山高新能源集團有限公司
SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01250)**

# INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

## HIGHLIGHTS

- The Group reported revenue of approximately HK$2,938.4 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK$3,019.2 million), representing a decrease of approximately 3% as compared to the corresponding period of last year. The Group's gross profit margin decreased from 49.5% during the six months ended 30 June 2021 to 46.6% during the Reporting Period, and the total gross profit for the six months ended 30 June 2022 decreased by approximately 8% compared to the same period of last year.

- Profit for the Reporting Period of the Group was approximately HK$ 342.6 million (six months ended 30 June 2021: approximately HK$418.5 million (restated)), representing a decrease of approximately 18% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK$ 360.9 million (six months ended 30 June 2021: approximately HK$356.8 million (restated)), representing an increase of approximately 1% as compared to the corresponding period of last year.

- A considerable part of the decreases in revenue, gross profit, gross profit margin and profit for the Reporting Period of the Group was due to the following reasons: (i) the decreases in revenue and gross profit of construction services because of the further optimisation of revenue and business structure to the power generation business; (ii) the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour of the centralised photovoltaic power plant projects and wind power plant projects compared to the corresponding period of last year.

- During the Reporting Period, the weighted average utilisation hours of the centralised photovoltaic power plant projects and wind power plant projects reached 651 hours and 1,362 hours, respectively, which were higher than the national average utilisation hours of photovoltaic power of 623 hours and wind power of 1,156 hours in the PRC.

- The decrease in administrative expenses to approximately HK$177.3 million (six months ended 30 June 2021: approximately HK$237.3 million) was mainly attributable to the result of implementing cost reduction and efficiency enhancement by the Group.

- EBITDA amounted to approximately HK$1,971.8 million (six months ended 30 June 2021: approximately HK$2,140.8 million), representing a decrease of approximately 8% as compared to the corresponding period of last year.

- Basic and diluted earnings per share for the six months ended 30 June 2022 were HK0.48 cent (six months ended 30 June 2021: HK0.50 cent (restated)) and HK0.48 cent (six months ended 30 June 2021: HK0.50 cent (restated)) respectively.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shandong Hi-Speed New Energy Group Limited (formerly known as Beijing Enterprises Clean Energy Group Limited) (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2022 (the "**Reporting Period**") and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2022, together with comparative figures for the corresponding period in 2021, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2022*

| | | For the six months ended 30 June | |
|---|---|---|---|
| | | **2022** | 2021 |
| | | **(unaudited)** | (unaudited, restated) |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| REVENUE | *2* | **2,938,362** | 3,019,152 |
| Cost of sales | | **(1,568,962)** | (1,523,310) |
| Gross profit | | **1,369,400** | 1,495,842 |
| Other income and gains, net | *2* | **53,187** | 119,243 |
| Selling and distribution expenses | | **(1,029)** | – |
| Administrative expenses | | **(177,342)** | (237,344) |
| Other operating expenses, net | | **(51,198)** | (21,321) |
| Finance costs | *4* | **(805,448)** | (843,709) |
| Share of profits of: | | | |
| Joint ventures | | **5,641** | 245 |
| Associates | | **24,019** | 5,394 |
| PROFIT BEFORE TAX | *3* | **417,230** | 518,350 |
| Income tax expense | *5* | **(74,679)** | (99,900) |
| PROFIT FOR THE PERIOD | | **342,551** | 418,450 |
| ATTRIBUTABLE TO: | | | |
| Equity holders of the Company | | **360,914** | 356,835 |
| Non-controlling interests | | **(18,363)** | 61,615 |
| | | **342,551** | 418,450 |
| EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | *7* | | |
| Basic | | **HK0.48 cent** | HK0.50 cent |
| Diluted | | **HK0.48 cent** | HK0.50 cent |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2022** | 2021 |
| | **(unaudited)** | (unaudited, restated) |
| | ***HK$'000*** | *HK$'000* |
| PROFIT FOR THE PERIOD | **342,551** | 418,450 |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | |
| *Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:* | | |
| Exchange fluctuation reserve: | | |
| Translation of foreign operations | **(1,003,426)** | 242,723 |
| Share of other comprehensive (loss)/income of joint ventures | **(22,413)** | 5,542 |
| Share of other comprehensive (loss)/income of associates | **(51,569)** | 11,871 |
| OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX | **(1,077,408)** | 260,136 |
| TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD | **(734,857)** | 678,586 |
| ATTRIBUTABLE TO: | | |
| Equity holders of the Company | **(585,779)** | 592,121 |
| Non-controlling interests | **(149,078)** | 86,465 |
| | **(734,857)** | 678,586 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*30 June 2022*

| | Notes | 30 June 2022 (unaudited) HK$'000 | 31 December 2021 (audited) HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **26,237,586** | 27,732,405 |
| Investment properties | | **153,700** | 162,000 |
| Goodwill | | **522,990** | 547,837 |
| Operating concessions | | **1,996,862** | 2,138,011 |
| Operating rights | | **948,698** | 1,020,748 |
| Other intangible assets | | **13,530** | 20,001 |
| Investments in joint ventures | | **480,389** | 497,159 |
| Investments in associates | | **1,111,802** | 1,129,425 |
| Prepayments, deposits and other receivables | | **3,131,276** | 3,291,428 |
| Other tax recoverables | | **175,868** | 585,233 |
| Other non-current assets | | **1,272,593** | 1,332,003 |
| Deferred tax assets | | **346,515** | 285,508 |
| Total non-current assets | | **36,391,809** | 38,741,758 |
| **CURRENT ASSETS** | | | |
| Inventories | | **105,078** | 126,520 |
| Contract assets | *8* | **1,133,969** | 1,353,953 |
| Trade and bills receivables | *9* | **10,771,595** | 10,006,793 |
| Financial assets at fair value through profit or loss | | **217,914** | 581,123 |
| Prepayments, deposits and other receivables | | **2,031,727** | 2,343,586 |
| Other tax recoverables | | **76,175** | 352,472 |
| Restricted cash and pledged deposits | | **247,692** | 227,200 |
| Cash and cash equivalents | | **3,645,553** | 1,140,832 |
| Total current assets | | **18,229,703** | 16,132,479 |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**
*30 June 2022*

| | Notes | **30 June 2022 (unaudited) *HK$'000*** | 31 December 2021 (audited) *HK$'000* |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Trade and bills payables | *10* | **2,343,900** | 3,296,057 |
| Other payables and accruals | | **1,554,713** | 2,363,821 |
| Lease liabilities | | **641,685** | 1,009,155 |
| Interest-bearing bank loans and other borrowings | | **5,158,529** | 9,041,677 |
| Corporate bonds | | **49,050** | 1,188,385 |
| Other current liabilities | | **1,549,710** | 1,577,945 |
| Income tax payables | | **235,740** | 225,795 |
| Total current liabilities | | **11,533,327** | 18,702,835 |
| **NET CURRENT ASSETS/(LIABILITIES)** | | **6,696,376** | (2,570,356) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **43,088,185** | 36,171,402 |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | | **3,990,858** | 3,531,063 |
| Interest-bearing bank loans and other borrowings | | **20,058,127** | 17,399,202 |
| Other non-current liabilities | | **2,693,500** | 2,781,734 |
| Deferred income | | **–** | 50,517 |
| Deferred tax liabilities | | **328,762** | 326,832 |
| Total non-current liabilities | | **27,071,247** | 24,089,348 |
| Net assets | | **16,016,938** | 12,082,054 |
| **EQUITY** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | *11* | **112,329** | 63,525 |
| Reserves | | **15,325,865** | 11,186,898 |
| | | **15,438,194** | 11,250,423 |
| **Non-controlling interests** | | **578,744** | 831,631 |
| Total equity | | **16,016,938** | 12,082,054 |

# NOTES:

## 1.1 CORPORATE AND GROUP INFORMATION

Shandong Hi-Speed New Energy Group Limited (formerly known as 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 Reporting 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**").

On 19 May 2022, the Company completed the issuance of 48,804,039,247 ordinary shares at an issue price of HK$0.096 each. Further details are disclosed in Note 11.

Following the passing of the special resolution at the extraordinary general meeting of the Company held on 24 June 2022, the English name of the Company has been changed from "Beijing Enterprises Clean Energy Group Limited" to "Shandong Hi-Speed New Energy Group Limited" and the dual foreign name in Chinese of the Company has been changed from "北控清潔能源集團有限公司" to "山高新能源集團有限公司", both with effect from 27 June 2022. The change of name was registered with the Registrar of Companies of Hong Kong on 25 July 2022.

## 1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 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 ("**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 2021. 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 2021 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.

## 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

**1.3.1** The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

| | |
|---|---|
| Amendments to HKFRS 3 | *Reference to the Conceptual Framework* |
| Amendments to HKFRS 16 | *Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)* |
| Amendments to HKAS 16 | *Property, Plant and Equipment: Proceeds before Intended Use* |
| Amendments to HKAS 37 | *Onerous Contracts – Cost of Fulfilling a Contract* |
| *Annual Improvements to HKFRSs 2018-2020* | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

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

**1.3.1 (Continued)**

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the Reporting Period, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the Reporting Period, the amendment did not have any impact on the financial position or performance of the Group.

  HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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

**1.3.2** During the years ended 31 December 2019 and 2020 and the six months ended 30 June 2021, as a result of the four rounds of capital increase by the non-controlling interests into 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Company Limited*) ("**Beiqing Smart**"), an indirect non-wholly owned subsidiary of the Group, an option (the "**NCI Put Option**") was granted to the non-controlling interests under which the non-controlling interests shall have the right to request certain subsidiaries of the Group to repurchase the equity interests in Beiqing Smart held by the non-controlling interests at any time after the occurrence of certain events. The Group adopted the accounting policy to account for the NCI Put Option to fully recognise the non-controlling interests.

During the year ended 31 December 2021, the Company changed its accounting policy for the NCI Put Option from full recognition to no recognition of the non-controlling interests arising from the four rounds of capital increase. Accordingly, the interest on the NCI Put Option was recognised.

In the opinion of the Directors of the Company, the change in accounting policy provides more reliable and relevant information to the users of the financial statements to understand the financial performance and the financial position of the Group.

The change in accounting policy has been applied retrospectively and the comparative figures for the corresponding comparative prior periods have been restated. This change in accounting policy has had no impact on the cash flows for the six months ended 30 June 2021.

The table below illustrates the measurement of the NCI Put Option from full recognition to no recognition of the non-controlling interests arising from the four rounds of capital increase.

***Consolidated Statement of Profit or Loss***

| | **For the six months ended 30 June 2021** ***HK$'000*** Increase/ (Decrease) |
|---|---|
| Finance costs | 85,882 |
| PROFIT BEFORE TAX | (85,882) |
| PROFIT FOR THE PERIOD | (85,882) |
| ATTRIBUTABLE TO: | |
| Equity holders of the Company | 16,488 |
| Non-controlling interests | (102,370) |
| | (85,882) |
| EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | |
| Basic | HK0.03 cent |
| Diluted | HK0.03 cent |

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

### 1.3.2 (Continued)

***Consolidated Statement of Comprehensive Income***

| | **For the six months ended 30 June 2021** *HK$'000* Increase/ (Decrease) |
|---|---|
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | (85,882) |
| ATTRIBUTABLE TO: | |
| Equity holders of the Company | 16,488 |
| Non-controlling interests | (102,370) |

***Consolidated Statement of Financial Position***

| | **1 January 2021** *HK$'000* Increase/ (Decrease) |
|---|---|
| EQUITY | |
| Equity attributable to equity holders of the Company | |
| Reserves | 1,324,097 |
| | 1,324,097 |
| Non-controlling interests | (1,324,097) |
| Total equity | – |

The adoption of the policy change has had no impact on the cash flows for the six months ended 30 June 2021.

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

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | **(unaudited)** | (unaudited, restated) |
| | ***HK$'000*** | *HK$'000* |
| **Revenue from contracts with customers** | | |
| Sale of electricity with tariff adjustment* | | |
| Photovoltaic Power Business | **1,572,655** | 1,609,719 |
| Wind Power Business | **508,096** | 544,110 |
| Construction services | **139,208** | 301,121 |
| Technical consultancy services | **6,597** | 23,254 |
| Entrusted operations | **62,538** | 26,288 |
| Provision of clean heat supply services | **649,268** | 514,660 |
| | **2,938,362** | 3,019,152 |
| **Other income and gains, net** | | |
| Bank interest income | **2,894** | 3,999 |
| Other interest income | **3,714** | 100 |
| Government grants | **19,056** | 58,341 |
| Gain on disposal of subsidiaries | **707** | – |
| Fair value gain on financial assets at fair value through profit or loss | **8,932** | 17,981 |
| Foreign exchange differences, net | **4,835** | 21,610 |
| Others | **13,049** | 17,212 |
| | **53,187** | 119,243 |

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

## 3. PROFIT BEFORE TAX

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

| | For the six months ended 30 June 2022 (unaudited) HK$'000 | 2021 (unaudited, restated) HK$'000 |
|---|---|---|
| Cost of sales of electricity | **786,682** | 773,385 |
| Cost of construction services | **134,998** | 233,627 |
| Cost of technical consultancy services | **2,920** | 9,950 |
| Cost of services in relation to entrusted operations | **25,774** | 12,563 |
| Cost of clean heat supply services | **618,588** | 493,785 |
| Depreciation of property, plant and equipment[@] | **525,284** | 392,700 |
| Depreciation of right-of-use assets recognised under property, plant and equipment[@] | **146,281** | 310,067 |
| Amortisation of operating concessions* | **46,966** | 46,403 |
| Amortisation of operating rights* | **27,233** | 28,000 |
| Amortisation of other intangible assets[#] | **3,392** | 1,537 |
| Foreign exchange differences, net | **(4,835)** | (21,610) |

@ Depreciation for the Reporting Period amounting to approximately HK$665,462,000 and approximately HK$6,103,000 (six months ended 30 June 2021: approximately HK$695,152,000 and approximately HK$7,615,000) are included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

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

# Amortisation of other intangible assets for the Reporting Period is included in "Administrative expenses" in the condensed consolidated statement of profit or loss.

## 4. FINANCE COSTS

An analysis of finance costs is as follows:

| | For the six months ended 30 June 2022 (unaudited) HK$'000 | 2021 (unaudited, restated) HK$'000 |
|---|---|---|
| Interest on interest-bearing bank loans and other borrowings | **519,601** | 411,254 |
| Interest on lease liabilities | **183,589** | 325,793 |
| Interest on options granted to non-controlling interests | **81,046** | 85,882 |
| Interest on corporate bonds | **22,994** | 48,604 |
| Total interest expenses on financial liabilities not at fair value through profit or loss | **807,230** | 871,533 |
| *Less:* Interest capitalised | **(1,782)** | (27,824) |
| | **805,448** | 843,709 |

## 5. 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 Reporting Period (six months ended 30 June 2021: 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 Reporting 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** | |
|---|---|---|
| | **2022** | 2021 |
| | **(unaudited)** | (unaudited, restated) |
| | ***HK$'000*** | *HK$'000* |
| Current – Mainland China | **133,248** | 122,723 |
| Deferred | **(58,569)** | (22,823) |
| Total tax expense for the period | **74,679** | 99,900 |

## 6. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). No 2021 final dividend was declared during the interim period.

## 7. 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 2022 and 2021, and the number of ordinary shares in issue during the periods.

The calculation of the diluted earnings per share amounts for the periods is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, 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 | |
|---|---|---|
| | **2022** | 2021 |
| | **(unaudited)** | (unaudited, restated) |
| | ***HK$'000*** | *HK$'000* |
| **Earnings** | | |
| Profit for the period attributable to equity holders of the Company | **360,914** | 356,835 |
| Distribution related to the perpetual capital instrument | **–** | (38,978) |
| Profit used in the basic and diluted earnings per share calculations | **360,914** | 317,857 |

| | For the six months ended 30 June | |
|---|---|---|
| | **2022** | 2021 |
| | **(unaudited)** | (unaudited, restated) |
| **Number of ordinary shares** | | |
| Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculations | **75,447,868,232** | 63,525,397,057 |
| Effect of dilution on weighted average number of ordinary shares – Share options which have dilutive effect | **38,839,588** | 60,673,691 |
| Weighted average number of ordinary shares, used in the diluted earnings per share calculations | **75,486,707,820** | 63,586,070,748 |
| Basic earnings per share | **HK0.48 cent** | HK0.50 cent |
| Diluted earnings per share | **HK0.48 cent** | HK0.50 cent |

## 8. CONTRACT ASSETS

| | Notes | **30 June 2022 (unaudited)** *HK$'000* | 31 December 2021 (audited) *HK$'000* |
|---|---|---|---|
| Tariff adjustment receivables | *(a)* | **639,108** | 839,064 |
| Construction contracts | *(b)* | **462,016** | 458,853 |
| Retention money | *(b)* | **71,730** | 113,638 |
| | | **1,172,854** | 1,411,555 |
| *Less:* Impairment | | **(38,885)** | (57,602) |
| Total | | **1,133,969** | 1,353,953 |

*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 entering into the project list of national renewable energy power generation subsidy (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 milestone as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

## 9. TRADE AND BILLS RECEIVABLES

| | **30 June 2022 (unaudited) *HK$'000*** | 31 December 2021 (audited) *HK$'000* |
|---|---|---|
| Trade receivables | **2,144,286** | 2,261,296 |
| Bills receivable | **37,973** | 172,654 |
| | **2,182,259** | 2,433,950 |
| Tariff adjustment receivables *(note)* | **8,683,880** | 7,646,618 |
| | **10,866,139** | 10,080,568 |
| *Less:* Impairment | **(94,544)** | (73,775) |
| Total | **10,771,595** | 10,006,793 |

*Note*: Tariff adjustment receivables included in trade receivables represents the central government renewable energy subsidy and renewable energy subsidies from local government authorities 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 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.

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:

| | **30 June 2022 (unaudited) *HK$'000*** | 31 December 2021 (audited) *HK$'000* |
|---|---|---|
| Within 3 months | **315,118** | 934,851 |
| 4 to 6 months | **321,943** | 127,366 |
| 7 to 12 months | **273,608** | 239,909 |
| 1 to 2 years | **303,986** | 528,315 |
| Over 2 years | **878,985** | 535,936 |
| | **2,093,640** | 2,366,377 |

9. **TRADE AND BILLS RECEIVABLES (Continued)**

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:

| | **30 June 2022 (unaudited)** *HK$'000* | 31 December 2021 (audited) *HK$'000* |
|---|---|---|
| Within 3 months | **690,982** | 1,497,335 |
| 4 to 6 months | **505,948** | 804,237 |
| 7 to 12 months | **2,196,210** | 1,270,687 |
| 1 to 2 years | **1,931,974** | 1,503,687 |
| Over 2 years | **3,352,841** | 2,564,470 |
| | **8,677,955** | 7,640,416 |

10. **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:

| | **30 June 2022 (unaudited)** *HK$'000* | 31 December 2021 (audited) *HK$'000* |
|---|---|---|
| Within 3 months | **84,724** | 92,689 |
| 4 to 6 months | **352,989** | 329,994 |
| 7 to 12 months | **168,319** | 407,888 |
| 1 to 2 years | **336,058** | 639,273 |
| 2 to 3 years | **1,401,810** | 1,826,213 |
| | **2,343,900** | 3,296,057 |

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$53,224,000 (31 December 2021: approximately HK$65,358,000) were secured by the pledged bank deposits as at 30 June 2022.

## 11. SHARE CAPITAL

| | **30 June 2022 (unaudited) *HK$'000*** | 31 December 2021 (audited) *HK$'000* |
|---|---|---|
| **Authorised:** | | |
| Ordinary shares: | | |
| 466,637,115,100 shares of HK$0.001 each | **466,637** | 466,637 |
| Convertible preference shares: | | |
| 33,362,884,900 shares of HK$0.001 each | **33,363** | 33,363 |
| | **500,000** | 500,000 |
| **Issued and fully paid:** | | |
| Ordinary shares: | | |
| 112,329,436,304 shares of HK$0.001 at 30 June 2022 and 63,525,397,057 shares of HK$0.001 at 31 December 2021 *(note)* | **112,329** | 63,525 |

*Note:*

On 4 March 2022, a subscription agreement (the "**Subscription Agreement**") was entered into between the Company and Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of Shandong Hi-Speed Holdings Group Limited（山高控股集團有限公司）(formerly known as China Shandong Hi-Speed Financial Group Limited（中國山東高速金融集團有限公司）)) (the "**Subscriber**"). Pursuant to which, the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 48,804,039,247 subscription shares (the "**Subscription Shares**") at the subscription price (the "**Subscription Price**") of HK$0.096 per Subscription Share for the total consideration of HK$4,685,187,768 (the "**Subscription**").

The Subscription has been completed as at the date of this announcement. Further details of the Subscription are set out in the announcement dated 14 March 2022 and 19 May 2022, and the Company's circular dated 1 April 2022.

## 12. PERPETUAL CAPITAL INSTRUMENT

| | **30 June 2022 (unaudited)** ***HK$'000*** | 31 December 2021 (audited) *HK$'000* |
|---|---|---|
| At the beginning of the period/year | **–** | 1,143,587 |
| Share of profit for the period/year | **–** | 70,267 |
| Distribution for the period/year | **–** | (79,345) |
| Redemption of a perpetual capital instrument | **–** | (1,134,509) |
| At the end of the period/year | **–** | – |

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.

The Perpetual Capital Instrument was fully redeemed during the year ended 31 December 2021. Further details are set out in the Company's announcement dated 25 November 2021.

## 13. EVENTS AFTER THE REPORTING PERIOD

Following the passing of the special resolution at the extraordinary general meeting of the Company held on 24 June 2022, the English name of the Company has been changed from "Beijing Enterprises Clean Energy Group Limited" to "Shandong Hi-Speed New Energy Group Limited" and the dual foreign name in Chinese of the Company has been changed from "北控清潔能源集團有限公司" to "山高新能源集團有限公司", both with effect from 27 June 2022. The change of name was registered with the Registrar of Companies of Hong Kong on 25 July 2022. The stock short name of the Company for trading in the shares of the Company on the Main Board of the Stock Exchange has been changed from "BE CLEAN ENERGY" to "SDHS NEW ENERGY" in English and from "北控清潔能源集團" to "山高新能源" in Chinese, with effect from 9:00 a.m. on 10 August 2022.

## 14. COMPARATIVE AMOUNTS

As further explained in note 1.3 to the financial statements, due to the changes in accounting policies, the accounting treatment and presentation of certain items and balances in the financial statements have been revised.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. BUSINESS REVIEW

During the six months ended 30 June 2022, 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 People's Republic of China (the "**PRC**").

Financial highlights:

| | **For the six months ended 30 June** | | |
|---|---|---|---|
| | **2022** | 2021 | Change |
| | **(unaudited)** | (unaudited, restated) | |
| | ***HK$'000*** | *HK$'000* | *%* |
| Revenue | **2,938,362** | 3,019,152 | (3) |
| Gross profit | **1,369,400** | 1,495,842 | (8) |
| Gross profit ratio (%) | **46.6** | 49.5 | (2.9) |
| Profit for the period | **342,551** | 418,450 | (18) |
| Profit attributable to the equity holders of the Company | **360,914** | 356,835 | 1 |
| Basic EPS (in HK cent(s)) | **0.48** | 0.50 | (4) |
| EBITDA | **1,971,834** | 2,140,766 | (8) |

| | **30 June 2022** | 31 December 2021 | Change |
|---|---|---|---|
| | **(unaudited)** | (audited) | |
| | ***HK$'000*** | *HK$'000* | *%* |
| Total assets | **54,621,512** | 54,874,237 | (0.5) |
| Total equity | **16,016,938** | 12,082,054 | 33 |
| Cash and cash equivalents | **3,645,553** | 1,140,832 | 220 |

During the six months ended 30 June 2022, the coronavirus disease 2019 (COVID-19) pandemic continued to affect the global economies. Under the strong leadership of the CCP 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. 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.

The impact from the pandemic for the industries of the Group are relatively minor 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 2022, the power generation of the Group on a consolidated basis amounted to approximately 2.543 million megawatt-hour ("**MWh**") (six months ended 30 June 2021: approximately 2.504 million MWh), representing an increase of approximately 1.5% compared with the corresponding period of 2021. The aggregate operating power generation[#] of the projects held and/or managed by the Group, the associates and the joint ventures of the Group for the first half of 2022 was approximately 3.063 million MWh (six months ended 30 June 2021: approximately 3.068 million MWh), representing a decrease of approximately 0.2% compared with the corresponding period of 2021.

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 with an objective to improve the Group's overall performance.

Profit for the Reporting Period of the Group was approximately HK$342.6 million (six months ended 30 June 2021: approximately HK$418.5 million (restated)), representing a decrease of approximately 18% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK$360.9 million (six months ended 30 June 2021: approximately HK$356.8 million (restated)), representing an increase of approximately 1% as compared to the corresponding period of last year. The decrease in profit for the Reporting Period of the Group was mainly due to the following reasons: (i) the decreases in revenue and gross profit of construction services because of the further optimisation of revenue and business structure to the power generation business; (ii) the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour of the centralised photovoltaic power plant projects and wind power plant projects 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 Reporting 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$2,143.3 million (six months ended 30 June 2021: approximately HK$2,180.1 million), representing a decrease of approximately 2% as compared to the corresponding period of last year.

# 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.

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 project list of national renewable energy power generation subsidy (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.

Pursuant to the "Central Government Fund Expenditure Budget in 2022*" (《2022年中央政府性基金支出預算表》) issued by the Ministry of Finance in the first half of 2022, it indicated that the budget for other government fund expenditures was significantly increased by approximately 490%, to approximately RMB453 billion for the year. In addition, the "Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies*" (《關於開展可再生能源發電補貼自查工作的通知》) jointly announced by the National Development and Reform Commission of the PRC (the "**NDRC**"), the National Energy Administration ("**NEA**") and the Ministry of Finance in the first half of 2022, further clarified the scope, timing and procedures of self-inspection of subsidies application for power generation enterprises which were entitled to claim the central government renewable energy subsidies.

As at 30 June 2022, the Group has certain photovoltaic and wind power plants with aggregate installed capacity of approximately 3,050 megawatt ("**MW**") (31 December 2021: approximately 2,900MW) successfully enlisted in the Project List, representing over 80% (31 December 2021: 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 2022 and in the near future. The above budget and 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 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 power projects and newly approved onshore wind power projects, the central government will no longer provide subsidies and implement grid parity, and the policy continued in 2022.

In March 2022, the NEA issued the "Guiding Opinions on Energy Work in 2022*" (《2022年能源工作指導意見》), which clarified that the wind power and photovoltaic power generation as a percentage to the total electricity consumption of the society will reach approximately 12% in 2022. In June 2022, the "Notice on the "14th Five-Year" Renewable Energy Development Plan*" (《"十四五" 可再生能源發展規劃》) was jointly issued by the NDRC and the other eight government authorities, which stated that by 2025, the annual power generation from renewable energy will reach about 3.3 trillion kilowatt hour, which increased by 50% compared to 2020.

The Directors believe that the wind power and photovoltaic power industries have entered into a new and rapid development stage with 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. During the Reporting Period, the first grid parity project of the Group has been undergoing construction. As at 30 June 2022, the Group's aggregate capacity of on-grid, under-construction and approved-to-construct grid parity projects reached over 500MW. Going forward, the Group will continue to actively promote the development of photovoltaic power and wind power grid parity projects.

#### *1.1.1 Photovoltaic Power Plant Projects*

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

During the Reporting Period, the Group's centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK$1,233.9 million (six months ended 30 June 2021: approximately HK$1,299.8 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing approximately 42% (six months ended 30 June 2021: approximately 43%) of the Group's total revenue during the Reporting Period. The decrease in revenue for the Reporting Period was mainly due to the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour compared to the corresponding period of last year.

As at 30 June 2022, 52 (30 June 2021: 50) centralised photovoltaic power plants covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (30 June 2021: 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 2,306MW (30 June 2021: 2,241MW), details of which are set forth below:

| | | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2022** | | | 2021 | | |
| Location | Photovoltaic resource area | **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 | **17** | **602** | **394,211** | 16 | 574 | 393,070 |
| Henan Province | III | **3** | **264** | **171,668** | 3 | 264 | 180,550 |
| Shandong Province | III | **5** | **248** | **162,908** | 5 | 248 | 165,376 |
| Guizhou Province | III | **4** | **211** | **96,734** | 4 | 211 | 99,348 |
| Anhui Province | III | **6** | **191** | **117,426** | 6 | 191 | 110,976 |
| Shaanxi Province | II | **2** | **160** | **123,651** | 2 | 160 | 123,189 |
| Jiangxi Province | III | **3** | **125** | **55,720** | 3 | 125 | 57,998 |
| Jiangsu Province | III | **1** | **100** | **82,494** | 1 | 100 | 71,846 |
| The Ningxia Hui Autonomous Region | I | **1** | **100** | **80,760** | 1 | 100 | 71,475 |
| Hubei Province *(note 2)* | III | **3** | **70** | **35,446** | 2 | 43 | 19,572 |
| Guangdong Province | III | **1** | **37** | **8,559** | – | – | – |
| Jilin Province | II | **1** | **30** | **21,938** | 1 | 30 | 24,411 |
| The Tibet Autonomous Region | III | **1** | **30** | **22,449** | 1 | 30 | 21,366 |
| Tianjin Municipality | II | **1** | **30** | **22,226** | 1 | 30 | 22,138 |
| Yunnan Province | II | **1** | **22** | **15,483** | 1 | 22 | 17,036 |
| Shanxi Province | III | **1** | **20** | **15,710** | 1 | 20 | 15,696 |
| | | **51** | **2,240** | **1,427,383** | 48 | 2,148 | 1,394,047 |
| PRC–Joint ventures: | | | | | | | |
| Anhui Province | III | **1** | **60** | **41,008** | 1 | 60 | 39,548 |
| Hubei Province *(note 2)* | III | **–** | **–** | **–** | 1 | 27 | 14,332 |
| | | **1** | **60** | **41,008** | 2 | 87 | 53,880 |
| PRC–Sub-total | | **52** | **2,300** | **1,468,391** | 50 | 2,235 | 1,447,927 |
| Overseas–Subsidiary: | | | | | | | |
| Whyalla, Southern Australia, Australia | N/A | **1** | **6** | **3,349** | 1 | 6 | 3,287 |
| Total | | **53** | **2,306** | **1,471,740** | 51 | 2,241 | 1,451,214 |

Most of the Group's projects in the PRC were situated in photovoltaic resource areas II and III as promulgated by 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:

| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | | | 2021 | | |
| Photovoltaic resource area | **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 | **2** | **100** | **80,760** | 1 | 100 | 71,475 |
| II | **12** | **449** | **342,766** | 12 | 448 | 343,171 |
| III | **37** | **1,691** | **1,003,857** | 35 | 1,600 | 979,401 |
| | **51** | **2,240** | **1,427,383** | 48 | 2,148 | 1,394,047 |
| PRC–Joint ventures: | | | | | | |
| III | **1** | **60** | **41,008** | 2 | 87 | 53,880 |
| Total | **52** | **2,300** | **1,468,391** | 50 | 2,235 | 1,447,927 |

*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:* The project (the "**Hubei Project**") was jointly held by a subsidiary and 北京北控蘇銀股權投資管理中心(有限合夥)(Beijing BE Suyin Equity Investment Management Centre (Limited Partnership)*), ("**BE Suyin**"), a limited partnership established in August 2017 which was classified as a joint venture of the Group since 2017, and the power generation of the Hubei Project had been classified as the power generation of joint venture since 2017. The Group owned 65% subordinated interest in BE Suyin. Further details of the establishment of BE Suyin are set out in the Company's announcement dated 9 August 2017.

In the second half of 2021, pursuant to certain equity transfer agreements entered into between the Group and two partners of BE Suyin respectively, two partners of BE Suyin disposed of their entire equity interests in BE Suyin to the Group and the equity transfer (the "**BE Suyin Transaction**") was completed in September 2021. The Group owned 99.99% equity interest in BE Suyin upon the BE Suyin Transaction completed, and the power generation of the Hubei Project had been classified as the power generation of subsidiary since September 2021.

*Note 3:* During the six months ended 30 June 2022, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.71.

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

As at 30 June 2022, the Group's aggregate installed capacity of the centralised photovoltaic power plants registered into the Project List reached approximately 2,050MW (31 December 2021: approximately 1,950MW). 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 to make efforts to enroll 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 2022 and in the near 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** | | |
|---|---|---|---|
| | **2022** | 2021 | Changes |
| Weighted average utilisation ratio (%) | **94.70** | 96.87 | (2.17) |
| Weighted average utilisation hours (hours) | **651** | 650 | 1 |

During the Reporting Period, the weighted average utilisation hours of the Group reached 651 hours, which was higher than the national average utilisation hours of photovoltaic power of 623 hours in the PRC. The decrease of weighted average utilisation ratio noted during the Reporting Period as compared to the corresponding period of last year was mainly attributable to the lower utilisation ratio from the centralised photovoltaic power plant projects of the Group located in Hebei Province and Henan Province.

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

In respect of the distributed photovoltaic power business, as at 30 June 2022, 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$338.8 million during the Reporting Period (six months ended 30 June 2021: approximately HK$309.9 million).

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

As at 30 June 2022, the Group's aggregate installed capacity of the distributed photovoltaic power plants registered into the Project List reached approximately 600MW (31 December 2021: reached approximately 550MW). 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 to make efforts to enroll 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 2022 and in the near 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$9.0 million (six months ended 30 June 2021: approximately HK$11.3 million) was recognised during the Reporting Period.

### *1.1.2 Wind Power Plant Projects*

Reviewing the Reporting Period, the central government unprecedentedly included "Carbon Dioxide Emissions Peak" and "Carbon Neutrality" in its overall planning for the construction of ecological civilisation and called for the accelerated establishment of an economic regime featuring low-carbon green recycling development. 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 the "double carbon" targets ("**Carbon Dioxide Emissions Peak**" and "**Carbon Neutrality**"), wind power as green and clean energy, will become one of the main strategic energy sources 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 in 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 Reporting Period, the Group recorded revenue of approximately HK$508.1 million (six months ended 30 June 2021: approximately HK$544.1 million) from the sale of electricity from the Group's wind power plants. The decreases in revenue for the Reporting Period was mainly due to the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour compared to the corresponding period of last year.

As at 30 June 2022, 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, 13 (30 June 2021: 13) wind power plants covering 4 provinces and 1 autonomous region in the PRC with an aggregate on-grid capacity of 588MW (30 June 2021: 530MW) were held by the Group and in operation as at 30 June 2022, which is analysed below:

| | | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|---|
| | | **2022** | | | 2021 | | |
| Location | Wind resource area | **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** | **206,030** | 5 | 171 | 244,722 |
| Shandong Province | IV | **2** | **148** | **195,346** | 2 | 90 | 115,153 |
| The Inner Mongolia Autonomous Region | I | **4** | **119** | **179,874** | 4 | 119 | 222,667 |
| Hebei Province | IV | **1** | **100** | **155,918** | 1 | 100 | 165,924 |
| Shanxi Province | IV | **1** | **50** | **47,821** | 1 | 50 | 34,424 |
| Total | | **13** | **588** | **784,989** | 13 | 530 | 782,890 |

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:

| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | | | 2021 | | |
| Wind resource area | **Number of Plants** | **Approximate total on-grid capacity** | **Approximate aggregate power generation** *(note 1)* | Number of Plants | Approximate total on-grid capacity | Approximate aggregate power generation *(note 1)* |
| | | **(MW)** | **(MWh)** | | (MW) | (MWh) |
| PRC–Subsidiaries: | | | | | | |
| I | **4** | **119** | **179,874** | 4 | 119 | 222,667 |
| IV | **9** | **469** | **605,115** | 9 | 411 | 560,223 |
| Total | **13** | **588** | **784,989** | 13 | 530 | 782,890 |

*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 six months ended 30 June 2022, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.46.

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

As at 30 June 2022, the Group's aggregate installed capacity of the wind power plants registered into the Project List reached approximately 400MW (31 December 2021: reached approximately 400MW). 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 to make efforts to enroll 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 2022 and in the near future.

*(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 | | |
|---|---|---|---|
| | **2022** | 2021 | Changes |
| Weighted average utilisation ratio (%) | **97.34** | 98.73 | (1.39) |
| Weighted average utilisation hours (hours) | **1,362** | 1,623 | (261) |

During the Reporting Period, the weighted average utilisation hours of the Group reached 1,362 hours, which was higher than the national average utilisation hours of wind power of 1,156 hours in the PRC. The Group's wind power plant projects are mainly located in wind resource area IV as promulgated by the NDRC and therefore with a higher average utilisation hours. During the Reporting Period, the weighted average utilisation ratio of the Group was 97.34%, which was higher than the national average utilisation ratio of wind power of 95.8% in the PRC. The decrease of weighted average utilisation ratio during the Reporting Period. as compared to the corresponding period of last year was mainly attributable to the lower utilisation ratio from the wind power plant projects of the Group in Henan Province and Hebei Province.

*(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$45.9 million (six months ended 30 June 2021: approximately HK$15.0 million) was recognised during the Reporting 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 Reporting Period. Therefore, revenue of approximately HK$139.2 million (six months ended 30 June 2021: approximately HK$288.9 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the Reporting Period, representing approximately 5% (six months ended 30 June 2021: approximately 10%) of the Group's total revenue during the Reporting Period. In addition, no construction revenue with reference to HK(IFRIC) Interpretation 12 *Service Concession Arrangements* was recognised during the Reporting Period (six months ended 30 June 2021: approximately HK$12.2 million).

In respect of the technical consultancy services, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK$6.6 million (six months ended 30 June 2021: approximately HK$23.3 million) was recognised during the Reporting 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 "14th Five-Year" Plan for a Modern Energy System*"（《"十四五" 現代能源體系規劃》）by the NDRC and the NEA in March 2022, which encouraged the local governments to actively support clean heat supply projects according to local conditions, and encouraged the use of geothermal energy for clean heat supply projects. In June 2022, "Notice on the "14th Five-Year" Renewable Energy Development Plan*"（《"十四五" 可再生能源發展規劃》）was jointly issued by the NDRC and the other eight government authorities, which promoted the use of large and medium-sized boilers, central heating in urban and other populated areas.

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 2022, through development and business acquisition, 14 projects (30 June 2021: 15 projects) in operation with an aggregate actual clean heat supply area of approximately 45.34 million square meters ("**sq. m.**") (30 June 2021: approximately 29.36 million sq.m.), representing a year-on-year increase of approximately 54.4%; and the number of clean heat supply services users of approximately 296,881 households (30 June 2021: approximately 228,449 households), representing a year-on-year increase of approximately 30%, with its projects locating in Henan Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region, Liaoning Province 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$649.3 million (six months ended 30 June 2021: approximately HK$514.7 million) arising from the provision of clean heat supply services was recognised by the Group during the Reporting Period, representing an increase of approximately 26% as compared to the corresponding period of last year.

Among them, details of actual clean heat supply area and the number of clean 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 clean heat supply services users | | |
|---|---|---|---|---|---|---|
| | **30 June 2022 ('000 sq.m.)** | 30 June 2021 ('000 sq.m.) | Change (%) | **30 June 2022 (households)** | 30 June 2021 (households) | Change (%) |
| North region, China | **13,990** | 13,949 | 0.3 | **107,341** | 109,075 | (1.6) |
| Northeast region, China | **22,684** | 7,707 | 194.3 | **125,984** | 76,450 | 64.8 |
| Northwest region, China | **6,688** | 5,879 | 13.8 | **48,825** | 28,726 | 70.0 |
| East and Central regions, China | **1,973** | 1,824 | 8.2 | **14,731** | 14,198 | 3.8 |
| Total | **45,335** | 29,359 | 54.4 | **296,881** | 228,449 | 30.0 |

## 1.4 Other Clean Energy Businesses

The Group has been exploring other clean energy businesses such as multi-energy complement, 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 new energy service provider. During the Reporting 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.

## 2. FINANCIAL PERFORMANCE

### 2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK$2,938.4 million (six months ended 30 June 2021: approximately HK$3,019.2 million) during the Reporting Period, representing a decrease of approximately 3% as compared to the corresponding period of last year. For the six months ended 30 June 2022 (i) revenue from the sale of electricity and entrusted management services reached approximately HK$2,143.3 million (six months ended 30 June 2021: approximately HK$2,180.1 million) in aggregate, representing a decrease of approximately 2% as compared to the corresponding period of last year; and (ii) construction services revenue was approximately HK$139.2 million (six months ended 30 June 2021: approximately HK$301.1 million), representing a decrease of approximately 54% as compared to the corresponding period of last year.

| | For the six months ended 30 June | | | | | |
|---|---|---|---|---|---|---|
| | **2022** | | | 2021 | | |
| | **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 | **1,572.7** | **63.3** | **995.9** | 1,609.7 | 64.3 | 1,035.1 |
| Wind Power Business | **508.1** | **58.7** | **298.3** | 544.1 | 63.5 | 345.3 |
| Construction services | **139.2** | **3.0** | **4.2** | 301.1 | 22.4 | 67.5 |
| Technical consultancy services | **6.6** | **56.1** | **3.7** | 23.3 | 57.1 | 13.3 |
| Entrusted operations | **62.5** | **58.6** | **36.6** | 26.3 | 52.2 | 13.7 |
| Provision of clean heat supply services | **649.3** | **4.7** | **30.7** | 514.7 | 4.1 | 20.9 |
| Total | **2,938.4** | **46.6** | **1,369.4** | 3,019.2 | 49.5 | 1,495.8 |

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 decreased from approximately HK$1,380.4 million for the six months ended 30 June 2021 to approximately HK$1,294.2 million during the Reporting Period, representing approximately 95% (six months ended 30 June 2021: approximately 92%) of the total gross profit of the Group. The contribution of sale of electricity to the Group's total gross profit remained stable compared to the same period of last year. On the other hand, contribution of construction services to the Group's total gross profit was approximately 0.3% (six months ended 30 June 2021: approximately 5%) during the Reporting Period. The overall gross profit ratio decreased from 49.5% during the six months ended 30 June 2021 to 46.6% during the Reporting Period, and the total gross profit for the six months ended 30 June 2022 decreased by approximately 8% compared to the same period of last year.

### 2.2 Other income and gains, net

The Group's other income and gains, net amounted to approximately HK$53.2 million (six months ended 30 June 2021: approximately HK$119.2 million) during the Reporting Period, which mainly comprised (i) interest income of approximately HK$6.6 million (six months ended 30 June 2021: approximately HK$4.1 million); (ii) government grants of approximately HK$19.1 million (six months ended 30 June 2021: approximately HK$58.3 million); and (iii) foreign exchange gains, net of approximately HK$4.8 million (six months ended 30 June 2021: approximately HK$21.6 million).

### 2.3 Administrative expenses

The decrease in administrative expenses to approximately HK$177.3 million (six months ended 30 June 2021: approximately HK$237.3 million) was mainly attributable to the decreases in rental expenses, business travelling expenses and staff costs as a result of implementing cost reduction and efficiency enhancement by the Group.

### 2.4 Other operating expenses, net

The Group's other operating expenses, net achieved approximately HK$51.2 million (six months ended 30 June 2021: approximately HK$21.3 million) during the Reporting Period. The increase was mainly attributable to (i) fair value loss on investment properties of approximately HK$8.3 million (six months ended 30 June 2021: Nil); (ii) deemed disposal loss arisen from an associate of approximately HK$8.2 million (six months ended 30 June 2021: Nil); and (iii) loss on disposal of property, plant and equipment of approximately HK$12.7 million (six months ended 30 June 2021: Nil).

### 2.5 Finance costs

The decrease in finance costs of the Group by approximately HK$38.2 million to approximately HK$805.5 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK$843.7 million (restated)) was mainly attributable to the decrease in the balance of interest-bearing bank borrowings and other loans during the Reporting Period.

### 2.6 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.

### 2.7 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 decrease was mainly attributable to the net effect of (i) the development of clean energy projects; (ii) depreciation provided for the Reporting Period; and (iii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the Reporting Period.

### 2.8 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, and the decrease was mainly attributable to fair value loss recognised during the Reporting Period.

### 2.9 Goodwill

It was attributable to the acquisition of subsidiaries since 2016.

### 2.10 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 decrease in operating concessions and operating rights was mainly attributable to the effects of (i) amortisation provided for the Reporting Period; and (ii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the Reporting Period.

### 2.11 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.

### 2.12 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 approximately 19% 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 approximately 15% interest by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC. The decrease was mainly attributable to the net effect of (i) share of profits of associates; (ii) deemed disposal loss arisen from BECE Legend Group Co., Ltd; and (iii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the Reporting Period.

### 2.13 Other non-current assets

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

### 2.14 Contract assets

Contract assets as at 30 June 2022 of approximately HK$1,134.0 million (31 December 2021: approximately HK$1,354.0 million) represented (i) gross receivables of approximately HK$533.8 million (31 December 2021: approximately HK$572.5 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK$639.1 million (31 December 2021: approximately HK$839.1 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$38.9 million (31 December 2021: approximately HK$57.6 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 Reporting Period.

### 2.15 Trade and bills receivables

Trade and bills receivables of approximately HK$10,771.6 million (31 December 2021: approximately HK$10,006.8 million) as at 30 June 2022 were mainly attributable to (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK$9,008.7 million (31 December 2021: approximately HK$8,073.7 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK$1,058.4 million (31 December 2021: approximately HK$1,494.3 million); and (iii) loss allowances of trade and bills receivables of approximately HK$94.5 million (31 December 2021: approximately HK$73.8 million).

As at 30 June 2022, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK$324.8 million (31 December 2021: approximately HK$380.8 million) from the sale of electricity mainly to State Grid Corporation of China, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK$8,683.9 million (31 December 2021: approximately HK$7,646.6 million) in relation to the central government renewable energy subsidy and renewable energy subsidies from local government authorities for photovoltaic and wind power plant projects that have been registered into the Project List.

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

The decrease in prepayments, deposits and other receivables and other tax recoverables by approximately HK$1,520.8 million in aggregate (non-current portion decreased by approximately HK$569.4 million and current portion decreased by approximately HK$951.4 million in aggregate respectively) to approximately HK$5,633.0 million (31 December 2021: approximately HK$7,153.8 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 and certain refunds were received during the Reporting Period.

### 2.17 Cash and cash equivalents

The increase in cash and cash equivalents by approximately HK$2,504.8 million to approximately HK$3,645.6 million (31 December 2021: approximately HK$1,140.8 million) was mainly attributable to net effect of (i) the net proceeds from the Subscriber (as hereinafter defined under the section headed "2.23 Liquidity and financial resources – (c) Capital contribution in the Company" in "Management Discussion and Analysis") upon completion of issue and subscription of new share under specific mandate dated 19 May 2022; (ii) the net repayment of interest-bearing bank borrowings and other loans; (iii) the redemption of partial portions of corporate bonds; (iv) cash outflow on developing and operating clean energy projects; and (v) net cash inflow from daily operating activities during the Reporting Period.

### 2.18 Trade and bills payables

Trade and bills payables of approximately HK$2,343.9 million (31 December 2021: approximately HK$3,296.1 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.

### 2.19 Other payables and accruals

Other payables and accruals of approximately HK$1,554.7 million (31 December 2021: approximately HK$2,363.8 million) decreased by approximately HK$809.1 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 Reporting Period.

### 2.20 Other current liabilities and other non-current liabilities

Other current liabilities and other non-current liabilities comprised (i) deferred income of approximately HK$1,478.4 million (31 December 2021: approximately HK$1,547.6 million) arising from the materials and equipment sold and delivered to independent third parties for the development of wind power plant projects; and (ii) a financial liability of approximately HK$2,758.1 million (31 December 2021: approximately HK$2,805.0 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 "2.23 Liquidity and financial resources – (b) Capital contribution in 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Company Limited*) ("**Beiqing Smart**") 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 17 September 2021 and the Company's circular dated 24 December 2020.

### 2.21 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$28,943.3 million (31 December 2021: approximately HK$31,216.9 million) in aggregate decreased by approximately HK$2,273.6 million in aggregate (non-current portion increased by approximately HK$3,144.9 million in aggregate and current portion decreased by approximately HK$5,418.5 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; (ii) the repayment of bank loans and other borrowings; and (iii) the redemption of partial portions of corporates bonds during the Reporting Period.

### 2.22 Capital expenditures

During the Reporting Period, the Group's total capital expenditures amounted to approximately HK$349.5 million (six months ended 30 June 2021: approximately HK$915.5 million), mainly represented the development of photovoltaic and wind power plant projects, clean heat supply projects and other property, plant and equipment of approximately HK$349.5 million (six months ended 30 June 2021: approximately HK$485.5 million) in aggregate. In addition, the Group did not have any significant investments in and acquisition of equity interests in subsidiaries, joint ventures and associates during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK$428.9 million).

### 2.23 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 2022, the Group's cash and cash equivalents amounted to approximately HK$3,645.6 million (31 December 2021: approximately HK$1,140.8 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funds such developments during the Reporting Period mainly by (i) long-term bank loans and other borrowings (excluding operating leases); and (ii) capital contributions as illustrated below.

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

As at 30 June 2022, the Group's total borrowings of approximately HK$28,943.3 million (31 December 2021: approximately HK$31,216.9 million) comprised (i) bank loans of approximately HK$16,449.0 million (31 December 2021: approximately HK$15,462.0 million); (ii) corporate bonds of approximately HK$49.1 million (31 December 2021: approximately HK$1,188.4 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK$12,445.2 million (31 December 2021: approximately HK$14,566.5 million). Approximately 80% (31 December 2021: approximately 64%) of the Group's borrowings are long-term borrowings.

### *(b) Capital contribution in Beiqing Smart*

Subsequent to the capital contribution in 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 the "**First Round Investors**") 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**").

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)*), 南昌市紅穀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 been completed as at the date of announcement. 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 of 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, 26 March 2021 and 17 September 2021 and the Company's circular dated 24 December 2020.

### *(c) Capital contribution in the Company*

On 4 March 2022, a subscription agreement (the "**Subscription Agreement**") was entered into between the Company and Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司) (formerly known as China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司))) (the "**Subscriber**"). Pursuant to which, the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 48,804,039,247 subscription shares (the "**Subscription Shares**") at the subscription price (the "**Subscription Price**") of HK$0.096 per Subscription Share for the total consideration of HK$4,685,187,768 (the "**Subscription**"). The Subscription Shares represent approximately 43.45% of the total number of the Company's shares in issue as enlarged by the allotment and issuance of the Subscription Shares as at the date of this announcement.

Further details of the Subscription are set out in the announcement dated 14 March 2022 and 19 May 2022, and the Company's circular dated 1 April 2022.

As majority of the funding derives from equity fundings from shareholders in prior years and long-term borrowings, the Group recorded net current assets position of approximately HK$6,696.4 million (31 December 2021: net current liabilities position of approximately HK$2,570.4 million) as at 30 June 2022.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2022, the Group had unutilised banking facilities of approximately HK$2,737.4 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 61% (31 December 2021: approximately 71%) as at 30 June 2022. The decrease in net gearing ratio was mainly due to the net effect of (i) the net proceeds from the Subscriber upon completion of issue and subscription of new share under specific mandate dated 19 May 2022; (ii) the net repayment of interest-bearing bank borrowings and other loans; (iii) the redemption of partial portions of corporate bonds; and (iv) the profit attributable to the equity holders of the Company during the Reporting Period.

## FUTURE OUTLOOK

The Group is standing at a new beginning point and starting a new journey for a new future.

In May 2022, the NDRC and the NEA issued the "Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era*"《(關於促進新時代新能源高質量發展的實施方案》), optimising the policies and measures regarding seven aspects, including innovating the development and utilisation mode, constructing new types of power system, deepening the reform to streamline administration, delegate power, improve regulation and upgrade services, supporting and guiding the healthy development of the industry, safeguarding the reasonable space requirements, giving full play to the benefits of ecological and environmental protection and optimising the fiscal and financial policies, to allow the role of new energy to come into better play on ensured supply and increased supply of energies and lay a solid foundation with the development of new energy for achieving the goals of "Carbon Dioxide Emissions Peak and Carbon Neutrality" as scheduled.

Under the strategy of national energy transformation, financial institutions have responded positively to the national green credit policy and strongly supported green credit. The new energy industry is during the best financing window period in its history. The Company obtained a US$369 million equivalent approved limit from a syndicate facility jointly led by Bank of China (Hong Kong) Limited and Crédit Agricole Corporate and Investment Bank outside of the PRC with enthusiastic participation from nine large commercial banks in the first half of the year, raising funds of 1.84 times of the expected amount. The domestic financing market has also improved in general, with project financing term reaching a maximum of 20 years, an extension of five years compared to the existing business, and lending rates hitting record low. It is expected that the financial institutions will increase their supports for clean energy projects in the second half of the year and a long period ahead. The Company will continue to deepen its strategic partnerships with domestic and international financial institutions to provide a driving force for acquiring quality projects and for greater market development.

At the same time, Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司) ("**Shandong Hi-Speed Group**"), an indirect controlling shareholder of the Company, is a state-owned capital investment company in the infrastructure sector in Shandong Province, with a total asset of more than RMB1 trillion. It has been awarded domestic AAA-level and international A-level credit ratings, and is a "Fortune 500" enterprise. It operates and manages nearly 8,000 kilometres of expressways and a number of toll stations, logistics parks and other space carriers, with diversified photovoltaics and other new energy development and application sites. Shandong Hi-Speed Group will provide the Company with sufficient resources, brand and capital empowerment, and the Company will achieve more comprehensive and in-depth industry synergy and resource sharing with Shandong Hi-Speed Group to open up greater market development space.

The Group is planning its long-term development from a new starting point and has further clarified its medium and long-term development strategy: The Group is positioned as a flagship new energy enterprise under Shandong Hi-Speed Group, with development, investment and operation of new energy, namely wind power and photovoltaic power, and urban clean heat supply services as its core businesses, to become a first-class integrated new energy operator and service provider in China and strive to become the first tier in the industry.

The Group will actively integrate the quality production and financing resources within the system of its significant shareholders to create synergy and fully utilise the new energy business as a green engine, giving priority to the clean energy market layout in the economically developed eastern regions such as Shandong Province, the Greater Bay Area and the "Three Northern Areas":

Firstly, relying on the resources of the shareholders including Shandong Hi-Speed Group, Beijing Enterprises Water Group Limited and 中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*), the Group will increase industrial synergy and join hands with the shareholders to develop new energy businesses. Leveraging on new energy development and application sites including the ramp circles, toll stations, service areas, tunnels, slopes and logistics parks of Shandong Hi-Speed Group and the water treatment, water environment, solid waste and hazardous waste of Beijing Enterprises Water Group Limited, the Group will accelerate the establishment of the "new energy + big transport" and "new energy + big environmental protection" business synergy models, and further enrich its product lines, business lines and revenue lines to cultivate new profit growth points.

Secondly, the Group will build a differentiated competitive strategy by relying on the existing management team, accumulated technology and implementation experience in wind and photovoltaic power, storage and clean heat supply services to create a multi-energy complementary advantage and provide customised, one-stop clean energy solutions, thereby helping develop new businesses.

Thirdly, relying on the advantage of the Group as an enterprise under the actual control of Stated-owned Assets Supervision and Administration Commission of Shandong Provincial Government and Shandong as a province with large marine resources, the Group will take the lead in the development of the marine circular economy business and explore integrated dual carbon demonstration projects in the field of combining marine wind and marine resources, such as marine wind energy, seawater hydrogen production and seawater desalination.

Fourthly, the Group will actively explore new types of business such as hydrogen production from wind and photovoltaic power, hydrogen storage and transportation, and hydrogen energy applications in the infrastructure sector, and collaborate with colleges, universities and research institutes to carry out research in related areas.

While fostering a differentiated business model, forming a comparative competitive advantage and increasing the development of incremental business, the Group will further strengthen its internal control management, continue to carry out profound and comprehensive management improvement actions, actively build a standardised and efficient compliance operation system, a collaborative and empowering market development system, an engineering, technical and supply chain protection system focusing on quality projects and a fair and equitable human resources management system that prioritises performance, so as to continuously improve the management level and quality of development.

Looking into the future, amid such a historical period of strategic opportunities for the development of domestic new energy industry, the Group will maintain its strategic focus, anchor its strategic course, unswervingly adhere to the core businesses of photovoltaic power generation, wind power generation and clean heat supply, in an effort to expand, enhance and optimise our principal businesses, maintain a continuous and stable market development pace, make better contribution to the shareholders and create greater value for the society.

## 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 Assets 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 "**Other Beiqing Smart Shareholders**") and Mr. Wang Jianyu* (王建裕先生) and Mr. Wang Jiankai* (王建凱先生) ("**Existing SEC Electric Shareholders**") entered into the material asset framework agreement dated 26 March 2021 with, among others, Tianjin Fuqing, SEC Electric the Existing SEC Electric Shareholders and the Other Beiqing Smart Shareholders in relation to, among others, the Asset Swap; the disposal of all the remaining equity interest of Beiqing Smart held by Tianjin Fuqing and the Other 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 Other Beiqing Smart Shareholders to satisfy the consideration payable by SEC Electric to Tianjin Fuqing and the Other Beiqing Smart Shareholders; and the proposed transfer of part of SEC Electric Shares from the Existing SEC Electric Shareholders to Tianjin Fuqing. Further details are set out in the Company's announcement dated 26 March 2021.

On 24 September 2021, Tianjin Fuqing, and the Other Beiqing Smart Shareholders entered into an agreement of reorganisation with SEC Electric and the Existing SEC Electric Shareholders (the "**Reorganisation Agreement**"). Further details are set out in the Company's announcement dated 15 October 2021.

Upon completion of the transaction contemplated under the Reorganisation Agreement under which SEC Electric will acquire from the shareholders of Beiqing Smart the entire equity interests in Beiqing Smart and issue the number of SEC Electric Shares to be issued by SEC Electric to the shareholders of Beiqing Smart under the Proposed Reorganisation (as defined below) ("**Consideration Shares**") to satisfy the consideration for the acquisition (the "**Proposed Reorganisation**"), Beiqing Smart will become a wholly-owned subsidiary of SEC Electric and Tianjin Fuqing will become the controlling shareholder of SEC Electric holding approximately 68.55% of the equity interests of SEC Electric as enlarged by the allotment and issuance of the Consideration Shares, and the Existing SEC Electric Shareholders will hold the entire equity interest in 無錫中電電機科技有限公司 (Wuxi SEC Electric Technology Co., Ltd.*), a wholly-owned subsidiary of SEC Electric. Accordingly, SEC Electric will become an indirect non-wholly owned subsidiary of the Company focusing on the businesses of investment and development of photovoltaic power plants and wind power plants in the PRC.

On 25 February 2022, Tianjin Fuqing, Beiqing Smart, the Other Beiqing Smart Shareholders, the Existing SEC Electric Shareholders and SEC Electric entered into a termination agreement (the "**Termination Agreement**") in relation to the Proposed Reorganisation, pursuant to which the parties have mutually agreed to terminate the Proposed Reorganisation. Upon the entering into of the Termination Agreement and save as agreed among the parties on the responsibilities for the payment of the expenses for professional services in relation to the Proposed Reorganisation incurred, the parties will be released from any rights and obligations under the agreements and documents entered into in relation to the Proposed Reorganisation.

As at the date of this announcement, the business operations of the Company remain normal. The Company will further evaluate its financial positions and the future development plan of the Group. Further details are set out in the Company's announcements dated 15 October 2021, 25 January 2022, 26 January 2022, 17 February 2022 and 25 February 2022.

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

The Group did not have any significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

## CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 30 June 2022 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 and an associate;

(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 2022, 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 2021: 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 2022, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 2,291 employees (30 June 2021: 1,930 employees) with total staff cost of approximately HK$155.5 million (six months ended 30 June 2021: approximately HK$154.2 million) incurred for the six months ended 30 June 2022. 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 2022 (six months ended 30 June 2021: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group had no substantial future plans for material investments and capital assets.

## EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in Note 13 of this interim results announcement.

## 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 2022.

## CHANGE OF COMPANY NAME, STOCK SHORT NAME, COMPANY LOGO AND COMPANY WEBSITE

Following the passing of the special resolution at the extraordinary general meeting of the Company held on 24 June 2022, the English name of the Company has been changed from "Beijing Enterprises Clean Energy Group Limited" to "Shandong Hi-Speed New Energy Group Limited", and its dual foreign name in Chinese has been changed from "北控清潔能源集團有限公司" to "山高新能源集團有限公司", both with effect from 27 June 2022.

The Certificate of Incorporation on Change of Name of the Company has been issued by the Registrar of Companies in the Cayman Islands, certifying the change of the English name of the Company and the dual foreign name in Chinese of the Company to "Shandong Hi-Speed New Energy Group Limited" and "山高新能源集團有限公司", respectively, with effect from 27 June 2022. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 25 July 2022 confirming the registration of the new names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The stock short name of the Company for trading in the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has been changed from "BE CLEAN ENERGY" to "SDHS NEW ENERGY" in English and from "北控清潔能源集團" to "山高新能源" in Chinese, with effect from 9:00 a.m. on 10 August 2022. The logo of the Company has been changed to 山高新能源集團有限公司 SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED with effect from 5 August 2022. The website of the Company has been changed from "www.bece.com.hk" to "www.shneg.com.hk" with effect from 5 August 2022.

## 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. 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 Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange throughout the six months ended 30 June 2022.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings 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 2022.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Victor Huang (the chairman of the Audit Committee), Mr. Yang Xiangliang 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 2022 have been reviewed by the Audit Committee, and discussed with the Company's management regarding the review, internal and risk controls and other relevant matters.

## PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.shneg.com.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2022 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

## APPRECIATION

The Board would like to express its sincere gratitude to our shareholders and business partners for their continuous support and our staff for their dedication and hard work throughout the reporting period.

By Order of the Board
**Shandong Hi-Speed New Energy Group Limited**
**Wang Xiaodong**
*Chairman*

Hong Kong, 26 August 2022

*As at the date of this announcement, the Board comprises twelve Directors, namely Mr. Wang Xiaodong, Mr. Zhu Jianbiao, Mr. Wang Wenbo, Mr. Sun Qingwei, Ms. Liao Jianrong, Mr. Li Li, Mr. He Yongbing and Ms. Ai Yan as executive Directors; and Professor Shen Zuojun, Mr. Victor Huang, Mr. Yang Xiangliang and Mr. Chiu Kung Chik as independent non-executive Directors.*

* *for identification purpose only*