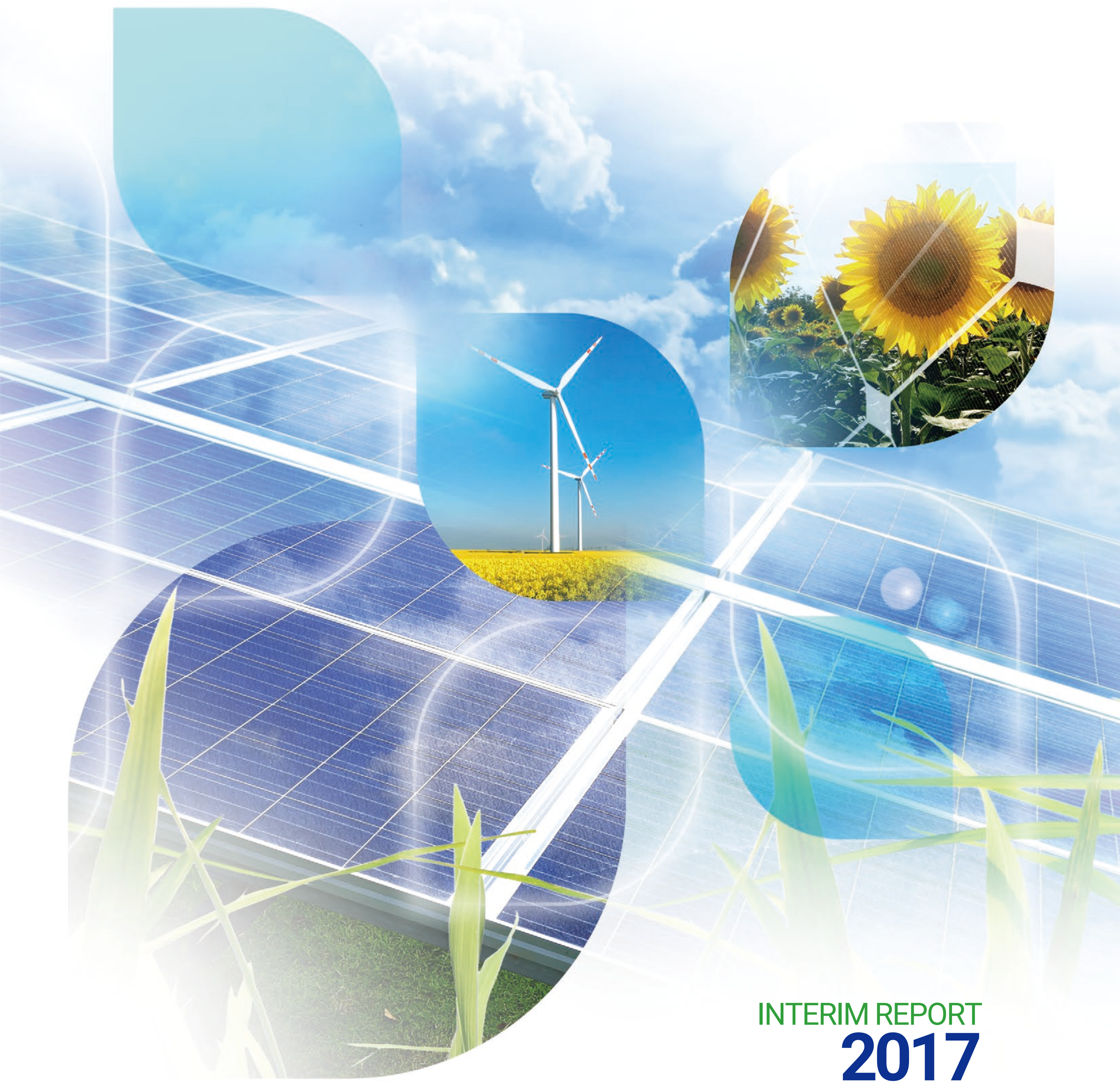
北控清潔能源集團有限公司
Beijing Enterprises Clean Energy Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 01250



INTERIM REPORT
2017

Contents

Corporate Information

BOARD OF DIRECTORS
Executive Directors
Mr. Hu Xiaoyong *(Chairman)*
Mr. Shi Xiaobei
Mr. Huang Weihua *(Chief Executive Officer)*
(appointed on 23 January 2017)
Mr. Wang Ye
Mr. Wen Hui (appointed on 23 January 2017)

Independent Non-executive Directors
Mr. Li Fujun
Mr. Xu Honghua
Mr. Chiu Kung Chik

AUDIT COMMITTEE
Mr. Li Fujun *(Chairman)*
Mr. Xu Honghua
Mr. Chiu Kung Chik

NOMINATION COMMITTEE
Mr. Hu Xiaoyong *(Chairman)*
Mr. Li Fujun
Mr. Xu Honghua

REMUNERATION COMMITTEE
Mr. Chiu Kung Chik *(Chairman)*
Mr. Shi Xiaobei
Mr. Xu Honghua

COMPANY SECRETARY
Mr. Liu Kin Wai

STOCK CODE
1250

WEBSITE
www.bece.com.hk

INVESTOR RELATIONS CONTACT
Email Address: ir@bece.com.hk

REGISTERED OFFICE
PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
Rooms 6706-07
67th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE
Estera Trust (Cayman) Limited
PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AUDITORS
Ernst & Young

PRINCIPAL BANKERS
In Hong Kong:
CIMB Bank Berhad
DBS Bank Ltd., Hong Kong Branch
Wing Lung Bank, Limited

In Mainland China:
Bank of China
China Citic Bank
China Construction Bank
The Industrial and Commercial Bank of China

Group Structure

30 June 2017

Beijing Enterprises Water Group Limited #
(Stock code: 0371)

32.37%

Beijing Enterprises Clean Energy Group Limited #
(Stock code: 1250)

Anhui Province

- Jinzhai ("金寨") (100%)
- Chaohu ("巢湖") (100%)
- Hefei Lujiang ("合肥盧江") (100%)
- Hefei Changfeng ("合肥長豐") (60%/100%)
- Fuyang ("阜陽") (100%)
- Suzhou ("宿州") (100%)

Hebei Province

- Yuxian ("蔚縣") (100%)
- Quyang ("曲陽") (100%)
- Wanquan ("萬全") (100%)
- Tangshan ("唐山") (100%)
- Weichang ("圍場") (100%)
- Chengde ("承德") (100%)
- Xingtai ("邢台") (100%)
- Baoding ("保定") (100%)

Shaanxi Province

- Jingbian ("靖邊") (100%)
- Yuyang ("榆陽") (100%)

Shandong Province

- Shanghe ("商河") (100%)
- Jinan ("濟南") (100%)
- Binzhou Lusa ("濱州魯薩") (100%)
- Gaoqing ("高青") (100%)
- Xintai ("新泰") (100%)
- Weishan ("微山") (90%)

Henan Province

- Anyang ("安陽") (100%)
- Qixian Miaokou ("淇縣廟口") (100%)
- Qixian Beiyang ("淇縣北陽") (100%)

Other Provinces and Autonomous Regions

- Hubei Yunxi ("湖北鄖西") (100%)
- Shanxi Qinyuan ("山西沁源") (100%)
- Jiangxi Shangrao ("江西上饒") (100%)
- Jiangxi Ruichang ("江西瑞昌") (100%)
- Yunnan Dali ("雲南大理") (100%)
- Tibet Lhasa ("西藏拉薩") (80%)
- Baotou ("包頭") (70%)
- Tianmen ("天門") (100%)

\# *Listed on the Main Board of The Stock Exchange of Hong Kong Limited*

Note: The above group structure only lists out major subsidiaries

Chairman's Statement

Dear Shareholders,

Following China's continuous facilitation of the advanced comprehensive reform, the energy structure adjustment and the ongoing electric power system reform, the new energy industry is in a historic period with strategic opportunities and bright development prospect. Beijing Enterprises Clean Energy Group Limited (the "Company", together with its subsidiaries, the "Group" or "BECE") fully leverages the advantageous resources of its three major shareholders (i.e. Beijing Enterprises Water Group Limited ("BEWG", a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 0371)), the private equity funds managed by CITIC Private Equity Funds Management Co., Ltd. ("CITIC PE") and Tus-Holdings Co., Ltd.* ("Tus-Holdings", 啟迪控股股份有限公司) as well as the Group's experienced management team to rapidly expand its scale of high quality clean energy assets base and proactively explore on various areas such as multi-energy complement, energy storage, micro-grid technologies, smart city, distribution and sales of electricity, heat supply, liquefied natural gas business on the foundation of our existing businesses of centralised ground-mounted and grid-connected photovoltaic power plants, distributed photovoltaic power plants and wind power plants business, and achieved fruitful results.

PERFORMANCE REVIEW

For the six months ended 30 June 2017 (the "Period"), the Group recorded revenue of approximately HK$3,858 million, representing an increase of 524.8% as compared to the corresponding period of last year. The Group's profit attributable to the equity holders of the Company was approximately HK$627 million, representing an increase of 853.2% as compared to the corresponding period of last year. Basic earnings per share for the Period was HK1.22 cents.

The Group's centralised photovoltaic power business achieved a stable growth. As at 30 June 2017, by ways of self-development, joint development, acquisitions, etc., the Group's aggregate capacity of the grid-connected and under-construction centralised photovoltaic power plants reached approximately 2,000 megawatt ("MW"). In particular, the aggregate on-grid capacity of the centralised ground-mounted photovoltaic power plants held by the Group was approximately 1,156MW, with 33 projects situated mainly in Anhui Province, Shandong Province, Hebei Province and Henan Province, etc., and in photovoltaic resource areas 2 and 3 as promulgated by the National Development and Reform Commission of the People's Republic of China (the "PRC"). In respect of the Top Runner Program (as defined in section headed "1.1.1 Centralised Photovoltaic Power Business" in "Management Discussion and Analysis"), the Group's centralised photovoltaic power plant located in the advanced photovoltaic technology demonstration base in the coal mining subsidence area of Jining City*（濟寧市）, Weishan County*（微山縣）, Shandong Province, the PRC with capacity of 50MW was successfully connected to grid in June 2017, becoming the first on-grid water photovoltaic project under the Top Runner Program in the PRC.

PERFORMANCE REVIEW *(Continued)*

In respect of the distributed photovoltaic power business, the Group achieved favourable results in developing distributed photovoltaic power stations on the rooftops, etc. of industrial and commercial buildings. As at 30 June 2017, by ways of self-development, joint development, acquisitions, etc., the Group's aggregate capacity of the grid-connected and under-construction distributed photovoltaic power stations reached approximately 400MW. In particular, the aggregate on-grid capacity of the distributed photovoltaic power plants held by the Group was approximately 100MW situated mainly in Jiangsu Province, Henan Province, Shandong Province and Anhui Province, etc. As to the cooperation with BEWG regarding distributed photovoltaic power stations in its water treatment plants, during the Period, the Group and BEWG entered into a power purchase agreement for the sale of electricity to be generated by the Group's distributed photovoltaic power stations in certain BEWG's water treatment plants to BEWG from 1 July 2017, which will provide stable revenue and cash flow to the Group and is beneficial to the Group's development.

In the field of wind power, according to the statistics of the China National Renewable Energy Centre*（國家可再生能源中心）, the construction of wind power projects in the Central and the Eastern regions of the PRC gathered pace in the first half of 2017. In the meantime, wind power construction in the Northeast, the Northern and the Northwest regions in the PRC saw a significant slowdown as a result of the abandonment of wind power and grid curtailment as well as the wind power investment monitoring early warning mechanism. With the upgrade of wind power technology, it becomes more suitable for enterprises to invest in and develop wind power business in low-wind-speed regions such as the Central and the Eastern regions of the PRC. The Group will continue to explore opportunities for developing wind power business in low-wind-speed regions and the incorporation of Beijing Enterprises Wind Power Generation Company Limited*（北控風力發電有限公司）in August 2017 introduces strategic partners and funds for the development of such business. In addition, the average utilisation hours of the wind power project with a total installed capacity of 48MW in Binzhou*（濱州）, Shandong Province acquired by the Group in 2016 reached 1,260 during the Period, indicating a smooth operation.

In the field of heat supply, following the stricter requirements on environmental pollution treatment and air quality improvement, clean heating has become a key livelihood initiative of the Chinese government under the new environment. During the Period, the Group's first heating project, being a water source heat pump project serving cooling, heating and domestic hot water for the surrounding areas in Changshu City*（常熟市）, Jiangsu Province, was put into operation.

The abovementioned performance fully demonstrates our comprehensive strength including market development, project planning, project financing, etc.

Chairman's Statement

CORPORATE MANAGEMENT AND CONTROL

In the first half of 2017, the Group enhanced its corporate governance structure and facilitated the implementation of the management principles of "sufficient authorisation, goal-oriented, positive incentives, and control and review in place" to further optimise its regional operating mechanism, thereby enhancing the management standardisation and promoting sustainable development of regional companies. Besides, the Group continued to facilitate the construction of information technology during the Period, and successfully launched information systems such as the project planning management information system, supervisory management system and property rights management information system, and further enhanced the Group's internal project management capabilities, work efficiency and quality as well as execution, standardisation and coordination of important matters. In addition, in order to continuously bolster the supporting role of the corporate culture in operation management, business collaboration and cohesion of the Group and to promote the effective inheritance and implementation of the core values of "being responsible, having values and being sharing", the Group launched corporate culture construction project during the Period so as to reaching group-wide cultural consensus, building elite teams and creating an organisation with passion to learn.

SUSTAINABLE DEVELOPMENT

While striving to achieve business objectives and create returns for shareholders, the Group is fully aware of its responsibilities in and commitments towards the environment, society and governance as a corporation, and will continuously, proactively and extensively implement such responsibilities and commitments in business operations. The Group released its first environmental, social and governance report in July 2017 disclosing to stakeholders our performance in areas such as environmental contributions, employees' relations, supply chain management, occupational health and safety and social investment. Currently, the Group is preparing for the certifications of ISO9001 (Quality Management Systems), ISO14001 (Environmental Management Systems) and OHSAS18001 (Occupational Health and Safety Assessment Series), and expects to complete the "three management system" certification by the end of 2017. By improving organisational structure and setting proper positions, responsibilities, policies and processes, the Group achieved effective operation, management and control on personnel, workplaces, equipment and facilities, business operations and environmental impacts. We believe that the upcoming implementation of the environmental, health and safety management system will further enhance our management standard and operational efficiency, which is conducive to building a strong brand image and enhancing our core competitiveness.

Chairman's Statement

FUTURE OUTLOOK

At present, China's economic development has entered into a "new normal" ("新常態"), under which there is a slowdown in energy consumption growth and reduction in on-grid power tariff. The abandonment of wind power, photovoltaic power, etc. is still existed. Nevertheless, as the Chinese government continues to vigorously adjust the energy structure and quicken the application of clean energy by introducing favourable policies, clean energy businesses become increasingly promising in China. The Chinese government recently issued the "13th Five-year Plan for Energy Development", the "13th Five-year Plan for Renewable Energy Development" and the "Strategy of Energy Production and Consumption Revolution (2016-2030)" to align with its energy development strategy under the "Four Revolutions and One Cooperation", so as to facilitating energy revolution, promoting changes in energy production and utilisation methods, building a modern energy structure which is clean low-carbon, and safe and effective, innovating and optimising the renewable energy development method and pattern, accelerating renewable energy technology improvement and cost reduction, expanding the application scale of renewable energy and increasing its consumption proportion in the overall energy consumption, in a bid to optimise and upgrade China's energy structure. According to the BP Statistical Review of World Energy (June 2017), China contributed approximately 40% to the world's renewable energy growth in 2016, making it the world's largest producer of renewable energy and securing the position as the fastest-growing energy market for the 16th consecutive year. The Group actively responds to China's energy revolution and seizes the opportunities arising from the "13th Five-year Plan" to vigorously and continuously develop clean energy.

In the second half of 2017, we will continue to uphold the diversified development strategy to actively explore overseas investment opportunities and grasp the market opportunities with stable returns and reasonable and controllable risks. Moreover, we will continue to explore multi-energy complement, energy storage, micro-grid technologies, smart city, distribution and sales of electricity, heat supply, liquefied natural gas business and other business lines to achieve advantages on business synergy. In the meantime, we will continue to fulfil our responsibilities as a corporate citizen by upholding the values of "being responsible, having values and being sharing", to strive to create the greatest value for all stakeholders. In addition, we will continue to utilise the strengths of shareholders, technologies, structural and mechanisms, effectively motivate the management team, and follow the business philosophy of "quality teams, quality management, quality projects and innovation-driven development", to focus on the clean energy development and the use of clean energy so as to provide "clean energy plus" solutions and build up a clean energy business ecosystem featuring multi-energy complement, and varieties of business lines and profit sources. The Group will proactively explore and innovate in the national energy revolution, and facilitate the development of recyclable low-carbon model, so as to contribute to building a beautiful China with blue sky, green land and clean water.

On behalf of the Group, I would like to extend our sincere gratitude to all of our shareholders and investors for your continuing support and trust. The Group will seek for more stable growth and greater performance to create continuous returns for shareholders.

Hu Xiaoyong
Chairman

Hong Kong, 29 August 2017

* *For identification purpose only*

Management Discussion and Analysis

1. BUSINESS REVIEW

During the six months ended 30 June 2017, the Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power plants, photovoltaic power-related businesses (the "Photovoltaic Power Business") and wind power-related businesses (the "Wind Power Business") in mainland ("Mainland China") of the PRC. It also had a non-core business in the design, printing and sale of cigarette packages (the "Cigarette Packaging Business") in Mainland China.

The Group's revenue, net profit and profit attributable to the equity holders of the Company during the six months ended 30 June 2017 were approximately HK$3,858.2 million, HK$636.0 million and HK$627.2 million respectively, representing increases of approximately 524.8%, 790.8% and 853.2% respectively as compared to the six months ended 30 June 2016, which were mainly driven by the performance of the Photovoltaic Power Business as illustrated in the section headed "1.1 Photovoltaic Power Business" below.

1.1 Photovoltaic Power Business

The Photovoltaic Power Business during the six months ended 30 June 2017 mainly involved (i) investment, development, construction, operation and management of centralised photovoltaic power plants; (ii) investment, development, construction, operation and management of distributed photovoltaic power stations; and (iii) provision of engineering, procurement and construction services for photovoltaic power-related projects and technical consultancy services in relation to photovoltaic power-related businesses.

1.1.1 Centralised Photovoltaic Power Business

During the six months ended 30 June 2017, the Group's centralised Photovoltaic Power Business expanded significantly through the increase in operating capacity as a result of the acquisition of businesses from independent third parties and development and construction of centralised photovoltaic power plants since 2015. The Group recorded revenue of approximately HK$654.7 million (six months ended 30 June 2016: approximately HK$7.4 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing approximately 17.0% of the Group's total revenue during the six months ended 30 June 2017.

As at 30 June 2017, the total capacity for centralised photovoltaic power plant projects held and under joint development by the Group achieved approximately 2,000MW, with 46 projects in aggregate covering 11 provinces and 2 autonomous regions in the PRC. These projects were mainly situated in photovoltaic resource areas 2 and 3 as promulgated by the National Development and Reform Commission of the PRC, locations considered by the management to be favourable for the development of the Group's Photovoltaic Power Business.

1. BUSINESS REVIEW *(Continued)*

1.1 Photovoltaic Power Business *(Continued)*

1.1.1 Centralised Photovoltaic Power Business *(Continued)*

As at 30 June 2017, 33 (31 December 2016: 26) centralised photovoltaic power plants held by the Group were in operation, and the aggregate on-grid capacity of these centralised photovoltaic power plants reached approximately 1,156MW (31 December 2016: approximately 946MW), which is analysed below:

Location	**Number of plants**	**Approximate total on-grid capacity**	**Approximate electricity sales volume**
			(Note)
		(MW)	*(MWh)*#
Hebei Province	9	252	186,170
Anhui Province	7	191	112,245
Shandong Province	4	124	41,791
Henan Province	3	259	127,196
Hubei Province	3	51	26,046
Shaanxi Province	2	160	97,045
Jiangxi Province	2	47	23,389
Shanxi Province	1	20	16,111
The Tibet Autonomous Region	1	30	20,173
Yunnan Province	1	22	16,891
Total	33	1,156	667,057

Megawatt-hour

Note: It represented the approximate electricity sales volume of the projects from the later of (i) the dates of acquisition and completion of construction by the Group; (ii) the dates of commencement of operation; and (iii) 1 January 2017, to the end of the reporting period. Therefore, the above electricity sales volume does not reflect a full half year performance of these operations.

1. BUSINESS REVIEW *(Continued)*

1.1 Photovoltaic Power Business *(Continued)*

1.1.1 Centralised Photovoltaic Power Business *(Continued)*

In relation to the photovoltaic top runner program* (領跑者計劃, the "Top Runner Program"), during the year ended 31 December 2016, the Group had awarded by several local governments for the constructions of four centralised photovoltaic power plants under the Top Runner Program with an aggregate capacity of 300MW. The Top Runner Program was approved by the National Energy Administration of the PRC and set out advanced technology benchmarks for photovoltaic industry in the PRC. Securing the centralised photovoltaic power plant projects under the Top Runner Program demonstrates the comprehensive technical strengths of the Group and signifies industry recognition and market leadership in the photovoltaic industry in the PRC. As at 30 June 2017, construction of the project situated in Weishan County, Shandong Province, the PRC with an on-grid capacity of 50MW was completed and put into operation.

In addition to the sale of electricity from the Group's centralised photovoltaic power plants, the Group provided entrusted management services for centralised photovoltaic power plant projects to independent third parties and revenue of approximately HK$7.5 million (six months ended 30 June 2016: approximately HK$24.0 million) was recognised during the period.

1.1.2 Distributed Photovoltaic Power Business

During the six months ended 30 June 2017, the Group had actively sought for business opportunities in relation to the distributed photovoltaic power business, aiming at developing the distributed photovoltaic power business with long-term customers with stable businesses mainly in photovoltaic resource areas 2 and 3 as promulgated by the National Development and Reform Commission of the PRC. As at 30 June 2017, the total capacity for distributed photovoltaic power plant projects held and under joint development by the Group achieved approximately 400MW, of which approximately 100MW were held by the Group and in operation. During the six months ended 30 June 2017, revenue of approximately HK$2 million (six months ended 30 June 2016: Nil) was recognised in respect of the sale of electricity from the Group's distributed photovoltaic power plants.

In addition, on 30 June 2017, the Group entered into a power purchase agreement with BEWG to provide distributed photovoltaic power to be generated by the distributed photovoltaic power stations in certain water plants of BEWG from 1 July 2017, details of which are set out in the Company's announcement dated 30 June 2017.

The Group will continue liaising with Beijing Enterprises Group Company Limited, CITIC PE and Tus-Holdings, shareholders of the Company, and other long-term customers with stable businesses, to expand its distributed photovoltaic power business on their location resources.

1. BUSINESS REVIEW *(Continued)*

1.1 Photovoltaic Power Business *(Continued)*

1.1.3 Engineering, Procurement and Construction Services and Technical Consultancy Services

The Group is engaged in the provision of engineering, procurement and construction services for photovoltaic power-related business to independent third parties and has couples of qualification and extensive experience in the design, engineering and construction of photovoltaic and other power-related projects. During the six months ended 30 June 2017, over 18 centralised photovoltaic power-related projects with an aggregate capacity of over 900MW and a number of distributed photovoltaic power-related projects on engineering, procurement and construction services locating in the PRC were undergoing, and revenue of approximately HK$2,842.9 million (six months ended 30 June 2016: approximately HK$474.6 million) in aggregate was recognised during the six months ended 30 June 2017, representing approximately 73.7% of the Group's total revenue during the period.

In respect of the technical consultancy services, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK$90.0 million (six months ended 30 June 2016: approximately HK$31.9 million) was recognised during the six months ended 30 June 2017.

In addition to the above, during the six months ended 30 June 2017, a centralised photovoltaic project on a build-operate-transfer basis under the Top Runner Program was under construction. With reference to HK(IFRIC) Interpretation 12 *Service Concession Arrangements*, construction revenue of approximately HK$224.3 million (six months ended 30 June 2016: Nil) was recognised with reference to the fair value of construction services delivered during the construction phase. The fair value of such service is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of the development agreement (i.e. service concession agreement). Construction revenue is recognised based on the percentage-of-completion method.

1.2 Wind Power Business

Apart from the Photovoltaic Power Business, the Group also actively explores business opportunities on other clean energy businesses. During the year ended 31 December 2016, the Group acquired 100% equity interest in a 48MW wind power plant business in Shandong Province, the PRC, from independent third parties, further details of which are set out in the Company's announcement dated 16 August 2016. The wind power plant was in full operation prior to the acquisition in 2016 and revenue of approximately HK$36.8 million (six months ended 30 June 2016: Nil) from the sale of wind power electricity was recognised by the Group during the six months ended 30 June 2017. Respective gross profit ratio was approximately 62.4% during the period.

1.3 Other Clean Energy Businesses

The Group has been exploring other clean energy power generation businesses such as multi-energy complement, energy storage, micro-grid technologies, smart city, distribution and sales of electricity, heat supply, liquefied natural gas business and other business lines and exploring international opportunities for strategic development and diversification.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.4 Cigarette Packaging Business

(a) Non-core business

The Cigarette Packaging Business is carried out by the following wholly-owned subsidiaries of the Group:

(i) 深圳大洋洲印務有限公司 (Shenzhen Oceania Printing Company Limited*) (the "First PRC Company");

(ii) 惠州金彩印務有限公司 (Huizhou Jin Cai Printing Company Limited*) (the "Second PRC Company");

(iii) Super Future Investments Limited (the holding company of the First PRC Company); and

(iv) Meteor River Limited (the holding Company of Super Future Investments Limited) (collectively, the "Cigarette Packaging Subsidiaries").

The First PRC Company is the principal operating subsidiary of the Cigarette Packaging Business. The Second PRC Company did not commence any operation during the year ended 31 December 2016.

Since 2015, the Group has successfully diversified into the clean energy businesses sector. The Cigarette Packaging Business has become a non-core business of the Group. The Cigarette Packaging Business has recorded significant year-on-year decrease in its contribution to the consolidated revenue of the Group (the year ended 31 December 2015: approximately 83.0%; and the year ended 31 December 2016: approximately 5.8%). With (i) the Group's effort in the expansion of the clean energy businesses in the first half of 2017; and (ii) the continued competitive environment, increased labour costs and the stringent government regulations and policies with respect to smoking, it is expected that the contribution to the Group attributable to the Cigarette Packaging Business will be further reduced and insignificant.

Given that the Cigarette Packaging Business as a non-core business is expected to have a further diminished role to the Group, the Company has been assessing whether the Cigarette Packaging Business should be divested so that the Group could focus on the clean energy businesses. As at the date of this report, there is no definitive agreement regarding the potential disposal. In the event that the Company enters into any binding agreement for the disposal of the Cigarette Packaging Business, the Company will comply with the disclosure requirements under The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

1. BUSINESS REVIEW *(Continued)*

1.4 Cigarette Packaging Business *(Continued)*

(b) Latest development

As disclosed in the Company's announcement dated 14 August 2017, the Company has reason to believe that without the knowledge or approval of the board (the "Board") of directors (the "Directors") of the Company, the 100% equity interest in the Second PRC Company held by the First PRC Company has been transferred to a party related to Ms. Huang Li, the former director of the First PRC Company.

As disclosed in the Company's announcement dated 16 August 2017, in the course of its preparation of the financial statements for the six months ended 30 June 2017, the Company came to know that the financial information of the First PRC Company and the Second PRC Company for 2017 was missing.

Since then, the Group has recovered part of the financial records of the First PRC Company and the Second PRC Company from the key finance personnel of the First PRC Company and part of the financial records of Super Future Investments Limited and Meteor River Limited from Ms. Huang Li.

(c) Actions taken

Ms. Huang Li was removed as director of the First PRC Company and the other members of the Group of which she was a director, on 12 August 2017 with immediate effect.

On 16 August 2017, the Company has engaged forensic accountants for the retrieval of the financial information of the First PRC Company and the Second PRC Company from the electronic devices on which such information was stored.

The Company is in the process of verifying, and has engaged external auditors to assist in the verification of the financial records recovered from the key finance personnel of the First PRC Company and Ms. Huang Li. As at the date of this report, the verification has not been completed.

The Company is in consultation with its Hong Kong and PRC legal counsel on the causes of legal action against the relevant parties that were involved for the unauthorised transfer of the Second PRC Company as disclosed in the Company's announcement dated 14 August 2017 and the unauthorised removal of financial information from the First PRC Company and the Second PRC Company's records as disclosed in the Company's announcement dated 16 August 2017.

The Company will keep its shareholders informed on further development in compliance with the Listing Rules and the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong).

(d) Accounting treatment

The accounting treatment of the Cigarette Packaging Business as a result of the unauthorised removal of financial information is set out in "2.1 Basis of preparation" of the unaudited interim condensed consolidated financial statements.

2. FINANCIAL PERFORMANCE

2.1 Revenue and gross profit margin

During the six months ended 30 June 2017, the Group recorded revenue of approximately HK$3,858.2 million (six months ended 30 June 2016: approximately HK$617.5 million). The increase was attributable to the development of the Photovoltaic Power Business and the Wind Power Business. In particular, (i) revenue from the sale of electricity and entrusted management services reached approximately HK$701.0 million in aggregate; and (ii) construction revenue from the construction services provided to independent third parties achieved approximately HK$3,067.2 million.

The gross profit ratio by each business nature is set out below:

	For the six months ended 30 June 2017		For the six months ended 30 June 2016	
	Revenue *(HK$ million)*	**Gross profit ratio** *(%)*	Revenue *(HK$ million)*	Gross profit ratio *(%)*
Photovoltaic Power Business:				
Sale of electricity	**656.7**	**68.2**	7.4	42.8
Construction services	**3,067.2**	**15.2**	474.6	23.6
Technical consultancy services	**90.0**	**93.9**	31.9	96.8
Entrusted operations	**7.5**	**95.8**	24.0	97.4
Wind Power Business:				
Sale of electricity	**36.8**	**62.4**	–	N/A
Cigarette Packaging Business:				
Sales of cigarette packages	**–**	**N/A**	79.6	26.1
Total	**3,858.2**	**26.7**	617.5	30.8

Analysis of the above businesses are set out in the section headed "1. Business Review" in "Management Discussion and Analysis".

Gross profit ratio reduced from 30.8% during the six months ended 30 June 2016 to 26.7% during the six months ended 30 June 2017, which was mainly attributable to the change in the mix of revenue as compared to the corresponding period of last year. In particular, revenue from construction services for the Photovoltaic Power Business contributed approximately 79.5% to the total revenue during the six months ended 30 June 2017 (six months ended 30 June 2016: approximately 76.9%). As the gross profit ratio of such construction services was 15.2% which was comparatively lower than that of other business sectors, overall gross profit ratio of the Group reduced.

2. FINANCIAL PERFORMANCE *(Continued)*

2.2 Other income and gains, net

The Group's other income and gains, net achieved approximately HK$22.1 million (six months ended 30 June 2016: approximately HK$4.4 million) during the six months ended 30 June 2017. The increase was mainly attributable to the increase in interest income by approximately HK$5.8 million when compared to the corresponding period of last year and gain on bargain purchase of a subsidiary of approximately HK$7.8 million recognised during the six months ended 30 June 2017.

2.3 Administrative expenses

Administrative expenses mainly consisted of staff costs and head office expenses such as legal and professional fees. The increase in administrative expenses to approximately HK$137.0 million (six months ended 30 June 2016: approximately HK$56.5 million) was mainly attributable to the increases in staff costs and other expenses when compared to the corresponding period of last year as a result of the expansion of the Photovoltaic Power Business.

2.4 Finance costs

The increase in finance costs of the Group by approximately HK$189.0 million to approximately HK$211.1 million (six months ended 30 June 2016: approximately HK$22.1 million) was attributable to the increase in the average balances of bank and other borrowings and finance lease payables of the Group as compared to the corresponding period of last year.

2.5 Income tax expense

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The Group's effective tax rate during the six months ended 30 June 2017 was lower than the standard corporate income tax rate in the PRC as certain of the Group's operating subsidiaries enjoyed tax concession benefits.

2.6 Property, plant and equipment and prepaid land lease payments

Property, plant and equipment and prepaid land lease payments mainly represented the carrying amounts of photovoltaic power plant projects in operation and under construction, and the increase during the six months ended 30 June 2017 was mainly attributable to the acquisition and development of photovoltaic power plant projects.

2.7 Goodwill

Goodwill of the Group was mainly attributable to the acquisition of subsidiaries in prior year.

2.8 Operating concession and operating rights

Operating concession and operating rights represented the rights to operate photovoltaic and wind power plant projects. The increase was mainly attributable to the construction of the centralised photovoltaic project on a build-operate-transfer basis under the Top Runner Program recognised pursuant to HK(IFRIC) Interpretation 12 *Service Concession Arrangements* as detailed in the section headed "1.1.3 Engineering, Procurement and Construction Services and Technical Consultancy Services" in "Management Discussion and Analysis".

2. FINANCIAL PERFORMANCE *(Continued)*

2.9 Available-for-sale investment

Available-for-sale investment of approximately HK$528.5 million (31 December 2016: Nil) as at 30 June 2017 represented the fair value of the equity interest of approximately 15.66% in Sichuan Jinyu acquired by the Group during the six months ended 30 June 2017.

2.10 Other non-current assets

Other non-current assets as at 30 June 2017 amounted to approximately HK$278.8 million (31 December 2016: approximately HK$270.8 million), which represented materials and equipment sold and delivered to independent third parties for the development of photovoltaic power plant projects.

2.11 Amounts due from contract customers

Amounts due from contract customers as at 30 June 2017 of approximately HK$1,026.7 million (31 December 2016: approximately HK$550.8 million) was mainly attributable to the construction services for photovoltaic power plant projects provided by the Group to independent third parties, and the increase was attributable to the increase in the extent of construction services provided by the Group during the six months ended 30 June 2017.

2.12 Trade and bills receivables

Trade and bills receivables of approximately HK$4,069.0 million (31 December 2016: approximately HK$1,295.1 million) as at 30 June 2017 were mainly derived from (i) the sale of electricity of the Photovoltaic Power Business and the Wind Power Business; and (ii) the construction services of the Photovoltaic Power Business. The increase was attributable to the significant expansion of the Photovoltaic Power Business and the Wind Power Business during the six months ended 30 June 2017.

Trade receivables for the sale of electricity of the Photovoltaic Power Business and the Wind Power Business of approximately HK$1,112.7 million (31 December 2016: approximately HK$521.6 million) comprised (i) receivables from the sale of electricity to the State Grid Corporation of China (the "State Grid", a state-owned enterprise principally engaged in the development and operation of nationwide power network); and (ii) central government renewable energy subsidies for centralised photovoltaic and wind plant projects receivable on behalf by the State Grid and payable to the Group by the State Grid. On the other hand, trade and bills receivables for the construction services of the Photovoltaic Power Business amounted to approximately HK$2,781.1 million (31 December 2016: approximately HK$507.6 million) as at 30 June 2017.

2. FINANCIAL PERFORMANCE *(Continued)*

2.13 Prepayments, deposits and other receivables, and other tax recoverables

The increase in prepayments, deposits and other receivables and other tax recoverables by approximately HK$1,742.3 million in aggregate to approximately HK$5,045.1 million (31 December 2016: approximately HK$3,302.8 million) in aggregate (non-current portion and current portion increased by approximately HK$385.0 million and HK$1,357.3 million in aggregate respectively) was mainly attributable to the increase in prepayments to suppliers for the development of the Photovoltaic Power Business, investment deposits made for the acquisitions of certain photovoltaic power plant projects, and input value-added-tax recoverables arising from the acquisition and development of photovoltaic power plants. Besides, the Group invested RMB55 million (equivalent to approximately HK$63.3 million) in an entity which is principally engaged in the developments of clean energy businesses and properties such as agricultural products wholesale markets in Mainland China. The investment was classified as a long-term investment deposit as at 30 June 2017, and is currently classified as a subsidiary of the Group.

2.14 Cash and cash equivalents

The increase in cash and cash equivalents by approximately HK$1,009.0 million to approximately HK$2,642.2 million (31 December 2016: approximately HK$1,633.2 million) was mainly attributable to net effect of (i) the net increase in bank and other borrowings and finance lease payables; (ii) net proceeds received from the issuances of convertible preference shares of the Company as detailed in the paragraphs headed "Share subscription" under the section "Capital structure" in "Management Discussion and Analysis" of this report; (iii) cash outflow on developing and acquiring photovoltaic power plant projects; and (iv) receipts of trade receivables during the six months ended 30 June 2017.

2.15 Trade and bills payables

Trade and bills payables of approximately HK$2,983.3 million (31 December 2016: approximately HK$1,144.3 million) increased by approximately HK$1,839.0 million as compared to that of last year was mainly attributable to the increase in trade and bills payables in relation to the construction services provided to independent third parties during the six months ended 30 June 2017.

2.16 Other payables and accruals

Other payables and accruals of approximately HK$3,995.5 million (31 December 2016: approximately HK$3,828.8 million) increased by approximately HK$166.7 million as compared to that of last year was mainly due to the net effect of (i) settlement of payables to contractors and suppliers in relation to certain construction liabilities arising from acquisition of subsidiaries in the prior year, during the six months ended 30 June 2017; and (ii) increase in the construction payable of self-development projects.

2. FINANCIAL PERFORMANCE *(Continued)*

2.17 Interest-bearing bank and other borrowings and finance lease payables

Interest-bearing bank and other borrowings and finance lease payables of approximately HK$12,106.8 million (31 December 2016: approximately HK$7,634.3 million) in aggregate increased by approximately HK$4,472.5 million in aggregate (non-current portion and current portion increased by approximately HK$4,372.8 million in aggregate and approximately HK$99.7 million in aggregate respectively) as compared to that of last year was mainly attributable to the drawdown of bank and other borrowings and finance lease payables for the development of the Photovoltaic Power Business and the Wind Power Business.

2.18 Capital expenditures

During the six months ended 30 June 2017, the Group's total capital expenditures amounted to approximately HK$1,959.1 million (six months ended 30 June 2016: approximately HK$1,937.5 million), comprising (i) construction and acquisition of photovoltaic power plant projects, other property, plant and equipment and operating concession of approximately HK$1,321.7 million (six months ended 30 June 2016: HK$176.7 million) in aggregate; (ii) addition to prepaid land lease payments of approximately HK$11.7 million (six months ended 30 June 2016: Nil); (iii) acquisition of other intangible asset of approximately HK$3.4 million (six months ended 30 June 2016: Nil); and (iv) acquisition of equity interests in subsidiaries, a joint venture and an available-for-sale investment of approximately HK$622.3 million (six months ended 30 June 2016: approximately HK$1,760.8 million).

2.19 Liquidity and financial resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars ("HK$"), United States dollars ("US$") and Renminbi ("RMB"). Surplus cash is generally placed in short-term deposits denominated in HK$, US$ and RMB.

As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately HK$2,642.2 million (31 December 2016: approximately HK$1,633.2 million).

As at 30 June 2017, the Group recorded net current assets of approximately HK$1,998.9 million (31 December 2016: net current liabilities of approximately HK$1,227.8 million). The improvement in net current assets level was primarily attributable to the increase in long-term bank and other borrowings and finance lease payables for the settlement of construction payables.

Developments of the Photovoltaic Power Business and the Wind Power Business require material investments and the Group funds such developments during the six months ended 30 June 2017 by means of (i) equity fund raising of the Company (i.e. from the net proceeds received from the issuance of the convertible preference shares of the Company (the "Convertible Preference Share(s)") as detailed in the paragraphs headed "Share subscription" under the section "Capital structure" in "Management Discussion and Analysis" of this report); and (ii) long-term bank and other borrowings and finance lease payables as illustrated below.

2. FINANCIAL PERFORMANCE *(Continued)*

2.19 Liquidity and financial resources *(Continued)*

As at 30 June 2017, the Group's total borrowings amounted to approximately HK$12,106.8 million (31 December 2016: approximately HK$7,634.3 million) comprising (i) bank and other borrowings of approximately HK$5,093.9 million (31 December 2016: approximately HK$4,828.1 million); and (ii) finance lease payables of approximately HK$7,012.9 million (31 December 2016: approximately HK$2,806.2 million). Save as a one-year term loan of RMB15.0 million (equivalent to approximately HK$17.3 million) (31 December 2016: a one-year term loan of RMB15.0 million (equivalent to approximately HK$16.8 million)) bears interest at a fixed rate, the Group's bank and other borrowings and finance lease payables bear interest at floating rates with terms ranging from 1 to 15 years. Approximately 85% (31 December 2016: approximately 77%) of the Group's borrowings are long-term borrowings.

As at 30 June 2017, all the Group's banking facilities were utilised. As at 31 December 2016, the Group had banking facilities of approximately HK$238.5 million with terms ranging from 1 to 12 years had not been utilised.

As at 30 June 2017, the Group's total equity amounted to approximately HK$5,780.6 million (31 December 2016: approximately HK$4,484.9 million). The increase was mainly attributable to (i) the issuance of 4,749,933,780 Convertible Preference Shares in aggregate in May 2017 and net proceeds of approximately HK$375.2 million were received; and (ii) the profit attributable to equity holders of the Company of approximately HK$627.2 million during the six months ended 30 June 2017. Further details of the subscription are set out in the paragraphs headed "Share subscription" under the section "Capital structure" in "Management Discussion and Analysis" of this report.

The Group's gearing ratio (defined as bank and other borrowings and finance lease payables, net of cash and cash equivalents, divided by the total equity) was approximately 164% as at 30 June 2017 (31 December 2016: approximately 134%). The increase in gearing ratio was mainly due to the increase in bank and other borrowings and finance lease payables for the purpose of funding the development of the Photovoltaic Power Business and the Wind Power Business.

CAPITAL STRUCTURE

(a) Share Subscription

Pursuant to the principal subscription agreement dated 9 December 2014 (as supplemented by the first supplemental agreement dated 29 December 2014, the second supplemental agreement dated 31 January 2015 and the third supplemental agreement dated 30 April 2015) entered into between the Company and Fast Top Investment Limited ("Fast Top"), CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., 北京中信投資中心(有限合夥)(CITIC Private Equity Fund III (RMB)*) and More Surplus Investments Limited, the subscription of 4,749,933,780 Convertible Preference Shares (with an aggregate nominal value of HK$4,749,934) at the subscription price of HK$0.079 per Convertible Preference Share was completed on 8 May 2017 and the net proceeds of approximately HK$375.2 million were received. Further details of the subscription are set out in the Company's announcements dated 2 February 2015 and 6 May 2015, and the Company's circular dated 10 April 2015.

The net proceeds received from the share subscription have been utilised for the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses, and is consistent with the intended use of proceeds as disclosed in the Company's circular dated 10 April 2015.

CAPITAL STRUCTURE *(Continued)*

(b) Conversion of the Convertible Preference Shares

As at 30 June 2017, an aggregate of 33,362,884,900 Convertible Preference Shares had been converted into ordinary shares of the Company (the "Ordinary Share(s)") by holders of the Convertible Preference Shares, including 12,232,230,496 (six months ended 30 June 2016: 7,306,472,150) Convertible Preference Shares which had been converted into 12,232,230,496 (six months ended 30 June 2016: 7,306,472,150) Ordinary Shares during the six months ended 30 June 2017. As at 30 June 2017, all Convertible Preference Shares have been converted into Ordinary Shares.

(c) The open offer

On 25 July 2017, the Company proposed to raise approximately HK$1,329,505,000, before expenses, by way of an open offer (the "Open Offer"), by issuing 7,820,619,687 new Ordinary Shares (the "Offer Share(s)") at the subscription price of HK$0.17 per Offer Share on the basis of one (1) Offer Share for every seven (7) existing Ordinary Shares held by the shareholder(s) whose names appear(s) on the register of members of the Company as at the close of business on 15 August 2017 (other than the Non-Qualifying Shareholders as defined in the Company's prospectus dated 21 August 2017). The Open Offer is fully underwritten by the underwriters (the "Underwriters", i.e. Velmar Company Limited, Moregain Amusement Park Investment Limited and Zhihua Investments Limited ("Zhihua", a company controlled by Mr. Hu Xiaoyong, the chairman of the Company and an executive Director)) pursuant to the underwriting agreement (the "Underwriting Agreement") dated 25 July 2017. Pursuant to the letter of agreement entered into between the Company and the Underwriters dated 14 August 2017, the parties agreed on the extension of certain dates of the expected timetable of the Open Offer.

The latest time and date for the Underwriters to terminate the Underwriting Agreement is at 16:30 on 5 September 2017. The expected commencement date of dealing in the fully-paid Offer Shares on the Stock Exchange will be 12 September 2017 and the estimated net proceeds to be received is approximately HK$1,328,000,000, which shall be applied for as to 50% for organic growth (i.e. self-development of photovoltaic power plants projects) and 50% for acquisitions (including the potential acquisitions of established project companies in relation to photovoltaic and wind power businesses). The estimated net proceeds will strengthen the Company's capital base including its gearing level and enhance its financial position and net asset base.

Further details are set out in the Company's announcements dated 25 July 2017, 7 August 2017 and 14 August 2017, and the Company's prospectus dated 21 August 2017.

LOCK-UP UNDERTAKINGS OF SHARES BY DIRECTORS OF THE COMPANY

On 6 May 2016, Zhihua entered into a lock-up arrangement with the Company, pursuant to which certain shares held by Zhihua are subject to lock-up undertakings for the period from 6 May 2016 to the date falling on the same calendar date of the thirtieth month (both dates inclusive) thereof.

On 6 May 2016, 北京倍思泰科新能源科技開發有限公司 (Beijing Bestech New Energy Technology Development Co., Ltd.*) ("Bestech"), a company controlled by Mr. Wang Ye, an executive Director, has also entered into a lock-up arrangement with the Company, pursuant to which certain shares held by Bestech are subject to lock-up undertakings for the period from 6 May 2016 to the date falling on the same calendar date of the thirtieth month (both dates inclusive) thereof.

Further details of the above lock-up undertakings are set out in the Company's announcement dated 6 May 2016.

CHARGE ON THE GROUP'S ASSETS

The secured bank and other borrowings and finance lease payables of the Group as at 30 June 2017 are secured by:

(i) pledges over certain of the Group's property, plant and equipment;

(ii) pledges over certain of the Group's trade receivables;

(iii) pledges over the Group's equity interests in certain subsidiaries;

(iv) guarantees given by the Company and/or its subsidiaries; and/or

(v) pledges over certain of the Group's bank balances.

Save as disclosed above, at 30 June 2017, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against Hong Kong dollar, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2017, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

(a) On 10 February 2017, the Company and 新泰市人民政府 (Xintai City People's Government*) entered into a project development agreement in relation to the construction, development and management of a 100MW photovoltaic power plant in 新泰市 (Xintai City*), Shandong Province, the PRC at a maximum total investment amount of RMB820,000,000 (equivalent to approximately HK$943,831,000). Further details are set out in the Company's announcement dated 10 February 2017; and

(b) On 16 February 2017, the Company and 微山縣人民政府 (Weishan County People's Government*) entered into a project development agreement in relation to the construction, development and management of a 50MW photovoltaic power plant in 微山縣 (Weishan County*), Shandong Province, the PRC at a maximum total investment amount of RMB520,000,000 (equivalent to approximately HK$598,527,000). Further details are set out in the Company's announcement dated 16 February 2017.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries and associated companies by the Group for the six months ended 30 June 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group employed 1,556 employees with total staff cost of approximately HK$73.6 million incurred for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK$38.8 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

The Company has also adopted a share option scheme as incentives to the Directors and eligible employees, details of the scheme are set out in the paragraphs headed "Share Option Scheme" of this report.

INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

* *For identification purpose only*

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

	Notes	For the six months ended 30 June 2017 (unaudited) HK$'000	 2016 (unaudited) HK$'000
REVENUE	4	**3,858,154**	617,515
Cost of sales		**(2,829,335)**	(427,257)
Gross profit		**1,028,819**	190,258
Other income and gains, net	4	**22,090**	4,447
Selling and distribution expenses		**(60)**	(2,024)
Administrative expenses		**(137,037)**	(56,504)
Other operating expenses, net		**(4,304)**	(5,678)
Finance costs	5	**(211,142)**	(22,136)
Share of profit and loss of a joint venture		**2,233**	–
PROFIT BEFORE TAX	6	**700,599**	108,363
Income tax expense	7	**(64,598)**	(36,971)
PROFIT FOR THE PERIOD		**636,001**	71,392
ATTRIBUTABLE TO:			
Equity holders of the Company		**627,156**	65,760
Non-controlling interests		**8,845**	5,632
		636,001	71,392
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
Basic		**HK1.22 cents**	HK0.22 cents
Diluted		**HK1.17 cents**	HK0.14 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Note	For the six months ended 30 June **2017 (unaudited) HK$'000**	2016 (unaudited) HK$'000
PROFIT FOR THE PERIOD		**636,001**	71,392
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investment:			
Change in fair value	11	**30,651**	–
Exchange differences on translation of foreign operations		**223,379**	(74,921)
		254,030	(74,921)
Item not to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of a joint venture		**357**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		**254,387**	(74,921)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**890,388**	(3,529)
ATTRIBUTABLE TO:			
Equity holders of the Company		**879,786**	(9,047)
Non-controlling interests		**10,602**	5,518
		890,388	(3,529)

Condensed Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**10,679,174**	9,412,975
Prepaid land lease payments		**138,427**	130,059
Goodwill		**172,504**	167,568
Operating concession		**228,440**	–
Operating rights		**371,256**	369,955
Other intangible assets		**5,564**	2,434
Investment in a joint venture		**19,884**	–
Available-for-sale investment	11	**528,506**	–
Prepayments, deposits and other receivables	13	**1,422,618**	757,139
Other tax recoverables		**582,089**	862,575
Other non-current assets		**278,794**	270,784
Deferred tax assets		**19,165**	18,844
Total non-current assets		**14,446,421**	11,992,333
CURRENT ASSETS			
Inventories		**61,598**	33,073
Amounts due from contract customers		**1,026,657**	550,784
Trade and bills receivables	12	**4,068,981**	1,295,107
Prepaid land lease payments		**5,494**	4,732
Prepayments, deposits and other receivables	13	**2,361,153**	1,386,711
Other tax recoverables		**679,193**	296,410
Restricted cash and pledged bank deposits		**65,269**	386,251
Cash and cash equivalents		**2,642,159**	1,633,214
Total current assets		**10,910,504**	5,586,282
CURRENT LIABILITIES			
Trade and bills payables	14	**2,983,277**	1,144,347
Other payables and accruals	15	**3,995,454**	3,828,795
Interest-bearing bank and other borrowings	16	**1,471,083**	1,583,540
Finance lease payables	17	**355,122**	142,974
Income tax payables		**106,625**	114,441
Total current liabilities		**8,911,561**	6,814,097
NET CURRENT ASSETS/(LIABILITIES)		**1,998,943**	(1,227,815)
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,445,364**	10,764,518

Condensed Consolidated Statement of Financial Position

30 June 2017

	Notes	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	16	**3,622,772**	3,244,597
Finance lease payables	17	**6,657,859**	2,663,202
Other non-current liabilities		**279,489**	271,459
Deferred tax liabilities		**104,657**	100,384
Total non-current liabilities		**10,664,777**	6,279,642
Net assets		**5,780,587**	4,484,876
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	**54,744**	49,995
Reserves		**5,649,886**	4,399,603
		5,704,630	4,449,598
Non-controlling interests		**75,957**	35,278
Total equity		**5,780,587**	4,484,876

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited) HK$'000	Convertible preference shares (unaudited) HK$'000	Share premium account (unaudited) HK$'000	Special reserves (unaudited) HK$'000	Available-for-sale investment revaluation reserve (unaudited) HK$'000	Statutory surplus reserve (unaudited) HK$'000	Exchange fluctuation reserve (unaudited) HK$'000	Retained earnings (unaudited) HK$'000	Total (unaudited) HK$'000	Non-controlling interests (unaudited) HK$'000	Total equity (unaudited) HK$'000
At 1 January 2016	17,708	9,242	1,894,782	82,400	492	36,516	(17,756)	95,123	2,118,507	–	2,118,507
Profit for the period	–	–	–	–	–	–	–	65,760	65,760	5,632	71,392
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(74,807)	–	(74,807)	(114)	(74,921)
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	(74,807)	65,760	(9,047)	5,518	(3,529)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	4,674	4,674
Capital contributions from non-controlling equity holders	–	–	–	–	–	–	–	–	–	1,170	1,170
Issue of new convertible preference shares	–	9,500	740,990	–	–	–	–	–	750,490	–	750,490
Conversion from convertible preference shares to ordinary shares	7,306	(7,306)	–	–	–	–	–	–	–	–	–
Transfer from retained earnings	–	–	–	–	–	5	–	(5)	–	–	–
At 30 June 2016	25,014	11,436	2,635,772	82,400	492	36,521	(92,563)	160,878	2,859,950	11,362	2,871,312

		Attributable to equity holders of the Company										
	Notes	Ordinary shares (unaudited) HK$'000	Convertible preference shares (unaudited) HK$'000	Share premium account (unaudited) HK$'000	Special reserves (unaudited) HK$'000	Available-for-sale investment revaluation reserve (unaudited) HK$'000	Statutory surplus reserve (unaudited) HK$'000	Exchange fluctuation reserve (unaudited) HK$'000	Retained earnings (unaudited) HK$'000	Total (unaudited) HK$'000	Non-controlling interests (unaudited) HK$'000	Total equity (unaudited) HK$'000
At 1 January 2017		**42,512#**	**7,483#**	**4,060,366***	**83,077***	**–***	**84,044***	**(380,580)***	**552,696***	**4,449,598**	**35,278**	**4,484,876**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**627,156**	**627,156**	**8,845**	**636,001**
Other comprehensive income for the period:												
Available-for-sale investment: Change in fair value	11	**–**	**–**	**–**	**–**	**30,651**	**–**	**–**	**–**	**30,651**	**–**	**30,651**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**–**	**221,622**	**–**	**221,622**	**1,757**	**223,379**
Share of other comprehensive income of a joint venture		**–**	**–**	**–**	**–**	**–**	**–**	**357**	**–**	**357**	**–**	**357**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**30,651**	**–**	**221,979**	**627,156**	**879,786**	**10,602**	**890,388**
Disposal of partial interest in a subsidiary		**–**	**–**	**–**	**1**	**–**	**–**	**–**	**–**	**1**	**(1)**	**–**
Capital contributions from non-controlling equity holders		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**30,078**	**30,078**
Issue of new convertible preference shares	18	**–**	**4,749**	**370,496**	**–**	**–**	**–**	**–**	**–**	**375,245**	**–**	**375,245**
Conversion from convertible preference shares to ordinary shares	18	**12,232**	**(12,232)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transfer from retained earnings		**–**	**–**	**–**	**–**	**–**	**1,224**	**–**	**(1,224)**	**–**	**–**	**–**
At 30 June 2017		**54,744#**	**–#**	**4,430,862***	**83,078***	**30,651***	**85,268***	**(158,601)***	**1,178,628***	**5,704,630**	**75,957**	**5,780,587**

These accounts comprise the consolidated share capital of HK$54,744,000 (unaudited) (31 December 2016: HK$49,995,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2017.

* These reserve accounts comprise the consolidated reserves of HK$5,649,886,000 (unaudited) (31 December 2016: HK$4,399,603,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2017.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Note	For the six months ended 30 June **2017 (unaudited) HK$'000**	 2016 (unaudited) HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities		**(1,233,118)**	(382,254)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**8,432**	2,614
Purchases of items of property, plant and equipment		**(1,045,853)**	(73,807)
Addition of prepaid land lease payments		**(11,697)**	–
Addition of other intangible assets		**(3,299)**	(32)
Purchase of an available-for-sale investment		**(497,294)**	–
Incorporation of a joint venture		**(17,294)**	–
Acquisition of subsidiaries	19	**577**	(107,255)
Increase in prepayments and deposits for acquisition of property, plant and equipment		**(284,415)**	–
Increase in deposits for potential acquisition of photovoltaic power plants		**(246,235)**	(90,479)
Decrease in construction payables in relation to photovoltaic and wind power plant projects		**(299,237)**	(1,384,777)
Increase in other non-current assets and receivables from potential acquisition companies		**(429,523)**	(140,404)
Decrease in pledged bank deposits		**332,408**	6,597
Net cash used in investing activities		**(2,493,430)**	(1,787,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new convertible preference shares		**375,245**	750,490
Capital contributions by non-controlling equity holders		**30,078**	1,170
New bank borrowings		**440,827**	2,629,306
Repayment of bank borrowings		**(285,367)**	(7,166)
Proceeds received under finance lease arrangements		**4,432,606**	–
Capital element of finance lease rental payments		**(106,780)**	–
Interest on bank and other borrowings paid		**(99,653)**	(22,136)
Interest element of finance lease rental payments		**(111,489)**	–
Net cash from financing activities		**4,675,467**	3,351,664
NET INCREASE IN CASH AND CASH EQUIVALENTS		**948,919**	1,181,867
Cash and cash equivalents at beginning of period		**1,633,214**	1,098,040
Effect of foreign exchange rate changes, net		**60,026**	(40,190)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,642,159**	2,239,717

Notes to the Condensed Consolidated Financial Statements

30 June 2017

1. CORPORATE AND GROUP INFORMATION

Beijing Enterprises Clean Energy Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. During the six months ended 30 June 2017, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in the investment, development, construction, operation and management of photovoltaic power plants, photovoltaic power-related businesses and wind power-related business in the mainland ("Mainland China") of the People's Republic of China (the "PRC"). It also had a non-core business in the design, printing and sale of cigarette packages (the "Cigarette Packaging Business") in Mainland China.

2.1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance 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"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), except for the accounting treatment of the Cigarette Packaging Business (as detailed in "Basis of consolidation of the Cigarette Packaging Business" below). The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2016 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements, as further detailed in note 2.2 below.

These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

Basis of consolidation of the Cigarette Packaging Business

The Cigarette Packaging Business is carried out by the following wholly-owned subsidiaries of the Group:

(i) 深圳大洋洲印務有限公司 (Shenzhen Oceania Printing Company Limited*) (the "First PRC Company");

(ii) 惠州金彩印務有限公司 (Huizhou Jin Cai Printing Company Limited*) (the "Second PRC Company");

(iii) Super Future Investments Limited (the holding company of the First PRC Company); and

(iv) Meteor River Limited (the holding Company of Super Future Investments Limited) (collectively, the "Cigarette Packaging Subsidiaries").

The First PRC Company is the principal operating subsidiary of the Cigarette Packaging Business. The Second PRC Company did not commence any operation during the year ended 31 December 2016.

2.1. BASIS OF PREPARATION *(Continued)*

Basis of consolidation of the Cigarette Packaging Business *(Continued)*

Latest development

As disclosed in the Company's announcement dated 14 August 2017, the Company has reason to believe that without the knowledge or approval of the Board, the 100% equity interest in the Second PRC Company held by the First PRC Company has been transferred to a party related to Ms. Huang Li, the former director of the First PRC Company.

As disclosed in the Company's announcement dated 16 August 2017, in the course of its preparation of the financial statements for the six months ended 30 June 2017, the Company came to know that the financial information of the First PRC Company and the Second PRC Company for 2017 was missing.

Since then, the Group has recovered part of the financial records of the First PRC Company and the Second PRC Company from the key finance personnel of the First PRC Company and part of the financial records of Super Future Investments Limited and Meteor River Limited from Ms. Huang Li.

Verification

The Company is in the process of verifying, and has engaged external auditors to assist in the verification of these financial records. As at the date of this report, the verification has not been completed.

Exclusion of the Cigarette Packaging Business

As a result of the unauthorised removal of the financial information of the Cigarette Packaging Business for the six months ended 30 June 2017, additional time is required to verify the financial records of the Cigarette Packaging Subsidiaries for the six months ended 30 June 2017. The financial information for the Cigarette Packaging Business was not ready for the preparation of the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017. Accordingly, the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2017 (i) do not include any profit or loss information for the Cigarette Packaging Business; and (ii) only include the consolidated statement of financial position of the Cigarette Packaging Business as at 31 December 2016, and such accounting treatment is not in compliance with the requirements of HKFRSs. Despite the non-compliance, the Board and the audit committee of the Company considered that the financial information of the Cigarette Packaging Business would be insignificant and would not lead to material deviation to the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 due to the following reasons:

2.1. BASIS OF PREPARATION *(Continued)*

Basis of consolidation of the Cigarette Packaging Business *(Continued)*

Exclusion of the Cigarette Packaging Business *(Continued)*

(i) the Cigarette Packaging Business is a non-core business and it is expected that the contribution to the Group's profit or loss and financial position attributable to the Cigarette Packaging Business will be further reduced and insignificant. The consolidated statement of financial position as at 31 December 2016 and the consolidated statement of profit or loss for the year ended 31 December 2016 of the Cigarette Packaging Business included in the Group's audited consolidated financial statements for the year ended 31 December 2016 are set out below for reference:

Consolidated statement of financial position of the Cigarette Packaging Business as at 31 December 2016

	HK$'000 *(Note)*
Assets and liabilities:	
Property, plant and equipment	55,074
Prepaid land lease payments	19,199
Prepayments, deposits and other receivables	24,821
Inventories	22,715
Trade and bills receivables	95,865
Restricted cash and pledged bank deposits	5,858
Cash and cash equivalents	77,929
Trade and bills payables	(58,503)
Other payables and accruals	(11,178)
Interest-bearing bank borrowing	(30,184)
Income tax payables	(6,077)
Deferred tax liabilities	(4,639)
Net assets	190,880
Equity:	
Special reserves	79,601
Statutory surplus reserve	34,145
Exchange fluctuation reserve	2,202
Retained earnings	74,932
Total equity	190,880

2.1. BASIS OF PREPARATION *(Continued)*

Basis of consolidation of the Cigarette Packaging Business *(Continued)*

Exclusion of the Cigarette Packaging Business *(Continued)*

(i) *(Continued)*

Consolidated statement of profit or loss of the Cigarette Packaging Business for the year ended 31 December 2016

	HK$'000 *(Note)*
Revenue	168,612
Cost of sales	(117,689)
Gross profit	50,923
Other income and gains, net	2,235
Selling and distribution expenses	(3,563)
Administrative expenses	(42,055)
Other operating expenses	(79)
Finance costs	(1,381)
Profit before tax	6,080
Income tax expense	(9,167)
Loss for the year	(3,087)

Note: As mentioned above, the above financial position balances of the Cigarette Packaging Business as at 31 December 2016 have been included in the Group's unaudited interim condensed consolidated statement of financial position as at 30 June 2017, and no profit or loss amounts of the Cigarette Packaging Business have been included in the Group's unaudited interim condensed consolidated profit or loss for the six months ended 30 June 2017.

(ii) the Company and other members of the Group that are engaged in the clean energy businesses have not provided any security and guarantee for any indebtedness, obligations or liabilities of the Cigarette Packaging Business. It is unlikely that the Cigarette Packaging Business could raise any significant sum of debt financing. Based on the financial records recovered from the key finance personnel of the First PRC Company and Ms. Huang Li, the bank borrowing of the Cigarette Packaging Business amounted to approximately HK$24 million as at 30 June 2017, representing a decrease of approximately HK$6 million as compared to 31 December 2016; and

(iii) Ms. Huang Li was removed as director of the First PRC Company and the other members of the Group of which she was a director, on 12 August 2017 with immediate effect.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, for the first time for the current period's interim condensed consolidated financial statements:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Annual Improvements 2014-2016 Cycle	*Amendments to a number of HKFRSs*

The adoption of these revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has one reportable operating segment (six months ended 30 June 2016: two reportable operating segments) as follows:

(a) investment, development, construction, operation and management of photovoltaic power plants, photovoltaic and wind power-related businesses; and

(b) design, printing and sale of cigarette packages in the PRC (a non-core business during the six months ended 30 June 2017).

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that head office and corporate income/(expenses) and certain of the finance costs of the head office are excluded from this measurement.

Segment assets exclude available-for-sale investment and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2017 and 2016

	Photovoltaic and wind power businesses		Cigarette packaging business		Total	
	2017 (unaudited) HK$'000	2016 (unaudited) HK$'000	**2017 (unaudited) HK$'000**	2016 (unaudited) HK$'000	**2017 (unaudited) HK$'000**	2016 (unaudited) HK$'000
Segment revenue:						
Sales to external customers	**3,858,154**	537,940	**–**	79,575	**3,858,154**	617,515
Segment results:						
The Group	**748,278**	133,841	**–**	2,902	**748,278**	136,743
Share of profit and loss of a joint venture	**2,233**	–	**–**	–	**2,233**	–
Reconciliation:						
Unallocated gains					**58**	373
Corporate and other unallocated expenses					**(13,513)**	(6,617)
Unallocated finance costs					**(36,457)**	(22,136)
Profit before tax					**700,599**	108,363
Income tax expense					**(64,598)**	(36,971)
Profit for the period					**636,001**	71,392

3. OPERATING SEGMENT INFORMATION *(Continued)*

As at 30 June 2017 and 31 December 2016

	Photovoltaic and wind power businesses		Cigarette packaging business		Total	
	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000	**30 June 2017 (unaudited) HK$'000**	31 December 2016 (audited) HK$'000	**30 June 2017 (unaudited) HK$'000**	31 December 2016 (audited) HK$'000
Segment assets	**24,399,259**	17,132,553	**301,461**	301,461	**24,700,720**	17,434,014
Reconciliation:						
Available-for-sale investment					**528,506**	–
Corporate and other unallocated assets						
– Property, plant and equipment					**873**	983
– Prepayments, deposits and other receivables					**907**	246
– Cash and bank balances					**125,919**	143,372
Total assets					**25,356,925**	17,578,615
Segment liabilities	**17,469,969**	10,691,102	**110,581**	110,581	**17,580,550**	10,801,683
Reconciliation:						
Corporate and other unallocated liabilities						
– Interest-bearing bank and other borrowings					**1,986,539**	2,275,498
– Other payables and accruals					**9,249**	16,558
Total liabilities					**19,576,338**	13,093,739

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the aggregate of (i) sale of electricity with tariff adjustment from photovoltaic and wind power generation, net of value-added tax; (ii) an appropriate proportion of contract revenue of construction contracts relating to photovoltaic power-related businesses, net of value-added tax; (iii) the value of technical consultancy services rendered from photovoltaic power-related businesses, net of value-added tax; (iv) the value of entrusted operations services of photovoltaic power-related businesses, net of value-added tax; and (v) the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains, net is as follows:

	For the six months ended 30 June	
	2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Revenue		
Photovoltaic power-related businesses:		
Sale of electricity with tariff adjustment[@]	**656,669**	7,425
Construction services	**3,067,164**	474,600
Technical consultancy services	**90,021**	31,942
Entrusted operations	**7,481**	23,973
Wind power-related business:		
Sale of electricity with tariff adjustment[@]	**36,819**	–
Sale of cigarette packages	**–**	79,575
	3,858,154	617,515
Other income and gains, net		
Bank interest income	**3,714**	2,614
Other interest income	**4,718**	–
Government grants[#]	**5,771**	–
Gains on bargain purchase of subsidiaries (note 19)	**7,757**	1,585
Others	**130**	248
	22,090	4,447

@ Tariff adjustment represents subsidy from the government authorities in respect of the Group's photovoltaic and wind power plants businesses.

\# The government grants represented unconditional government subsidies and value-added tax refund.

5. FINANCE COSTS

	For the six months ended 30 June 2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Interest on bank and other loans	**99,653**	22,136
Interest on finance leases	**111,489**	–
	211,142	22,136

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June 2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Cost of sales of electricity	**27,995**	–
Cost of construction services	**2,601,184**	362,546
Cost of technical consultancy services	**5,459**	1,021
Cost of services in relation to entrusted operations	**314**	625
Cost of inventories sold in relation to the Cigarette Packaging Business	**–**	55,750
Depreciation@	**180,726**	8,531
Amortisation of prepaid land lease payments^	**5,915**	164
Amortisation of operating rights^	**9,469**	–
Amortisation of other intangible assets#	**296**	11

@ Depreciation for the period amounted to approximately HK$178,999,000 and approximately HK$1,727,000 (six months ended 30 June 2016: approximately HK$7,151,000 and approximately HK$1,380,000) are included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

^ Amortisation of prepaid land lease payments and operating rights for the period are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

Amortisation of other intangible assets for the period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2016: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on the prevailing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operation of photovoltaic and wind power plants; and/or (ii) they have operations in the Western region of Mainland China that are qualified for a 15% concessionary corporate income tax rate for a prescribed period of time pursuant to the "Circular of the State Council on Policies and Measures Concerning the Large-scale Development of China's Western Regions" (Guo Fa [2000] No. 33) issued by the State Council of Mainland China.

	For the six months ended 30 June	
	2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Current – Mainland China	**62,950**	36,971
Deferred	**1,648**	–
Total tax expense for the period	**64,598**	36,971

8. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the period ended 30 June 2017 (six months ended 30 June 2016: Nil). No 2016 final dividend was declared during the interim period.

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2017 and 2016, and the weighted average number of ordinary shares and convertible preference shares in issue during the periods.

The calculation of the diluted earnings per share amounts for the periods is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2017 and 2016, and the weighted average number of ordinary shares and convertible preference shares in issue during the periods, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued as a result of the effect from the forward contract on the convertible preference shares.

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(Continued)

The calculation of the basic and diluted earnings per share amounts is based on the following data:

	For the six months ended 30 June	
	2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Earnings		
Profit for the period attributable to equity holders of the Company, used in the basic and diluted earnings per share calculation	**627,156**	65,760

	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Number of ordinary shares and convertible preference shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the period, used in the basic earnings per share calculation	**51,411,511,346**	29,872,705,082
Effect of dilution – weighted average number of ordinary shares from forward contract on convertible preference shares	**2,053,431,632**	16,834,667,104
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation	**53,464,942,978**	46,707,372,186

	For the six months ended 30 June	
	2017 (unaudited)	2016 (unaudited)
Basic earnings per share	**HK1.22 cents**	HK0.22 cents
Diluted earnings per share	**HK1.17 cents**	HK0.14 cents

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group had additions to property, plant and equipment of approximately HK$1,045,784,000 (six months ended 30 June 2016: approximately HK$176,706,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of approximately HK$106,951,000 (six months ended 30 June 2016: approximately HK$1,760,768,000) (note 19).

11. AVAILABLE-FOR-SALE INVESTMENT

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Listed equity investment, at fair value	**528,506**	–

The above listed equity investment represented approximately 15.66% equity interest in 四川金宇汽車城（集團）股份有限公司 ("Sichuan Jinyu", Sichuan Jinyu Automobile City (Group) Co., Ltd.* (stock code: SZ.000803)), a company established in the PRC and the shares of which are listed on the Shenzhen Stock Exchange.

The above investment consists of investment in an equity security which was designated as an available-for-sale financial asset and has no fixed maturity date or coupon rate.

During the period, the gross gain in respect of the Group's available-for-sale investment recognised in the condensed consolidated statement of comprehensive income amounted to approximately HK$30,651,000 (six months ended 30 June 2016: Nil).

12. TRADE AND BILLS RECEIVABLES

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Trade and bills receivables	**3,100,558**	865,311
Tariff adjustment#	**968,423**	429,796
Total trade and bills receivables	**4,068,981**	1,295,107

The Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 90 days and 30 days to 180 days to its customers in the Cigarette Packaging Business and in the photovoltaic and wind power-related businesses, respectively, and accepts settlement of certain trade receivables by bank bills with maturity periods from 90 days to 180 days.

12. TRADE AND BILLS RECEIVABLES *(Continued)*

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Billed:		
Within 3 months	**2,323,094**	761,964
4 to 6 months	**146,049**	76,569
7 to 12 months	**557,684**	21,733
Over 1 year	**73,731**	5,045
	3,100,558	865,311
Unbilled#	**968,423**	429,796
	4,068,981	1,295,107

Tariff adjustment receivables as at 30 June 2017 of approximately HK$968,423,000 (31 December 2016: approximately HK$429,796,000) represented the central government renewable energy subsidy receivable on behalf by the State Grid Corporation of China (the "State Grid") and payable to the Group by the State Grid, in respect of the Group's photovoltaic and wind power plant operations based on the existing government policies.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Prepayments	**1,401,757**	203,250
Deposits and other receivables	**2,382,014**	1,940,600
	3,783,771	2,143,850
Portion classified as current assets	**(2,361,153)**	(1,386,711)
Non-current portion	**1,422,618**	757,139

14. TRADE AND BILLS PAYABLES

The trade and bills payables for the Cigarette Packaging Business and the photovoltaic and wind power-related businesses are non-interest-bearing and are normally settled on terms of 60 days to 90 days and 90 days to 180 days, respectively.

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Within 3 months	**2,202,932**	1,100,274
4 to 6 months	**435,159**	43,651
7 to 12 months	**186,256**	198
1 to 2 years	**158,930**	224
	2,983,277	1,144,347

15. OTHER PAYABLES AND ACCRUALS

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Deposits received	**145**	1,934
Other payables	**3,975,249**	3,807,785
Accruals	**20,060**	19,076
	3,995,454	3,828,795

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Bank loans:		
Secured	**1,387,750**	1,284,052
Unsecured	**2,639,252**	2,529,271
	4,027,002	3,813,323
Other loan, unsecured	**1,066,853**	1,014,814
	1,066,853	1,014,814
Total bank and other borrowings	**5,093,855**	4,828,137
Analysed into:		
Bank loans repayable:		
Within one year	**1,471,083**	1,583,540
In the second year	**126,219**	95,211
In the third to fifth years, inclusive	**1,488,613**	1,405,118
Beyond five years	**941,087**	729,454
	4,027,002	3,813,323
Other loan repayable:		
In the second year	**1,066,853**	1,014,814
	1,066,853	1,014,814
Total bank and other borrowings	**5,093,855**	4,828,137
Portion classified as current liabilities	**(1,471,083)**	(1,583,540)
Non-current portion	**3,622,772**	3,244,597

16. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) pledges over the trade receivables in respect of sale of electricity of certain subsidiaries; or

(ii) pledges over certain of the Group's bank balances.

(b) Certain bank borrowings have been guaranteed by the Company and/or its subsidiaries.

(c) The Group's bank and other borrowings bear interest at floating rates with effective interest rates ranging from 2.08% to 5.82% (31 December 2016: 2.08% to 6.60%), except for a bank loan in a principal amount of RMB15,000,000 (equivalent to approximately HK$17,265,000) (31 December 2016: a bank loan in a principal amount of RMB15,000,000 (equivalent to approximately HK$16,769,000)) bearing interest at a fixed rate of 4.60% per annum (31 December 2016: 4.60% per annum).

(d) Agreements of certain bank borrowings of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company as detailed in the section headed "Specific Performance Obligations On Controlling Shareholder" in "Disclosure Information".

17. FINANCE LEASE PAYABLES

The Group leases certain property, plant and equipment for its photovoltaic and wind power businesses under finance lease arrangements. The leases are classified as finance leases and had remaining lease terms of 3 to 15 years as at 30 June 2017 (31 December 2016: 3 to 15 years).

The total future minimum lease payments under the finance leases and their present values were as follows:

	Minimum lease payments 30 June 2017 (unaudited) HK$'000	Minimum lease payments 31 December 2016 (audited) HK$'000	**Present value of minimum lease payments 30 June 2017 (unaudited) HK$'000**	Present value of minimum lease payments 31 December 2016 (audited) HK$'000
Amounts repayable:				
Within one year	**689,881**	297,607	**355,122**	142,974
In the second year	**912,182**	359,796	**515,550**	194,651
In the third to fifth years, inclusive	**3,866,786**	1,282,974	**3,057,610**	910,609
Over five years	**3,508,466**	1,813,193	**3,084,699**	1,557,942
Total minimum finance lease payments	**8,977,315**	3,753,570	**7,012,981**	2,806,176
Future finance charges	**(1,964,334)**	(947,394)		
Total net finance lease payables	**7,012,981**	2,806,176		
Portion classified as current liabilities	**(355,122)**	(142,974)		
Non-current portion	**6,657,859**	2,663,202		

17. FINANCE LEASE PAYABLES *(Continued)*

Notes:

(a) The above finance lease arrangements are secured by:

(i) pledges over the Group's leased assets;

(ii) pledges over the trade receivables in respect of the sale of electricity of certain subsidiaries; and/or

(iii) pledges over the Group's equity interests in certain subsidiaries.

(b) The above finance lease arrangements have been guaranteed by the Company and/or its subsidiaries.

(c) Agreements of certain finance leases of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company as detailed in the section headed "Specific Performance Obligations On Controlling Shareholder" in "Disclosure Information".

18. SHARE CAPITAL

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Authorised		
Ordinary shares:		
466,637,115,100 shares of HK$0.001 each	**466,637**	466,637
Convertible preference shares:		
33,362,884,900 shares of HK$0.001 each	**33,363**	33,363
	500,000	500,000
Issued and fully paid		
Ordinary shares:		
54,744,337,810 (31 December 2016: 42,512,107,314) shares of HK$0.001 each	**54,744**	42,512
Convertible preference shares:		
Nil (31 December 2016: 7,482,296,716) shares of HK$0.001 each	**–**	7,483
	54,744	49,995

18. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital during the six months ended 30 June 2017 is as follows:

	Number of ordinary shares in issue (unaudited)	Number of convertible preference shares in issue (unaudited)	Ordinary shares (unaudited) HK$'000	Convertible preference shares (unaudited) HK$'000	Total (unaudited) HK$'000
At 1 January 2017	**42,512,107,314**	**7,482,296,716**	**42,512**	**7,483**	**49,995**
Issue of new convertible preference shares (Note)	**–**	**4,749,933,780**	**–**	**4,749**	**4,749**
Conversion of convertible preference shares (Note)	**12,232,230,496**	**(12,232,230,496)**	**12,232**	**(12,232)**	**–**
At 30 June 2017	**54,744,337,810**	**–**	**54,744**	**–**	**54,744**

Note:

On 9 December 2014, 29 December 2014, 31 January 2015 and 30 April 2015, a principal and several supplemental subscription agreements (collectively the "Subscription Agreements") were entered into by the Company and four subscribers (the "Subscribers"). Pursuant to which, the Subscribers had conditionally agreed to subscribe for, or procure subscribers to subscribe for, and the Company has conditionally agreed to allot and issue:

(i) 14,136,452,910 ordinary shares and an aggregate of 113,348,440 convertible preference shares at the completion date of 6 May 2015 (the "Completion Date");

(ii) an aggregate of 9,499,867,560 convertible preference shares on the 183rd day after the Completion Date;

(iii) an aggregate of 9,499,867,560 convertible preference shares on the first anniversary of the Completion Date;

(iv) an aggregate of 9,499,867,560 convertible preference shares on the 183rd day after the first anniversary of the Completion Date; and

(v) an aggregate of 4,749,933,780 convertible preference shares on the second anniversary of the Completion Date.

The par value of each of the ordinary share and the convertible preference share is HK$0.001 and the issue price of each of the ordinary share and the convertible preference share is HK$0.079.

During the six months ended 30 June 2017, 12,232,230,496 convertible preference shares were converted into 12,232,230,496 ordinary shares by the holders of convertible preference shares. All convertible preference shares were fully converted into ordinary shares as at 30 June 2017.

19. BUSINESS COMBINATIONS

The provisional fair values of the identifiable assets and liabilities of the subsidiary acquired during the period as at its date of acquisition were as follows:

	30 June 2017 (unaudited) HK$'000 (notes)	30 June 2016 (unaudited) HK$'000
Net assets acquired		
Property, plant and equipment (note 10)	**106,951**	1,760,768
Prepaid land lease payments	**721**	–
Trade receivables	**8,312**	21,812
Prepayments, deposits and other receivables	**10,452**	220,726
Other tax recoverables	**18,124**	103,172
Cash and cash equivalents	**577**	18,113
Trade payables	**–**	(22,043)
Other payables and accruals	**(137,380)**	(2,000,688)
Non-controlling interests	**–**	(4,674)
	7,757	97,186
Goodwill	**–**	29,767
Gains on bargain purchase (note 4)	**(7,757)**	(1,585)
	–	125,368
Satisfied by cash	**–**	125,368
Net cash inflow/(outflow) in respect of the acquisition:		
Cash consideration	**–**	(125,368)
Cash and cash equivalents acquired	**577**	18,113
	577	(107,255)

The transaction costs incurred by the Group for the acquisitions had been expensed and also included in administrative expenses in the condensed consolidated statements of profit or loss for the six months ended 30 June 2017 and 2016.

19. BUSINESS COMBINATIONS *(Continued)*

The gains on bargain purchase arising from the above acquisitions are determined on a provisional basis as the Group is in the process of completing the independent valuations to assess the fair values of the identified assets acquired. They may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition dates.

During the period, the acquired business contributed approximately HK$8,146,000 (six months ended 30 June 2016: approximately HK$477,713,000) and approximately HK$6,035,000 (six months ended 30 June 2016: approximately HK$84,619,000) to the Group's revenue and profit for the period between the date of acquisition and the end of the reporting period, respectively.

Had the above acquisition been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2017 would have been approximately HK$3,860,935,000 (six months ended 30 June 2016: approximately HK$655,894,000), and the amount of the profit for the interim period would have been approximately HK$638,572,000 (six months ended 30 June 2016: approximately HK$61,021,000). The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

Notes:

(a) In March 2017, the Group completed the acquisition of a company operating in the photovoltaic power business in Hubei Province, the PRC, from an independent third party at no consideration.

(b) The fair values of the trade receivables, and deposits and other receivables as at its date of acquisition amounted to approximately HK$8,312,000 and approximately HK$8,568,000, respectively.

20. CONTINGENT LIABILITIES

At 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

21. COMMITMENTS

(a) The Group had the following capital commitments at the end of the reporting period:

	30 June 2017 (unaudited) HK$'000	31 December 2016 (audited) HK$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of photovoltaic power plants	**2,833,178**	2,368,031
Capital contribution to the Limited Partnership (note)	**101,001**	–

Note: On 29 June 2017, the Group's subsidiary entered into a partnership agreement in relation to the formation of the limited partnership established under the name of 華潤北控（汕頭）新能源產業基金合夥企業（有限合夥）(CR BE (Shantou) New Energy Industrial Fund Partnership Corporation (Limited Partnership)*) (the "Limited Partnership"). The total maximum capital contribution of the Limited Partnership by the Group's subsidiary is RMB175,500,000 (equivalent to approximately HK$202,003,000). Further details are set out in the Company's announcement dated 29 June 2017. Pursuant to a supplemental agreement dated 28 July 2017, the total maximum capital contribution of the Limited Partnership by the Group's subsidiary is adjusted from RMB175,500,000 (equivalent to approximately HK$202,003,000) to RMB87,750,000 (equivalent to approximately HK$101,001,000). Further details are set out in the Company's announcement dated 28 July 2017.

Pursuant to a guarantee agreement dated 29 June 2017, the Company and one of the general partners of the Limited Partnership agreed to guarantee and indemnify each of the guaranteed partners on a joint and several basis in respect of (i) each of its outstanding capital contribution to the Limited Partnership as at the end of the Limited Partnership; and (ii) the distributions to be payable by the Limited Partnership to each of the guaranteed partners (collectively the "Guarantee"). The Guarantee will be borne by the Company and the general partner on a 65:35 basis and the maximum exposure of the 65% Guarantee to be borne by the Company is approximately RMB2,152,181,000 (equivalent to approximately HK$2,477,188,000). Further details are set out in the Company's announcement dated 29 June 2017. The maximum exposure of the 65% Guarantee is reduced by half to approximately RMB1,076,090,000 (equivalent to approximately HK$1,238,594,000) upon reduction of the total maximum capital contribution of the Limited Partnership pursuant to the supplemental agreement dated 28 July 2017 as detailed in note 24(c) to the condensed consolidated financial statements.

(b) The Group entered into certain cooperative agreements pursuant to which, subject to certain conditions including successful grid-connected power generation, among others, the Group may enter into sale and purchase agreements for acquisitions of equity interests of several photovoltaic power plants. In the opinion of the Directors, the aggregate maximum amount of consideration for the potential acquisitions are expected to be approximately HK$1,975 million (31 December 2016: approximately HK$1,508 million), of which deposits of approximately HK$593,681,000 (31 December 2016: approximately HK$347,446,000) have been placed as at 30 June 2017.

Save as disclosed above, at 30 June 2017, the Group did not have any significant commitments (as at 31 December 2016: Nil).

22. RELATED PARTY DISCLOSURES

(a) Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had no other material transactions during the six months ended 30 June 2017 and 2016 and outstanding balances with related parties as at 30 June 2017 and 31 December 2016.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Short-term employee benefits	**2,246**	1,974
Pension scheme contributions	**22**	31
Total compensation paid to key management personnel	**2,268**	2,005

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair value of financial assets and liabilities which are due to be received or settled within one year are approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the Directors and audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Directors. The valuation process and results are discussed with audit committee twice a year for interim and annual financial reporting.

The following methods and assumptions were used to estimate the fair values:

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the non-current portion of deposits and other receivables, interest-bearing bank and other borrowings and finance lease payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the Directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

The fair value of listed available-for-sale investment is stated at fair value based on its quoted market price (as categorised within Level 1 of the fair value hierarchy).

Fair value hierarchy disclosure

During the six months ended 30 June 2017, there was no transfer into or out of Level 1.

24. EVENTS AFTER THE REPORTING PERIOD

(a) On 12 July 2017, 北京北控光伏科技發展有限公司 ("BENE", Beijing Enterprises Photovoltaic Development Company Limited*, an indirect wholly-owned subsidiary of the Company) acquired 389,900 ordinary shares of Sichuan Jinyu, a company established in the PRC and shares of which are listed on the Shenzhen Stock Exchange. Immediately upon the completion of the acquisition, the Group was interested in an aggregate of 20,589,852 ordinary shares in Sichuan Jinyu, representing approximately 16.12% of the total issued share capital of Sichuan Jinyu. The aggregate consideration for the acquisitions amounted to approximately RMB445,564,000 (equivalent to approximately HK$512,850,000). Further details are set out in the Company's announcement dated 12 July 2017;

(b) The open offer as detailed in the paragraphs headed "The open offer" under the section "Capital structure" in "Management Discussion and Analysis" of this report;

(c) Pursuant to a supplemental agreement dated 28 July 2017, the partners of the Limited Partnership revisited the funding requirement of the photovoltaic power projects under the Limited Partnership and adjusted the total maximum capital contribution from RMB3,000,000,000 (equivalent to approximately HK$3,453,039,000) to RMB1,500,000,000 (equivalent to approximately HK$1,726,519,000). Further details are set out in the Company's announcements dated 29 June 2017 and 28 July 2017;

(d) On 8 August 2017, Champion South (Hong Kong) Limited (an indirect wholly-owned subsidiary of the Company), Great First (Hong Kong) Limited (a company indirectly wholly-owned by Mr. Hu Xiaoyong, the chairman of the Company and an executive Director), 西藏多能共拓創業投資合夥企業（普通合夥）(Tibet Duo Neng Gong Tuo Chuang Ye Investment Partnership Corporation (General Partnership)* (of which Mr. Huang Weihua (an executive Director) and a director of certain insignificant subsidiaries (as defined in Rule 14A.09 of the Listing Rules) of the Group directly own 81% and 19% equity interest respectively)) and 西藏創合享惠創業投資合夥企業（普通合夥）(Tibet Chuang He Xiang Hui Chuang Ye Investment Partnership Corporation (General Partnership)* (which is directly owned as to 50% equity interest by a director of an insignificant subsidiary (as defined in Rule 14A.09 of the Listing Rules) of the Group)) and Certain independent third parties entered into an agreement in respect of the formation of 北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited*), an indirect 50%-owned subsidiary of the Company with a registered capital of RMB720,000,000 (equivalent to approximately HK$828,729,000). Further details are set out in the Company's announcement dated 8 August 2017;

24. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(e) On 9 August 2017, BENE, 深圳摩根富通股權投資基金有限公司 (Shenzhen Mogenfutong Fund Co., Ltd.*), 江蘇省國際信託有限責任公司 ("Jiangsu Int'l", Jiangsu International Trust Corporation Limited*) and 上海網實金服數據服務有限公司 ("Shanghai Wangshi", Shanghai Wangshi Financial Services and Data Services Company Limited*) entered into a partnership agreement in relation to the establishment of a limited partnership under the name of 北京北控蘇銀股權投資管理中心(有限合夥) (Beijing BE Suyin Equity Investment Management Centre (Limited Partnership)*) with a total maximum capital contribution of RMB1,000,100,000 (equivalent to approximately HK$1,151,128,000). Pursuant to an acquisition agreement entered into between the Company, BENE, Jiangsu Int'l and Shanghai Wangshi dated 9 August 2017, the Company and Shanghai Wangshi agreed to acquire respectively from Jiangsu Int'l 65% and 35% of its entire capital contribution in the limited partnership at consideration of not more than RMB586,950,000 (equivalent to approximately HK$675,587,000) and RMB316,050,000 (equivalent to approximately HK$363,778,000) respectively, which are payable in cash to Jiangsu Int'l on the 5th anniversary of the date upon the first capital contribution by Jiangsu Int'l to the limited partnership. Each of the Company or BENE on one part and Shanghai Wangshi on the other will guarantee the other's payment obligation with respect to the acquisitions. In addition, the Company and Shanghai Wangshi agreed to provide in favour of Jiangsu Int'l a guarantee on its return in an aggregate amount of RMB203,000,000 (equivalent to approximately HK$233,656,000) calculated at a simple annualised rate of return of 5.8% on its outstanding capital contribution over the five-year term of the limited partnership on a joint and several basis. Further details are set out in the Company's announcement dated 9 August 2017; and

(f) On 10 August 2017, 北控清潔能源電力有限公司 ("BECEE", Beijing Enterprises Clean Energy Electricity Company Limited*, an indirect 85%-owned subsidiary of the Company) and 蘇州中來光伏新材股份有限公司 ("Jolywood", Jolywood (Suzhou) Sunwatt Co., Ltd.) as guarantors entered into a guarantee agreement with 華融國際信託有限責任公司 ("Huarong Trust", Huarong International Trust Co., Ltd.*), pursuant to which BECEE and Jolywood provide a guarantee in the maximum amount of RMB1,242,102,700 (equivalent to approximately HK$1,429,676,000) in favour of Huarong Trust on a joint and several basis, with respect of the repayment obligations of the borrowers (as detailed in the Company's announcement dated 10 August 2017) for all amounts payable by the borrowers under the loan agreements dated 4 August 2017 entered into between Huarong Trust and these borrowers. In addition, on 10 August 2017, BECEE and Jolywood as the holders of the subordinated units of the trust scheme under the name of 華融•北控清潔能源電力項目投資集合資金信託計劃 (Huarong BECE Electricity Project Investment Fund Raising Trust Scheme*), and Bank of Dalian as the holder of the preferred units of the trust scheme, entered into an option agreement with respect to the right of Bank of Dalian to require BECEE and/or Jolywood to acquire all the preferred units at a maximum consideration of RMB716,895,600 (equivalent to approximately HK$825,156,000) in the proportion of 40:60 as between BECEE and Jolywood, which is exercisable on any date falling on the third anniversary of the date of establishment of the trust scheme. Further details are set out in the Company's announcement dated 10 August 2017.

25. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Directors on 29 August 2017.

* *For identification purpose only*

DISCLOSURE OF INTERESTS

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2017, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules (the "Model Code"), were as follows:

Long positions in the shares and/or underlying shares of the Company

Name of Directors	Capacity in which shares are held	Number of Ordinary Shares held	Approximate percentage of the Company's issued share capital *(Note 1)*
Mr. Hu Xiaoyong *(Note 2)*	Interest of controlled corporation	2,000,000,000	3.65%
Mr. Wang Ye *(Note 3)*	Interest of controlled corporation	797,911,400	1.46%

Notes:

(1) The percentage represents the aggregate number of Ordinary Shares held over the total issued shares of the Company of 54,744,337,810 shares as at 30 June 2017.

(2) As at 30 June 2017, Zhihua, a company wholly and beneficially owned by Mr. Hu Xiaoyong, an executive Director, holds 2,000,000,000 Ordinary Shares.

(3) As at 30 June 2017, Bestech, which is a company incorporated in the PRC of which Mr. Wang Ye, an executive Director, is its controlling shareholder, holds 797,911,400 Ordinary Shares.

Save as disclosed above, as at 30 June 2017, there were no interest or short position of the Directors or chief executives of the Company in the shares, the underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), that are required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations", at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Disclosure Information

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted during or at the end of the period under review.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, so far as was known to the Directors or chief executives of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in the shares and/or underlying shares of the Company

Name of shareholders	Capacity in which shares are held	Number of Ordinary Shares held	Approximate percentage of the Company's issued share capital *(Note 1)*
Beijing Enterprises Group Company Limited ("BE Group") *(Note 2)*	Interest of controlled corporation	17,721,519,000	32.37%
Beijing Enterprises Holdings Limited ("BEHL") *(Note 2)*	Interest of controlled corporation	17,721,519,000	32.37%
BEWG *(Note 2)*	Interest of controlled corporation	17,721,519,000	32.37%
Fast Top *(Note 2)*	Beneficial interest	17,721,519,000	32.37%
CITIC Securities Company Limited *(Notes 3 and 4)*	Interest of controlled corporation	15,189,873,410	27.75%
CITIC Securities International Co. Ltd. *(Note 3)*	Interest of controlled corporation	7,594,936,710	13.87%
CLSA Global Investment Management Limited *(Note 3)*	Interest of controlled corporation	7,594,936,710	13.87%
CITIC PE Holdings Limited *(Note 3)*	Interest of controlled corporation	7,594,936,710	13.87%
CITIC PE Funds II Limited *(Note 3)*	Interest of controlled corporation	7,594,936,710	13.87%
CITIC PE Associates II, L.P. *(Note 3)*	Interest of controlled corporation	7,594,936,710	13.87%
CPEChina Fund II, L.P. *(Note 3)*	Interest held jointly with another person	7,594,936,710	13.87%
CPEChina Fund IIA, L.P. *(Note 3)*	Interest held jointly with another person	7,594,936,710	13.87%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

Name of shareholders	Capacity in which shares are held	Number of Ordinary Shares held	Approximate percentage of the Company's issued share capital *(Note 1)*
CTSL Green Power Investment Limited ("Green Power") *(Note 3)*	Beneficial interest	7,594,936,710	13.87%
中信產業投資基金管理有限公司(CITIC Private Equity Funds Management Co., Ltd.*) *(Note 4)*	Interest of controlled corporation	7,594,936,700	13.87%
上海磐諾企業管理有限公司(Shanghai Pannuo Enterprise Management Service Company Limited*) *(Note 4)*	Interest of controlled corporation	7,594,936,700	13.87%
北京宥德投資管理中心（有限合夥）(Beijing Youde Investment Management Center (Limited Partnership)*) *(Note 4)*	Interest of controlled corporation	7,594,936,700	13.87%
北京中信投資中心（有限合夥）(CITIC Private Equity Fund III (RMB)*) ("CITIC PEF III") *(Note 4)*	Interest of controlled corporation	7,594,936,700	13.87%
CTSL New Energy Investment Limited ("New Energy") *(Note 4)*	Beneficial interest	7,594,936,700	13.87%
清華大學 (Tsinghua University) *(Note 5)*	Interest of controlled corporation	4,045,000,000	7.39%
清華控股有限公司 (Tsinghua Holdings Co., Ltd.*) *(Note 5)*	Interest of controlled corporation	4,045,000,000	7.39%
Tus-Holdings *(Note 5)*	Interest of controlled corporation	4,045,000,000	7.39%
Tuspark Technology Innovation Ltd.（啟迪科創有限公司）*(Note 5)*	Beneficial Interest	4,045,000,000	7.39%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

(1) The percentage represents the aggregate number of Ordinary Shares held over the total issued shares of the Company of 54,744,337,810 shares as at 30 June 2017.

(2) As at 30 June 2017, Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 17,721,519,000 Ordinary Shares. As at 30 June 2017, BEWG is directly held as to approximately 43.67% (representing 3,824,367,831 shares of BEWG) by Beijing Enterprises Environmental Construction Limited ("BE Environmental"). BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn directly held as to approximately 61.96% by Beijing Enterprises Group (BVI) Company Limited (by itself and through its subsidiaries) as at 30 June 2017, and which is in turn wholly-owned by BE Group. Beijing Enterprises Group (BVI) Company Limited also directly holds 3,010,000 shares in the share capital of BEWG. As a result, BEWG is indirectly held as to approximately 43.70% (representing 3,827,377,831 shares of BEWG) by BE Group as at 30 June 2017.

(3) As at 30 June 2017, Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 7,594,936,710 Ordinary Shares. CPEChina Fund II L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of the CPEChina Fund II L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly-owned by CITIC PE Holdings Limited, which is owned as to 35% by CLSA Global Investment Management Limited. CLSA Global Investment Management Limited is wholly-owned by CITIC Securities International Co. Ltd., which is in turn wholly-owned by CITIC Securities Company Limited, a company listed on the Stock Exchange and the Shanghai Stock Exchange.

(4) As at 30 June 2017, New Energy, a wholly-owned subsidiary of CITIC PEF III, beneficially holds 7,594,936,700 Ordinary Shares. CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is 北京宥德投資管理中心（有限合夥）(Beijing Youde Investment Management Center (Limited Partnership)*), a limited partnership registered under the laws of the PRC whose general partner is 上海磐諾企業管理有限公司(Shanghai Pannuo Enterprise Management Service Company Limited*), a limited liability company incorporated in the PRC. 上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) is wholly-owned by 中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd*), which is in turn owned as to 35% by CITIC Securities Company Limited, a company listed on the Stock Exchange and the Shanghai Stock Exchange.

(5) As at 30 June 2017, Tuspark Technology Innovation Ltd.（啟迪科創有限公司）, a wholly-owned subsidiary of Tus-Holdings, beneficially holds 4,045,000,000 Ordinary Shares. Tus-Holdings is directly held as to 44.92% by 清華控股有限公司 (Tsinghua Holdings Co., Ltd.*). 清華控股有限公司 (Tsinghua Holdings Co., Ltd.*) is wholly-owned by 清華大學 (Tsinghua University).

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any persons (other than the Directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentive to employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders ("Eligible Participants") of the Group and promoting the success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire on 10 June 2023 subject to early termination provisions contained in the Share Option Scheme. The Board may grant options to Eligible Participants to subscribe for shares in the Company subject to the terms of the Share Option Scheme.

As approved by the shareholders of the Company at the annual general meeting held on 31 May 2017 (the "2017 AGM"), the maximum number of Ordinary Shares in respect of which options may be granted under the Share Option Scheme was refreshed to 5,430,492,417 Ordinary Shares which is equivalent to 10% of the issued Ordinary Shares as at the date of the 2017 AGM and representing 9.92% of the issued Ordinary Shares at the date of this report. Further, the number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time.

The maximum number of Ordinary Shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the Ordinary Shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the Ordinary Shares in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which offer was made, upon payment of HK$1 by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options shall be a price solely determined by the Board and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share of the Company on the date of grant.

From the adoption date of the Share Option Scheme on 11 June 2013 to 30 June 2017, no share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Share Option Scheme as at 30 June 2017.

Disclosure Information

BOARD CHANGES AND CHANGES IN DIRECTORS' INFORMATION

During the period upon review and up to the date of this report, there have been changes to the Board as follows:

– Mr. Liang Yongfeng resigned as an executive Director and the chief executive officer of the Company with effect from 23 January 2017.

– Mr. Huang Weihua was appointed as an executive Director and the chief executive officer of the Company with effect from 23 January 2017.

– Mr. Wen Hui was appointed as an executive Director with effect from 23 January 2017.

Subsequent to the date of the annual report of the Company for the year ended 31 December 2016, there have been no changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2017.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance of the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount (million)	Final Maturity	Specific performance obligations
2 November 2015	Term loan facility with a bank	HK$2,000	November 2017	Note 1
1 November 2016	Term loan facility with a bank	HK$1,000	November 2019	Note 2
23 December 2016	Finance lease facility with a financial institution	RMB295	December 2026	Note 3
23 December 2016	Finance lease facility with a financial institution	RMB241.87	December 2031	Note 3
23 December 2016	Finance lease facility with a financial institution	RMB83.5	December 2019	Note 3
23 December 2016	Finance lease facility with a financial institution	RMB103.8	December 2026	Note 3
23 December 2016	Finance lease facility with a financial institution	RMB220	December 2026	Note 3

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Notes:

1. (i) BEWG shall or shall not cease to own, directly or indirectly, at least 27% of the beneficial shareholding carrying at least 27% of the voting rights in the Company, free from mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect (each, a "Security"); (ii) BEWG shall or shall not cease to be the, direct or indirect, single largest shareholder of the Company; (iii) BEWG shall or shall not cease to supervise the Company and/or have management control over the Company; (iv) BEHL shall or shall not cease to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from any Security; (v) BEHL shall or shall not cease to be the, direct or indirect, single largest shareholder of BEWG; (vi) BEHL shall or shall not cease to supervise BEWG and/or have management control over BEWG; (vii) BE Group shall or shall not cease to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any Security; (viii) BE Group shall or shall not cease to be the, direct or indirect, single largest shareholder of BEHL and/or shall or shall not cease to supervise BEHL; and (ix) BE Group shall or shall not cease to be wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality*).

2. (i) BEWG does not or ceases to own, directly or indirectly, at least 25% of the beneficial shareholding carrying at least 25% of the voting rights in the Company, free from any Security; (ii) BEWG is not or ceases to be the, direct or indirect, single largest shareholder of the Company, and does not or ceases to supervise the Company; (iii) BEHL does not or ceases to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from any Security; (iv) BEHL is not or ceases to be the, direct or indirect, single largest shareholder of BEWG, and does not or ceases to (a) supervise BEWG; and/or (b) have management control over BEWG; (v) BE Group does not or ceases to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any Security; (vi) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of BEHL and does not or ceases to supervise BEHL; and (vii) BE Group is not or ceases to be effectively wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality*).

3. BEWG does not hold less than 27% of the Ordinary Shares directly or indirectly, or cease to be the, direct or indirect, single largest shareholder of the Company.

According to the respective terms and conditions of the Agreements, the banks or the financial institutions may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand for any breach of the above specific performance obligations.

Within the best knowledge of the Directors, none of the above events took place during the six months ended 30 June 2017 and at the date of approval of these condensed consolidated financial statements.

* *For identification purpose only*

Corporate Governance

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2017, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all of the Directors, the Company confirms that, during the six months ended 30 June 2017, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. The interim results for the six months ended 30 June 2017 together with the accounting policies and the accounting treatment of the Cigarette Packaging Business have been reviewed by the Audit Committee.