



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  
**2021**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Zhang Tiefu (*Joint Chairman*) (*appointed as Executive Director on 21 May 2021 and as Joint Chairman on 29 July 2021*)  
Mr. Hu Xiaoyong (*Joint Chairman*) (*appointed as Joint Chairman on 29 July 2021*)  
Mr. Yang Guang (*Chief Executive Officer*) (*appointed as Executive Director and Chief Executive Officer on 21 May 2021*)  
Mr. Shi Xiaobei (*resigned as Chief Executive Officer on 21 May 2021*)  
Mr. Tan Zaixing  
Ms. Huang Danxia

### 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. Zhang Tiefu (*Chairman*) (*appointed as Chairman and member of Nomination Committee on 29 July 2021*)  
Mr. Li Fujun  
Mr. Xu Honghua  
Mr. Hu Xiaoyong (*ceased as Chairman and member of Nomination Committee on 29 July 2021*)

## REMUNERATION COMMITTEE

Mr. Chiu Kung Chik (*Chairman*)  
Mr. Hu Xiaoyong (*appointed as member of Remuneration Committee on 29 July 2021*)  
Mr. Xu Honghua  
Mr. Shi Xiaobei (*ceased as member of Remuneration Committee on 29 July 2021*)

## COMPANY SECRETARY

Mr. Cheung Chin Wa (*appointed as Company Secretary on 21 May 2021*)  
Ms. So Hiu Wa (*resigned as Company Secretary on 21 May 2021*)

## STOCK CODE

1250

## WEBSITE

[www.bece.com.hk](http://www.bece.com.hk)

## INVESTOR RELATIONS CONTACT

Email Address: [ir@bece.com.hk](mailto:ir@bece.com.hk)

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
P.O. Box 1350  
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

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
P.O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

## BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East, Wanchai  
Hong Kong

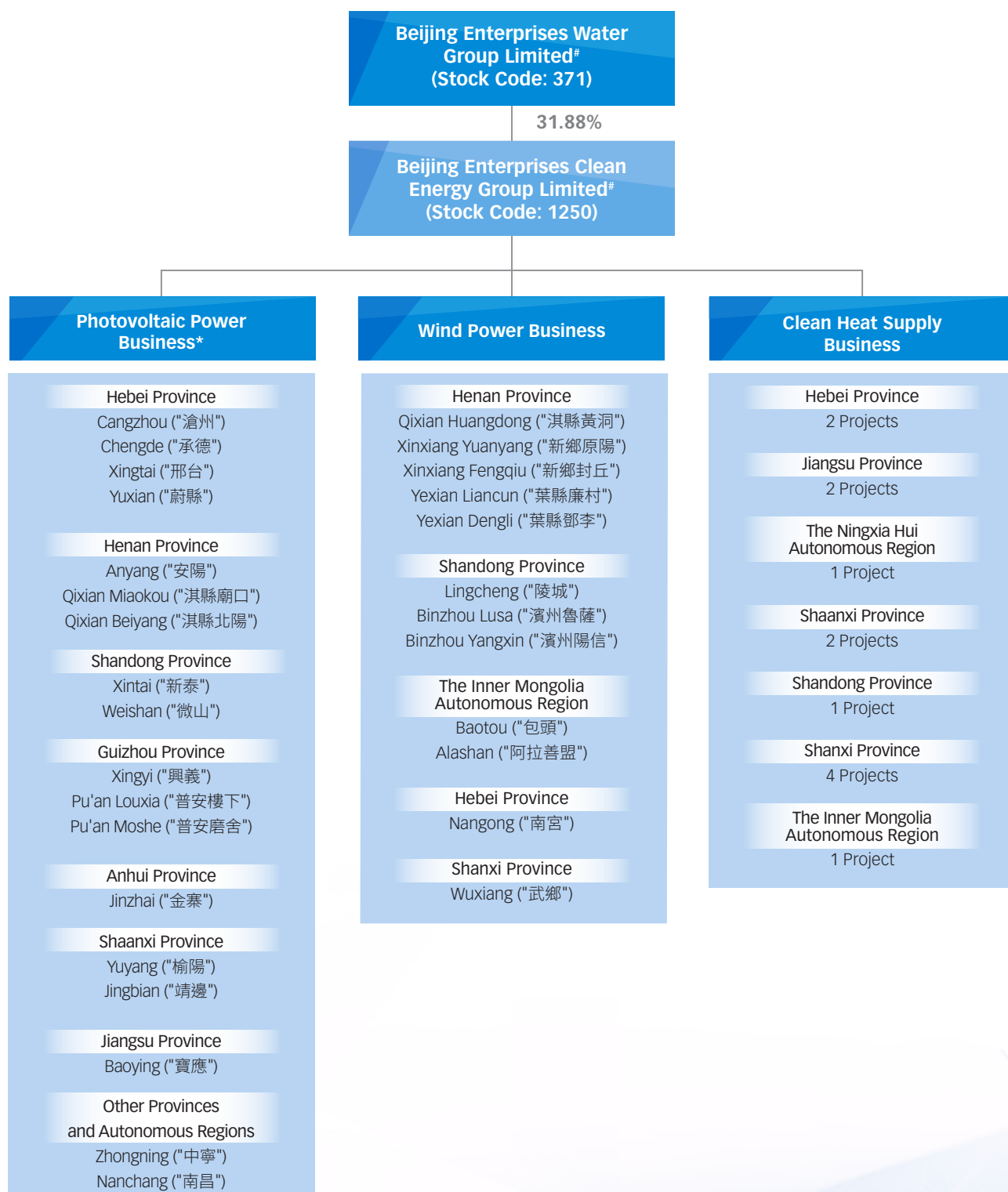
## AUDITOR

Ernst & Young  
Registered Public Interest Entity Auditor

## PRINCIPAL BANKERS

In Hong Kong:  
China Construction Bank (Asia) Corporation Limited  
China Everbright Bank Co., Ltd., Hong Kong Branch  
CMB Wing Lung Bank Limited  
CIMB Bank Berhad, Hong Kong Branch  
DBS Bank Ltd., Hong Kong Branch  
Hang Seng Bank Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Nanyang Commercial Bank Limited

In Mainland China:  
Agricultural Bank of China Limited  
China CITIC Bank Corporation Ltd.  
China Construction Bank Corporation  
China Development Bank  
China Everbright Bank Co., Ltd.  
China Guangfa Bank Co., Ltd.  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd.  
Ping An Bank Co., Ltd.  
Postal Savings Bank of China Co., Ltd.  
The Export-Import Bank of China



<sup>#</sup> Listed on the main board of The Stock Exchange of Hong Kong Limited.

\* Only projects held by the Group's subsidiaries and in operation with capacity of 50MW or above are disclosed.

*Note:* The above group structure only lists out major projects held by the Group's subsidiaries and in operation.

# Chairman's Statement

Dear Shareholders,

Since the beginning of 2021, the global pandemic has continued to evolve, and the external environment has become more complicated and severe. Under the strong leadership of the CPC Central Committee with the General Secretary Xi Jinping at its core, the domestic and international circumstances were duly handled, the pandemic prevention and control, and economic and social development were properly coordinated, macro policies were effectively implemented and the economy were resumed with steady improvement. In terms of the gross domestic product ("GDP") of the People's Republic of China (the "PRC"), the accumulated GDP in the first half of 2021 reached RMB53,216.7 billion, representing a year-on-year increase of 12.7%. In terms of total electricity consumption in the PRC, the total electricity consumption in the first half of the year reached 3,933.9 billion kilowatt-hours ("kWh"), representing a year-on-year increase of 16.2%. The average increase for this year and the corresponding period of last year was 7.6%, representing an increase of 15.8% as compared to the corresponding period of 2019, achieving new results in high-quality development.

As of the end of June 2021, the scale of the installed capacity of renewable energy power generation in the PRC has been steadily expanding, and it has continued to actively promote the high-quality development of renewable energy. The cumulative installed capacity of renewable energy power generation in the PRC reached 971 million kilowatts ("kW"), among which, the cumulative installed capacity of wind power and photovoltaic power generation in the PRC reached 560 million kW, representing an increase of 29.33% as compared to the end of June 2020. In the first half of 2021, the newly installed capacity of wind power and photovoltaic power in the PRC was 23.85 million kW, of which the newly installed capacity of wind power was 10.84 million kW, and the newly installed capacity of photovoltaic power was 13.01 million kW. In May 2021, the National Development and Reform Commission of the PRC (the "NDRC") and the National Energy Administration (the "NEA") jointly issued the "Notice on the Weight of Renewable Energy Power Consumption Responsibility and Relevant Matters in 2021\*" (《關於2021年可再生能源電力消納責任權重及有關事項的通知》) (the "Notice"), and interpreted the Notice. According to the estimation based on the provincial data disclosed in the "Weight of Renewable Energy Power Consumption Responsibility of Provinces (Regions and Cities) in 2021\*" (《2021年各省(區、市)可再生能源電力消納責任權重》) attached to the Notice, it is expected that the total consumption proportion of renewable energy power will reach 30.27% and the consumption proportion of non-hydropower will reach 13.38% in 2021, representing an increase of approximately 200 basis points and approximately 250 basis points as compared to 2020, respectively, which can support the completion of the target of non-fossil energy as a proportion of primary energy consumption in 2021.

In January 2021, the PRC launched the Green Electricity Certificate trading under the quota system, and the non-hydro renewable energy power generation certificate issued to power generation enterprises can be traded through one-way listing or transfer agreements. In July 2021, the opening ceremonies of the carbon emission rights trading market were held in Beijing, Shanghai and Wuhan at the same time, and the first national carbon trading price was RMB52.78/tonne, totalling 160,000 tonnes. Carbon trading is first implemented in the power generation industry and will gradually expand its coverage in the future. The implementation of Green Electricity Certificate trading and carbon trading has brought huge benefits to new energy power generation. At the same time, with the clarification of those procedures and parameter calculations for the settlement of the renewable energy tariff subsidy, the issue of tariff subsidy receivables delay from the existing projects will be effectively resolved, which will enable enterprises to accelerate cash payback and improve cash flow.

# Chairman's Statement

Since September 2020, the General Secretary Xi Jinping has repeatedly elaborated two carbon emission goals of achieving "Carbon Dioxide Emissions Peak by 2030 and Carbon Neutrality by 2060" in open meetings. In March 2021, the General Secretary Xi Jinping proposed at the 9th meeting of the Central Financial and Economic Affairs Commission to deploy key tasks in the future energy field: to build a clean, low-carbon, safe and efficient energy system, control the total amount of fossil energy, focus on improving utilisation efficiency, implement alternative actions for renewable energy, deepen the reform of power system, and build a new power system with new energy as the mainstay. In the same month, the "14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Outline of Vision in 2035\*" (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) were released, which explicitly stated "to promote energy revolution, build a clean, low-carbon, safe and efficient energy system, and improve the ability to guarantee energy supply. To accelerate the development of non-fossil energy, persist in the combination of centralised and distributed energy, vigorously increase the scale of wind power and photovoltaic power generation, accelerate the development of distributed energy in the eastern and central regions, orderly develop offshore wind power, accelerate the construction of hydropower bases in the southwest region, safely and steadily promote the construction of coastal nuclear power, and build a number of clean energy bases with multi-energy complementation". In June 2021, the State issued the "Notice on Submitting the Pilot Plan for the Development of Rooftop Distributed Photovoltaic Power Generation in the Entire County (Cities and Districts)\*" (《關於報送整縣(市、區)屋頂分布式光伏開發試點方案的通知》), requiring the governments of pilot counties (cities and districts) to take the lead to carry out the construction of rooftop distributed photovoltaic power generation in the entire county (cities and districts) based on the principle of "constructing as much as possible and appropriate". These planned deployments and forward targets set out a great blueprint for clean energy power development and a promising future for clean energy power development.

Beijing Enterprises Clean Energy Group Limited (the "Company", together with its subsidiaries, the "Group") fully leverages on the advantageous resources of its three major shareholders (i.e. Beijing Enterprises Water Group Limited (a company listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 00371)), the private equity funds managed by CITIC Private Equity Funds Management Co., Ltd. and 啟迪控股股份有限公司 (Tus-Holding Co., Ltd.)) as well as the Group's experienced management team. Under the strategic leadership of the board (the "Board") of directors (the "Directors") of the Company, the Group actively follows the national policy and situation, accurately grasps the development direction of clean energy, steadily expands photovoltaic power businesses, wind power businesses and clean heat supply businesses and proactively explores other clean energy areas such as hydropower, energy storage, distribution and sales of electricity and hydrogen production, and the new opportunities brought by the carbon emissions rights trading market, in an effort to become a clean energy enterprise with leading position and differentiated competitiveness in the industry.

## PERFORMANCE

In the first half of 2021, the Group continued to focus on the business development of sales of electricity which had higher gross profit margin and stronger sustainability, actively expanded power operation and maintenance entrusted service and other electricity-related professional services, committed to building an operating brand, gradually completed its asset optimisation strategy, steadily pushed forward with efforts in revenue increase, expenditure cutting, cost reduction and efficiency enhancement, and constantly improved the risk prevention and control system. As of 30 June 2021, the Group recorded revenue of approximately HK\$3,019.2 million, representing an increase of approximately 32% as compared with the first half of 2020, while gross profit margin decreased from 54.8% to 49.5% as compared with the first half of 2020, but total gross profit increased by approximately 20% as compared with the corresponding period of last year.

Profit for the period of the Group was approximately HK\$504.3 million, representing an increase of approximately 24% as compared with the corresponding period of last year. In the first half of 2021, profit attributable to the equity holders of the Company was approximately HK\$340.3 million, representing an increase of approximately 2% as compared with the corresponding period of last year.

# Chairman's Statement

## BUSINESS REVIEW

Since the beginning of 2021, the prices of photovoltaic components and bulk raw materials have continued to rise, and the declaration policies for new energy projects in various provinces have also been delayed as compared to the previous years. While properly managing the inventory and production, the Group scientifically adjusted the pace of bidding and project construction and closely monitored the project declaration situations in order to actively respond to market changes. The aggregate operating power generation (as hereinafter defined) of the projects held and/or managed by the Group, its associates and joint ventures for the first half of 2021 was approximately 3.068 billion kWh, representing an increase of approximately 23.4% compared with the corresponding period of last year.

In respect of the centralised photovoltaic power businesses, as of 30 June 2021, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group reached approximately 2,154 megawatt ("MW"), mainly situated in Anhui Province, Shandong Province, Hebei Province, Henan Province and other provinces which are classified as photovoltaic resource areas II and III as promulgated by the NDRC. In respect of the distributed photovoltaic power businesses, as of 30 June 2021, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 700MW, mainly located in photovoltaic resource area III as promulgated by the NDRC. In the first half of 2021, the photovoltaic power generation of the Group on a consolidated basis amounted to approximately 1.721 billion kWh, representing a year-on-year increase of 5.2%. The weighted average utilisation hours of centralised photovoltaic power plant projects held by the Group and in operation for the period reached 650 hours, which was close to the national photovoltaic power average utilisation hours of 660 hours.

In respect of the wind power businesses, as of 30 June 2021, the Group achieved an aggregate capacity of the on-grid, under-construction and approved-to-construct wind power projects reached over 1,400MW by ways of self-development, joint development and acquisitions, the projects mainly located in Hebei Province, Henan Province, Shandong Province and the Inner Mongolia Autonomous Region and mainly situated in wind resource area IV as promulgated by the NDRC. As of 30 June 2021, the aggregate installed capacity of on-grid wind power plants held by the Group was approximately 606MW, located in Hebei Province, Henan Province, Shandong Province, Shanxi Province and the Inner Mongolia Autonomous Region. In the first half of 2021, the wind power generation of the Group on a consolidated basis amounted to approximately 909.9 million kWh, representing a year-on-year increase of approximately 210.8%. The weighted average utilisation hours of the wind power plants which were held by the Group and commenced operation during the period reached 1,623 hours, which was higher than the national wind power average utilisation hours of 1,212 hours.

In respect of the clean heat supply businesses, as of 30 June 2021, the Group's actual clean heat supply area in operation reached approximately 29.36 million square meters, representing a year-on-year increase of approximately 7.2%. During the period, the number of heat supply services users was approximately 228,449 households, representing a year-on-year increase of approximately 3.5%, and the projects were located in Hebei Province, Jiangsu Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region and other provinces and autonomous regions.

## BUSINESS REVIEW *(Continued)*

In terms of the hydropower business, the Group successfully won the bid for the project of contracting operation rights of Tanling Hydropower Plant and development right of pumped storage power station in Lianzhou City, Guangdong Province, and the hydropower business of the Group officially commenced. Centring on Tianhu Pumped Storage Power Station, it can establish a multi-energy complementary clean energy industrial base which reaching Qingyuan, supporting Northern Guangdong, serving the Bay Area, and covering three provinces of Guangdong, Hunan and Guangxi with tens of millions of kilowatt-class wind power, photovoltaic power, hydropower and energy storage. We will integrate leading technologies of new energy to build a green construction technology exhibition centre and a green IDC application demonstration base for power grid users. Leveraging on the advantages of superior geographical location and natural scenery of Tanling, we will give full play to the power of major project industries to promote the development of a series of related industries such as star-rated vacations and elderly care tourism. The hydropower business and other business segments cooperate with each other and actively carry out the "hydropower plus" industrial cooperation model, which is expected to contribute stable income and cash flow in the future, optimise the Group's clean energy asset portfolio and ultimately deliver greater returns to shareholders.

In June 2021, the NDRC issued the "Notice on Matters Relating to the New Energy On-grid Tariff Policy in 2021\*" (《關於2021年新能源上網電價政策有關事項的通知》), which explicitly stated that "starting from 2021, for newly filed centralised photovoltaic power plants, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects, the central government will no longer provide subsidies and implement grid parity". A new energy grid parity era of the PRC has arrived, and the value of green power including photovoltaic power generation and wind power generation will gain a better response. During the period, the Group entered into strategic cooperation agreements with certain local governments and well-known enterprises to deepen cooperation and exchange with each other, seeking development in the clean energy field, achieving mutually beneficial cooperation on a higher and deeper level and in a larger scale, facilitating the national strategy of "Carbon Dioxide Emissions Peak, Carbon Neutrality", and achieving high-quality development for both parties. Meanwhile, the Group also continued to promote the development of wind power and photovoltaic power grid parity projects, laying a solid foundation for the future development of clean energy power.

In terms of introducing strategic financing, the Group acquired high-quality capital and has obtained several rounds of capital injections from well-known strategic investors in 2019 and 2020, respectively. In March 2021, the Group further gained recognition from the capital market and entered into capital contribution agreements with a number of strategic investors to introduce a total of RMB1.076 billion. The aggregated strategic capital that will be brought into the Group was more than RMB2 billion during these several rounds of capital injections. In addition to establishing a good image in the capital market, it will also inject strong momentum into the Group's business development.



# Chairman's Statement

## CORPORATE MANAGEMENT AND CONTROL AND SUSTAINABLE DEVELOPMENT

The Group continued to improve the management and control system, standardise internal management and stimulate organisational vitality. The Group improved the construction of cost and quota database, established a standard list of construction quantity, built an equipment and material price database, optimised the design and equipment technological standards; streamlined the procurement process and shortened the approval time; carried out trial for construction project authorisation based on levels, implemented self-procurement and further enhanced the efficiency of small and sporadic procurements. The Group adjusted and improved the meeting processes and rules of procedure, updated the projects' review and approval standards and negative list, formulated and improved the project report template, improved the investment decision-making efficiency, reduced costs and improved the overall operation efficiency. The Group carried out deployment and development, engineering finance BP, with orientation toward business needs, supported middle and front office businesses and provided professional financial services. The Group strengthened internal trainings for employees, adopted the combination of "job rotation and part-time" programs, and implemented "customised" cultivations of employees to maintain the vitality of endogenous growth of talents; allocated HRBP to each department, deeply understood the need of talents for the business, strengthened the introduction of talent recruitment, and supported the business development.

The Group has always placed safety management as the top priority. The Production Safety Committee of the Group (the "Safety Committee") carried out safety, quality and environmental supervision and inspection for the Group's projects on the project sites from time to time. The Safety Committee also regularly organised cultural building activities such as "Environmental Management Promotion Month", "Occupational Disease Prevention Law Promotion Week" and "Production Safety Month"; carried out the three-level safety education and training for all employees in 2021 and the training of the newly announced "Production Safety Law of the People's Republic of China\*" (《中華人民共和國安全生產法》) in 2021 to enhance the safety awareness of all employees. The Group participated in the compilation of the "Standards for the Implementation of Production Safety Standardisation of Power Construction Enterprises\*" (《電力建設施工企業安全生產標準化實施規範》) by the NEA and undertook the fourth review and approval meeting to build up the Group's influence in the power construction industry.

## FUTURE OUTLOOK

We will build an ideal future through innovation and development. Facing the development opportunities brought by the "double carbon" targets ("Carbon Dioxide Emissions Peak, Carbon Neutrality"), the Group always keeps in mind the original aspiration of "promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system", closely follows the "14th Five-Year" development plan of the industry, and combines the development statuses of all of its businesses. In reliance on the multi-businesses' advantages and supports from Beijing Enterprises Group Company Limited ("BEGCL"), and coordinating the business development of the companies under BEGCL, the Group actively builds a development system with "clean energy plus smart energy" as the core, vertical extension of the industrial chain and multi-business horizontal synergy, and comprehensively provides the development system of regional comprehensive energy management business.

# Chairman's Statement

## **FUTURE OUTLOOK** *(Continued)*

In the face of the continuous recurrence of the coronavirus disease 2019 (COVID-19) pandemic, all business partners of the Group will rise to challenges with an unwavering heart. On the basis of making unremitting efforts to prevent and control the pandemic, we will focus on obtaining resource in the second half of the year to consolidate a new foundation for rapid development; deepen quality improvement and efficiency enhancement on professional technology to release new potentials for production and marketing; strengthen safety awareness and improve the new level of quality and safety; reinforce the organizational building, optimise the internal management to stimulate new momentum for corporate development and build a vibrant organization. The Group will promote the high-quality development of clean energy in the new era with firm belief and solid actions, and help the PRC to achieve the goals of "Carbon Dioxide Emissions Peak, Carbon Neutrality" in all aspects.

In closing, on behalf of the Board, we would like to express our sincere gratitude to the shareholders, customers and business partners rendering trust and great support to the Group, and our heartfelt thanks to all the employees for their arduous work.

**Zhang Tiefu and Hu Xiaoyong**

*JOINT CHAIRMEN*

Hong Kong, 27 August 2021

\* *For identification purposes only*

# Management Discussion and Analysis

## 1. BUSINESS REVIEW

During the six months ended 30 June 2021, the Group was principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the “Photovoltaic Power Business”), wind power businesses (the “Wind Power Business”) and clean heat supply businesses (the “Clean Heat Supply Business”) in the PRC.

Financial highlights:

	For the six months ended 30 June		
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	Change %
Revenue	3,019,152	2,285,001	32
Gross profit	1,495,842	1,251,086	20
Gross profit ratio (%)	49.5	54.8	(5.3)
Profit for the period	504,332	406,715	24
Profit attributable to the equity holders of the Company	340,347	334,527	2
Basic EPS (in HK cent(s))	0.47	0.47	–
EBITDA	2,140,766	1,725,922	24

	30 June 2021 (unaudited) HK\$'000			31 December 2020 (audited) HK\$'000		Change %
	30 June 2021 (unaudited) HK\$'000	31 December 2020 (audited) HK\$'000	31 December 2020 (audited) HK\$'000	Change		
Total assets	58,860,767	57,127,247		3		
Total equity	13,650,110	13,124,890		4		
Cash and cash equivalents	2,374,039	2,521,536		(6)		

During the six months ended 30 June 2021, the coronavirus disease 2019 (COVID-19) pandemic continued to affect the global economies. Under the strong leadership of the CPC Central Committee with General Secretary Xi Jinping at its core, major strategic results have been achieved in the prevention and control of the pandemic, and thus China was not severely affected by the COVID-19 pandemic and the relevant confirmed cases were kept at low levels. While taking the pandemic prevention and control as part of new normal, more industry-related favourable policies were introduced in China to accelerate the clean and efficient use of fossil energy, and vigorously promoted non-fossil energy to continuously increase the proportion of clean energy consumption and to promote the transformation of environmentally friendly and low-carbon production of energy.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

Generally speaking, the pandemic had a relatively minor impact on the industries of the Group compared to other industries. As a clean energy project owner and operator, the Group was not affected by the economic adversity caused by the pandemic. The revenue contribution from the sale of electricity and entrusted operations businesses continued to be stable. In the first half of 2021, the power generation of the Group on a consolidated basis amounted to approximately 2.6 million megawatt-hour (“MWh”) (six months ended 30 June 2020: approximately 1.9 million MWh), representing an increase of approximately 36.4% compared with the corresponding period of 2020. The aggregate operating power generation<sup>#</sup> of the projects held and/or managed by the Group, the associates and the joint ventures of the Group for the first half of 2021 was approximately 3.1 million MWh (six months ended 30 June 2020: approximately 2.5 million MWh), representing an increase of approximately 23.4% compared with the corresponding period of 2020.

The Group’s revenue and business structure have been successfully optimised by focusing on the power generation business with stronger sustainability, driving quality and efficiency enhancement of its existing projects, implementing cost reduction and efficiency enhancement by achieving further optimisation of its business mix in an active move to advance business structure with an objective to improve the Group’s overall performance.

Profit for the period of the Group was approximately HK\$504.3 million (six months ended 30 June 2020: approximately HK\$406.7 million), representing an increase of approximately 24% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$340.3 million (six months ended 30 June 2020: approximately HK\$334.5 million), representing an increase of approximately 2% as compared to the corresponding period of last year.

Further details of the discussion of financial performance are set out in the section headed “2. Financial Performance” in “Management Discussion and Analysis”. Analysis of the business performance is set out below.

### 1.1 Sale of Electricity and Entrusted Operations

During the period, the Group steadily developed its operating capacity through the investment, development, construction, operation and management of clean energy power plant projects, and the aggregate revenue in respect of the sale of electricity and the provision of entrusted management services amounted to approximately HK\$2,180.1 million (six months ended 30 June 2020: approximately HK\$1,711.9 million), representing an increase of approximately 27% as compared to the corresponding period of last year.

Pursuant to the “Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies\*” (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance in the first half of 2020, the rules for settlement of additional subsidies for renewable energy electricity prices as well as the conditions and application procedures for entering the list of National Renewable Energy Power Generation Subsidies for the renewable energy power generation projects (the “Project List”) were further clarified. In addition, the “Notice on the Acceleration of Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies\*” (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》) issued by the Ministry of Finance in the second half of 2020, emphasises acceleration of review on existing renewable energy power generation projects, make sure that those projects should enter the Project List in batches as soon as possible.

<sup>#</sup> The operating power generation included (i) the power generation of the projects held by the Group, the associates and the joint ventures of the Group; and (ii) the power generation of the projects managed by the Group through the provision of entrusted management services.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

As at 30 June 2021, the Group has several photovoltaic and wind power plants with aggregated capacity of approximately 2,850 megawatt ("MW") successfully enlisted in the Project List, representing over 80% of the Group's current on-grid capacity. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2021 and coming future. The above notices show that the government is doing its best to solve the problem of arrears in subsidies for renewable energy power generation projects, which is beneficial to the betterment of the Group's cash flow. The Group will closely monitor and implement remaining project inventory declaration and national subsidies related works and will proactively promote the implementation of relevant strategies to improve the receipt of national subsidies.

In May 2021, the National Energy Administration ("NEA") issued the "Notice on Relevant Matters of the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021\*" (《關於2021年風電、光伏發電開發建設有關事項的通知》), which clarified that the national wind power and photovoltaic power generation as a percentage to the total electricity consumption of the society will reach approximately 11% in 2021, and will increase year by year thereafter to ensure that non-fossil energy consumption as a percentage to primary energy consumption will reach approximately 20% in 2025. Newly guaranteed on-grid capacity shall not be lower than 90 million kilowatt in 2021. In May 2021, the Ministry of Ecology and Environment promulgated the "Administrative Rules for the Registration of Carbon Emissions Rights (Trial)\*" (《碳排放權登記管理規則(試行)》), the "Administrative Rules for the Trading of Carbon Emissions Rights (Trial)\*" (《碳排放權交易管理規則(試行)》) and the "Administrative Rules for the Settlement of Carbon Emissions Rights (Trial)\*" (《碳排放權結算管理規則(試行)》) to promote the official launch of the national carbon emissions rights trading market in July 2021.

Going forward, the Group will actively promote the development of wind power and photovoltaic power grid parity projects, at the same time, seize the opportunity to participate in carbon emissions trading market. The Directors believe that the wind power and photovoltaic power industries have entered into a marketised stage free of reliance on tariff adjustments, and the stability and predictability of the cash flow of the wind power and photovoltaic power projects in the future will be greatly enhanced. At the same time, the Group attaches great importance to the new opportunities brought by the carbon emissions rights trading market. The Group is engaged in clean energy power generation and achieves low carbon emissions during the power generation process. The Group considers implementing effective carbon asset management with an aim of taking the lead in energy conservation and emissions reduction and maximizing the carbon assets in hand to enhance corporate benefits.

#### 1.1.1 Photovoltaic Power Plant Projects

##### (a) *Scale and performance of the centralised photovoltaic power plant projects*

During the period, the Group's centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK\$1,299.8 million (six months ended 30 June 2020: approximately HK\$1,234.2 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing approximately 43% (six months ended 30 June 2020: approximately 54%) of the Group's total revenue during the period.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW (Continued)

### 1.1 Sale of Electricity and Entrusted Operations (Continued)

#### 1.1.1 Photovoltaic Power Plant Projects (Continued)

##### (a) Scale and performance of the centralised photovoltaic power plant projects (Continued)

As at 30 June 2021, 50 (30 June 2020: 50) centralised photovoltaic power plants covering 12 provinces, 1 municipality and 2 autonomous regions in the PRC and 1 (30 June 2020: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia were held by the Group and in operation, and the aggregate on-grid capacity of these photovoltaic power plants reached 2,241MW (30 June 2020: 2,143MW), details of which are set forth below:

Location	Photovoltaic resource area	For the six months ended 30 June					
		2021			2020		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:							
Hebei Province	II/III	16	574	393,070	16	476	324,677
Henan Province	III	3	264	180,550	3	264	180,259
Shandong Province	III	5	248	165,376	5	248	164,765
Guizhou Province	III	4	211	99,348	4	211	114,172
Anhui Province	III	6	191	110,976	6	191	107,318
Shaanxi Province	II	2	160	123,189	2	160	133,955
Jiangxi Province	III	3	125	57,998	3	125	60,896
Jiangsu Province (note 2)	III	1	100	71,846	1	100	117,665
The Ningxia Hui Autonomous Region	I	1	100	71,475	1	100	79,270
Hubei Province	III	2	43	19,572	2	43	21,347
Jilin Province	II	1	30	24,411	1	30	24,610
The Tibet Autonomous Region	III	1	30	21,366	1	30	18,797
Tianjin Municipality	II	1	30	22,138	1	30	23,768
Yunnan Province	II	1	22	17,036	1	22	17,062
Shanxi Province	III	1	20	15,696	1	20	14,901
		<b>48</b>	<b>2,148</b>	<b>1,394,047</b>	<b>48</b>	<b>2,050</b>	<b>1,403,462</b>
PRC-Joint ventures:							
Anhui Province	III	1	60	39,548	1	60	37,125
Hubei Province	III	1	27	14,332	1	27	15,022
		<b>2</b>	<b>87</b>	<b>53,880</b>	<b>2</b>	<b>87</b>	<b>52,147</b>
PRC-Sub-total		<b>50</b>	<b>2,235</b>	<b>1,447,927</b>	<b>50</b>	<b>2,137</b>	<b>1,455,609</b>
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	3,287	1	6	4,038
Total		<b>51</b>	<b>2,241</b>	<b>1,451,214</b>	<b>51</b>	<b>2,143</b>	<b>1,459,647</b>

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

#### 1.1.1 Photovoltaic Power Plant Projects *(Continued)*

##### (a) **Scale and performance of the centralised photovoltaic power plant projects** *(Continued)*

Most of the Group's projects in the PRC were situated in photovoltaic resource areas II and III as promulgated by the National Development and Reform Commission of the PRC (the "NDRC"), locations considered by the management to be favourable for the development of the Group's Photovoltaic Power Business. Set out below the projects analysis by photovoltaic resource areas:

Photovoltaic resource area	For the six months ended 30 June					
	2021			2020		
	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:						
I	1	100	71,475	1	100	79,270
II	12	448	343,171	12	448	362,324
III	35	1,600	979,401	35	1,502	961,868
	48	2,148	1,394,047	48	2,050	1,403,462
PRC-Joint ventures:						
III	2	87	53,880	2	87	52,147
Total	50	2,235	1,447,927	50	2,137	1,455,609

*Note 1:* It represented the approximate aggregate power generation of the projects from the later of (i) the dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods, to the end of the respective reporting periods. Therefore, the above aggregate power generation does not reflect a full period performance of these operations.

*Note 2:* On 8 May 2020, (i) the equity transfer agreement was entered into by and among 天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited\*) ("TJCE"), 國投電力控股股份有限公司 (SDIC Power Holdings Co., Ltd.\*) ("SDIC Power") and 響水恒能太陽能發電有限公司 (Xiangshui Hengneng Photovoltaic Power Co., Ltd.\*) ("XSHN"), in relation to the disposal of the entire equity interest of XSHN at a total consideration of RMB438,000,000; and (ii) the equity transfer agreement was entered into by and among TJCE, SDIC Power and 響水永能太陽能發電有限公司 (Xiangshui Yongneng Photovoltaic Power Co., Ltd.\*) ("XSYN"), in relation to the disposal of the entire equity interest of XSYN at a total consideration of RMB100,000,000 (the "Disposals").

Upon completion of the Disposals on 28 May 2020, XSHN and XSYN ceased to be subsidiaries of the Group. Further details of the Disposals are set out in the Company's announcement dated 8 May 2020 and the Company's circular dated 24 July 2020.

*Note 3:* During the period ended 30 June 2021, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.75.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

#### 1.1.1 Photovoltaic Power Plant Projects *(Continued)*

**(b) Scale of the centralised photovoltaic power plant projects registered in the Project List**

As at 30 June 2021, the Group's aggregate installed capacity of the centralised photovoltaic power plants registered into the Project List reached approximately 1,850MW (31 December 2020: approximately 1,300MW). The remaining centralised photovoltaic power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue its effort on enrolling the remaining centralised photovoltaic power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2021 and coming future.

**(c) Key performance data of the centralised photovoltaic power plant projects held by the Group and in operation on or before the beginning of the reporting period**

	For the six months ended 30 June		
	2021	2020	Changes
Weighted average curtailment ratio (%)	3.13	3.07	0.06
Weighted average utilisation hours (hours)	650	674	(24)

During the period, the weighted average utilisation hours reached 650 hours, which was close to the national average utilisation hours of photovoltaic power in the PRC of 660 hours. The slight increase of weighted average curtailment ratio noted during the period as compared to the corresponding period of last year was mainly attributable to the increase of curtailment ratio of the projects located in Guizhou Province.



# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

#### 1.1.1 Photovoltaic Power Plant Projects *(Continued)*

**(d) *Scale and performance of the distributed photovoltaic power plant projects***

In respect of the distributed photovoltaic power business, as at 30 June 2021, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 700MW, mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants. Revenue from the sale of electricity from the Group's distributed photovoltaic power plants reached approximately HK\$309.9 million during the period (six months ended 30 June 2020: approximately HK\$217.5 million).

**(e) *Scale of the distributed photovoltaic power plant projects registered in the Project List***

As at 30 June 2021, the Group's aggregate installed capacity of the distributed photovoltaic power plants registered into the Project List reached approximately 550MW (31 December 2020: reached approximately 300MW). The remaining distributed photovoltaic power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue its effort on enrolling the remaining distributed photovoltaic power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2021 and coming future.

**(f) *Entrusted management services***

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted management services for photovoltaic power plant projects in the PRC and revenue of approximately HK\$11.3 million (six months ended 30 June 2020: approximately HK\$54.4 million) was recognised during the period.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

#### 1.1.2 Wind Power Plant Projects

Under the situation and requirements of strictly controlling the total amount and intensity of traditional energy consumption and continuous improvement of the ecological environment, especially the announcement of accomplishment of “Carbon Dioxide Emissions Peak, Carbon Neutrality” goals, wind power as a green and clean energy, will become one of the main strategic energy in the PRC in the future. With the Group’s expertise and professional team in, among others, investing, developing and managing wind and other clean energy power businesses, the Group is optimistic on continuously developing its Wind Power Business to contribute effort in building up a green future of the PRC.

#### **(a) Scale and performance of the wind power plant projects**

During the period, the Group’s Wind Power Business expanded steadily. The Group recorded revenue of approximately HK\$544.1 million (six months ended 30 June 2020: approximately HK\$149.7 million) from the sale of electricity from the Group’s wind power plants.

As at 30 June 2021, through self-development, joint development, acquisitions, etc., the Group’s aggregate capacity of the on-grid, under-construction and approved-to-construct wind power projects reached over 1,400MW. These projects mainly located in Hebei Province, Henan Province, Shandong Province, Shanxi Province and the Inner Mongolia Autonomous Region and mainly situated in wind resource area IV as promulgated by the NDRC. Among which, 14 (30 June 2020: 8) wind power plants covering 4 provinces and 1 autonomous region in the PRC with an aggregate on-grid capacity of 606MW (30 June 2020: 225MW) were held by the Group and in operation as at 30 June 2021, which is analysed below:

Location	Wind resource area	For the six months ended 30 June					
		2021			2020		
		Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:							
Henan Province	IV	5	171	244,722	3	58	39,578
Shandong Province	IV	3	166	242,154	1	48	59,570
The Inner Mongolia Autonomous Region	I	4	119	222,667	4	119	193,583
Hebei Province	IV	1	100	165,924	-	-	-
Shanxi Province	IV	1	50	34,424	-	-	-
<b>Total</b>		<b>14</b>	<b>606</b>	<b>909,891</b>	<b>8</b>	<b>225</b>	<b>292,731</b>

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

#### 1.1.2 Wind Power Plant Projects *(Continued)*

##### (a) *Scale and performance of the wind power plant projects (Continued)*

Most of the Group's wind power plant projects in the PRC were situated in wind resource area IV as promulgated by the NDRC, locations considered by the management to be favourable for the development of the Group's Wind Power Business. Set out below the projects analysis by wind resource areas:

Wind resource area	For the six months ended 30 June					
	2021			2020		
	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:						
I	4	119	222,667	4	119	193,583
IV	10	487	687,224	4	106	99,148
<b>Total</b>	<b>14</b>	<b>606</b>	<b>909,891</b>	<b>8</b>	<b>225</b>	<b>292,731</b>

*Note 1:* It represented the approximate aggregate power generation of the projects from the later of (i) the dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods, to the end of the respective reporting periods. Therefore, the above aggregate power generation does not reflect a full period performance of these operations.

*Note 2:* During the period ended 30 June 2021, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects was approximately RMB0.46.

##### (b) *Scale of the wind power plant projects registered in the Project List*

As at 30 June 2021, the Group's aggregate installed capacity of the wind power plants registered into the Project List reached approximately 450MW (31 December 2020: reached approximately 200MW). The remaining wind power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue its effort on enrolling the remaining wind power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2021 and coming future.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.1 Sale of Electricity and Entrusted Operations *(Continued)*

#### 1.1.2 Wind Power Plant Projects *(Continued)*

**(c) Key performance data of the wind power plant projects held by the Group and in operation on or before the beginning of the reporting period**

	For the six months ended 30 June		
	2021	2020	Changes
Weighted average curtailment ratio (%)	1.27	4.91	(3.64)
Weighted average utilisation hours (hours)	1,623	1,541	82

During the period, the national average curtailment ratio of wind power in the PRC was 3.6% and the national wind power average utilisation hours in the PRC was 1,212 hours. The Group's wind power plant projects are mainly located in wind resource area IV as promulgated by the NDRC and therefore a relatively low weighted average curtailment ratio. The improvement of weighted average curtailment ratio during the period as compared to the corresponding period of last year was mainly attributable to more projects commenced to be operated in Henan Province and Hebei Province which are located in wind resource area IV.

**(d) Entrusted management services**

In addition to the above-mentioned sale of electricity from the Group's wind power plants, the Group provided entrusted management services for wind power plant projects in the PRC and revenue of approximately HK\$15.0 million (six months ended 30 June 2020: approximately HK\$56.1 million) was recognised during the period.

### 1.2 Engineering, Procurement and Construction Services, and Technical Consultancy Services

The Group is engaged in the provision of engineering, procurement and construction services for clean energy businesses including photovoltaic and wind power-related projects and clean heat supply projects in the PRC, and has couples of qualification and extensive experience in the design, engineering and construction of power-related projects. At the same time, the Group pays much attention to self-owned photovoltaic and wind power-related project construction, which can optimise the resource allocation during the period. Therefore, revenue of approximately HK\$288.9 million (six months ended 30 June 2020: approximately HK\$60.9 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the period, representing approximately 10% (six months ended 30 June 2020: approximately 3%) of the Group's total revenue during the period.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.2 Engineering, Procurement and Construction Services, and Technical Consultancy Services *(Continued)*

In addition, certain clean heat supply projects on a build-operate-transfer basis (the "BOT Basis") were under construction during the period. With reference to *HK(IFRIC) Interpretation 12 Service Concession Arrangements*, construction revenue of approximately HK\$12.2 million (six months ended 30 June 2020: approximately HK\$19.9 million) was recognised during the period with reference to the fair value of construction services delivered during the construction phase. The fair value of such services is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of the relevant service concession agreements.

In respect of the technical consultancy services, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK\$23.3 million (six months ended 30 June 2020: approximately HK\$28.7 million) was recognised during the period.

### 1.3 Provision of Clean Heat Supply Services

At the 75th session of the United Nations General Assembly, the General Secretary Xi Jinping pointed out that more forceful policies and measures to the fight against climate change will be adopted in the PRC. It aims to achieve the goal of Carbon Dioxide Emissions Peak by 2030 and the vision of Carbon Neutrality by 2060. This signifies that the PRC government is taking practical actions to enforce the Paris Agreement and is determined to implement low-carbon, safe and efficient utilisation of energy, and emission-reducing production methods. With the introduction of the "14th Five-Year Plan", China's clean heat supply policy will continue to flourish, and heat supply methods that are environmentally friendly, energy efficient, appropriate and conducive to sustainable urban development will become the future of the heat supply industry. With existing supportive government policies issued, such as the "Notice on Improving the Work Related to Heating by Renewable Energy Based on Local Conditions\*" (《關於因地制宜做好可再生能源供暖相關工作的通知》) by the NEA in January 2021, which encouraged the local governments to actively support renewable energy heating projects, and the "China Energy Expected Goals in 2021\*" (《2021年能源工作指導意見》) issued by the NEA in April 2021, which stated to intensify the action on clean heat supply to achieve a clean heat supply rate of 70% in the northern region in the PRC. The Clean Heat Supply Business shall have a favourable business prospects.

The Group will actively respond to national policies, seize the opportunities arising from the new round of industrial revolution, vigorously develop our clean heat supply business, continuously increase our investments in technology research and development, actively explore green, low-carbon and environmentally friendly clean heat supply methods. As at 30 June 2021, through development and business acquisition, 15 projects (30 June 2020: 17 projects) in operation with an aggregate actual clean heat supply area reached approximately 29.36 million square meters ("sq.m.") (30 June 2020: approximately 27.40 million sq.m.), representing a year-on-year increase of approximately 7.2%; and the number of heat supply services users of approximately 228,449 households (30 June 2020: approximately 220,626 households), representing a year-on-year increase of approximately 3.5%, with its projects locating in Hebei Province, Jiangsu Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region and other provinces and autonomous regions were held and/or managed by the Group and the joint ventures of the Group through the utilisation of clean energies such as natural gas, electricity, geothermal energy, biomass energy, photovoltaic power, industrial excess heat energy, clean coal (ultra-low emission) energy, river water source, etc. Revenue of approximately HK\$514.7 million (six months ended 30 June 2020: approximately HK\$463.6 million) arising from the provision of clean heat supply services was recognised by the Group during the period, representing an increase of approximately 11% as compared to the corresponding period of last year.

# Management Discussion and Analysis

## 1. BUSINESS REVIEW *(Continued)*

### 1.3 Provision of Clean Heat Supply Services *(Continued)*

Among them, details of actual clean heat supply area and number of heat supply services users of the projects in operation which were held and/or managed by the Group and the joint ventures of the Group are as follows:

Location	Approximate actual clean heat supply area			Approximate heat supply services users		
	30 June 2021 (‘000 sq.m.)	30 June 2020 (‘000 sq.m.)	Change (%)	30 June 2021 (households)	30 June 2020 (households)	Change (%)
North region, China	13,949	12,954	7.7	109,075	108,403	0.6
Northeast region, China	7,707	7,337	5.0	76,450	72,935	4.8
Northwest region, China	5,879	5,465	7.6	28,726	25,278	13.6
East and Central regions, China	1,824	1,642	11.1	14,198	14,010	1.3
Total	29,359	27,398	7.2	228,449	220,626	3.5

### 1.4 Other Clean Energy Businesses

The Group has been exploring other clean energy businesses such as multi-energy complement, hydropower, energy storage, distribution and sales of electricity, hydrogen production and other business lines, and exploring international opportunities for strategic development and diversification, with an aim to become a leading integrated clean energy service provider. During the period, the Group has also entered into strategic cooperation agreements with certain local governments and well-established enterprises, and proactively established integrated partnerships to seek joint development in the field of clean energy for the purpose of mutual benefits and complementarity.

During the period, the Group continued to proactively explore development opportunities for investment, construction and operation in the hydropower sector. As a new strategic business of the Group, the hydropower business is coordinated with other business segments. Relying on hydropower, the Group may establish energy bases which integrate the storage and transmission of wind power, photovoltaic power and hydropower, so as to deliver greater scale advantages and operating benefits, which is expected to contribute more stable income and cash flow to the Group in the future, optimises the Group’s clean energy power station asset portfolio and ultimately deliver greater returns to shareholders. During the period, the Group has developed the hydropower business through different operating ways. Further details are set out in note (b) under the section headed “Significant investments, material acquisition and disposal of subsidiaries, associated companies and joint ventures”.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE

### 2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK\$3,019.2 million (six months ended 30 June 2020: approximately HK\$2,285.0 million) during the period, representing an increase of approximately 32% as compared to the corresponding period of last year. For the six months ended 30 June 2021 (i) revenue from the sale of electricity and entrusted management services reached approximately HK\$2,180.1 million (six months ended 30 June 2020: approximately HK\$1,711.9 million) in aggregate, representing an increase of approximately 27% as compared to the corresponding period of last year; and (ii) construction services revenue was approximately HK\$301.1 million (six months ended 30 June 2020: approximately HK\$80.8 million), representing an increase of approximately 273% as compared to the corresponding period of last year.

	For the six months ended 30 June					
	2021			2020		
	Revenue (HK\$ million)	Gross profit ratio (%)	Gross profit (HK\$ million)	Revenue (HK\$ million)	Gross profit ratio (%)	Gross profit (HK\$ million)
Sale of electricity						
Photovoltaic Power Business	1,609.7	64.3	1,035.1	1,451.7	66.3	961.8
Wind Power Business	544.1	64.9	353.1	149.7	71.0	106.3
Construction services	301.1	19.8	59.7	80.8	17.2	13.9
Technical consultancy services	23.3	57.1	13.3	28.7	73.9	21.2
Entrusted operations	26.3	52.2	13.7	110.5	82.4	91.0
Provision of clean heat supply services	514.7	4.1	20.9	463.6	12.3	56.9
<b>Total</b>	<b>3,019.2</b>	<b>49.5</b>	<b>1,495.8</b>	<b>2,285.0</b>	<b>54.8</b>	<b>1,251.1</b>

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

Gross profit for the sale of electricity increased from approximately HK\$1,068.1 million for the six months ended 30 June 2020 to approximately HK\$1,388.2 million during the period, representing approximately 93% (six months ended 30 June 2020: approximately 85%) to the total gross profit of the Group. The increase in contribution of sale of electricity to the Group's total gross profit was mainly attributable to the steady development of the Group's operating capacity of the photovoltaic and wind power plant projects. On the other hand, contribution of construction services to the Group's total gross profit was approximately 4% (six months ended 30 June 2020: approximately 1%) during the period. The overall gross profit ratio decreased from 54.8% during the six months ended 30 June 2020 to 49.5% during the period, and the total gross profit for the six months ended 30 June 2021 increased by approximately 20% compared to the same period last year.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.2 Other income and gains, net

The Group's other income and gains, net achieved approximately HK\$119.2 million (six months ended 30 June 2020: approximately HK\$111.7 million) during the period, which mainly comprised (i) interest income of approximately HK\$4.1 million (six months ended 30 June 2020: approximately HK\$13.2 million); (ii) government grants of approximately HK\$58.3 million (six months ended 30 June 2020: approximately HK\$41.8 million); and (iii) foreign exchange gains, net of approximately HK\$21.6 million (six months ended 30 June 2020: foreign exchange gains, net of approximately HK\$18.3 million).

### 2.3 Administrative expenses

The increase in administrative expenses to approximately HK\$237.3 million (six months ended 30 June 2020: approximately HK\$193.2 million) was mainly attributable to the increase in staff related expenses as result of the business development of the Group during the period.

### 2.4 Finance costs

The increase in finance costs of the Group by approximately HK\$79.9 million to approximately HK\$757.8 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$677.9 million) was mainly attributable to the increase in the average balances of corporate bonds, bank loans and other borrowings 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 was lower than the standard corporate income tax rate in the PRC as certain of the Group's operating subsidiaries enjoyed tax concession benefits during the corresponding periods.

### 2.6 Property, plant and equipment

Property, plant and equipment mainly represented the carrying amounts of clean energy projects held by the Group and in operation or under construction, and the increase was mainly attributable to the net effect of (i) the acquisition and development of clean energy projects; and (ii) depreciation provided for the period.

### 2.7 Investment properties

The Group's investment properties mainly represented the fair value of an office in Hong Kong and were leased to an independent third party.

### 2.8 Goodwill

It was attributable to the acquisition of subsidiaries since 2016.

### 2.9 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the BOT Basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to *HKFRS 3 (Revised) Business Combinations*. The increase in operating concessions was mainly attributable to the construction of certain clean energy projects on a BOT Basis, and the increase in operating rights was mainly attributable to the net effect of (i) the acquisition of clean energy businesses; and (ii) amortisation provided for the period.



# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.10 Investments in joint ventures

It mainly represented the capital contributions made by the Group to the limited partnerships established in the PRC and joint ventures established for conducting the clean energy businesses.

### 2.11 Investments in associates

It mainly represented (i) the Group's investment in 北清環能集團股份有限公司 (BECE Legend Group Co., Ltd\*) (a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (Stock Code: SZ.000803)), an associate owned as to 24.72% interest by the Group and was principally engaged in the organic waste hazard-free treatment and high-value resource utilisation business, the clean heat supply business and the energy performance contracting business; and (ii) the Group's investment in 北控城投控股集團有限公司 (Beijing Enterprises City Investment Holdings Group Co., Ltd\*), an associate owned as to 15% interest by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC.

### 2.12 Other non-current assets

It represented materials and equipment sold and delivered to independent third parties for the development of a wind power plant project.

### 2.13 Contract assets

Contract assets as at 30 June 2021 of approximately HK\$2,318.1 million (31 December 2020: approximately HK\$3,477.6 million) represented (i) gross receivables of approximately HK\$1,071.8 million (31 December 2020: approximately HK\$1,270.5 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$1,283.7 million (31 December 2020: approximately HK\$2,244.0 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the Project List; and (iii) loss allowances of contract assets of approximately HK\$37.4 million (31 December 2020: approximately HK\$36.9 million). The decrease in contract assets was mainly attributable to the increase in the photovoltaic and wind power plant projects registered into the Project List during the period.

### 2.14 Trade and bills receivables

Trade and bills receivables of approximately HK\$9,224.5 million (31 December 2020: approximately HK\$7,057.9 million) as at 30 June 2021 were mainly attributable to (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK\$7,371.6 million (31 December 2020: approximately HK\$4,851.7 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK\$1,240.3 million (31 December 2020: approximately HK\$1,460.0 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$36.2 million (31 December 2020: approximately HK\$35.8 million).

As at 30 June 2021, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK\$555.5 million (31 December 2020: approximately HK\$380.7 million) from the sale of electricity mainly to State Grid Corporation, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK\$6,743.1 million (31 December 2020: approximately HK\$4,421.7 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Project List.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.15 Prepayments, deposits and other receivables, and other tax recoverables

The decrease in prepayments, deposits and other receivables and other tax recoverables by approximately HK\$102.5 million in aggregate (non-current portion decreased by approximately HK\$587.4 million and current portion increased by approximately HK\$484.9 million in aggregate respectively) to approximately HK\$9,972.5 million (31 December 2020: approximately HK\$10,075.0 million) in aggregate was mainly attributable to the (i) decrease in prepayments, deposits and other receivables for the acquisition and development of clean energy projects; and (ii) the decrease in the input value-added-tax recoverables arising from the utilisation of input value-added-tax recoverables from sale of electricity.

### 2.16 Cash and cash equivalents

The decrease in cash and cash equivalents by approximately HK\$147.5 million to approximately HK\$2,374.0 million (31 December 2020: approximately HK\$2,521.5 million) was mainly attributable to net effect of (i) net increase in the bank loans and other borrowings; (ii) cash outflow on developing, acquiring and operating clean energy projects; and (iii) net cash inflow from daily operating activities during the period.

### 2.17 Trade and bills payables

Trade and bills payables of approximately HK\$5,483.2 million (31 December 2020: approximately HK\$5,898.1 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

### 2.18 Other payables and accruals

Other payables and accruals of approximately HK\$3,225.2 million (31 December 2020: approximately HK\$4,208.2 million) decreased by approximately HK\$983.0 million, which was mainly due to the net effect of (i) increase in construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) settlement of the construction and equipment payable of projects acquired or under development by the Group during the period.

### 2.19 Other non-current liabilities

Other non-current liabilities comprised (i) deferred income of approximately HK\$955.2 million (31 December 2020: approximately HK\$943.5 million) arising from the materials and equipment sold and delivered to independent third parties for the development of a wind power plant project; and (ii) a financial liability of approximately HK\$2,308.5 million (31 December 2020: approximately HK\$1,404.3 million) mainly arising from an option granted to the Ping An Entities, the Second Round Investors, the Third Round Investors and the Fourth Round Investors (as hereinafter defined under the section headed "2.22 Liquidity and financial resources – (d) Capital contribution" in "Management Discussion and Analysis"). Further details of the option are set out in the Company's announcements dated 27 December 2019, 30 July 2020, 26 March 2021 and the circular dated 24 December 2020.

### 2.20 Interest-bearing bank loans and other borrowings and corporate bonds (excluding operating leases)

Interest-bearing bank loans and other borrowings and corporate bonds of approximately HK\$31,648.0 million (31 December 2020: approximately HK\$29,661.3 million) in aggregate increased by approximately HK\$1,986.7 million in aggregate (non-current portion decreased by approximately HK\$1,238.0 million in aggregate and current portion increased by approximately HK\$3,224.7 million in aggregate respectively), which was mainly attributable to the net effect of (i) the drawdown of bank loans and other borrowings for the development of the clean energy businesses; and (ii) the repayment of bank loans and other borrowings during the period.

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.21 Capital expenditures

During the period, the Group's total capital expenditures amounted to approximately HK\$915.5 million (six months ended 30 June 2020: approximately HK\$1,753.5 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects and other property, plant and equipment of approximately HK\$485.5 million (six months ended 30 June 2020: approximately HK\$1,599.6 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$1.1 million (six months ended 30 June 2020: approximately HK\$2.6 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$428.9 million (six months ended 30 June 2020: approximately HK\$151.3 million).

### 2.22 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\$") and Renminbi ("RMB"). Surplus cash is generally placed in short-term deposits denominated in HK\$ and RMB.

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately HK\$2,374.0 million (31 December 2020: approximately HK\$2,521.5 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funds such developments during the period mainly by (i) long-term bank loans and other borrowings; (ii) perpetual capital instrument; (iii) corporate bonds; and (iv) capital contribution as illustrated below.

#### **(a) Long-term bank loans and other borrowings and corporate bonds (excluding operating leases)**

As at 30 June 2021, the Group's total borrowings of approximately HK\$31,648.0 million (31 December 2020: approximately HK\$29,661.3 million) comprised (i) bank loans of approximately HK\$14,883.9 million (31 December 2020: approximately HK\$13,527.8 million); (ii) corporate bonds of approximately HK\$1,706.5 million (31 December 2020: approximately HK\$1,696.3 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK\$15,057.6 million (31 December 2020: approximately HK\$14,437.2 million). Approximately 70% (31 December 2020: approximately 79%) of the Group's borrowings are long-term borrowings.

#### **(b) Perpetual capital instrument**

On 27 November 2018, the Company issued perpetual capital instrument (the "Perpetual Capital Instrument") with an aggregate principal amount of RMB1,000,000,000 for the purposes of repaying certain of the Group's indebtedness and the Group's general working capital. It was the first corporate green panda perpetual capital instrument issued in the PRC and the first perpetual capital instrument issued by the Group. In January 2019, the Company was awarded as one of the "Outstanding Fixed Income Product Issuers" by the Shenzhen Stock Exchange. Net proceeds after deducting issue expenses amounted to RMB997,000,000. There is no maturity of the instrument and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The Perpetual Capital Instrument is classified as equity instruments.

No distribution was paid during the period (for the year ended 31 December 2020: RMB65,000,000).

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.22 Liquidity and financial resources *(Continued)*

#### **(c) Corporate bonds**

A corporate bond (the “Second Corporate Bond”) with an aggregate principal amount of RMB900,000,000 was issued by the Company to certain institutional investors on 29 April 2020, bearing interest at a rate of 5.50% per annum. The Second Corporate Bond is unsecured and repayable on 29 April 2023. One year prior to the maturity pursuant to the terms and conditions in the bond subscription agreement, the Company shall be entitled to adjust the coupon rate of the Second Corporate Bond and the bond holders shall be entitled to sell back the Second Corporate Bond to the Company. Further details of the Second Corporate Bond are set out in the Company’s announcement dated 30 April 2020.

A corporate bond (the “First Corporate Bond”) with an aggregate principal amount of RMB500,000,000 was issued by the Company to certain institutional investors on 6 December 2019, bearing interest at a rate of 5.99% per annum. The First Corporate Bond is unsecured and repayable on 6 December 2022. One year prior to the maturity pursuant to the terms and conditions in the subscription agreement of the First Corporate Bond, the Company shall be entitled to adjust the coupon rate of the First Corporate Bond and the bond holders shall be entitled to sell back the First Corporate Bond to the Company. Further details of the First Corporate Bond are set out in the Company’s announcement dated 6 December 2019.

#### **(d) Capital contribution**

Subsequent to the capital contribution in 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.\*) (formerly known as 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited\*)) (the “Beiqing Smart”) in the aggregate amount of RMB600 million (the “First Round Capital Increase”) by 天津市平安消費科技投資合夥企業 (有限合夥) (Tianjin Ping An Consumption Technology Investment Partnership Enterprise (Limited Partnership)\*), 嘉興智精投資合夥企業 (有限合夥) (Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)\*), 嘉興智精恒錦投資合夥企業 (有限合夥) (Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)\*) and 嘉興智精恒睿投資合夥企業 (有限合夥) (Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)\*) (collectively referred to as the “Ping An Entities”) in December 2019, on 30 July 2020, the Company, Harvest Sunny International Limited (“Harvest Sunny”) and Beiqing Smart, both being subsidiaries of the Company, entered into a capital contribution agreement with 深圳市海匯全贏投資諮詢合夥企業 (有限合夥) (Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership)\*) and 啟鷺 (廈門) 股權投資合夥企業 (有限合夥) (Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)\*) (the “Second Round Investors”), pursuant to which the Second Round Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of the Beiqing Smart (the “Second Round Capital Increase”).

In December 2020, Beiqing Smart conducted a further round of capital increase where 橙葉智成 (淄博) 股權投資合夥企業 (有限合夥) (Orange Leaf Zhicheng (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)\*) (the “Third Round Investor”) contributed new capital in the amount of RMB100 million to Beiqing Smart (the “Third Round Capital Increase”).

# Management Discussion and Analysis

## 2. FINANCIAL PERFORMANCE *(Continued)*

### 2.22 Liquidity and financial resources *(Continued)*

#### *(d) Capital contribution (Continued)*

On 26 March 2021, the Company, 天津富清投資有限公司 (Tianjin Fuqing Investment Co., Ltd.\*) (“Tianjin Fuqing”) and Beiqing Smart, both being subsidiaries of the Company, entered into nine capital contribution agreements with 蕪湖建信鼎信投資管理中心 (有限合夥) (Wuhu CCB Trust Dingxin Investment Management Centre (Limited Partnership)\*), 譽華融投聯動 (廈門) 投資合夥企業 (有限合夥) (Yuhua Rongtou Linkage (Xiamen) Investment Partnership Enterprise (Limited Partnership)\*), 南昌市紅谷灘新區航投譽華股權投資中心 (有限合夥) (Nanchang Honggutan New District Hangtou Yuhua Equity Investment Centre (Limited Partnership)\*), 橙葉志嘉 (淄博) 股權投資基金中心 (有限合夥) (Orange Leaf Zhijia (Zibo) Equity Investment Fund Centre (Limited Partnership)\*), 橙葉智通 (淄博) 股權投資合夥企業 (有限合夥) (Orange Leaf Zhitong (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)\*), 橙葉智鴻 (淄博) 股權投資合夥企業 (有限合夥) (Orange Leaf Zhihong (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)\*), Great First (Hong Kong) Limited (“Great First”), 寧波梅山保稅港區鈞源三號股權投資合夥企業 (有限合夥) (Ningbo Meishan Free Trade Zone Junyuan No. 3 Equity Investment Partnership Enterprise (Limited Partnership)\*) (“Ningbo Junyuan”), 寧波梅山保稅港區鈞源五號股權投資合夥企業 (有限合夥) (Ningbo Meishan Free Trade Zone Junyuan No. 5 Equity Investment Partnership Enterprise (Limited Partnership)\*), and 天津富騰企業管理合夥企業 (有限合夥) (Tianjin Futeng Enterprise Management Partnership (Limited Partnership)\*) (the “Fourth Round Investors”), pursuant to which the Fourth Round Investors agreed to contribute new capital in the aggregate amount of RMB1,076.17 million in return for approximately 9.14% of the enlarged capital of the Beiqing Smart (the “Fourth Round Capital Increase”).

The Fourth Round Capital Increase has not been fully completed as at the date of report. Immediately following the completion of the Fourth Round Capital Increase, Beiqing Smart was held as to approximately 80.24% by Harvest Sunny and would continue to be accounted as a subsidiary of the Company. All the First Round Capital Increase, the Second Round Capital Increase, the Third Round Capital Increase and the Fourth Round Capital Increase constitute deemed disposals by the Company of its interests in Beiqing Smart under Chapter 14 of the Listing Rules. Further details are set out in the Company’s announcements dated 27 December 2019, 30 July 2020, 15 September 2020 and 26 March 2021 and the circular dated 24 December 2020.

As majority of the funding derives from equity fundings from shareholders in prior years, long-term borrowings, the Perpetual Capital Instrument and the corporate bonds, the Group recorded net current assets position of approximately HK\$350.5 million (31 December 2020: approximately HK\$1,049.3 million) as at 30 June 2021.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2021, the Group had unutilised banking facilities of approximately HK\$2,430.5 million in aggregate with terms ranging from repayable on demand to 15 years.

The Group’s net gearing ratio, which was calculated by dividing net debt (defined as the corporate bonds, bank loans and other borrowings, net of cash and cash equivalents and other lease liabilities) by the sum of net debt and total equity, was approximately 68% (31 December 2020: approximately 67%) as at 30 June 2021. The increase in net gearing ratio was mainly due to the net effect of (i) the increase in bank loans and other borrowings for the purpose of funding the development of the clean energy businesses; and (ii) the profit attributable to the equity holders of the Company during the period.

# Management Discussion and Analysis

## MATERIAL ASSET REORGANISATION

On 15 March 2021, Beiqing Smart, an indirect non-wholly owned subsidiary of the Company, entered into an agreement of Intent on Material Asset Reorganisation with 中電電機股份有限公司 (SEC Electric Machinery Co., Ltd.\*) (“SEC Electric”) pursuant to which Beiqing Smart and SEC Electric proposed to undertake a material asset swap transaction, whereby SEC Electric will use all or part of its assets, liabilities and businesses to swap with the equivalent value of part of the equity interests of Beiqing Smart held by Tianjin Fuqing, an indirect wholly-owned subsidiary of the Company and one of the direct shareholders of Beiqing Smart (the “Asset Swap”). Upon completion of the Asset Swap, SEC Electric will acquire all the remaining equity interests of Beiqing Smart from all the shareholders of Beiqing Smart through the issuance of A-shares of SEC Electric. Further details are set out in the Company’s announcement dated 15 March 2021.

On 26 March 2021, SEC Electric, Tianjin Fuqing, all the shareholders of Beiqing Smart (other than Tianjin Fuqing) (the “Remaining Beiqing Smart Shareholders”), and 王建裕先生 (Mr. Wang Jianyu\*) and 王建凱先生 (Mr. Wang Jiankai\*) (the “Existing SEC Shareholders”) entered into the material asset framework agreement dated 26 March 2021 with, among others, Tianjin Fuqing, SEC Electric, the Existing SEC Shareholders and the Remaining Beiqing Smart Shareholders in relation to, among others, the Asset Swap; the disposal of the all remaining equity interest of Beiqing Smart held by Tianjin Fuqing and the Remaining Beiqing Smart Shareholders to SEC Electric; and the new ordinary share(s) in the share capital of SEC Electric to be issued to Tianjin Fuqing and the Remaining Beiqing Smart Shareholders to satisfy the consideration payable by SEC Electric to Tianjin Fuqing and the Remaining Beiqing Smart Shareholders; and the proposed transfer of part of SEC Electric Shares from the Existing SEC Shareholders to Tianjin Fuqing (the “Beiqing Smart Reorganisation”) in relation to, among others, the Beiqing Smart Reorganisation. Further details are set out in the Company’s announcement dated 26 March 2021.

As at the date of this report, no agreement with legally-binding commitment on Tianjin Fuqing in respect of the transaction abovementioned has been entered into. Further announcement(s) pursuant to the Listing Rules will be made by the Company in due course, as appropriate.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

- (a) On 26 March 2021, the Company, Tianjin Fuqing and Beiqing Smart, both being subsidiaries of the Company, entered into nine capital contribution agreements with the Fourth Round Investors, pursuant to which the Fourth Round Investors agreed to contribute new capital in the aggregate amount of RMB1,076.17 million in return for approximately 9.14% of the enlarged capital of Beiqing Smart.

Immediately following the completion of the Fourth Round Capital Increase, Beiqing Smart will be held as to approximately 80.24% by Tianjin Fuqing. Beiqing Smart would continue to be accounted as a subsidiary of the Company. The Fourth Round Capital Increase constitutes a deemed disposal by the Company of its interests in Beiqing Smart. Further details are set out in the Company’s announcement dated 26 March 2021.

# Management Discussion and Analysis

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES** *(Continued)*

- (b) On 16 April 2021, Beiqing Smart entered into an operating rights agreement with 連州市嘉潤投資發展有限公司 (Lianzhou City Jiarun Investment Development Co., Ltd.\*) (the "Lianzhou Company") in relation to the transfer of the operating rights of 連州市潭嶺水電廠 (Lianzhou City Tanling Hydropower Plant\*) (the "Hydropower Plant") to Beiqing Smart (the "Operating Rights Agreement"), pursuant to which the Lianzhou Company agreed to transfer the operating rights of the Hydropower Plant to Beiqing Smart (or its holding company) for a term of 20 years (from the date of transfer of the operating rights of the Hydropower Plant), subject to the obtaining of approval of the pumped-storage project. The basic operating fees payable by Beiqing Smart under the Operating Rights Agreement shall be approximately RMB41,020,000 per annum. Further details are set out in the Company's announcements dated 16 April 2021 and 30 April 2021.
- (c) On 14 May 2021, 西藏多能共拓企業管理合夥企業 (普通合夥) (Tibet Duoneng Gongtuo Enterprise Management Partnership Enterprise (General Partnership)\*) (as the "Purchaser") (an indirect non-wholly owned subsidiary of the Company) and Great First entered into a target equity transfer agreement (the "Great First Target Equity Transfer Agreement"), pursuant to which the Purchaser agreed to acquire, and Great First agreed to dispose of, approximately 8.33% equity interest in 北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited\*) (as the "Target Company") at a consideration of RMB33,222,712 (the "Great First Target Equity Transfer"). On 14 May 2021, the Purchaser also entered into a target equity transfer agreement with each of Ningbo Junyuan and Super Bright (Hong Kong) Limited, ("Super Bright") respectively, pursuant to which the Purchaser agreed to acquire, and Ningbo Junyuan and Super Bright agreed to dispose of, an aggregate of approximately 11.88% equity interest in the Target Company at an aggregate of consideration of RMB47,520,726 (the "Ningbo Junyuan and Super Bright Target Equity Transfer"), (The Great First Target Equity Transfer and the Ningbo Junyuan and Super Bright Target Equity Transfer are collectively referred to as the "Target Equity Transfer").

The Target Equity Transfer has been completed as at the date of this report. Upon completion of the Target Equity Transfers, the Purchaser will hold an aggregate of approximately 95.76% equity interest in the Target Company. The Target Company will continue to be a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group. Further details are set out in the Company's announcement dated 14 May 2021.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the period ended 30 June 2021.

# Management Discussion and Analysis

## CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 30 June 2021 are secured by:

- (i) pledges over certain of the Group's property, plant and equipment and operating concessions;
- (ii) pledges over certain of the Group's trade receivables and contract assets;
- (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 2021, 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 2020: 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 HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2021, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed 1,930 employees (30 June 2020: 1,921 employees) with total staff cost of approximately HK\$154.2 million (six months ended 30 June 2020: approximately HK\$136.9 million) incurred for the six months ended 30 June 2021. The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in page 59 of this report.



# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
REVENUE	3	<b>3,019,152</b>	2,285,001
Cost of sales		<b>(1,523,310)</b>	(1,033,915)
Gross profit		<b>1,495,842</b>	1,251,086
Other income and gains, net	3	<b>119,243</b>	111,708
Selling and distribution expenses		–	(21)
Administrative expenses		<b>(237,344)</b>	(193,214)
Other operating expenses, net		<b>(21,321)</b>	(13,732)
Finance costs	5	<b>(757,827)</b>	(677,936)
Share of profits and losses of:			
Joint ventures		<b>245</b>	(2,255)
Associates		<b>5,394</b>	(5,390)
PROFIT BEFORE TAX	4	<b>604,232</b>	470,246
Income tax expense	6	<b>(99,900)</b>	(63,531)
PROFIT FOR THE PERIOD		<b>504,332</b>	406,715
ATTRIBUTABLE TO:			
Equity holders of the Company		<b>340,347</b>	334,527
Non-controlling interests		<b>163,985</b>	72,188
		<b>504,332</b>	406,715
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic	8	<b>HK0.47 cent</b>	HK0.47 cent
Diluted		<b>HK0.47 cent</b>	HK0.47 cent

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
PROFIT FOR THE PERIOD	<b>504,332</b>	406,715
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	<b>242,723</b>	(291,139)
Release upon disposal of subsidiaries	–	6,008
Share of other comprehensive income/(loss) of joint ventures	<b>5,542</b>	(2,467)
Share of other comprehensive income/(loss) of associates	<b>11,871</b>	(14,021)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<b>260,136</b>	(301,619)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>764,468</b>	105,096
ATTRIBUTABLE TO:		
Equity holders of the Company	<b>575,633</b>	65,245
Non-controlling interests	<b>188,835</b>	39,851
	<b>764,468</b>	105,096

# Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 (unaudited) HK\$'000	31 December 2020 (audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	27,351,278	26,347,029
Investment properties		162,000	162,000
Goodwill		506,261	490,682
Operating concessions		2,282,399	2,288,353
Operating rights		1,035,994	989,405
Other intangible assets		19,421	19,661
Investments in joint ventures		451,676	447,881
Investments in associates		993,230	953,201
Financial assets at fair value through profit or loss		841,239	813,145
Prepayments, deposits and other receivables	12	4,326,749	4,849,561
Other tax recoverables		1,142,327	1,206,929
Other non-current assets		822,753	812,690
Deferred tax assets		140,494	108,578
Total non-current assets		40,075,821	39,489,115
<b>CURRENT ASSETS</b>			
Inventories		167,705	169,425
Contract assets	10	2,318,098	3,477,559
Trade and bills receivables	11	9,224,532	7,057,897
Prepayments, deposits and other receivables	12	3,462,203	3,018,267
Other tax recoverables		1,041,211	1,000,249
Restricted cash and pledged deposits		197,158	393,199
Cash and cash equivalents		2,374,039	2,521,536
Total current assets		18,784,946	17,638,132

# Condensed Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 (unaudited) HK\$'000	31 December 2020 (audited) HK\$'000
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	5,483,193	5,898,149
Other payables and accruals	14	3,225,241	4,208,246
Interest-bearing bank loans and other borrowings	15	7,753,000	5,645,498
Corporate bonds	16	1,706,539	592,124
Income tax payables		266,509	244,790
Total current liabilities		18,434,482	16,588,807
<b>NET CURRENT ASSETS</b>		350,464	1,049,325
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		40,426,285	40,538,440
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans and other borrowings	15	23,109,240	23,365,271
Corporate bonds	16	–	1,104,199
Other non-current liabilities		3,263,693	2,347,752
Deferred income		68,061	260,910
Deferred tax liabilities		335,181	335,418
Total non-current liabilities		26,776,175	27,413,550
Net assets		13,650,110	13,124,890
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	17	63,525	63,525
Perpetual capital instrument	18	1,182,565	1,143,587
Reserves		9,197,542	9,537,254
<b>Non-controlling interests</b>		10,443,632	10,744,366
		3,206,478	2,380,524
Total equity		13,650,110	13,124,890

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited)	Share premium account (unaudited)	Share option reserve (unaudited)	Special reserves (unaudited)	Statutory surplus reserve (unaudited)	Exchange fluctuation reserve (unaudited)	Retained earnings (unaudited)	Perpetual capital instrument (unaudited)	Total (unaudited)	Non-controlling interests (unaudited)	Total equity (unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 18)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	63,525	5,925,295	37,349	(685,943)	631,288	(1,239,686)	3,434,831	1,139,106	9,305,765	1,700,004	11,005,769
Profit for the period	-	-	-	-	-	-	295,836	38,691	334,527	72,188	406,715
Other comprehensive income/(loss) for the period:											
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(2,467)	-	-	(2,467)	-	(2,467)
Share of other comprehensive loss of associates	-	-	-	-	-	(14,021)	-	-	(14,021)	-	(14,021)
Exchange differences related to foreign operations	-	-	-	-	-	(258,802)	-	-	(258,802)	(32,337)	(291,139)
Release upon disposal of subsidiaries	-	-	-	-	-	6,008	-	-	6,008	-	6,008
Total comprehensive income/(loss) for the period	-	-	-	-	-	(269,282)	295,836	38,691	65,245	39,851	105,096
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(9,800)	(9,800)
Further acquisition of subsidiaries	-	-	-	(32,178)	-	-	-	-	(32,178)	(155,985)	(188,163)
Equity-settled share option arrangements	-	-	7,414	-	-	-	-	-	7,414	-	7,414
Transfer from retained profits	-	-	-	-	1,037	-	(1,037)	-	-	-	-
At 30 June 2020	63,525	5,925,295	44,763	(718,121)	632,325	(1,508,968)	3,729,630	1,177,797	9,346,246	1,574,070	10,920,316

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited)	Share premium account (unaudited)	Share option reserve (unaudited)	Special reserves (unaudited)	Statutory surplus reserve (unaudited)	Exchange fluctuation reserve (unaudited)	Retained earnings (unaudited)	Perpetual capital instrument (unaudited)	Total (unaudited)	Non-controlling interests (unaudited)	Total equity (unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 18)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	63,525	5,925,295*	32,330*	(1,250,410)*	733,442*	181,129*	3,915,468*	1,143,587	10,744,366	2,380,524	13,124,890
Profit for the period	-	-	-	-	-	-	301,369	38,978	340,347	163,985	504,332
Other comprehensive income for the period:											
Share of other comprehensive income of joint ventures	-	-	-	-	-	5,542	-	-	5,542	-	5,542
Share of other comprehensive income of associates	-	-	-	-	-	11,871	-	-	11,871	-	11,871
Exchange differences related to foreign operations	-	-	-	-	-	217,873	-	-	217,873	24,850	242,723
Total comprehensive income for the period	-	-	-	-	-	235,286	301,369	38,978	575,633	188,835	764,468
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,679	1,679
Further acquisition of subsidiaries	-	-	-	101,991	-	-	-	-	101,991	(347,386)	(245,395)
Capital contributions by non-controlling equity holders	-	-	-	-	-	-	-	-	-	600	600
Deemed disposal of partial interest in subsidiaries	-	-	-	(982,226)	-	-	-	-	(982,226)	982,226	-
Equity-settled share option arrangements	-	-	3,868	-	-	-	-	-	3,868	-	3,868
Transfer from retained profits	-	-	-	-	5,727	-	(5,727)	-	-	-	-
At 30 June 2021	63,525	5,925,295*	36,198*	(2,130,645)*	739,169*	416,415*	4,211,110*	1,182,565	10,443,632	3,206,478	13,650,110

\* These reserve accounts comprise the consolidated reserves of HK\$9,197,542,000 (unaudited) (31 December 2020: HK\$9,537,254,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2021.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net cash flows from operating activities	<b>647,457</b>	1,113,707
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<b>4,099</b>	13,171
Purchases of items of property, plant and equipment	<b>(629,596)</b>	(1,579,655)
Proceeds from disposal of items of property, plant and equipment	–	47,180
Addition of financial assets at fair value through profit or loss	–	(292,196)
Addition of operating concessions	<b>(12,195)</b>	(19,892)
Addition of other intangible assets	<b>(1,054)</b>	(2,625)
Proceed from disposal of a joint venture	–	11,031
Investments in joint ventures	–	(92,333)
Investments in associates	<b>(22,764)</b>	–
Acquisition of subsidiaries	<b>(3,966)</b>	4,489
Disposal of subsidiaries	–	588,418
(Increase)/decrease in deposits for potential business acquisition	<b>76,742</b>	(1,345,225)
Change in loan and advances to suppliers, customers and former shareholders in relation to acquisitions	<b>(483,757)</b>	(82,839)
Increase/(decrease) in payables in relation to development of clean energy projects	<b>(706,977)</b>	917,862
Decrease in restricted cash and pledged deposits	<b>200,428</b>	46,067
Change in other non-current assets/liabilities and receivables from potential acquisition companies, net	–	23,664
Net cash flows used in investing activities	<b>(1,579,040)</b>	(1,762,883)

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contributions by non-controlling equity holders	600	–
Increase in financial liabilities from non-controlling interests	885,305	–
Acquisition of non-controlling interests	(135,141)	(188,163)
New bank loans and other borrowings	4,640,188	1,091,842
Repayment of bank loans and other borrowings	(2,810,250)	(305,461)
Net proceed from issuance of corporate bond	–	978,546
Proceeds received under lease arrangements	1,153,883	1,554,549
Principal portion of lease payments	(2,268,008)	(2,570,135)
Interest on bank loans and other borrowings and corporate bonds paid	(457,433)	(274,828)
Interest element of lease payments	(279,614)	(473,523)
Changes of deposits under leases	30,663	–
Net cash flows (used in)/from financing activities	760,193	(187,173)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(171,390)</b>	<b>(836,349)</b>
Cash and cash equivalents at beginning of period	2,521,536	3,698,835
Effect of foreign exchange rate changes, net	23,893	(60,564)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,374,039</b>	<b>2,801,922</b>

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 1.1 CORPORATE AND GROUP INFORMATION

Beijing Enterprises Clean Energy Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the period, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the “Photovoltaic Power Business”), wind power businesses (the “Wind Power Business”) and clean heat supply businesses (the “Clean Heat Supply Business”) in the mainland (“Mainland China”) of the People’s Republic of China (the “PRC”).

## 1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are the same as those adopted in the annual financial statements for the year ended 31 December 2020 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 1.3 below.

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

## 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 16

*Covid-19-Related Rent Concessions beyond 30 June 2021  
(early adopted)*

Amendments to HKFRS 9, HKAS 39, HKFRS 7,  
HKFRS 4 and HKFRS 16

*Interest Rate Benchmark Reform — Phase 2*



# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate, the London Interbank Offered Rate and Loan Prime Rate from the People's Bank of China as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. The amendment did not have any impact on the financial position and performance of the Group, as the Group does not have rent concessions arising as a direct consequence of the COVID-19 pandemic for the period ended 30 June 2021.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of another operating segment. Particulars of the Group's reportable operating segments are summarised as follows: (a) the construction-related business segment engages in the provision of construction services and trading and technical consultancy services of clean energy businesses; and (b) the operation of clean energy projects segment engages in the investment and development of photovoltaic power businesses, wind power businesses and provision of clean heat supply services.

The Group has expanded significantly in the past few years mainly through development in businesses of sales of electricity and provision of clean heat supply services. During the period, management has separately reviewed and evaluated for management-related purposes under the above-mentioned segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results represent the profit earned by each segment before corporate and other unallocated income and expenses, finance costs (other than interest on lease liabilities) and share of profits and losses of joint ventures and associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 2. OPERATING SEGMENT INFORMATION *(Continued)* Six months ended 30 June 2021

	Construction-related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Segment revenue</b>	984,399	2,694,777	3,679,176
Intersegment sales	(660,024)	–	(660,024)
	324,375	2,694,777	3,019,152
<b>Segment results</b>	63,394	778,128	841,522
Elimination of intersegment results			(36,932)
Corporate and other unallocated income and expenses, net			(50,776)
Share of profits of:			
Joint ventures			245
Associates			5,394
Finance costs (other than interest on lease liabilities)			(155,221)
Profit before tax			604,232
<b>Other segment information:</b>			
<b>Capital expenditure*</b>			
– Operating segments	4,426	481,032	485,458
– Amount unallocated			1,054
			486,512
<b>Depreciation and amortisation</b>			
– Operating segments	152,010	619,422	771,432
– Amount unallocated			7,275
			778,707

\* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding assets from the acquisition of subsidiaries, investments in associates and joint ventures.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020

	Construction- related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Segment revenue</b>	1,113,740	2,175,523	3,289,263
Intersegment sales	(1,004,262)	–	(1,004,262)
	109,478	2,175,523	2,285,001
<b>Segment results</b>	35,050	812,907	847,957
Elimination of intersegment results			(3,303)
Corporate and other unallocated income and expenses, net			(91,935)
Share of losses of:			
Joint ventures			(2,255)
Associates			(5,390)
Finance costs (other than interest on lease liabilities)			(274,828)
Profit before tax			470,246
<b>Other segment information:</b>			
Capital expenditure*			
– Operating segments	1,143	1,601,029	1,602,172
– Amount unallocated			–
			1,602,172
Depreciation and amortisation			
– Operating segments	2,340	575,203	577,543
– Amount unallocated			197
			577,740

\* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding assets from the acquisition of subsidiaries, investments in associates and joint ventures.

No segment assets and liabilities are disclosed as they are not regularly provided to the chief operating decision makers.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 2. OPERATING SEGMENT INFORMATION *(Continued)*

### Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of segment geographical information would provide no additional useful information to the users of these unaudited interim condensed consolidated financial statements.

## 3. REVENUE, OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	1,609,719	1,451,684
Wind Power Business	544,110	149,742
Construction services	301,121	80,816
Technical consultancy services	23,254	28,662
Entrusted operations	26,288	110,526
Provision of clean heat supply services	514,660	463,571
	<b>3,019,152</b>	2,285,001

\* Tariff adjustment represents subsidies from the government authorities in respect of the Group's photovoltaic and wind power businesses.

### Revenue from contracts with customers

#### Disaggregated revenue information

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
By timing of revenue recognition:		
Transferred at a point in time	2,872,373	2,222,771
Transferred over time	146,779	62,230
Total revenue from contracts with customers	<b>3,019,152</b>	2,285,001

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 3. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

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

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Bank interest income	3,999	5,912
Other interest income <sup>®</sup>	100	7,259
Government grants <sup>#</sup>	58,341	41,817
Gain on disposal of interest in a joint venture	–	19,713
Fair value gain on financial assets at fair value through profit or loss	17,981	4,044
Foreign exchange difference, net	21,610	18,280
Others	17,212	14,683
	<b>119,243</b>	111,708

<sup>®</sup> Other interest income represents interest income from advances to independent third parties for the development and operation of clean energy businesses.

<sup>#</sup> The government grants mainly represent government subsidies and value-added tax refunds. There are no unfulfilled conditions or contingencies relating to these grants.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Cost of sales of electricity	<b>773,385</b>	533,295
Cost of construction services	<b>233,627</b>	66,915
Cost of technical consultancy services	<b>9,950</b>	7,494
Cost of services in relation to entrusted operations	<b>12,563</b>	19,467
Cost of clean heat supply services	<b>493,785</b>	406,744
Depreciation of property, plant and equipment <sup>⊗</sup>	<b>392,700</b>	175,459
Depreciation of right-of-use assets recognised under property, plant and equipment <sup>⊗</sup>	<b>310,067</b>	336,420
Amortisation of operating concessions*	<b>46,403</b>	40,964
Amortisation of operating rights*	<b>28,000</b>	23,117
Amortisation of other intangible assets <sup>#</sup>	<b>1,537</b>	1,780
Foreign exchange differences, net	<b>(21,610)</b>	(18,280)

<sup>⊗</sup> Depreciation for the period amounting to approximately HK\$695,152,000 and approximately HK\$7,615,000 (six months ended 30 June 2020: approximately HK\$506,130,000 and approximately HK\$5,749,000) are included in "Cost of sales" and "Administrative expenses" in the condensed consolidated statement of profit or loss, respectively.

\* Amortisation of operating concessions and operating rights for the period are included in "Cost of sales" in the condensed consolidated statement of profit or loss.

<sup>#</sup> Amortisation of other intangible assets for the period is included in "Administrative expenses" in the condensed consolidated statement of profit or loss.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Interest on interest-bearing bank loans and other borrowings	411,254	248,929
Interest on lease liabilities	325,793	473,523
Interest on corporate bonds	48,604	25,899
Total interest expenses	785,651	748,351
Less: Interest capitalised	(27,824)	(70,415)
	757,827	677,936

## 6. 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 2020: 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 (ii) they have operations in certain regions of the PRC that are qualified for certain concessionary corporate income tax rates for a prescribed period of time.

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Current – Mainland China	122,723	82,921
Deferred	(22,823)	(19,390)
Total tax expense for the period	99,900	63,531



# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 7. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). No 2020 final dividend was declared during the interim period.

## 8. 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 the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the six months ended 30 June 2021 and 2020, and the number of ordinary shares in issue during the periods.

The calculation of the diluted earnings per share amounts is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the six months ended 30 June 2021 and 2020, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share amounts are based on the following data:

	For the six months ended 30 June	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
<b>Earnings</b>		
Profit for the period attributable to equity holders of the Company	<b>340,347</b>	334,527
Distribution related to the perpetual capital instrument	<b>(38,978)</b>	(38,691)
Profit used in the basic and diluted earnings per share calculations	<b>301,369</b>	295,836

	For the six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculations	<b>63,525,397,057</b>	63,525,397,057
Effect of dilution on weighted average number of ordinary shares – Share options which have dilutive effect	<b>60,673,691</b>	–
Weighted average number of ordinary shares, used in the diluted earnings per share calculations	<b>63,586,070,748</b>	63,525,397,057
Basic earnings per share	<b>HK0.47 cent</b>	HK0.47 cent
Diluted earnings per share	<b>HK0.47 cent</b>	HK0.47 cent

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group had additions to property, plant and equipment of approximately HK\$648,686,000 (six months ended 30 June 2020: approximately HK\$1,593,766,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of approximately HK\$1,047,924,000 (six months ended 30 June 2020: approximately HK\$59,339,000).

## 10. CONTRACT ASSETS

	Notes	30 June 2021 (unaudited) HK\$'000	31 December 2020 (audited) HK\$'000
Tariff adjustment receivables	(a)	1,283,663	2,243,990
Construction contracts	(b)	759,501	992,062
Retention money	(b)	312,320	278,435
		<b>2,355,484</b>	3,514,487
Less: Impairment		<b>(37,386)</b>	(36,928)
Total		<b>2,318,098</b>	3,477,559

Notes:

- (a) Tariff adjustment receivables included in contract assets represented the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon registering into the National Renewable Energy Power Generation subsidies (the "Project List"). In the opinion of the Directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.
- (b) Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 11. TRADE AND BILLS RECEIVABLES

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Trade receivables	<b>2,240,842</b>	2,209,810
Bills receivable	<b>276,739</b>	462,106
	<b>2,517,581</b>	2,671,916
Tariff adjustment receivables (note)	<b>6,743,146</b>	4,421,733
	<b>9,260,727</b>	7,093,649
Less: Impairment	<b>(36,195)</b>	(35,752)
Total	<b>9,224,532</b>	7,057,897

Note: Tariff adjustment receivables included in trade receivables represent the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that have been registered into the Project List.

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 30 days to 90 days to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days.

Management seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade receivables are non-interest-bearing.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 11. TRADE AND BILLS RECEIVABLES *(Continued)*

The ageing analysis of trade and bills receivables (excluding tariff adjustment receivables, net of loss allowance) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follow:

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Within 3 months	<b>685,662</b>	1,216,996
4 to 6 months	<b>223,836</b>	154,612
7 to 12 months	<b>598,288</b>	236,671
1 to 2 years	<b>225,937</b>	733,308
Over 2 years	<b>754,761</b>	301,589
	<b>2,488,484</b>	2,643,176

The ageing analysis of the tariff adjustment receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Within 3 months	<b>698,997</b>	534,373
4 to 6 months	<b>761,638</b>	366,141
7 to 12 months	<b>1,288,504</b>	716,250
1 to 2 years	<b>1,327,380</b>	1,306,300
Over 2 years	<b>2,659,529</b>	1,491,657
	<b>6,736,048</b>	4,414,721

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Prepayments	<b>3,265,026</b>	3,128,890
Deposits and other receivables	<b>3,693,462</b>	4,012,397
Due from joint ventures	<b>499,265</b>	354,456
Due from associates	<b>420,144</b>	459,942
	<b>7,877,897</b>	7,955,685
Less: Impairment	<b>(88,945)</b>	(87,857)
	<b>7,788,952</b>	7,867,828
Portion classified as current assets	<b>(3,462,203)</b>	(3,018,267)
Non-current portion	<b>4,326,749</b>	4,849,561

## 13. TRADE AND BILLS PAYABLES

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

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Within 3 months	<b>655,537</b>	2,012,517
4 to 6 months	<b>428,934</b>	538,250
7 to 12 months	<b>1,549,285</b>	586,921
1 to 2 years	<b>427,485</b>	2,265,638
2 to 3 years	<b>2,421,952</b>	494,823
	<b>5,483,193</b>	5,898,149

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 13. TRADE AND BILLS PAYABLES *(Continued)*

The trade payables are non-interest-bearing. Trade and bills payables are normally settled on terms of 30 days to 180 days.

The Group's bills payables amounting to approximately HK\$48,819,000 (31 December 2020: approximately HK\$19,879,000) were secured by the pledged bank deposits as at 30 June 2021.

## 14. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Deposits received	<b>31,595</b>	32,196
Other payables	<b>2,216,884</b>	3,175,189
Accruals	<b>64,741</b>	51,512
Contract liabilities	<b>912,021</b>	949,349
	<b>3,225,241</b>	4,208,246

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2021 (unaudited)		31 December 2020 (audited)	
	Maturity	HK\$'000	Maturity	HK\$'000
<b>Current</b>				
Lease liabilities	2021-2022	906,463	2021	831,716
Bank loans – unsecured	2021-2022	4,917,245	2021	3,435,008
Bank loans – secured	2021-2022	346,627	2021	306,889
Other loans – secured	2021-2022	1,582,665	2021	1,071,885
		<b>7,753,000</b>		5,645,498
<b>Non-current</b>				
Lease liabilities	2022-2050	5,995,358	2022-2050	6,208,490
Bank loans – unsecured	2022-2028	6,156,728	2022-2028	6,986,735
Bank loans – secured	2022-2037	3,463,251	2022-2037	2,799,132
Other loans – secured	2022-2031	7,493,903	2022-2031	7,370,914
		<b>23,109,240</b>		23,365,271
Total bank loans and other borrowings		<b>30,862,240</b>		29,010,769

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS *(Continued)*

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	<b>5,263,872</b>	3,741,897
In the second year	<b>2,741,001</b>	5,774,987
In the third to fifth years, inclusive	<b>4,834,084</b>	2,323,313
Beyond five years	<b>2,044,894</b>	1,687,567
	<b>14,883,851</b>	13,527,764
Other borrowings repayable:		
Within one year	<b>2,489,128</b>	1,903,601
In the second year	<b>2,249,408</b>	2,147,813
In the third to fifth years, inclusive	<b>7,085,989</b>	6,768,229
Beyond five years	<b>4,153,864</b>	4,663,362
	<b>15,978,389</b>	15,483,005
<b>Total bank loans and other borrowings</b>	<b>30,862,240</b>	29,010,769

Notes:

- (a) Certain of the Group's bank loans and other borrowings are secured by:
- (i) guarantees given by the Company and/or its subsidiaries;
  - (ii) pledges over the trade receivables and contract assets of certain subsidiaries;
  - (iii) pledges over certain of the Group's property, plant and equipment;
  - (iv) pledges over the Group's certain operating concessions; and/or
  - (v) pledges over the Group's equity interests in certain subsidiaries.
- (b) Certain bank borrowing agreements of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company. Details of the agreements 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 set out in the section headed "Specific Performance Obligations On Controlling Shareholder" in "Disclosure Information".



# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 16. CORPORATE BONDS

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
<b>Unsecured corporate bonds, repayable:</b>		
Within one year	<b>1,706,539</b>	592,124
In the second year	–	1,104,199
Total corporate bonds	<b>1,706,539</b>	1,696,323
Portion classified as current liabilities	<b>(1,706,539)</b>	(592,124)
Non-current portion	–	1,104,199

Corporate bonds of the Group as at 30 June 2021 and 31 December 2020 comprised:

- (i) A corporate bond with an aggregate principal amount of RMB500,000,000 was issued by the Company to certain institutional investors on 6 December 2019, bearing interest at a rate of 5.99% per annum. The corporate bond is unsecured and repayable on 6 December 2022. One year prior to the maturity pursuant to the terms and conditions in the bond subscription agreement, the Company shall be entitled to adjust the coupon rate of the corporate bond and the bond holders shall be entitled to sell back the corporate bond to the Company. Further details of the corporate bond are set out in the Company's announcement dated 6 December 2019; and
- (ii) A corporate bond with an aggregate principal amount of RMB900,000,000 was issued by the Company to certain institutional investors on 29 April 2020, bearing interest at a rate of 5.50% per annum. The corporate bond is unsecured and repayable on 29 April 2023. One year prior to the maturity pursuant to the terms and conditions in the bond subscription agreement, the Company shall be entitled to adjust the coupon rate of the corporate bond and the bond holders shall be entitled to sell back the corporate bond to the Company. Further details of the corporate bond are set out in the Company's announcement dated 30 April 2020.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 17. SHARE CAPITAL

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
<b>Authorised:</b>		
Ordinary shares: 466,637,115,100 shares of HK\$0.001 each	<b>466,637</b>	466,637
Convertible preference shares: 33,362,884,900 shares of HK\$0.001 each	<b>33,363</b>	33,363
	<b>500,000</b>	500,000
<b>Issued and fully paid:</b>		
Ordinary shares: 63,525,397,057 shares of HK\$0.001 each	<b>63,525</b>	63,525

## 18. PERPETUAL CAPITAL INSTRUMENT

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
At beginning of the year	<b>1,143,587</b>	1,139,106
Share of profit for the period/year	<b>38,978</b>	77,192
Distribution for the period/year	–	(72,711)
At end of the period/year	<b>1,182,565</b>	1,143,587

During the year ended 31 December 2018, the Company issued a perpetual capital instrument (the “Perpetual Capital Instrument”) with an aggregate principal amount of RMB1,000,000,000. Net proceeds after deducting issue expenses amounted to RMB997,000,000.

The Perpetual Capital Instrument confers the holders a right to receive distributions at the applicable distribution rate of 6.5% per annum, payable annually on 27 November. The distribution rate is subject to review in accordance with the terms thereof at each of the third anniversary from the date of issuance of the Perpetual Capital Instrument. The Company may, at its sole discretion, elect to defer a distribution. In the event when the Company elects to defer a distribution, the Company shall not declare or pay any dividends or reduce its share capital until the distribution deferred is fully settled. The Perpetual Capital Instrument may be redeemed at the option of the Company in whole but not in part, subject to certain conditions under the terms of the Perpetual Capital Instrument. The Perpetual Capital Instrument has no maturity and is classified as equity instruments.

No distribution was paid during the period (for the year ended 31 December 2020: RMB65,000,000).

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 19. CONTINGENT LIABILITIES

At 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

## 20. COMMITMENTS

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

	<b>30 June 2021 (unaudited) HK\$'000</b>	31 December 2020 (audited) HK\$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	<b>494,281</b>	787,980
Capital contributions to joint ventures	<b>526,028</b>	519,594
	<b>1,020,309</b>	1,307,574

Save as disclosed above, at 30 June 2021, the Group did not have any significant commitments (31 December 2020: Nil).

## 21. 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 2021 and 2020 and outstanding balances with related parties as at 30 June 2021 and 31 December 2020.

(b) Compensation of key management personnel of the Group

	<b>For the six months ended 30 June</b>	
	<b>2021 (unaudited) HK\$'000</b>	2020 (unaudited) HK\$'000
Short-term employee benefits	<b>809</b>	1,139
Equity-settled share option expenses	<b>3,541</b>	7,414
Pension scheme contributions	<b>15</b>	41
Total compensation paid to key management personnel	<b>4,365</b>	8,594

In the opinion of the Directors, the Directors represent the key management personnel of the Group.

# Notes to the Condensed Consolidated Financial Statements

30 June 2021

## 22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

The fair value of the non-current portion of deposits and other receivables, interest-bearing bank loans and other borrowings and corporate bonds 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.

### Fair value hierarchy

Financial asset designated at fair value through other comprehensive income and financial assets designated at fair value through profit or loss of the Group as at 30 June 2021 was measured at fair value and its fair value was measured using significant unobservable inputs (Level 3 of fair value hierarchy) as defined in HKFRS 13.

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities. There were also no transfers into or out of Level 3 for financial assets and financial liabilities (31 December 2020: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

## 23. EVENTS AFTER THE REPORTING PERIOD

On 29 July 2021, the appointment of Mr. Zhang Tiefu ("Mr. Zhang"), an executive Director of the Company, as the Joint Chairman of the Board has become effective immediately following the conclusion of the extraordinary general meeting of the Company dated 29 July 2021 ("EGM") as the special resolution in respect of the adoption of the second amended and restated memorandum and articles of association of the Company has been duly passed at the EGM. Following Mr. Zhang's appointment as the Joint Chairman of the Board becoming effective, Mr. Hu Xiaoyong ("Mr. Hu"), an executive Director of the Company, has acted as another Joint Chairman of the Board with effect from 29 July 2021.

On 29 July 2021, Mr. Hu has ceased to be the chairman and member of the nomination committee of the Board (the "Nomination Committee"); and Mr. Zhang has been appointed as the chairman and member of the Nomination Committee. Mr. Shi Xiaobei has ceased to be a member of the remuneration committee of the Board (the "Remuneration Committee"); and Mr. Hu has been appointed as a member of the Remuneration Committee.

Further details are set out in the Company's announcement dated 29 July 2021.

## 24. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation.

## 25. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Directors on 27 August 2021.

\* For identification purposes only

# Disclosure Information

## DISCLOSURE OF INTERESTS

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### (i) Long positions in the shares and/or underlying shares of the Company

Name of Directors	Capacity and number of shares/ underlying shares held				Total	Approximate percentage of the Company's total issued shares (Note 1)
	Personal interests	Family interests	Corporate interests	Other interests		
Mr. Hu Xiaoyong	132,780,000	–	2,291,454,285 (Note 2)	–	2,424,234,285	3.82%
Mr. Tan Zaixing	60,000,000	–	–	–	60,000,000	0.09%

*Notes:*

1. The approximate percentage was calculated on the basis of 63,525,397,057 shares of the Company in issue as at 30 June 2021.
2. Out of 2,291,454,285 shares, 2,285,714,285 shares and 5,740,000 shares were held by Zihua Investments Limited and Starry Chance Investments Limited, respectively, both companies are wholly and beneficially owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to have interests in those shares of the Company under the SFO.

## DISCLOSURE OF INTERESTS *(Continued)*

### Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations *(Continued)*

#### (ii) Long positions in the shares and/or underlying shares of the Company's associated corporation

Name of Associated Corporation	Name of Director	Capacity in which interests are held	Registered capital held	Approximate percentage of interests <i>(Note 1)</i>
天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.*) ("Beiqing Smart")	Mr. Hu Xiaoyong	Interest of controlled corporation <i>(Note 2)</i>	RMB18,703,254	0.28%

*Notes:*

- The approximate percentage was calculated on the basis of the registered capital of RMB6,657,878,285 of Beiqing Smart as at 30 June 2021.
- Such interest was held by Great First (Hong Kong) Limited, which in turn is wholly-owned by Mr. Hu Xiaoyong.

#### (iii) Long positions in the underlying shares of share options of the Company

The interests of the Directors in the underlying shares of share options of the Company are separately disclosed in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under 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 in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" and "Share Option Scheme" of this report, 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 minor 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.

#### ***Directors' Interests in Transactions, Arrangements or Contracts***

No transactions, arrangements or contracts of significance in relation to the Group's business 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, save as disclosed under the section headed "Related Party Disclosures" in note 21 to the condensed consolidated financial statements.

## Disclosure Information

### DISCLOSURE OF INTERESTS *(Continued)*

#### Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2021, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company 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 shares held	Approximate percentage of the Company's total issued shares <i>(Note 1)</i>
Beijing Enterprises Group Company Limited ("BE Group") <i>(Note 2)</i>	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Holdings Limited ("BEHL") <i>(Note 2)</i>	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Water Group Limited ("BEWG") <i>(Note 2)</i>	Interest of controlled corporation	20,253,164,571	31.88%
CITIC Securities Company Limited <i>(Notes 3(i) and (ii))</i>	Interest of controlled corporation	15,189,873,410	23.91%
CITICPE Holdings Limited <i>(Note 3(i))</i>	Interest of controlled corporation	7,594,936,710	11.96%
CITIC PE Associates II, L.P. <i>(Note 3(i))</i>	Interest of controlled corporation	7,594,936,710	11.96%
CPEChina Fund II, L.P. <i>(Note 3(i))</i>	Interest held jointly with another person	7,594,936,710	11.96%
CPEChina Fund IIA, L.P. <i>(Note 3(i))</i>	Interest held jointly with another person	7,594,936,710	11.96%
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*) ("CITIC Private Equity Funds") <i>(Note 3(ii))</i>	Interest of controlled corporation	7,594,936,700	11.96%
北京宥德投資管理中心(有限合夥) (Beijing Youde Investment Management Centre (Limited Partnership)*) ("Beijing Youde Investment") <i>(Note 3(iii))</i>	Interest of controlled corporation	7,594,936,700	11.96%

# Disclosure Information

## DISCLOSURE OF INTERESTS *(Continued)*

### Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares *(Continued)*

#### Long position in the shares and/or underlying shares of the Company *(Continued)*

Name of shareholders	Capacity in which shares are held	Number of shares held	Approximate percentage of the Company's total issued shares <i>(Note 1)</i>
北京信聿投資中心(有限合夥) (Beijing Xinyu Investment Centre (Limited Partnership)*) (formerly known as 北京中信投資中心(有限合夥)(CITIC Private Equity Fund III (RMB)*) ("Beijing Xinyu Investment") <i>(Note 3(ii))</i>	Interest of controlled corporation	7,594,936,700	11.96%
啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) <i>(Note 4)</i>	Interest of controlled corporation	4,045,000,000	6.37%
Tuspark Technology Innovation Ltd. (啟迪科創有限公司) <i>(Note 4)</i>	Beneficial interest	4,045,000,000	6.37%

#### Notes:

- The approximate percentage was calculated on the basis of 63,525,397,057 shares of the Company in issue as at 30 June 2021.
- BE Group is deemed to be interested in an aggregate of 20,253,164,571 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long position in the shares
Fast Top Investment Limited ("Fast Top")	20,253,164,571
BEWG	20,253,164,571
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	20,253,164,571
BEHL	20,253,164,571
Beijing Enterprises Group (BVI) Company Limited ("BE BVI")	20,253,164,571

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 20,253,164,571 shares of the Company. BEWG was directly held as to approximately 41.12% by BE Environmental and approximately 0.25% by Beijing Holdings Limited ("BHL") as at 30 June 2021. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn held as to approximately 61.96% by BE BVI (by itself and through its subsidiaries) and approximately 0.32% by BHL. Both BE BVI and BHL are wholly-owned by BE Group.



# Disclosure Information

## DISCLOSURE OF INTERESTS (Continued)

### Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (Continued)

#### Long position in the shares and/or underlying shares of the Company (Continued)

Notes: (Continued)

3. CITIC Securities Company Limited (a company listed on the Stock Exchange and the Shanghai Stock Exchange) is deemed to be interested in an aggregate of 15,189,873,410 shares of the Company as a result of its indirect holding of such shares through the following entities:

(i) Name	Long position in the shares
CTSL Green Power Investment Limited ("CTSL Green Power")	7,594,936,710
CPEChina Fund II, L.P.	7,594,936,710
CPEChina Fund IIA, L.P.	7,594,936,710
CITIC PE Associates II, L.P.	7,594,936,710
CITIC PE Funds II Limited	7,594,936,710
CITICPE Holdings Limited	7,594,936,710
CLSA Global Investments Management Limited ("CLSA Global")	7,594,936,710
CLSA B.V.	7,594,936,710
CITIC Securities International Company Limited ("CITIC Securities International")	7,594,936,710

CTSL Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 7,594,936,710 shares of the Company. 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 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 CITICPE Holdings Limited, which is owned as to 35% by CLSA Global. CLSA Global is wholly-owned by CLSA B.V., which is wholly-owned by CITIC Securities International, which is in turn wholly-owned by CITIC Securities Company Limited.

(ii) Name	Long position in the shares
CTSL New Energy Investment Limited ("CTSL New Energy")	7,594,936,700
Beijing Xinyu Investment	7,594,936,700
Beijing Youde Investment	7,594,936,700
上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) ("Shanghai Pannuo")	7,594,936,700
CITIC Private Equity Funds	7,594,936,700

CTSL New Energy, a wholly-owned subsidiary of Beijing Xinyu Investment, beneficially holds 7,594,936,700 shares of the Company. Beijing Xinyu Investment is a limited partnership registered under the laws of the PRC. The general partner of Beijing Xinyu Investment is Beijing Youde Investment, a limited partnership registered under the laws of the PRC whose general partner is Shanghai Pannuo, a limited liability company incorporated in the PRC. Shanghai Pannuo is wholly-owned by CITIC Private Equity Funds, which is in turn owned as to 35% by CITIC Securities Company Limited.

4. Tuspark Technology Innovation Ltd. (啟迪科創有限公司), a wholly-owned subsidiary of 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.\*), beneficially holds 4,045,000,000 shares of the Company.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any persons (other than the Directors or the chief executive 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 by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 11 June 2013 and update to the terms of the Share Option Scheme was adopted by the shareholders' resolution passed on 8 June 2021. As at 30 June 2021, there were share options relating to 1,020,000,000 shares granted by the Company, representing approximately 1.61% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which were valid and outstanding; while as at the date of this report, there are share options relating to 1,020,000,000 shares granted by the Company, representing approximately 1.61% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which remained valid and outstanding.

The major terms of the Share Option Scheme are summarised as follows:

### (i) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel for the development of the Group's business; to provide additional incentive to the selected qualifying participants; and to promote the success of the business of the Group.

### (ii) Qualifying participants

Any employee (full-time or part-time), director, consultant or advisor, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group and also any entity in which the Company directly or indirectly holds any equity interest.

### (iii) Maximum number of shares

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the total issued shares of the Company at the date of approval of the Share Option Scheme. The scheme mandate limit under the Share Option Scheme was refreshed by the ordinary resolution passed by the shareholders at the annual general meeting held on 31 May 2018 (the "2018 AGM") which enabled the grant of share options to subscribe for up to 6,352,539,705 shares, representing 10% of the shares in issue as at the date of the 2018 AGM.

As at 1 January 2021, the total number of shares available for issue under the Share Option Scheme was 6,782,539,705 shares. During the six months ended 30 June 2021 and up to the date of this report, share options relating to 10,000,000 shares were lapsed in accordance with the Share Option Scheme. As at the date of this report, the total number of shares available for issue pursuant to the Share Option Scheme was 6,792,539,705 shares, representing approximately 10.69% of the shares in issue of the Company.

Notwithstanding the foregoing, the aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the shares in issue from time to time.

# Disclosure Information

## **SHARE OPTION SCHEME** *(Continued)*

### **(iv) Limit for each participant**

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period up to and including the date of grant to each participant must not exceed 1% of the 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 shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares 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.

### **(v) Option period**

The period for the exercise of an option shall be determined by the Board in its absolute discretion at the time of granting an option, but in any event such period shall not exceed 10 years from the date of grant.

### **(vi) Acceptance and payment on acceptance**

An offer for the options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer is HK\$1.00.

### **(vii) Subscription price**

The subscription price shall be a price solely determined by the Board and notified to a qualifying participant and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant.

### **(viii) Remaining life of the Share Option Scheme**

The Share Option Scheme will remain in force for a period of 10 years commencing on the adoption date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

Under the Share Option Scheme, the Board shall be entitled at any time within 10 years between 11 June 2013 and 10 June 2023 to offer an option to any qualifying participants.

# Disclosure Information

## SHARE OPTION SCHEME (Continued)

Details of movements of the share option granted under the Share Option Scheme during the year ended 31 December 2020 and during the six months ended 30 June 2021 were as follows:

Category of participants/Name	Number of share options											Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$
	As at 1 January 2020	Granted during the year ended 31 December 2020	Exercised during the year ended 31 December 2020	Cancelled during the year ended 31 December 2020	Lapsed/ forfeited during the year ended 31 December 2020	As at 31 December 2020/ 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 30 June 2021			
<b>Executive Directors</b>														
Mr. Hu Xiaoyong	120,000,000	-	-	(120,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2020 – 17/09/2027	0.199
	120,000,000	-	-	(120,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2021 – 17/09/2027	0.199
	120,000,000	-	-	(120,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2022 – 17/09/2027	0.199
	120,000,000	-	-	(120,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2023 – 17/09/2027	0.199
	120,000,000	-	-	(120,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2024 – 17/09/2027	0.199
	-	80,000,000	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	-	80,000,000	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	-	80,000,000	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	-	80,000,000	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	-	80,000,000	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
Mr. Tan Zaiping	-	68,000,000	-	-	-	68,000,000	-	-	-	68,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080	
	-	68,000,000	-	-	-	68,000,000	-	-	-	68,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080	
	-	68,000,000	-	-	-	68,000,000	-	-	-	68,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080	
	-	68,000,000	-	-	-	68,000,000	-	-	-	68,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080	
	-	68,000,000	-	-	-	68,000,000	-	-	-	68,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080	
Ms. Huang Danxia	-	6,000,000	-	-	(6,000,000)	-	-	-	-	-	15/09/2020	15/09/2023 – 14/09/2030	0.080	
	-	6,000,000	-	-	(6,000,000)	-	-	-	-	-	15/09/2020	15/09/2024 – 14/09/2030	0.080	
	-	6,000,000	-	-	(6,000,000)	-	-	-	-	-	15/09/2020	15/09/2025 – 14/09/2030	0.080	
	-	6,000,000	-	-	(6,000,000)	-	-	-	-	-	15/09/2020	15/09/2026 – 14/09/2030	0.080	
	-	6,000,000	-	-	(6,000,000)	-	-	-	-	-	15/09/2020	15/09/2027 – 14/09/2030	0.080	
Mr. Huang Weihua (Resigned as an executive Director on 26 June 2020)	80,000,000	-	-	-	(80,000,000)	-	-	-	-	-	18/09/2017	18/09/2020 – 17/09/2027	0.199	
	80,000,000	-	-	-	(80,000,000)	-	-	-	-	-	18/09/2017	18/09/2021 – 17/09/2027	0.199	
	80,000,000	-	-	-	(80,000,000)	-	-	-	-	-	18/09/2017	18/09/2022 – 17/09/2027	0.199	
	80,000,000	-	-	-	(80,000,000)	-	-	-	-	-	18/09/2017	18/09/2023 – 17/09/2027	0.199	
	80,000,000	-	-	-	(80,000,000)	-	-	-	-	-	18/09/2017	18/09/2024 – 17/09/2027	0.199	

# Disclosure Information

## SHARE OPTION SCHEME (Continued)

Category of participants/Name	Number of share options											Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$
	As at 1 January 2020	Granted during the year ended 31 December 2020	Exercised during the year ended 31 December 2020	Cancelled during the year ended 31 December 2020	Lapsed/ forfeited during the year ended 31 December 2020	As at 31 December 2020/ 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 30 June 2021			
<b>Independent non-executive Directors</b>														
Mr. Li Fujun	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2024 – 17/09/2027	0.199
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
Mr. Xu Honghua	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2024 – 17/09/2027	0.199
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080

## SHARE OPTION SCHEME (Continued)

Category of participants/Name	Number of share options											Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$
	As at 1 January 2020	Granted during the year ended 31 December 2020	Exercised during the year ended 31 December 2020	Cancelled during the year ended 31 December 2020	Lapsed/ forfeited during the year ended 31 December 2020	As at 31 December 2020/ 1 January 2021	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 30 June 2021			
<b>Independent non-executive Directors</b>														
Mr. Chiu Kung Chik	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	-	-	(2,000,000)	-	-	-	-	-	-	-	18/09/2017	18/09/2024 – 17/09/2027	0.199
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	-	2,000,000	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
<b>Sub-total</b>	1,030,000,000	800,000,000	-	(630,000,000)	(430,000,000)	770,000,000	-	-	-	-	770,000,000			
<b>Employees of the Group and associated corporations of the Group</b>														
In aggregate	-	52,000,000	-	-	-	52,000,000	-	-	-	(2,000,000)	50,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	-	-	-	(2,000,000)	50,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	-	-	-	(2,000,000)	50,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	-	-	-	(2,000,000)	50,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	-	-	-	(2,000,000)	50,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
<b>Sub-total</b>	-	260,000,000	-	-	-	260,000,000	-	-	-	(10,000,000)	250,000,000			
<b>Total</b>	1,030,000,000	1,060,000,000	-	(630,000,000)	(430,000,000)	1,030,000,000	-	-	-	(10,000,000)	1,020,000,000			

### Notes:

- The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 15 September 2017 was HK\$0.197.
- The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 14 September 2020 was HK\$0.039.
- The share options granted on 18 September 2017 are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant. Each tranche of the share options shall be exercisable on the condition that each participant has passed the performance assessment of the Company.
- The share options granted on 15 September 2020 are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant. Apart from the aforesaid vesting dates, each tranche of the share options shall be vested and exercisable on the condition that each participant has passed the cultural values and performance assessment of the Company.
- During the six months ended 30 June 2021, the share options relating to 10,000,000 shares granted to an employee of the Group and associated corporations of the Group lapsed on the expiry of 3 months after the date of his resignation in accordance with the Share Option Scheme.

# Disclosure Information

## **SHARE OPTION SCHEME** *(Continued)*

Save as disclosed above, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme and no share option was granted to other eligible participants who are not Directors of the Company or employees of the Group and associated corporations of the Group during the year ended 31 December 2020 and the six months ended 30 June 2021.

## **CHANGE IN INFORMATION OF DIRECTOR(S) UNDER RULE 13.51B(1) OF THE LISTING RULES**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director(s) required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) is as follows:

1. Mr. Shi Xiaobei has resigned as the Chief Executive Officer of the Company with effect from 21 May 2021 and has ceased as a member of Remuneration Committee of the Board with effect from 29 July 2021.
2. Mr. Hu Xiaoyong has been appointed as the Joint Chairman of the Board with effect from the conclusion of the extraordinary general meeting held on 29 July 2021 by passing special resolution to adopt the Second Amended and Restated Memorandum and Articles of Association of the Company to reflect the joint chairmanship structure of the Board. He has been also appointed as a member of Remuneration Committee of the Board with effect from 29 July 2021 and has ceased as the chairman and member of Nomination Committee of the Board on 29 July 2021.

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2020 and up to the date of this report.

## **CHANGE IN DIRECTOR(S)**

Set out below the following change in Director(s) since the date of the annual report of the Company for the year ended 31 December 2020 and up to the date of this report:

1. Mr. Zhang Tiefu has been appointed as an Executive Director of the Company with effect from 21 May 2021; and he has been appointed as the Joint Chairman of the Board with effect from the conclusion of the extraordinary general meeting held on 29 July 2021 by passing special resolution to adopt the Second Amended and Restated Memorandum and Articles of Association of the Company to reflect the joint chairmanship structure of the Board. He has been also appointed as the chairman and member of Nomination Committee of the Board with effect from 29 July 2021.
2. Mr. Yang Guang has been appointed as an Executive Director and the Chief Executive Officer of the Company with effect from 21 May 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

# Disclosure Information

## 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
17 December 2018	Term loan facility with a bank	HK\$800	December 2022	Note 1
14 June 2019	Term loan facility with a syndicate of banks	HK\$3,000	June 2022	Note 1
25 October 2019	Term loan facility with a bank	HK\$1,000	October 2022	Note 1
26 August 2020	Term loan facility with a syndicate of banks	HK\$390 and USD100	August 2023	Note 1
28 December 2020	Revolving loan facility with a bank	HK\$1,000	November 2021	Note 1
30 April 2021	Term loan facility with a syndicate of banks	HK\$1,872 and USD60	April 2024	Note 1

*Note:*

- (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 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 is not or ceases to be the, direct or indirect, single largest shareholder of the Company, and/or 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/or 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/or 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\*).

According to the respective terms and conditions of the Agreements, the banks 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 2021 and up to the date of approval of this report.

Except as disclosed above, as at 30 June 2021, the Company did not have other disclosure obligations under Rule 13.21 of the Listing Rules.



# Corporate Governance

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Group strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for shareholders.

In the opinion of the Board, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021 and up to the date of this report.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

## 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 Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control systems of the Company. The unaudited interim results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

\* For identification purposes only