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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

- The Group reported revenue of approximately HK\$3,019.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$2,285.0 million), representing an increase of approximately 32% as compared to the corresponding period of last year. The Group's gross profit margin decreased from 54.8% for the six months ended 30 June 2020 to 49.5% for the six months ended 30 June 2021, and the total gross profit for the six months ended 30 June 2021 increased by approximately 20% compared to the same period of last year.
- Profit for the period of the Group was approximately HK\$504.3 million (six months ended 30 June 2020: approximately HK\$406.7 million), representing an increase of approximately 24% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$340.3 million (six months ended 30 June 2020: approximately HK\$334.5 million), representing an increase of approximately 2% as compared to the corresponding period of last year.
- EBITDA amounted to approximately HK\$2,140.8 million (six months ended 30 June 2020: approximately HK\$1,725.9 million), representing an increase of approximately 24% as compared to the corresponding period of last year.
- Basic and diluted earnings per share for the six months ended 30 June 2021 were HK0.47 cent (six months ended 30 June 2020: HK0.47 cent) and HK0.47 cent (six months ended 30 June 2020: HK0.47 cent) respectively.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of 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 2021 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2021, together with comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	2	3,019,152	2,285,001
Cost of sales		<u>(1,523,310)</u>	<u>(1,033,915)</u>
Gross profit		1,495,842	1,251,086
Other income and gains, net	2	119,243	111,708
Selling and distribution expenses		–	(21)
Administrative expenses		(237,344)	(193,214)
Other operating expenses, net		(21,321)	(13,732)
Finance costs	4	(757,827)	(677,936)
Share of profits and losses of:			
Joint ventures		245	(2,255)
Associates		<u>5,394</u>	<u>(5,390)</u>
PROFIT BEFORE TAX	3	604,232	470,246
Income tax expense	5	<u>(99,900)</u>	<u>(63,531)</u>
PROFIT FOR THE PERIOD		<u>504,332</u>	<u>406,715</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		340,347	334,527
Non-controlling interests		<u>163,985</u>	<u>72,188</u>
		<u>504,332</u>	<u>406,715</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>HK0.47 cent</u>	<u>HK0.47 cent</u>
Diluted		<u>HK0.47 cent</u>	<u>HK0.47 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2021

		30 June 2021 (unaudited) <i>HK\$'000</i>	31 December 2020 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade and bills payables	10	5,483,193	5,898,149
Other payables and accruals		3,225,241	4,208,246
Interest-bearing bank loans and other borrowings		7,753,000	5,645,498
Corporate bonds		1,706,539	592,124
Income tax payables		266,509	244,790
		18,434,482	16,588,807
Total current liabilities			
		350,464	1,049,325
NET CURRENT ASSETS			
		40,426,285	40,538,440
TOTAL ASSETS LESS CURRENT LIABILITIES			
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		23,109,240	23,365,271
Corporate bonds		–	1,104,199
Other non-current liabilities		3,263,693	2,347,752
Deferred income		68,061	260,910
Deferred tax liabilities		335,181	335,418
		26,776,175	27,413,550
Total non-current liabilities			
		13,650,110	13,124,890
Net assets			
		13,650,110	13,124,890
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	11	63,525	63,525
Perpetual capital instrument	12	1,182,565	1,143,587
Reserves		9,197,542	9,537,254
		10,443,632	10,744,366
Non-controlling interests		3,206,478	2,380,524
		13,650,110	13,124,890
Total equity		13,650,110	13,124,890

NOTES:

1.1 CORPORATE AND GROUP INFORMATION

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

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

1.2 BASIS OF PREPARATION

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

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

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

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

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

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

2. REVENUE, OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	1,609,719	1,451,684
Wind Power Business	544,110	149,742
Construction services	301,121	80,816
Technical consultancy services	23,254	28,662
Entrusted operations	26,288	110,526
Provision of clean heat supply services	514,660	463,571
	<u>3,019,152</u>	<u>2,285,001</u>
Other income and gains, net		
Bank interest income	3,999	5,912
Other interest income	100	7,259
Government grants	58,341	41,817
Gain on disposal of interest in a joint venture	–	19,713
Fair value gain on financial assets at fair value through profit or loss	17,981	4,044
Foreign exchange differences, net	21,610	18,280
Others	17,212	14,683
	<u>119,243</u>	<u>111,708</u>

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

4. FINANCE COSTS

An analysis of finance costs is as follows:

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

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 period (six months ended 30 June 2020: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on the prevailing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operation of photovoltaic and wind power plants; and (ii) they have operations in certain regions of the PRC that are qualified for certain concessionary corporate income tax rates for a prescribed period of time.

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

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

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 2021 and 2020, and the number of ordinary shares in issue during the periods.

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

**7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY
(Continued)**

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

	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to equity holders of the Company	340,347	334,527
Distribution related to the perpetual capital instrument	<u>(38,978)</u>	<u>(38,691)</u>
Profit used in the basic and diluted earnings per share calculations	<u><u>301,369</u></u>	<u><u>295,836</u></u>
	For the six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculations	63,525,397,057	63,525,397,057
Effect of dilution on weighted average number of ordinary shares – Share options which have dilutive effect	<u>60,673,691</u>	<u>–</u>
Weighted average number of ordinary shares, used in the diluted earnings per share calculations	<u><u>63,586,070,748</u></u>	<u><u>63,525,397,057</u></u>
Basic earnings per share	<u><u>HK0.47 cent</u></u>	<u><u>HK0.47 cent</u></u>
Diluted earnings per share	<u><u>HK0.47 cent</u></u>	<u><u>HK0.47 cent</u></u>

8. CONTRACT ASSETS

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

8. CONTRACT ASSETS (Continued)

Notes:

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

9. TRADE AND BILLS RECEIVABLES

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

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

The Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 30 days to 90 days to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days.

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

9. TRADE AND BILLS RECEIVABLES (Continued)

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

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

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

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

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 HK\$48,819,000 (31 December 2020: HK\$19,879,000) were secured by the pledged bank deposits as at 30 June 2021.

11. SHARE CAPITAL

	30 June 2021 (unaudited) HK\$'000	31 December 2020 (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
	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares: 63,525,397,057 shares of HK\$0.001 each	63,525	63,525

12. PERPETUAL CAPITAL INSTRUMENT

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

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

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

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

13. EVENTS AFTER THE REPORTING PERIOD

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

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

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

14. COMPARATIVE AMOUNTS

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

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

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

Financial highlights:

	For the six months ended 30 June		Change %
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	
Revenue	3,019,152	2,285,001	32
Gross profit	1,495,842	1,251,086	20
Gross profit ratio (%)	49.5	54.8	(5.3)
Profit for the period	504,332	406,715	24
Profit attributable to the equity holders of the Company	340,347	334,527	2
Basic EPS (in HK cent(s))	0.47	0.47	–
EBITDA	2,140,766	1,725,922	24
	30 June 2021 (unaudited) HK\$'000	31 December 2020 (audited) HK\$'000	Change %
Total assets	58,860,767	57,127,247	3
Total equity	13,650,110	13,124,890	4
Cash and cash equivalents	2,374,039	2,521,536	(6)

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

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

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

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

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

1.1 Sale of Electricity and Entrusted Operations

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

[#] 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 list of National Renewable Energy Power Generation Subsidies for the renewable energy power generation projects (the “**Project List**”) were further clarified. In addition, the “Notice on the Acceleration of Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies*” (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》) issued by the Ministry of Finance in the second half of 2020, emphasises acceleration of review on existing renewable energy power generation projects, make sure that those projects should enter the Project List in batches as soon as possible.

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

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

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

1.1.1 Photovoltaic Power Plant Projects

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) Entrusted management services

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

1.1.2 Wind Power Plant Projects

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

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

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

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

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

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

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

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

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

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

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

(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		Changes
	2021	2020	
Weighted average curtailment ratio (%)	1.27	4.91	(3.64)
Weighted average utilisation hours (hours)	1,623	1,541	82

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

(d) *Entrusted management services*

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

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

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

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

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

1.3 Provision of Clean Heat Supply Services

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

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

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

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

1.4 Other Clean Energy Businesses

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

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

2. FINANCIAL PERFORMANCE

2.1 Revenue and gross profit margin

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

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

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

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

2.2 Other income and gains, net

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

2.3 Administrative expenses

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

2.4 Finance costs

The increase in finance costs of the Group by approximately HK\$79.9 million to approximately HK\$757.8 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$677.9 million) was mainly attributable to the increase in the average balances of corporate bonds, bank loans and other borrowings of the Group as compared to the corresponding period of last year.

2.5 Income tax expense

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

2.6 Property, plant and equipment

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

2.7 Investment properties

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

2.8 Goodwill

It was attributable to the acquisition of subsidiaries since 2016.

2.9 Operating concessions and operating rights

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

2.10 Investments in joint ventures

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

2.11 Investments in associates

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

2.12 Other non-current assets

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

2.13 Contract assets

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

2.14 Trade and bills receivables

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

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

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

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

2.16 Cash and cash equivalents

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

2.17 Trade and bills payables

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

2.18 Other payables and accruals

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

2.19 Other non-current liabilities

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

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

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

2.21 Capital expenditures

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

2.22 Liquidity and financial resources

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

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

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

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

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

(b) Perpetual capital instrument

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

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

(c) Corporate bonds

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

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

(d) Capital contribution

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

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

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

The Fourth Round Capital Increase has not been fully completed as at the date of 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 the First Round Capital Increase, the Second Round Capital Increase, the Third Round Capital Increase and the Fourth Round Capital Increase constitute deemed disposals by the Company of its interests in Beiqing Smart under Chapter 14 of the Listing Rules. Further details are set out in the Company's announcements dated 27 December 2019, 30 July 2020, 15 September 2020 and 26 March 2021 and the circular dated 24 December 2020.

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

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

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

FUTURE OUTLOOK

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

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

MATERIAL ASSET REORGANISATION

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

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

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

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

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

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

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

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

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

CHARGE ON THE GROUP'S ASSETS

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

- (i) pledges over certain of the Group's property, plant and equipment and operating concessions;
- (ii) pledges over certain of the Group's trade receivables;
- (iii) pledges over the Group's equity interests in certain subsidiaries;
- (iv) guarantees given by the Company and/or its subsidiaries; and/or
- (v) pledges over certain of the Group's bank balances.

Save as disclosed above, at 30 June 2021, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group did not have any significant contingent liabilities (31 December 2020: Nil).

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2021, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

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

SHARE OPTION SCHEME

As at 30 June 2021, there were share options relating to 1,020,000,000 shares granted by the Company pursuant to the Company's share option scheme adopted on 11 June 2013 (the "Share Option Scheme"), representing approximately 1.61% of the total issued shares of the Company, remain valid and outstanding. Among the share options granted, share options relating to (i) 770,000,000 shares were granted to the Directors of the Company; and (ii) 250,000,000 shares were granted to employees of the Group and associated corporations of the Group.

For the year ended 31 December 2020, share options relating to 800,000,000 shares were granted to the Directors of the Company and share options relating to 260,000,000 shares were granted to employees of the Group and associated corporations of the Group. During the year ended 31 December 2020, share options relating to 30,000,000 shares granted to a Director of the Company but not accepted were lapsed. During the six months ended 30 June 2021, share options relating to 10,000,000 shares granted to employee of the Group and associated corporations of the Group were lapsed due to the resignation of the employee of the Group and associated corporations of the Group.

Save as disclosed above, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme during the six months ended 30 June 2021. Details of movements of the share options granted to employees of the Group and associated corporations of the Group under the Share Option Scheme during the year ended 31 December 2020 and the six months ended 30 June 2021 are as follows:

Category of participants/Name	Number of share options								Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$
	As at 1 January 2020	Granted during the year ended 31 December 2020	Exercised during the year ended 31 December 2020	Cancelled during the year ended 31 December 2020	Lapsed/ forfeited during the year ended 31 December 2020	As at 31 December 2020	Lapsed/ forfeited during the six months ended 30 June 2021	As at 30 June 2021			
	Employees of the Group and associated corporations of the Group										
In aggregate	-	52,000,000	-	-	-	52,000,000	(2,000,000)	50,000,000	15/09/2020	15/09/2023-14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	(2,000,000)	50,000,000	15/09/2020	15/09/2024-14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	(2,000,000)	50,000,000	15/09/2020	15/09/2025-14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	(2,000,000)	50,000,000	15/09/2020	15/09/2026-14/09/2030	0.080
	-	52,000,000	-	-	-	52,000,000	(2,000,000)	50,000,000	15/09/2020	15/09/2027-14/09/2030	0.080
Total	-	<u>260,000,000</u>	-	-	-	<u>260,000,000</u>	<u>(10,000,000)</u>	<u>250,000,000</u>			

No share option was granted to other eligible participants who are not Directors of the Company or employees of the Group or associated corporations of the Group during the year ended 31 December 2020 and the six months ended 30 June 2021. Please refer to the interim report of the Company for the six months ended 30 June 2021 for further details of the share options granted under the Share Option Scheme.

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in page 15 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 2021.

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 of Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2021.

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 2021.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control systems of the Company. The unaudited interim results of the Group for the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.bece.com.hk) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2021 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
Beijing Enterprises Clean Energy Group Limited
Zhang Tiefu and Hu Xiaoyong
Joint Chairmen

Hong Kong, 27 August 2021

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang, Mr. Shi Xiaobei, Mr. Tan Zaixing and Ms. Huang Danxia as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.

* *for identification purpose only*