Profit for the period has been arrived at after charging:		
Auditors' remuneration	**752**	684
Prepaid lease payments released to profit or loss	**2,708**	1,911
Operating lease payments in respect of land and building	**27,911**	6,466
Depreciation and amortization:		
Depreciation of property, plant and equipment	**931,289**	818,191
Amortization of intangible assets	**98,868**	100,641
Total depreciation and amortization	**1,030,157**	918,832

9. DIVIDENDS

(a) On 28 June 2017, a dividend in the total amount of approximately RMB508,411,000 was declared by the Company.

(b) The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

10. 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 2017 of RMB1,050,958,000 (six months ended 30 June 2016: RMB1,011,538,000) and the weighted average number of shares in issue for the six months ended 30 June 2017 of 6,870,423,000 (six months ended 30 June 2016: 6,870,423,000 shares).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

11. TRADE AND BILL RECEIVABLES

	As at 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Trade receivables	**3,255,082**	3,332,243
Bills receivables	**123,252**	38,506
	3,378,334	3,370,749
Less: allowance for doubtful receivables	**2,631**	2,631
	3,375,703	3,368,118

The Group allows an average period of 60 days to its electricity and heat customers, except for clean energy power price premium is 365 days. The following is an aged analysis of the Group's trade and bill receivables net of allowance for doubtful receivables based on the invoices date which approximated the respective dates on which revenue was recognized as at the end of each reporting periods:

	As at 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Within 60 days	**1,314,990**	2,112,336
61 to 365 days	**1,341,615**	700,950
1 to 2 years	**351,211**	404,372
2 to 3 years	**231,070**	140,616
Over 3 years	**136,817**	9,844
	3,375,703	3,368,118

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

	For the six months ended 30 June 2017 *RMB'000* **(Unaudited)**	For the year ended 31 December 2016 *RMB'000* (Audited)
At the beginning of the year/period	**2,631**	2,577
Provision during the year/period	**–**	645
Reversed during the year/period	**–**	(591)
At the end of the year/period	**2,631**	2,631

12. TRADE AND OTHER PAYABLES

	As at 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Trade payables	**1,636,308**	1,580,415
Payables for acquisition of property, plant and equipment	**758,320**	867,522
Retention payables	**669,378**	638,647
Bills payable	**310,768**	434,884
Advance received from customers	**48,763**	54,257
Salary and staff welfares	**62,935**	80,286
Non-income tax payables	**59,866**	75,825
Accrued interests payable	**145,304**	128,211
Dividend payables	**243,528**	69,997
Other payables	**62,360**	61,922
	3,997,530	3,991,966

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

	As at 30 June 2017 *RMB'000* **(Unaudited)**	As at 31 December 2016 *RMB'000* (Audited)
Within 30 days	**1,058,423**	977,101
31 to 365 days	**570,194**	749,585
1 to 2 years	**162,760**	129,424
2 to 3 years	**121,755**	148,638
Over 3 years	**33,944**	10,551
	1,947,076	2,015,299

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2017, economic growth was within a reasonable range and showed development amidst stability. Nationwide, electricity supply met the demand in general, and certain regions witnessed surplus. Following the rapid growth since the second half of 2016, national electricity consumption increased by 6.3% year-on-year at a growth rate 3.6 percentage points higher than that of the corresponding period last year. Electricity consumption of the secondary industry recorded a year-on-year growth of 6.1%, contributing 4.4 percentage points to the growth of national power consumption as the major driver. Electricity consumption of the tertiary industry increased by 9.3% as compared to the corresponding period last year, which contributed 1.2 percentage points to the growth of national power consumption and accounted for 13.7% of the national power consumption, up 0.4 percentage point year-on-year. Given the high base of the corresponding period last year and warm weather in the first quarter, residential power consumption increased by 4.5% year-on-year at the second lowest rate in a decade.

According to the statistics from the China Electricity Council, as at the end of June 2017, power plants with a capacity of 6,000kW and above generated sufficient supply and had an installed capacity of 1.63 billion kW, representing a year-on-year increase of 6.9%. Investment in coal-fired power generation and newly installed capacity of coal-fired power generation decreased by 29.0% and 48.3% respectively as compared to the corresponding period last year. Due to the continuous optimization of energy structure and distribution, the newly installed capacity of non-fossil fuel power generation accounted for 73.4% of total newly installed capacity, up 20 percentage points as compared to the corresponding period last year. While various measures adopted by major power enterprises effectively promoted the use of new energy and curtailment of the wind and solar power generation declined, the utilization hours of wind power in the PRC reached 984 hours, up 67 hours year-on-year, and the average utilization hours of solar power generators were 630 hours, representing a year-on-year growth of 39 hours. During the first half of 2017, energy investment continued to slow down and the use of clean energy increased. At the same time, energy distribution was further optimized, curtailment of the wind and solar power generation declined and the supply-side structural reform in the power sector achieved significant results.

In 2017, the global economy continued the recovery trend of the fourth quarter of 2016. In the meantime, the PRC pushed forward the supply-side structural reform as well as the tasks of “reducing production capacity, inventory and leverage, lowering cost and improving weak links”. During the first half of 2017, the Group was devoted to promoting the synergetic development in the Beijing-Tianjin-Hebei Region. With its headquarter in Beijing and the business network that spanned across the country, the Group was well positioned to seize the opportunities ushered in by the “Belt and Road Initiative”. Adhering to the investment and operating policy of “enhancing management, optimizing planning, integrating production and financing and boosting efficiency through innovation”, it adopted the development approach 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.

I. BUSINESS REVIEW FOR THE FIRST HALF OF 2017

1. Increased consolidated installed capacity and maintained steady growth in growth rate

In the first half of 2017, China's energy sector saw steady development, showing a sound momentum characterized by improvement and progress amidst stability. Meanwhile, the energy structure continued to undergo optimization. Focusing on development efficiency and economic benefits, the Group enhanced its internal management and conscientiously implemented the established management policy. As a result, all business segments developed in a healthy and orderly manner and maintained a steady growth momentum.

As of 30 June 2017, the consolidated installed capacity of the Group was 7,952 MW, of which, the installed capacity of gas-fired power and heat energy generation was 4,436 MW, accounting for 55.78% of the total installed capacity; the installed capacity of wind power generation was 2,299 MW, accounting for 28.91% of the total installed capacity; the installed capacity of photovoltaic power generation was 768 MW, accounting for 9.66% of the total installed capacity; the installed capacity of hydropower generation was 449 MW, accounting for 5.65% of the total installed capacity.

As of 30 June 2017, power generation in the gas-fired power and heat energy generation segment reached 8.27 billion kWh, with the average operating hours of facilities reaching 1,865 hours; power generation in the wind power generation segment reached 2.24 billion kWh, with the average operating hours of facilities reaching 985 hours; power generation in the photovoltaic power generation segment reached 570 million kWh, with the average operating hours of facilities reaching 822 hours; power generation in the hydropower segment reached 680 million kWh, with the average operating hours of facilities reaching 1,514 hours. As of 30 June 2017, the Group had an aggregated consolidated power generation of 11.76 billion kWh.

As of 30 June 2017, the aggregate consolidated power generation of the Group, classified by type of power generation, was as follows:

Type of power generation	**Consolidated installed capacity as at 30 June 2017** *(MW)*	**Percentage** *(%)*
Gas-fired power and heat energy generation	4,436	55.78
Wind power generation	2,299	28.91
Photovoltaic power generation	768	9.66
Hydropower generation	449	5.65
Total	7,952	100.00

2. **Captured quality resources for photovoltaic power operation and steady advancement of preparatory work**

In the first half of 2017, the Company followed the development strategy of "producing profits from stock, achieving development from increment, and seeking progress while maintaining stability in pursuit of economic benefits". It actively responded to various national and regional policies with the aim of creating a more favorable market environment. Under the new round of tariff adjustment, the Group took part in the 450MW photovoltaic power generation projects in Hunan and Guangdong before 30 June 2017 to capture more projects with high tariffs, thereby maximizing profitability of photovoltaic projects.

In the first half of 2017, the Group carried on promoting the preparatory works of other projects, hence creating opportunities for implementing the development strategy of "going global with a foothold in Beijing". For instance, the Hebei Huainan Wind Power Project has obtained supporting documents in relation to environmental assessment, conservation of water and soil as well as earthquake, and the Group expects to obtain approval and satisfy the conditions for project commencement in the second half of the year. Having completed the tender for survey and design, Phase IV of Guanting Wind Farm and Qianxi Jinxin Industrial Park Rooftop Photovoltaic Project is expected to commence on-grid connection in late 2017. In addition, photovoltaic power generation projects in aggregate of 135MW in Liaoning and Zhejiang are also expected to realize on-grid connection by the end of the year.

3. **Comprehensively deepened innovation in management and received national recognition for energy saving and emission reduction works**

During the first half of 2017, the gas-fired thermal project of Beijing Northwest Thermal Power Center, which was constructed and operated by Beijing Jingxi Gas-fired Power Co., Ltd., a subsidiary of the Group, received the "2016-2017 National Excellent Investment Project Special Award" from the Investment Association of China, therefore becoming the first Beijing enterprise to receive such honor. Jingxi Gas-fired has a mission to pursue "independent innovation, coordination, environmental protection, opening up and sharing". It attaches great importance to independent innovation that enhanced energy saving and emission reduction as well as replacing traditional energy. As a result, it constantly achieved breakthroughs and possessed a number of technology that allowed it to pioneer the country and the industry while deriving significant economic, social, environmental and ecological benefits.

The Group strictly controlled environmental risks and undertook corporate social responsibility to provide clean and safe power and heat supply to the capital. At the end of 2016, the General Office of the State Council of the PRC issued the "Notice on Implementation Proposal of the License System for Control of Pollutant Discharge", which stated that "enterprises with the pollutant emission permits shall undertake the corresponding responsibility of pollution control based on the local requirements of improving environmental quality and protecting environmental safety. They shall undertake more responsibilities for more pollutant emission and benefit from less emission. Emission permits issued to enterprises are the only administrative license for pollutant emission in the course of manufacture and operation, stating expressly the environment management requirements to be compliant with and the legal obligations to be undertaken when discharging pollutants." Seven of the Group's gas-fired thermal companies in Beijing obtained the pollutant emission permits from the state with the national unified codes. Amongst which, Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. received the first national pollutant emission permit in Beijing. The company achieved the target of cutting half of the flue gas emission in the past three years, thus laying a solid foundation to support its application.

During the heat supply period in the winter between 2016 and 2017, Beijing Jingxi Gas-fired Power Co., Ltd. shifted from extraction and condensation turbines to back pressure turbines, thereby reducing overall gas consumption of the gas-fired units and boosting efficiency of co-generation. As a result, it cut operating cost and increased operating efficiency in the heat supply period. The technology has opened a new chapter of energy saving and consumption reduction of gas-fired units.

4. Expanded and diversified financing channels with effective improvement of fund utilisation rate

As of 30 June 2017, the Group completed the issue of the first tranche of the super-short-term debentures with a term of 270 days on 9 March 2017, raising proceeds of RMB2.0 billion at an interest rate of 4.3%. Given the increase of financing cost due to the challenging bond market in the first half of 2017, the Company actively expanded financing channels and cooperated with various banks on innovative businesses, which included corporate overdraft and foreign debts. It also planned to introduce new mid- to long-term insurance funds to optimize the long and short term capital structure.

In the first half of 2017, the Group passed the resolution on private placing of up to 20% of its domestic shares and H shares to Beijing Energy Holding Co., Ltd. ("**BEH**") and Beijing Energy Investment Holding (Hong Kong) Co., Limited ("**Jingneng Investment**"). As of now, the Group is in the process of completing the formalities of approval and strives to complete the issue by the end of 2017. The proceeds from the issue will be applied to general working capital, project construction and acquisition of domestic and overseas projects, with the aim of supporting the overall business development of the Company.

5. Maintained production safety and further enhanced production management

During the first half of 2017, the Group strengthened production safety management on an ongoing basis to ensure safe production. To improve the implementation of the accountability system, it refined, quantified and specified the relevant regulations, rules and safety responsibilities for different job positions and employees. Besides, it strictly implemented and carried out more stringent enforcement of the "Two Tickets and Three Systems". For the purposes of raising awareness and promoting compliance of actual practice, it supervised the persons-in-charge of all production units in fulfilling the safety responsibilities and made sure that talent, financial and material investments were in place. By establishing the production safety responsibility system for infrastructure projects, the Group incorporated consistent safety monitoring in the whole process of design and construction, thus maintaining high level of safety, quality and productivity. It also improved basic management procedure, optimized the safety system and formulated the long term production safety mechanism. The Group increased training on safety education and business operation, with the view of developing employees' safety awareness and ability to deal with emergency. In addition, it stepped up efforts on job safety training and required all employees to obtain the necessary certificates. In order to enhance safety risk management of key areas and positions, it conducted production safety inspection to identify problems and took initiatives to rectify deficiencies.

The Group strengthened safety management of employees and equipment. With the aim of improving the conditions of all types of generators, it pushed for better equipment maintenance within production units, placed great emphasis on sub-indicator management, optimized operation and maintenance practices, boosted utilization rate of equipment, and lowered costs of production and maintenance, so as to ensure that it outperformed its industry peers in terms of the availability of all types of generators.

II. OPERATING RESULTS AND ANALYSIS

1. OVERVIEW

In the first half of 2017, the Company's profitability recorded continuous improvement. Profit for the period amounted to RMB1,123.7 million, representing an increase of 2.42% as compared to RMB1,097.1 million for the corresponding period in 2016. Profit attributable to the ordinary shareholders of the Company amounted to RMB1,051.0 million, representing an increase of 3.91% as compared to RMB1,011.5 million for the corresponding period in 2016.

2. OPERATING INCOME

In the first half of 2017, the total revenue increased by 1.76% from RMB6,738.9 million for the first half of 2016 to RMB6,857.3 million. Adjusted total operating income increased by 1.44% from RMB7,255.0 million for the first half of 2016 to RMB7,359.3 million for the first half of 2017, 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 1.41% from RMB5,439.6 million for the first half of 2016 to RMB5,362.8 million for the first half of 2017, of which, revenue from sales of electricity decreased by 2.44% from RMB4,633.9 million for the first half of 2016 to RMB4,520.9 million for the first half of 2017, due to the decrease in sales volume of electricity in this segment. Revenue from sales of heat energy increased by 4.48% from RMB805.8 million for the first half of 2016 to RMB841.9 million for the first half of 2017, due to the increase in sales volume of heat as a result of the increased area of heat-supply service.

Wind Power Segment

The revenue from wind power segment increased by 6.15% from RMB850.2 million for the first half of 2016 to RMB902.5 million for the first half of 2017, due to an increase in sales volume of electricity as a result of the increase in the installed capacity in this segment.

Photovoltaic Power Segment

The revenue from photovoltaic power segment increased by 51.38% from RMB285.9 million for the first half of 2016 to RMB432.8 million for the first half of 2017, due to an increase in sales volume of electricity as a result of an increase in the installed capacity in this segment.

Hydropower Segment

The revenue from hydropower segment decreased by 3.84% from RMB161.4 million for the first half of 2016 to RMB155.2 million for the first half of 2017, due to the decrease in sales volume of electricity in this segment.

Others

Other revenue increased by 122.22% from RMB1.8 million for the first half of 2016 to RMB4.0 million for the first half of 2017.

3. OTHER INCOME

Other income increased by 1.35% from RMB608.8 million for the first half of 2016 to RMB617.0 million for the first half of 2017.

4. OPERATING EXPENSES

Operating expenses decreased by 1.04% from RMB5,555.8 million for the first half of 2016 to RMB5,498.0 million for the first half of 2017, due to a decrease in gas consumption as a result of the decreased sales volume of electricity and lower gas consumption in the gas-fired power and heat energy generation segment.

Gas Consumption

Gas consumption decreased by 3.32% from RMB3,917.0 million for the first half of 2016 to RMB3,786.8 million for the first half of 2017, due to a decrease in gas consumption as a result of the decreased sales volume of electricity and lower gas consumption in the gas-fired power and heat energy generation segment.

Depreciation and Amortization

Depreciation and amortization increased by 12.12% from RMB918.8 million for the first half of 2016 to RMB1,030.2 million for the first half of 2017, due to an increase in installed capacity in wind power segment and photovoltaic power segment.

Personnel Cost

Personnel cost increased by 15.39% from RMB230.0 million for the first half of 2016 to RMB265.4 million for the first half of 2017, due to an increased 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 decreased by 1.46% from RMB171.6 million for the first half of 2016 to RMB169.1 million for the first half of 2017.

Other Expenses

Other expenses increased by 2.88% from RMB236.0 million for the first half of 2016 to RMB242.8 million for the first half of 2017, due to an increase in expenses following the commencement of production of new projects.

Other Losses

Other losses decreased by 95.51% from RMB82.4 million for the first half of 2016 to RMB3.7 million for the first half of 2017, due to a decrease in loss from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company.

5. OPERATING PROFIT

As a result of the above, operating profit increased by 10.29% from RMB1,791.9 million for the first half of 2016 to RMB1,976.3 million for the first half of 2017.

6. ADJUSTED SEGMENT OPERATING PROFIT

Total adjusted segment operating profit increased by 9.54% from RMB1,699.2 million for the first half of 2016 to RMB1,861.3 million for the first half of 2017.

Gas-fired Power and Heat Energy Generation Segment

Adjusted segment operating profit of gas-fired power and heat energy generation segment decreased by 1.99% from RMB1,277.9 million for the first half of 2016 to RMB1,252.5 million for the first half of 2017, due to a decrease in sales volume of electricity.

Wind Power Segment

Adjusted segment operating profit of wind power segment decreased by 0.46% from RMB344.7 million for the first half of 2016 to RMB343.1 million for the first half of 2017.

Photovoltaic Power Segment

Adjusted segment operating profit of photovoltaic power segment increased by 63.06% from RMB162.7 million for the first half of 2016 to RMB265.3 million for the first half of 2017, 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 decreased by 14.69% from RMB57.2 million for the first half of 2016 to RMB48.8 million for the first half of 2017, due to the decrease in sales volume of electricity in this segment.

Others

Adjusted operating profit of others improved from a loss of RMB143.3 million for the first half of 2016 to a loss of RMB48.4 million for the first half of 2017, due to a decrease in the losses from changes in the fair value of H shares of CGN Power Co., Ltd. held by the Company.

7. FINANCE COSTS

Finance costs increased by 4.01% from RMB486.3 million for the first half of 2016 to RMB505.8 million for the first half of 2017, due to the interest expense expensed following the commencement of production of new projects.

8. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates decreased by 93.33% from RMB84.0 million for the first half of 2016 to RMB5.6 million for the first half of 2017, due to a decrease in net profit as a result of hiking coal price of 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 increased by 6.56% from RMB1,400.1 million for the first half of 2016 to RMB1,492.0 million for the first half of 2017.

10. INCOME TAX EXPENSE

Income tax expense increased by 21.55% from RMB303.0 million for the first half of 2016 to RMB368.3 million for the first half of 2017. Effective tax rate increased from 21.64% for the first half of 2016 to 24.68% for the first half of 2017 primarily due to an increase in income tax on gas-fired power and heat energy generation segment.

11. PROFIT FOR THE PERIOD

As a result of the foregoing, profit for the period increased by 2.42% from RMB1,097.1 million for the first half of 2016 to RMB1,123.7 million for the first half of 2017.

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 3.91% from RMB1,011.5 million for the first half of 2016 to RMB1,051.0 million for the first half of 2017.

III. FINANCIAL POSITION

1. OVERVIEW

As of 30 June 2017, total assets of the Group slightly increased and amounted to RMB49,408.9 million, total liabilities were RMB31,451.8 million and shareholders' equity reached RMB17,957.1 million, among which equity attributable to the ordinary shareholders amounted to RMB15,944.8 million.

2. PARTICULARS OF ASSETS AND LIABILITIES

Total assets increased by 3.51% from RMB47,732.9 million as at 31 December 2016 to RMB49,408.9 million as at 30 June 2017, due to the increase in monetary capital as a result of fund temporarily borrowed to repay the short-term debentures which were about to fall due as well as the receipt of government grants and subsidies related to clean energy production. Total liabilities increased by 3.67% from RMB30,337.6 million as at 31 December 2016 to RMB31,451.8 million as at 30 June 2017, due to the increase in dividends payable and bank borrowings. Total equity increased by 3.23% from RMB17,395.3 million as at 31 December 2016 to RMB17,957.1 million as at 30 June 2017. Equity attributable to ordinary shareholders of the Company increased by 3.68% from RMB15,379.5 million as at 31 December 2016 to RMB15,944.8 million as at 30 June 2017, due to the accretion from business results in the first half year of 2017.

3. LIQUIDITY

As of 30 June 2017, current assets amounted to RMB8,710.3 million, including monetary capital of RMB3,884.6 million, bills and account receivables of RMB3,375.7 million (mainly comprising receivables from sales of electricity and sales of heat), and prepayment and other current assets of RMB1,450.0 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB21,522.8 million, including short-term borrowings of RMB9,813.4 million, short-term debentures of RMB6,000.0 million, corporate bonds due within one year of RMB998.0 million and bills and account payables of RMB3,998.0 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB713.4 million, mainly includes income tax payable and amounts due to related parties.

Net current liabilities decreased by 4.90% from RMB13,473.0 million as at 31 December 2016 to RMB12,812.5 million as at 30 June 2017. Current ratio increased by 6.91% from 33.56% as at 31 December 2016 to 40.47% as at 30 June 2017, due to the repayment of corporate bonds due within one year.

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 2.36% from 57.47% as at 31 December 2016 to 55.11% as at 30 June 2017, due to an increase in monetary capital.

The Group's long-term and short-term borrowings increased by 2.61% from RMB25,273.2 million as at 31 December 2016 to RMB25,931.7 million as at 30 June 2017, including short-term borrowings of RMB9,813.4 million, short-term debentures of RMB6,000.00 million, corporate bonds of RMB998.0 million and long-term borrowings of RMB9,120.3 million.

Bank balances and cash held by the Group increased by 119.22% from RMB1,772.0 million as at 31 December 2016 to RMB3,884.6 million as at 30 June 2017, due to an increase in monetary capital as a result of fund temporarily borrowed to repay the short-term debentures which were about to fall due as well as the receipt of government grants and subsidies related to clean energy production.

IV. OTHER SIGNIFICANT EVENTS

1. FINANCING

On 9 March 2017, the Group completed the issuance of the first tranche of super-short-term debentures of 270 days, amounting to RMB2,000.0 million with an interest rate of 4.30%.

2. CAPITAL EXPENDITURE

In the first half of 2017, the Group's capital expenditure amounted to RMB733.9 million, including RMB95.9 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB167.3 million incurred for construction projects in the wind power segment and RMB470.7 million incurred for construction projects in the photovoltaic power segment.

3. SIGNIFICANT INVESTMENT

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

4. CONTINGENT LIABILITIES

As of 30 June 2017, the Group had no external guarantees.

5. MORTGAGE OF ASSETS

As of 30 June 2017, the Group's bank borrowings were secured by trade receivables of RMB103.3 million.

6. PROPOSED CHANGE IN SHARE CAPITAL STRUCTURE

On 1 June 2017, BEH and the Company entered into the domestic shares subscription agreement, pursuant to which, BEH has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 902,471,890 domestic shares of the Company at the subscription price of RMB2.24 (equivalent to approximately HK$2.56) per domestic share. On the same day, Beijing Energy Investment and the Company entered into the H shares subscription agreement, pursuant to which, Beijing Energy Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 471,612,800 H shares of the Company at the subscription price of HK$2.56 per H Share (together with the proposed subscription of the domestic shares by BEH, the "**Proposed Subscription**"). Upon completion of the Proposed Subscription, the total number of issued shares of the Company will increase to 8,244,508,144 shares. For details, please refer to the announcement of the Company dated 1 June 2017 and the supplemental circular of the Company dated 8 June 2017. As at the date of this announcement, the Proposed Subscription has not been completed. The Company will make further announcement at the time of the completion of the Proposed Subscription.

V. BUSINESS PROSPECT FOR THE SECOND HALF OF 2017

The year 2017 is crucial to the implementation of the "13th Five-year Plan" and the deepening of supply-side reform. The Group intends to capitalize on the state's supporting policies for clean energy and expand its core businesses by adhering to the principle of "expanding gas-fired power, strengthening wind power, optimizing photovoltaic power, integrating hydropower and achieving breakthrough in waste-to-power". It is set to bring a long-term and stable return for shareholders by meeting the annual targets.

1. Seize opportunities in domestic clean energy market and adhere to "focusing on Beijing market" and "constructing refined projects"

Taking the advantages of the relevant PRC policies, the Group will conduct market study and identify quality projects. It will enhance research on the power sector and closely follow the implementation of state policy on protective buyouts in key areas. As a regional state-owned enterprise, it will actively seek opportunities for project development in Beijing and carry out the construction of the subsidiary center of Beijing. With ensured project quality and progress, the thermal project of Shangzhuang Power is expected to achieve on-grid connection by the end of the year.

2. Launch multiple development management models driven by technology innovation

In the light of the deepening supply-side structural reform and innovation-driven strategy, especially the advancing reform of the power sector, the Group aims to break free from the constraints of traditional operating model and conduct research on new and pioneering management model through technology innovation. This will provide strong support to the Group in establishing firmly in the highly competitive clean energy market and enable it to meet the various goals stipulated in the "13th Five-year Plan", thereby achieving sustainable and healthy development in long term.

3. **Refine production management to meet the annual targets**

The Group will devote more efforts to implement the requirements for standardized management and diligently put in place the safe production responsibility system at all levels. Besides, it will optimize the review, formulation, promotion and implementation of the management standards, and establish the safety management responsibility of production personnel across all levels. It will also organize more training to enhance production safety management of employees. Moreover, it will impose strict regulations for deficiency management, timely investigate potential risks of equipment, strengthen monitoring, and improve comprehensive management and operational control for more stable equipment operation.

4. **Continue to expand overseas projects and progressively promote our blueprint**

Capitalizing on the GR project, an overseas base in Australia which combines wind power and photovoltaic power generation, the Group will proactively carry out research on the Australian energy market, formulate appropriate business portfolio by drawing upon its existing resources and seek for opportunities to expand clean energy projects, so as to further consolidate its strategic objective of "going global". In addition to Australia, the Group will continue explore other overseas projects and expand international markets. Especially in the countries and regions along the "Belt and Road" initiative, the Group will carry out intensive study on the local policies to identify proper opportunities and breakthrough points, thereby progressively promoting our blueprint and the internationalization of the Group.

ADJUSTMENTS TO THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK EQUIPMENT MAINTENANCE AGREEMENT AND PROPERTY LEASE FRAMEWORK AGREEMENT FOR THE THREE YEARS ENDING 31 DECEMBER 2019

The Company refers to the announcement issued by the Company on 25 October 2016 in relation to, among other things, the framework equipment maintenance agreement (the "**Framework Equipment Maintenance Agreement**") and the property lease framework agreement (the "**Property Lease Framework Agreement**"), both entered into between the Company and BEH.

Adjustments to the Annual Caps for the Transactions under the Framework Equipment Maintenance Agreement

Description of the transactions and reasons and basis for the adjusted annual caps

In the ordinary course of the business and as required by relevant PRC laws and regulations, the Company is required to conduct maintenance for its gas-fired power equipment. As maintenance services are required for some denitrification devices in the gas-fired power plants operated by the Company's subsidiaries, Beijing Jingqiao Thermal Power Co. Ltd. (北京京橋熱電有限責任公司) and Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd. (北京京能高安屯燃氣熱電有限責任公司), and such demands for maintenance service have not been included when determining the original annual caps, the Company expects that the fees to be incurred for retaining the maintenance services will be increased and the original annual caps for the transactions under the Framework Equipment Maintenance Agreement would not be sufficient, accordingly, the Board resolved to adjust the original annual caps of the transactions contemplated under the Framework Equipment Maintenance Agreement for the three years ending 31 December 2019 from RMB156.05 million, RMB152.55 million and RMB154.97 million to RMB186.05 million, RMB182.55 million and RMB184.97 million, respectively.

Historical amount

The historical amounts for the Framework Equipment Maintenance Agreement for each of the three years ended 31 December 2016 and six months ended 30 June 2017 were approximately RMB47.23 million, RMB118.13 million, RMB109.49 million and RMB46.28 million, respectively.

Pricing policy

Under the Framework Equipment Maintenance Agreement, the maintenance fees shall be agreed following arm's length negotiations between the parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by independent third parties of the Company under normal commercial terms. When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by independent third parties of the Company in the corresponding period of reference.

The Company confirmed that in determining the revised annual caps, the Company has followed the pricing policy referred to above.

Adjustments to the Annual Caps for the Transactions under the Property Lease Framework Agreement

Description of the transactions and reasons and basis for the adjusted annual caps

From time to time, the Company rents properties from BEH and/or its associates. As the Company leased the land from Beijing Jingxi Power Generation Co., Ltd. (北京京西發電有限責任公司) ("**Beijing Jingxi**"), a wholly-owned subsidiary of BEH, for use in relation to its power plants, the Company is required to pay rent to Beijing Jingxi. As the Company expects the original annual caps for the transactions under the Property Lease Framework Agreement would not be sufficient after taking into account the additional rent to be paid to Beijing Jingxi, the Board resolved to adjust the original annual caps for the transactions under the Property Lease Framework Agreement for the three years ending 31 December 2019 from RMB20.96 million, RMB21.22 million and RMB21.48 million to RMB55.15 million, RMB55.41 million and RMB55.67 million, respectively. The increase in the annual caps of the rent is primarily due to the large area of the land leased from Beijing Jingxi, which is 109,690.27 square meters.

Historical amount

The historical amounts for the Property Lease Framework Agreement for each of the three years ended 31 December 2016 and six months ended 30 June 2017 were approximately RMB9.35 million, RMB9.40 million, RMB10.57 million and RMB19.84 million, respectively.

Pricing policy

Under the Framework Property Lease Agreement, the rent shall be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by independent third parties of the Company under normal commercial terms. When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by independent third parties of the Company in the corresponding period of reference.

The Company confirmed that in determining the revised annual caps, the Company has followed the pricing policy referred to above.

Listing Rules Implications

The Company is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects and BEH is a limited liability company incorporated in the PRC and is principally engaged in investment in energy, real estate, infrastructure, high-tech and financial sectors in the PRC.

As BEH directly and indirectly holds approximately 60.83% of the issued share capital of the Company as at the date of this announcement, it is a connected person of the Company by virtue of being a substantial shareholder of the Company. Accordingly, the transactions between the Company and BEH and/or its associates constitute connected transactions of the Company under the Listing Rules.

As the highest percentage ratio applicable to the transactions under each of the Framework Equipment Maintenance Agreement and Property Lease Framework Agreement for each of the three years ending 31 December 2019, calculated using the adjusted annual caps, is more than 0.1% but less than 5% on an annual basis, respectively, the transactions contemplated under each of the Framework Equipment Maintenance Agreement and Property Lease Framework Agreement are therefore subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the transactions under the Framework Equipment Maintenance Agreement and Property Lease Framework Agreement are in the ordinary and usual course of business of the Company, the terms of each of the Framework Equipment Maintenance Agreement and Property Lease Framework Agreement (including their respective adjusted annual caps) are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

Due to their positions in BEH, Mr. Zhu Yan, Mr. Li Dawei, Mr. Guo Mingxing and Mr. Zhu Baocheng have all abstained from voting on the Board resolution approving the adjustments to the annual caps referred to above. As the other Directors do not have material interest in the relevant transactions, they have not abstained from voting on such Board resolution.

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 2017.

INTERIM DIVIDEND

The Board has not made any recommendation on the distribution of an interim dividend for the six months ended 30 June 2017.

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

Code Provision E.1.2

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

COMPLIANCE WITH 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 2017 interim results and the unaudited financial statements for the six months ended 30 June 2017 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 2017 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

29 August 2017

As at the date of this announcement, the non-executive Directors of the Company are Mr. Zhu Yan, Mr. Li Dawei, Mr. Guo Mingxing, Mr. Zhu Baocheng, Mr. Yu Zhongfu and Mr. Zhao Wei; the executive Director of the Company is Mr. Chen Ruijun; and the independent non-executive Directors of the Company are Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping.