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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 2020**

### **HIGHLIGHTS**

- The Group reported revenue of approximately HK\$2,285.0 million for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$3,401.7 million), representing a decrease of approximately 33% as compared to the corresponding period of last year. Nevertheless, as a result of the change in the Group's revenue and business structure carried out since 2018, the Group's gross profit margin increased from 47.7% for the six months ended 30 June 2019 to 54.8% for the six months ended 30 June 2020.
- Profit for the period of the Group was approximately HK\$406.7 million (six months ended 30 June 2019: approximately HK\$694.6 million), representing a decrease of approximately 41% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$334.5 million (six months ended 30 June 2019: approximately HK\$590.2 million), representing a decrease of approximately 43% as compared to the corresponding period of last year. Such decrease was primarily attributable to (i) the decrease of the Group's revenue arising from construction services business for the six months ended 30 June 2020 as compared to the corresponding period of last year; and (ii) the increase in finance costs attributable to the increases in average total balances of corporate bonds, bank and other borrowings and lease liabilities for the six months ended 30 June 2020 as compared to the corresponding period of last year.
- EBITDA amounted to approximately HK\$1,725.9 million (six months ended 30 June 2019: approximately HK\$1,918.8 million), representing a decrease of approximately 10% as compared to the corresponding period of last year.
- Basic and diluted earnings per share for the six months ended 30 June 2020 were HK0.47 cent (six months ended 30 June 2019: HK0.87 cent) and HK0.47 cent (six months ended 30 June 2019: HK0.87 cent) respectively.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: 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 2020 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2020, together with comparative figures for the corresponding period in 2019, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
REVENUE	2	2,285,001	3,401,678
Cost of sales		<u>(1,033,915)</u>	<u>(1,779,086)</u>
Gross profit		1,251,086	1,622,592
Other income and gains, net	2	111,708	124,734
Selling and distribution expenses		(21)	(2,586)
Administrative expenses		(193,214)	(254,251)
Other operating expenses, net		(13,732)	(37,508)
Finance costs	4	(677,936)	(584,319)
Share of profits and losses of:			
Joint ventures		(2,255)	(231)
Associates		<u>(5,390)</u>	<u>(25,737)</u>
PROFIT BEFORE TAX	3	470,246	842,694
Income tax expense	5	<u>(63,531)</u>	<u>(148,118)</u>
PROFIT FOR THE PERIOD		<u>406,715</u>	<u>694,576</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		334,527	590,160
Non-controlling interests		<u>72,188</u>	<u>104,416</u>
		<u>406,715</u>	<u>694,576</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>HK0.47 cent</u>	<u>HK0.87 cent</u>
Diluted		<u>HK0.47 cent</u>	<u>HK0.87 cent</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	406,715	694,576
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	(291,139)	(45,266)
Release upon disposal of subsidiaries	6,008	1,632
Share of other comprehensive (loss)/income of joint ventures	(2,467)	132
Share of other comprehensive loss of associates	(14,021)	(1,112)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(301,619)	(44,614)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>105,096</u>	<u>649,962</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	65,245	546,415
Non-controlling interests	39,851	103,547
	<u>105,096</u>	<u>649,962</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

		<b>30 June 2020</b>	31 December 2019
		<b>(unaudited)</b>	(audited)
	Notes	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>22,136,079</b>	22,383,901
Investment properties		<b>170,000</b>	170,000
Goodwill		<b>488,642</b>	495,556
Operating concessions		<b>1,911,192</b>	1,970,397
Operating rights		<b>876,529</b>	934,507
Other intangible assets		<b>20,717</b>	20,270
Investments in joint ventures		<b>216,213</b>	133,395
Investments in associates		<b>704,388</b>	723,799
Financial assets at fair value through profit or loss		<b>547,513</b>	262,072
Financial asset at fair value through other comprehensive income		<b>6,954</b>	7,092
Prepayments, deposits and other receivables		<b>4,757,645</b>	4,631,754
Other tax recoverables		<b>1,232,069</b>	1,291,040
Other non-current assets		<b>850,358</b>	649,896
Deferred tax assets		<b>99,233</b>	97,726
		<hr/>	<hr/>
Total non-current assets		<b>34,017,532</b>	33,771,405
<b>CURRENT ASSETS</b>			
Inventories		<b>168,290</b>	245,519
Contract assets	8	<b>5,848,134</b>	5,376,387
Trade and bills receivables	9	<b>3,920,289</b>	4,203,537
Prepayments, deposits and other receivables		<b>3,280,490</b>	3,236,699
Other tax recoverables		<b>1,086,952</b>	1,182,167
Restricted cash and pledged deposits		<b>271,550</b>	323,627
Cash and cash equivalents		<b>2,801,922</b>	3,698,835
		<hr/>	<hr/>
		<b>17,377,627</b>	18,266,771
Assets of a disposal group classified as held for sale		<b>184,951</b>	154,106
		<hr/>	<hr/>
Total current assets		<b>17,562,578</b>	18,420,877
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2020

		30 June 2020 (unaudited) <i>HK\$'000</i>	31 December 2019 (audited) <i>HK\$'000</i>
	Notes		
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	10	5,756,315	5,563,504
Other payables and accruals		4,374,645	5,107,637
Interest-bearing bank and other borrowings	11	4,336,966	3,229,625
Lease liabilities	13	2,368,625	2,645,344
Income tax payables		154,528	149,564
		16,991,079	16,695,674
Liabilities directly associated with the assets classified as held for sale		150,289	118,758
Total current liabilities		17,141,368	16,814,432
<b>NET CURRENT ASSETS</b>		421,210	1,606,445
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		34,438,742	35,377,850
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	11	8,550,520	8,938,290
Corporate bonds	12	1,535,593	557,047
Lease liabilities	13	11,372,698	12,987,864
Other non-current liabilities		1,621,410	1,412,218
Deferred income		120,399	129,261
Deferred tax liabilities		317,806	347,401
Total non-current liabilities		23,518,426	24,372,081
Net assets		10,920,316	11,005,769
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	14	63,525	63,525
Perpetual capital instrument	15	1,177,797	1,139,106
Reserves		8,104,924	8,103,134
		9,346,246	9,305,765
<b>Non-controlling interests</b>		1,574,070	1,700,004
Total equity		10,920,316	11,005,769

## 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 located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

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

### 1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The interim financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019. 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 2019 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 2019, except for the adoption of the following revised HKFRSs for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

These amendments have had no material effect on how the Group’s results and financial position for the current or prior periods have been presented in this unaudited interim condensed consolidated financial statements. The Group has not applied any other new standard or interpretation that is not yet effective for the current accounting period.

## 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	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
<b>Revenue from contracts with customers</b>		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	1,451,684	1,478,148
Wind Power Business	149,742	111,525
Construction services	80,816	1,146,515
Technical consultancy services	28,662	72,611
Entrusted operations	110,526	133,793
Provision of clean heat supply services	463,571	459,086
	<u>2,285,001</u>	<u>3,401,678</u>
<b>Other income and gains, net</b>		
Bank interest income	5,912	7,990
Other interest income	7,259	31,604
Government grants	41,817	72,335
Gains on bargain purchase of subsidiaries	–	3,487
Gain on disposal of interest in a joint venture	19,713	–
Fair value gain on financial assets at fair value through profit or loss	4,044	8,752
Foreign exchange difference, net	18,280	–
Others	14,683	566
	<u>111,708</u>	<u>124,734</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	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Cost of sales of electricity	533,295	510,866
Cost of construction services	66,915	914,175
Cost of technical consultancy services	7,494	11,297
Cost of services in relation to entrusted operations	19,467	21,353
Cost of clean heat supply services	406,744	321,395
Depreciation of property, plant and equipment	175,459	128,579
Depreciation of right-of-use assets recognised under property, plant and equipment	336,420	298,897
Amortisation of operating concessions	40,964	37,778
Amortisation of operating rights	23,117	24,943
Amortisation of other intangible assets	1,780	1,599
Foreign exchange differences, net	(18,280)	4,505
	<u>536,415</u>	<u>2,243,919</u>

### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on bank and other loans	248,929	174,674
Interest on corporate bonds	25,899	–
Interest on lease liabilities under finance lease arrangements	453,992	452,088
Interest on other lease liabilities	19,531	19,062
	<u>748,351</u>	<u>645,824</u>
Total interest expenses	748,351	645,824
Less: Interest capitalised	(70,415)	(61,505)
	<u>677,936</u>	<u>584,319</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 2019: 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.

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current – Mainland China	<b>82,921</b>	153,888
Deferred	<b>(19,390)</b>	(5,770)
	<hr/>	<hr/>
Total tax expense for the period	<b>63,531</b>	148,118
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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 2020 (six months ended 30 June 2019: Nil). No 2019 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 2020 and 2019, 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 2020 and 2019, 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:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit for the period attributable to equity holders of the Company	334,527	590,160
Distribution related to the perpetual capital instrument	<u>(38,691)</u>	<u>(38,691)</u>
Profit used in the basic and diluted earnings per share calculations	<u><u>295,836</u></u>	<u><u>551,469</u></u>
	<b>For the six months ended 30 June</b>	
	<b>(unaudited)</b>	(unaudited)
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculations	<u><u>63,525,397,057</u></u>	<u><u>63,525,397,057</u></u>
Basic earnings per share	<u><u>HK0.47 cent</u></u>	<u><u>HK0.87 cent</u></u>
Diluted earnings per share	<u><u>HK0.47 cent</u></u>	<u><u>HK0.87 cent</u></u>

**8. CONTRACT ASSETS**

		<b>30 June</b>	31 December
		<b>2020</b>	2019
		<b>(unaudited)</b>	(audited)
	<i>Notes</i>	<b>HK\$'000</b>	HK\$'000
Tariff adjustment receivables	<i>(a)</i>	4,732,265	3,923,741
Construction contracts	<i>(b)</i>	980,966	1,248,392
Retention money	<i>(b)</i>	<u>164,570</u>	<u>234,509</u>
Less: Impairment		<u><u>5,877,801</u></u> <u>(29,667)</u>	<u><u>5,406,642</u></u> <u>(30,255)</u>
Total		<u><u>5,848,134</u></u>	<u><u>5,376,387</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 Renewable Energy Tariff Subsidy Catalogues (the "Subsidy Catalogues"). In the opinion of the Directors, the registration procedures of the Subsidy Catalogues 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

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
Trade receivables	2,149,007	2,574,967
Bills receivable	<u>1,076,334</u>	<u>862,312</u>
	<b>3,225,341</b>	3,437,279
Tariff adjustment receivables ( <i>note</i> )	<u>733,544</u>	<u>805,617</u>
	<b>3,958,885</b>	4,242,896
Less: Impairment	<u>(38,596)</u>	<u>(39,359)</u>
Total	<u><b>3,920,289</b></u>	<u><b>4,203,537</b></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 Subsidy Catalogues.

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) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follow:

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
Within 3 months	<b>1,073,355</b>	1,036,224
4 to 6 months	<b>485,709</b>	453,802
7 to 12 months	<b>807,022</b>	723,672
1 to 2 years	<b>546,815</b>	712,064
Over 2 years	<b>273,844</b>	472,158
	<b>3,186,745</b>	3,397,920

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

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
Within 3 months	<b>141,855</b>	92,167
4 to 6 months	<b>104,399</b>	112,637
7 to 12 months	<b>195,579</b>	189,227
1 to 2 years	<b>227,068</b>	333,549
Over 2 years	<b>64,643</b>	78,037
	<b>733,544</b>	805,617

## 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:

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
Within 3 months	873,232	3,302,265
4 to 6 months	948,206	258,449
7 to 12 months	1,527,351	674,826
1 to 2 years	1,273,345	1,214,488
2 to 3 years	1,134,181	113,476
	<u>5,756,315</u>	<u>5,563,504</u>

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

Included in the trade and bills payables were trade payables of HK\$5,222,000 (31 December 2019: HK\$13,218,000) due to an associate which are generally repayable within 30 to 90 days, which represents credit terms similar to those offered by the associate to their major customers.

The Group's bills payables amounting to HK\$20,284,000 (31 December 2019: HK\$112,169,000) were secured by the pledged bank deposits as at 30 June 2020.

## 11. INTEREST-BEARING BANK AND OTHER BORROWINGS

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
Bank and other loans:		
Secured	3,035,954	2,839,344
Unsecured	9,851,532	9,328,571
	<u>12,887,486</u>	<u>12,167,915</u>
Total bank and other borrowings	<u>12,887,486</u>	<u>12,167,915</u>
Analysed into:		
Bank and other loans repayable:		
Within one year or on demand ( <i>note (c)</i> )	4,336,966	3,229,625
In the second year	3,557,885	1,648,835
In the third to fifth years, inclusive	3,509,589	5,695,083
Beyond five years	1,483,046	1,594,372
	<u>12,887,486</u>	<u>12,167,915</u>
Total bank and other borrowings	<u>12,887,486</u>	<u>12,167,915</u>
Portion classified as current liabilities	<u>(4,336,966)</u>	<u>(3,229,625)</u>
Non-current portion	<u>8,550,520</u>	<u>8,938,290</u>

## 11. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank loans are secured by:
- (i) guarantees given by the Company and/or its subsidiaries;
  - (ii) pledges over the trade receivables of certain subsidiaries; and/or
  - (iii) pledges over certain of the Group's property, plant and equipment.
- (b) The Group's bank and other borrowings in an aggregate amount of HK\$12,705,408,000 (31 December 2019: HK\$12,002,367,000) as at 30 June 2020 bear interest at floating rates with effective interest rates ranging from 2.90% to 5.96% (31 December 2019: 2.88% to 5.96%).
- (c) As at 31 December 2019, bank loans with an aggregate principal amount of HK\$135,000,000 contained on demand repayment clause and therefore have been recognised as current liabilities, which were included in the above analysis as unsecured current interest-bearing bank and other borrowings and bank and other loans repayable within one year or on demand. The bank loans were repaid during the period ended 30 June 2020.
- (d) Certain bank borrowing agreements of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company.

## 12. CORPORATE BONDS

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
<b>Unsecured corporate bonds, repayable:</b>		
In the second year	<u>1,535,593</u>	<u>557,047</u>
Total corporate bonds and classified as non-current liabilities	<u><u>1,535,593</u></u>	<u><u>557,047</u></u>

## 12. CORPORATE BONDS (Continued)

Corporate bonds of the Group as at 30 June 2020 and 31 December 2019 comprised:

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

## 13. LEASE LIABILITIES

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
Lease liabilities under finance lease arrangements ( <i>notes</i> )	<b>13,062,569</b>	14,874,875
Other lease liabilities	<b>678,754</b>	758,333
Total lease liabilities	<b>13,741,323</b>	15,633,208
Portion classified as current liabilities	<b>(2,368,625)</b>	(2,645,344)
Non-current portion	<b>11,372,698</b>	12,987,864

### 13. LEASE LIABILITIES (Continued)

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
<b>Lease liabilities:</b>		
Within one year	<b>2,368,625</b>	2,645,344
In the second year	<b>1,937,816</b>	2,043,377
In the third to fifth years, inclusive	<b>5,749,606</b>	6,167,215
Beyond five years	<b>3,685,276</b>	4,777,272
	<hr/>	<hr/>
Total lease liabilities	<b>13,741,323</b>	15,633,208
Portion classified as current liabilities	<b>(2,368,625)</b>	(2,645,344)
	<hr/>	<hr/>
Non-current portion	<b>11,372,698</b>	12,987,864
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (a) Upon adoption of HKFRS 16 on 1 January 2019, finance lease payables were reclassified as lease liabilities under finance lease arrangements.
- (b) The Group leases certain property, plant and equipment for its clean energy businesses under finance lease arrangements. The leases had remaining lease terms of 1 to 12 years as at 30 June 2020 (31 December 2019: 1 to 12 years).
- (c) All of the lease liabilities under finance lease arrangements are denominated in RMB.
- (d) Certain of the above lease liabilities under finance lease arrangements are secured by:
  - (i) guarantees given by the Company and/or its subsidiaries;
  - (ii) pledges over the Group's leased assets;
  - (iii) pledges over trade receivables of certain subsidiaries;
  - (iv) pledges over certain operating concessions of the Group; and/or
  - (v) pledges over the Group's equity interests in certain subsidiaries.



#### 14. SHARE CAPITAL

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
<b>Authorised:</b>		
Ordinary shares:		
466,637,115,100 shares of HK\$0.001 each	<b>466,637</b>	466,637
Convertible preference shares:		
33,362,884,900 shares of HK\$0.001 each	<u><b>33,363</b></u>	<u>33,363</u>
	<u><b>500,000</b></u>	<u>500,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares:		
63,525,397,057 shares of HK\$0.001 each	<u><b>63,525</b></u>	<u>63,525</u>

#### 15. PERPETUAL CAPITAL INSTRUMENT

	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000
At beginning of the year	<b>1,139,106</b>	1,137,776
Share of profit for the period/year	<b>38,691</b>	75,194
Distribution for the period/year	<u>–</u>	<u>(73,864)</u>
At end of the period/year	<u><b>1,177,797</b></u>	<u>1,139,106</u>

The perpetual capital instrument issued during the year ended 31 December 2018 (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 (year ended 31 December 2019: RMB65,000,000 (approximately HK\$73,864,000)).

## 16. EVENTS AFTER THE REPORTING PERIOD

Set out below are details of the significant events after the Group's reporting period:

- (a) On 16 July 2020, (i) 信達資本管理有限公司 (Cinda Capital Management Co., Ltd.\*) and 延安振興發展產業投資基金管理有限公司 (Yanan Zhenxing Development Industry Investment Fund Management Co., Ltd.\*) (collectively, the “**General Partners**”) and 天津北清電力智慧能源有限公司 (Tianjin Beiqing Power and Smart Energy Co., Ltd.\*), a subsidiary of the Company (“**Tianjin Beiqing**”), and 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.\*) (collectively, the “**Limited Partners**”) entered into the partnership agreement (the “**Partnership Agreement**”) in respect of, among other things, the formation and management of 延發北控信能(天津)股權投資合夥企業(有限合夥) (Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)\*) (the “**Fund**”); and (ii) the General Partners and the Limited Partners entered into the supplemental agreement to the Partnership Agreement in relation to, among other things, the proposed investment of the Fund. Further details are set out in the Company's announcement dated 16 July 2020.
- (b) On 30 July 2020, the Company, Harvest Sunny International Limited (the “**Subsidiary**”) and Tianjin Beiqing, 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)\*) (collectively, the “**Second Investors**”), pursuant to which the Second Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of Tianjin Beiqing (the “**Second Capital Increase**”).
- Upon completion of the Second Capital Increase, Tianjin Beiqing will be held as to approximately 89.25% by the Subsidiary. Tianjin Beiqing will continue to be accounted as a subsidiary of the Company. The Second Capital Increase constitutes a deemed disposal by the Company of its interests in Tianjin Beiqing. Further details are set out in the Company's announcement dated 30 July 2020.
- (c) On 17 August 2020, Tianjin Beiqing, as guarantor, entered into a letter of guarantee (the “**Letter of Guarantee**”), pursuant to which Tianjin Beiqing agreed to guarantee the due performance of the payment obligations of 穎上聚安光伏發電有限公司 (Yingshang Juan PV Power Generation Co., Ltd.\*), a company established in the PRC with limited liability (“**Yingshang Juan**”) under the finance lease agreement (the “**Principal Contract**”) entered into between Yingshang Juan and 信達金融租賃有限公司 (Cinda Financial Leasing Co., Ltd.\*), a company established in the PRC with limited liability (“**Cinda Leasing**”). Pursuant to the Principal Contract, Yingshang Juan has payment obligations towards Cinda Leasing comprising the lease payments and administrative fee. The Letter of Guarantee covers all the obligations of Yingshang Juan under the Principal Contract including but not limited to the lease payments and administrative fee in an amount of up to approximately RMB483,360,614.

## 16. EVENTS AFTER THE REPORTING PERIOD (Continued)

Set out below are details of the significant events after the Group's reporting period: (Continued)

(c) (Continued)

Pursuant to the Principal Contract, Yingshang Juan obtained additional financing from Cinda Leasing for the purposes of repaying the loan due to 華潤北控(汕頭)新能源產業基金合夥企業(有限合夥)(CR BE (Shantou) New Energy Industrial Fund Partnership Enterprise (Limited Partnership\*)) (“**CR BE Partnership**”). As at the date of this announcement, CR BE Partnership owned 99.99% interest in Yingshang Juan, with the remaining 0.01% interest being owned by 漢威潤能股權投資(汕頭)有限公司(Hanwei Runneng Equity Investment (Shantou) Company Limited\*), which is one of the general partners and the executive partner of CR BE Partnership. The provision of guarantee under the Letter of Guarantee by Tianjin Beiqing will enable Yingshang Juan to repay the loan due to CR BE Partnership, upon receipt of which, CR BE Partnership will use the proceeds from the repayment to satisfy the guaranteed fixed return to the guaranteed partners of CR BE Partnership prior to the end of its term. Upon the guaranteed partners of CR BE Partnership having received their returns and return of their respective capital contributions, the Group will share the residual value of a 60MW photovoltaic power plant in Anhui Province, the PRC, which is expected to be a compound annualised rate of return of 7.5% on the capital contribution made by the Group and the residual amount in the CR BE Partnership.

CR BE Partnership was a limited partnership established in the PRC pursuant to a partnership agreement entered into on 29 June 2017 (and as amended and supplemented by a supplemental agreement dated 28 July 2017) (the “**Partnership Agreement**”), the details of which were set forth in the announcements of the Company dated 29 June 2017 and 28 July 2017. CR BE Partnership has a term of three years from September 2017. Pursuant to the Partnership Agreement, distributable profits of CR BE Partnership shall first be distributed to the senior limited partner in an amount equal to the maximum of the simple annualised rate of return of 6.8% (the “**Senior Return**”) on the actual outstanding capital contribution of the senior limited partner. If there is any surplus in the distributable profits subsequent to the distribution of the Senior Return, CR BE Partnership shall distribute to each of the other partners (other than the senior limited partner) in an amount equal to a compound annualised rate of return of 7.5% (the “**Junior Return**”) on their respective actual outstanding capital contribution. As at the date of the Letter of Guarantee, the total amount of actual capital contribution contributed by the guaranteed partners of CR BE Partnership amounted to approximately RMB504.8 million. If there is any further surplus subsequent to the distributions of the Senior Return and the Junior Return, CR BE Partnership shall distribute such further surplus in the following order:

- (i) to the senior limited partner as repayment of its capital contribution;
- (ii) to the other partners (other than the senior limited partners) as repayment of their capital contributions; and
- (iii) each of 青島富歡資產管理有限公司(Qingdao Fuhuan Assets Management Company Limited\*), an indirect wholly-owned subsidiary of the Company, and another general partner of CR BE Partnership of the residual amount in accordance with their proportion of shareholding interest in the CR BE Partnership.

Accordingly, upon the distribution of CR BE Partnership, the Group will be able to enjoy the share of the residual value upon the repayment of the partners' capital contribution in CR BE Partnership. The provision of guarantee under the Letter of Guarantee will enable Yingshang Juan to repay the loan due to CR BE Partnership, and thereby increase the Group's interest in the distribution of the residual value of a 60MW photovoltaic power plant in Anhui Province, the PRC.

Further details in relation to the Letter of Guarantee are set forth in the announcement of the Company dated 17 August 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS REVIEW

During the six months ended 30 June 2020, 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 %
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	
Revenue	<b>2,285,001</b>	3,401,678	(33)
Gross profit	<b>1,251,086</b>	1,622,592	(23)
Gross profit ratio ( <i>in percentage</i> )	<b>54.8</b>	47.7	7.1
Profit for the period	<b>406,715</b>	694,576	(41)
Profit attributable to the equity holders of the Company	<b>334,527</b>	590,160	(43)
Basic EPS (in HK cent(s))	<b>0.47</b>	0.87	(46)
EBITDA	<b>1,725,922</b>	1,918,809	(10)
	<b>30 June 2020 (unaudited) HK\$'000</b>	31 December 2019 (audited) HK\$'000	Change %
Total assets	<b>51,580,110</b>	52,192,282	(1)
Equity	<b>10,920,316</b>	11,005,769	(1)
Cash and cash equivalents	<b>2,801,922</b>	3,698,835	(24)

Since 2018, the Group has been focusing on the development of businesses with higher gross profit ratio and stronger sustainability, improving the quality of existing projects, implementing cost reduction and efficiency enhancement by streamlining the business segment which has a relatively lower gross profit ratio with an objective to improve the Group’s overall performance (the “**Change in Business Structure**”). The Group recorded revenue of approximately HK\$2,285.0 million for the six months ended 30 June 2020, representing a decrease of approximately 33% as compared to the corresponding period of last year, while gross profit margin increased from 47.7% to 54.8% as compared to the corresponding period of last year.

Profit for the period of the Group was approximately HK\$406.7 million (six months ended 30 June 2019: approximately HK\$694.6 million), representing a decrease of approximately 41% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$334.5 million (six months ended 30 June 2019: approximately HK\$590.2 million), representing a decrease of 43% as compared to the corresponding period of last year. Such decrease was primarily attributable to (i) the decrease of the Group's revenue arising from construction services business for the six months ended 30 June 2020 as compared to the corresponding period of last year; and (ii) the increase in finance costs attributable to the increases in average total balances of corporate bonds, bank and other borrowings and lease liabilities for the period 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\$1,711.9 million (six months ended 30 June 2019: approximately HK\$1,723.5 million), which was comparable to the corresponding period of last year. The aggregate electricity sales volume in respect of the Group's sale of electricity during the period was approximately 1.91 million (six months ended 30 June 2019: approximately 1.76 million) megawatt-hour ("MWh"), representing an increase of 9% as compared to the corresponding period of last year.

Pursuant to the “Several Opinions on Facilitating the Healthy Development of Non-hydro Renewable Energy Power Generation\*” (《關於促進非水可再生能源發電健康發展的若干意見》) and “Administrative Measures on the Additional Subsidies for Renewable Energy Electricity Prices\*” (《可再生能源電價附加補助資金管理辦法》) jointly announced by the Ministry of Finance, the National Development and Reform Commission of the PRC (the “NDRC”) and the National Energy Administration in January 2020, and the “Notice on Carry Out Relevant Review Work on the Projects List of Renewable Energy Power Generation with 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》) (the “**Project List**”) announced by the Ministry of Finance in March 2020, the conditions and application procedures for entering the list of this batch of national financial subsidy for the renewable energy power generation projects were clarified. Based on the Group’s understanding and estimation, the capacity of the Group that may meet the application requirements of the Project List is over 2,000 megawatt (“MW”). The promulgation shows that the government is doing its best to solve the problem of arrears in subsidies for renewable energy power generation, which is beneficial to the betterment of the Group’s cash flow. The Group will closely follow up and implement this batch project inventory declaration and national subsidies related works, and prepare for the declaration of the next batch of the Project List in advance, and will proactively promote the implementation of relevant strategies to improve the receipt of national subsidies.

However, due to the COVID-19 outbreak and partial or complete lockdowns during the first half of 2020, the application process could not be carried out according to the original timeline. The approval process was accordingly delayed and the provision of subsidies for the period was affected as well.

### ***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\$1,234.2 million (six months ended 30 June 2019: approximately HK\$1,277.7 million) from the sale of electricity from the Group’s centralised photovoltaic power plants, representing 54% (six months ended 30 June 2019: 38%) of the Group’s total revenue during the period.

As at 30 June 2020, 50 (30 June 2019: 52) centralised photovoltaic power plants covering 12 provinces, 1 municipality and 2 autonomous regions in the PRC and 1 (30 June 2019: 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 2,143MW (30 June 2019: 2,233MW), details of which are set forth below:

Location	Photovoltaic resource area	For the six months ended 30 June					
		2020			2019		
		Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume (note 1) (MWh)
PRC-Subsidiaries:							
Hebei Province	II/III	16	476	333,388	16	446	296,046
Henan Province	III	3	264	179,795	3	264	174,806
Shandong Province	III	5	248	155,754	5	248	175,946
Guizhou Province	III	4	211	114,380	4	211	115,831
Anhui Province	III	6	191	105,524	6	191	97,446
Shaanxi Province	II	2	160	115,723	2	160	130,456
Jiangxi Province	III	3	125	65,020	3	125	53,318
Jiangsu Province (note 2)	III	1	100	115,833	3	220	97,503
The Ningxia Hui Autonomous Region	I	1	100	78,698	1	100	73,049
Hubei Province	III	2	43	21,237	2	43	19,642
Jilin Province	II	1	30	24,496	1	30	27,017
The Tibet Autonomous Region	III	1	30	19,284	1	30	20,154
Tianjin Municipality	II	1	30	23,970	1	30	22,492
Yunnan Province	II	1	22	16,840	1	22	18,117
Shanxi Province	III	1	20	16,535	1	20	14,444
		<b>48</b>	<b>2,050</b>	<b>1,386,477</b>	<b>50</b>	<b>2,140</b>	<b>1,336,267</b>
PRC-Joint ventures:							
Anhui Province	III	1	60	37,107	1	60	35,401
Hubei Province	III	1	27	14,987	1	27	12,986
		<b>2</b>	<b>87</b>	<b>52,094</b>	<b>2</b>	<b>87</b>	<b>48,387</b>
PRC-Sub-total		<b>50</b>	<b>2,137</b>	<b>1,438,571</b>	<b>52</b>	<b>2,227</b>	<b>1,384,654</b>
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	4,537	1	6	4,837
Total		<b>51</b>	<b>2,143</b>	<b>1,443,108</b>	<b>53</b>	<b>2,233</b>	<b>1,389,491</b>

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

Photovoltaic resource area	For the six months ended 30 June					
	2020			2019		
	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume (note 1) (MWh)
PRC-Subsidiaries:						
I	1	100	78,698	1	100	73,049
II	12	448	344,128	12	443	344,159
III	35	1,502	963,651	37	1,597	919,059
	<u>48</u>	<u>2,050</u>	<u>1,386,477</u>	<u>50</u>	<u>2,140</u>	<u>1,336,267</u>
PRC-Joint ventures:						
III	2	87	52,094	2	87	48,387
Total	<u>50</u>	<u>2,137</u>	<u>1,438,571</u>	<u>52</u>	<u>2,227</u>	<u>1,384,654</u>

*Note 1:* It represented the approximate electricity sales volume 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 electricity sales volume 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\*) (the "Vendor" or "TJCE"), 國投電力控股股份有限公司 (SDIC Power Holdings Co., Ltd.\*) (the "Purchaser" or "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 the Vendor, the Purchaser 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. As a result, the financial results of XSHN and XSYN from the beginning of the period and up to the completion date of the Disposals were consolidated into the Group's results during the period.

*Note 3:* During the period ended 30 June 2020, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.81.



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

As at 30 June 2020, the Group's aggregate installed capacity of the photovoltaic power plants registered into the first to seventh batches Renewable Energy Tariff Subsidy Catalogues (the "**Subsidy Catalogues**") reached approximately 314MW. Among which, an aggregate installed capacity of 287MW was held by the Group's subsidiaries and an installed capacity of 27MW was held by a joint venture of the Group. Those projects listed in the Subsidy Catalogues will be enlisted in the Project List automatically. Currently, certain photovoltaic power plant projects of the Group are in the process of applying for enlisting in the Project List. The Directors are of the opinion that the approvals for enlisting in the Project List will be obtained in due course. The Group will continue its effort on registering the remaining photovoltaic power plant projects into the Project List once upcoming Project List are available for application.

(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*

	<b>For the six months ended 30 June</b>		
	<b>2020</b>	2019	<b>Changes</b>
Weighted average curtailment ratio (%)	<b>3.07</b>	1.81	1.26
Weighted average utilisation hours (hours)	<b>674</b>	659	15

During the period, the weighted average utilisation hours reached 674 hours, which was higher than the national average utilisation hours of photovoltaic power in the PRC of 595 hours. The Group's centralised photovoltaic power plant projects are mainly located in photovoltaic resource areas II and III as promulgated by the NDRC and therefore a relatively low weighted average curtailment ratio was achieved. The increase of weighted average curtailment ratio during the period as compared to the corresponding period of last year was mainly attributable to the decreased demand for electricity due to the COVID-19 outbreak, and the situation has gradually improved since the second quarter of 2020.

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

In respect of the distributed photovoltaic power business, as at 30 June 2020, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation achieved over 600MW, 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\$217.5 million during the period (six months ended 30 June 2019: approximately HK\$200.4 million).

*(e) 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\$54.4 million (six months ended 30 June 2019: approximately HK\$88.8 million) was recognised during the period.

### **1.1.2 Wind Power Plant Projects**

The improvements of technology, investment cost and curtailment issues in recent years enhance the overall competitiveness of the wind power to the traditional power sources, giving rise to new business opportunities and healthier market environment in the wind power industry. With the Group's expertise on, among others, investing, developing and managing wind and other power businesses, the Group is optimistic on expanding 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\$149.7 million (six months ended 30 June 2019: approximately HK\$111.5 million) from the sale of electricity from the Group's wind power plants.

As at 30 June 2020, 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 and the Inner Mongolia Autonomous Region and mainly situated in wind resource area IV as promulgated by the NDRC. Among which, 8 projects (30 June 2019: 5 projects) with an aggregate on-grid capacity of 225MW (30 June 2019: 167MW) were held by the Group and in operation as at 30 June 2020, which is analysed below:

Location	Wind resource area	For the six months ended 30 June					
		2020			2019		
		Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume (note 1) (MWh)
PRC – Subsidiaries:							
The Inner Mongolia Autonomous Region							
	I	4	119	196,131	4	119	144,639
	Henan Province	3	58	39,896	–	–	–
	Shandong Province	1	48	61,555	1	48	64,082
	<b>Total</b>	<b>8</b>	<b>225</b>	<b>297,582</b>	<b>5</b>	<b>167</b>	<b>208,721</b>

*Note 1:* It represented the approximate electricity sales volume 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 electricity sales volume does not reflect a full period performance of these operations.

*Note 2:* During the period ended 30 June 2020, 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 Subsidy Catalogues and the Project List**

As at 30 June 2020, the Group's aggregate installed capacity of the wind power plants registered into the Subsidy Catalogues reached 88MW. Those projects listed in the Subsidy Catalogues will be enlisted in the Project List automatically. Currently, certain wind power plant projects of the Group are in the process of applying for enlisting in the Project List. The Directors are of the opinion that the approvals for enlisting in the Project List will be obtained in due course. The Group will continue its effort on registering the remaining wind power plant projects into the Project List once upcoming Project List are available for application.

(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*

	<b>For the six months ended 30 June</b>		<b>Changes</b>
	<b>2020</b>	2019	
Weighted average curtailment ratio (%)	<b>4.91</b>	0.07	4.84
Weighted average utilisation hours (hours)	<b>1,541</b>	1,538	3

During the period, the weighted average utilisation hours reached 1,541 hours, which was higher than the national average utilisation hours of wind power in the PRC of 1,123 hours. The increase of weighted average curtailment ratio during the period as compared to the corresponding period of last year was mainly attributable to the decreased demand for electricity due to the COVID-19 outbreak, and the situation has gradually improved since the second quarter of 2020.

(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\$56.1 million (six months ended 30 June 2019: approximately HK\$45.0 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. In particularly, the Group has implemented the Change in Business Structure since 2018. 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\$60.9 million (six months ended 30 June 2019: approximately HK\$1,106.4 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the period, representing 3% (six months ended 30 June 2019: 33%) of the Group's total revenue during the period and a decrease of 95% as compared to the corresponding period of last year.

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\$19.9 million (six months ended 30 June 2019: approximately HK\$40.1 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\$28.7 million (six months ended 30 June 2019: approximately HK\$72.6 million) was recognised during the period.

### 1.3 Provision of Clean Heat Supply Services

Clean heat supply represents the production of low emission heat 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., and the supply of such heat to end users. With various supportive government policies issued including the issuance of “the Notice on the Winter Clean Heat Plan (2017 to 2021) of the Northern China\*” (《關於印發北方地區冬季清潔取暖規劃(2017-2021年)的通知》) jointly by ten government authorities in December 2017 and the “Notice on the Budget for Air Pollution Prevention and Control in 2019\*” (《關於下達2019年度大氣污染防治資金預算的通知》) by the Ministry of Finance in June 2019, the Clean Heat Supply Business shall have a favourable business prospects.

As at 30 June 2020, through development and business acquisition, 17 projects (30 June 2019: 15 projects) in operation with an aggregate actual clean heat supply area of approximately 27.4 million square meters locating in Henan, Hebei, Shanxi, Shaanxi, the Ningxia Hui Autonomous Region, Liaoning and other provinces were held and/or managed by the Group. Revenue of approximately HK\$463.6 million (six months ended 30 June 2019: approximately HK\$459.1 million) arising from the provision of clean heat supply services was recognised by the Group during the period, which was comparable to the corresponding period of last year.

### 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 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.

#### *1.4.1 Hydropower Business*

The Group aggressively explored other clean energy segments, and expanded into the hydropower industry. Hydropower generation enjoys a number of advantages which other clean energy do not possess, such as more utilisation hours, stronger stability, adjustable peaks and better cash flow, which makes it a grid-friendly power source.

During the first half of 2020, the Group continued to explore development opportunities in the investment, construction and operation of 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, and carry out multiple operations such as tourism and breeding, which will deliver greater scale advantages and operating benefits. It is integral to the development of the Group’s clean energy businesses, and will contribute stable income and optimise the Group’s clean energy power station asset portfolio in the future.

### ***1.4.2 Energy Storage Business***

Energy storage is an important component and a key supporting technology for smart grid, energy systems with high proportion level of renewable energy and “internet plus” smart energy, which offers peak shaving, frequency modulation, back-up and demand-supply response support and other services for the grid operation, and is an important mean to enhance the flexibility, cost-effectiveness and safety of the traditional power system. At the same time, energy storage can significantly enhance the consumption level of renewable energy such as photovoltaic and wind power and support distributed power and micro-grid, and is a key technology to facilitate the clean energy power replacement. Also, energy storage can promote multi-energy complement and the opening and sharing, and the trading flexibility of energy production and consumption, and is a core foundation for constructing energy internet, advancing power system reform and facilitating the development of new energy business models, and there is a broad development prospect. The Group will continue to pursue persistent effort on energy storage technology and development.

## **2. FINANCIAL PERFORMANCE**

### **2.1 Revenue and gross profit margin**

The Group recorded revenue of approximately HK\$2,285.0 million (six months ended 30 June 2019: approximately HK\$3,401.7 million) during the period, representing a decrease of 33% as compared to the corresponding period of last year. In particular, the Group has implemented the Change in Business Structure since 2018. Accordingly, for the six months ended 30 June 2020 (i) revenue from the sale of electricity and entrusted management services reached approximately HK\$1,711.9 million (six months ended 30 June 2019: approximately HK\$1,723.5 million) in aggregate, which was comparable to the corresponding period of last year; and (ii) construction services revenue was approximately HK\$80.8 million (six months ended 30 June 2019: approximately HK\$1,146.5 million), representing a decrease of 93% as compared to the corresponding period of last year.

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

	For the six months ended 30 June					
	2020			2019		
	Revenue (HK\$ million)	Gross profit ratio (%)	Gross profit (HK\$ million)	Revenue (HK\$ million)	Gross profit ratio (%)	Gross profit (HK\$ million)
Sale of electricity						
Photovoltaic Power Business	1,451.7	66.3	961.8	1,478.2	68.3	1,010.1
Wind Power Business	149.7	71.0	106.3	111.5	61.6	68.8
Construction services	80.8	17.2	13.9	1,146.5	20.3	232.3
Technical consultancy services	28.7	73.9	21.2	72.6	84.4	61.3
Entrusted operations	110.5	82.4	91.0	133.8	84.0	112.4
Provision of clean heat supply services	463.6	12.3	56.9	459.1	30.0	137.7
<b>Total</b>	<b>2,285.0</b>	<b>54.8</b>	<b>1,251.1</b>	<b>3,401.7</b>	<b>47.7</b>	<b>1,622.6</b>

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

Gross profit for the sale of electricity decreased from approximately HK\$1,078.9 million for the six months ended 30 June 2019 to approximately HK\$1,068.1 million during the period, representing 85% (six months ended 30 June 2019: 66%) 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 1% (six months ended 30 June 2019: 14%) during the period. As a result of the Change in Business Structure, even though the gross profit ratio of the provision of clean heat supply services has decreased due to the rise of operating costs, overall gross profit ratio increased from 47.7% during the six months ended 30 June 2019 to 54.8% during the period.

## 2.2 Other income and gains, net

The Group’s other income and gains, net achieved approximately HK\$111.7 million (six months ended 30 June 2019: approximately HK\$124.7 million) during the period, which mainly comprised (i) interest income of approximately HK\$13.2 million (six months ended 30 June 2019: approximately HK\$39.6 million); (ii) government grants of approximately HK\$41.8 million (six months ended 30 June 2019: approximately HK\$72.3 million); (iii) gains on disposal of interest in a joint venture of HK\$19.7 million (six months ended 30 June 2019: nil); and (iv) foreign exchange gains, net of approximately HK\$18.3 million (six months ended 30 June 2019: foreign exchange losses, net of approximately HK\$4.5million).



### **2.3 Administrative expenses**

The decrease in administrative expenses to approximately HK\$193.2 million (six months ended 30 June 2019: approximately HK\$254.3 million) was mainly attributable to the decreases in rental expenses, business travelling expenses and staff costs as a result of the implementation of certain cost reduction and efficiency enhancement by the Group.

### **2.4 Finance costs**

The increase in finance costs of the Group by approximately HK\$93.6 million to approximately HK\$677.9 million for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$584.3 million) was mainly attributable to the increase in the average balances of corporate bonds, bank and other borrowings and lease liabilities 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 decrease was mainly attributable to the combined effect of (i) the acquisition and development of clean energy projects; and (ii) the disposals of clean energy projects during 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 plant and clean heat supply projects under the BOT Basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) *Business Combinations*. The decrease in operating concessions and the decrease in operating rights were mainly attributable to the amortisation provided for during 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, the increase was mainly attributable to the capital contributions made to the joint ventures.

## **2.11 Investments in associates**

It represented (i) the Group's investment in 北清環能集團股份有限公司 (BECE Legend Group Co., Ltd\*), formerly know as 四川金宇汽車城(集團)股份有限公司 (Sichuan Jinyu Automobile City (Group) Co., Ltd.\*) (a company established in the PRC and shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ.000803)), an associate owned as to 22.48% by the Group and was principally engaged in the sales of electric boiler system integration equipment, the development and sales of industrial internet of things (IIOT) platform software products, and the provision of technical consultancy services; 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% 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 photovoltaic and wind power plant projects.

## **2.13 Contract assets**

Contract assets as at 30 June 2020 of approximately HK\$5,848.1 million (31 December 2019: approximately HK\$5,376.2 million) represented (i) gross receivables of approximately HK\$1,145.5 million (31 December 2019: approximately HK\$1,482.9 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$4,732.3 million (31 December 2019: approximately HK\$3,923.6 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 Subsidy Catalogues; and (iii) loss allowances of contract assets of approximately HK\$29.7 million (31 December 2019: approximately HK\$30.3 million). The increase in contract assets was mainly attributable to the increase in gross receivables of the central government renewable energy subsidy arising from the sale of electricity during the period.

## **2.14 Trade and bills receivables**

Trade and bills receivables of approximately HK\$3,920.3 million (31 December 2019: approximately HK\$4,203.5 million) as at 30 June 2020 were mainly attributable to (i) gross receivables from the sale of electricity of the Photovoltaic Power Business and the Wind Power Business of approximately HK\$1,093.7 million (31 December 2019: approximately HK\$1,260.7 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK\$1,851.8 million (31 December 2019: approximately HK\$2,307.6 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$38.6 million (31 December 2019: approximately HK\$39.4 million).

As at 30 June 2020, gross trade receivables for the sale of electricity of the Photovoltaic Power Business and the Wind Power Business mainly comprised (i) receivables of approximately HK\$296.5 million (31 December 2019: approximately HK\$345.3 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\$733.5 million (31 December 2019: approximately HK\$805.6 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Subsidy Catalogues.

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

The increase in prepayments, deposits and other receivables and other tax recoverables by approximately HK\$15.5 million in aggregate (non-current portion increased by approximately HK\$66.9 million and current portion decreased by approximately HK\$51.4 million in aggregate respectively) to approximately HK\$10,357.2 million (31 December 2019: approximately HK\$10,341.7 million) in aggregate was mainly attributable to the increase in prepayments, deposits and other receivables for the acquisition and development of clean energy projects and the decrease in input value-added-tax recoverables arising from the acquisition and development of photovoltaic and wind power plants.

## **2.16 Cash and cash equivalents**

The decrease in cash and cash equivalents by approximately HK\$896.9 million to approximately HK\$2,801.9 million (31 December 2019: approximately HK\$3,698.8 million) was mainly attributable to net effect of (i) net increase in the corporate bonds, bank and other borrowings and lease liabilities under finance lease arrangements; (ii) cash outflow on developing, acquiring and operating clean energy projects; and (iii) receipts of trade and bills receivables during the period.

## **2.17 Trade and bills payables**

Trade and bills payables of approximately HK\$5,756.3 million (31 December 2019: approximately HK\$5,563.5 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\$4,374.6 million (31 December 2019: approximately HK\$5,107.6 million) decreased by approximately HK\$733.0 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 (a) deferred income of approximately HK\$963.3 million (31 December 2019: approximately HK\$741.1 million) arising from the materials and equipment sold and delivered to independent third parties for the development of photovoltaic and wind power plant projects; and (b) a financial liability of approximately HK\$658.1 million (31 December 2019: approximately HK\$671.1 million) arising from an option granted to the Ping An Entities (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 announcement dated 27 December 2019.

## **2.20 Interest-bearing bank and other borrowings, corporate bonds and lease liabilities under finance lease arrangements**

Interest-bearing bank and other borrowings, corporate bonds and lease liabilities under finance lease arrangements of approximately HK\$27,485.7 million (31 December 2019: approximately HK\$27,599.8 million) in aggregate decreased by approximately HK\$114.1 million in aggregate (non-current portion decreased by approximately HK\$957.8 million in aggregate and current portion increased by approximately HK\$843.7 million in aggregate respectively), which was mainly attributable to the combined effect of (i) the drawdown of bank and other borrowings for the development of the clean energy businesses; (ii) the issue of Second Corporate Bond (as hereinafter defined); and (iii) the repayment of leases liabilities under finance lease arrangements during the period.

## **2.21 Capital expenditures**

During the period, the Group's total capital expenditures amounted to approximately HK\$1,753.5 million (six months ended 30 June 2019: approximately HK\$2,030.0 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK\$1,599.6 million (six months ended 30 June 2019: approximately HK\$1,590.9 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$2.6 million (six months ended 30 June 2019: approximately HK\$26.6 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$151.3 million (six months ended 30 June 2019: approximately HK\$412.5 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 2020, the Group's cash and cash equivalents amounted to approximately HK\$2,801.9 million (31 December 2019: approximately HK\$3,698.8 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 and other borrowings and lease liabilities under finance lease arrangements; (ii) perpetual capital instrument; (iii) corporate bonds; and (iv) capital contribution as illustrated below.

*(a) Long-term bank and other borrowings, corporate bonds and lease liabilities under finance lease arrangements*

As at 30 June 2020, the Group's total borrowings of approximately HK\$27,485.7 million (31 December 2019: approximately HK\$27,599.8 million) comprised (i) bank and other borrowings of approximately HK\$12,887.5 million (31 December 2019: approximately HK\$12,167.9 million); (ii) corporate bonds of approximately HK\$1,535.6 million (31 December 2019: approximately HK\$557.0 million); and (iii) lease liabilities under finance lease arrangements of approximately HK\$13,062.6 million (31 December 2019: approximately HK\$14,874.9 million). 76% (31 December 2019: 79%) of the Group's borrowings are long-term borrowings and over 99% (31 December 2019: 99%) of the Group's borrowings bear interest at floating rates.

*(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 (equivalent to HK\$1,190,476,000) 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 (equivalent to HK\$1,131,315,000). 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 2019: RMB65,000,000 (approximately HK\$73,864,000)).

(c) *Corporate bonds*

During the period ended 30 June 2020, 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, for the purposes of capital injections to the project companies and repaying certain of the Group’s indebtedness. 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*

On 30 July 2020, the Company, Harvest Sunny International Limited (the “**Subsidiary**”) and 天津北清電力智慧能源有限公司 (Tianjin Beiqing Power and 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 “**Target Company**” or “**Tianjin Beiqing**”), 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 Investors**”), pursuant to which the Second 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 Target Company (the “**Second Capital Increase**”).

On 27 December 2019, the Company, the Subsidiary and the Target Company, entered into a capital contribution agreement with 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 (Limited Partnership)\*), 嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership (Limited Partnership)\*), 嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership (Limited Partnership)\*) and 嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership (Limited Partnership)\*) (collectively referred to as the “**Ping An Entities**”), pursuant to which the Ping An Entities agreed to subscribe for new capital in the Target Company in the aggregate amount of RMB600 million (the “**Capital Increase**”).

Upon completion of the Second Capital Increase and the Capital Increase, the Target Company will be held as to approximately 89.25% by the Subsidiary. The Target Company will continue to be accounted as a subsidiary of the Company. Both the Second Capital Increase and the Capital Increase constitute deemed disposals by the Company of its interests in the Target Company. Further details are set out in the Company’s announcements dated 30 July 2020 and 27 December 2019.

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\$421.2 million (31 December 2019: approximately HK\$1,606.4 million) as at 30 June 2020.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2020, the Group had unutilised banking facilities of approximately HK\$3,155.1 million (31 December 2019: approximately HK\$2,429.0 million) in aggregate with terms ranging from repayable on demand to 20 years (31 December 2019: 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 and other borrowings and lease liabilities under finance lease arrangements, net of cash and cash equivalents) by the sum of net debt and total equity, was 69% (31 December 2019: 68%) as at 30 June 2020. The increase in net gearing ratio was mainly due to the net effect of (i) the issue of the Second Corporate Bond for the purpose of funding the development of the clean energy businesses; (ii) the increase in bank and other borrowings for the purpose of funding the development of the clean energy businesses; and (iii) the profit attributable to the equity holders of the Company during the period.



## **FUTURE OUTLOOK**

Despite the difficulties and uncertainties ahead, the Group is determined to overcome this headwind and keep moving forward. Faced with the new normal and new challenges, the Group remains committed to its mission of “promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system”, and will make great efforts to overcome the difficulties, foster new opportunities amid challenges and make new advances amid changes. In 2020, the COVID-19 outbreak led to much more volatility in the global economy. Amidst the outbreak of the epidemic, all of the Group’s business partners are determined to overcome the challenges, and will stick to focus on epidemic containment and production operation, so as to ensure safe and orderly resumption of work and production. On this basis, the Group will continue to strengthen corporate culture building, promote organizational reform, deepen risk control management and solidify the safety foundation, and exert great efforts in revenue increase, expenditure cutting, cost reduction and efficiency enhancement. The Group is dedicated to facilitating high-quality development of clean energy business in the new era with firm beliefs and solid actions, in the hope of contributing to the construction of a community of shared future for mankind in the global village for the benefit of all humankind and future generations.

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

- (a) On 22 January 2020, Tianjin Beiqing, a non wholly-owned subsidiary of the Company, and 江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.\*) (as limited partners) and 西藏禹澤投資管理有限公司 (Tibet Yuze Investment Management Co., Limited\*), a joint venture of the Company (as general partner and executive partner) entered into a partnership agreement in respect of the formation of a limited partnership, namely 江陰北控禹澄環境產業投資合夥企業 (有限合夥) (Jiangyin Beikong Yucheng Environmental Industry Investment Partnership Enterprise (Limited Partnership)\*) at the total maximum capital contribution of RMB400,100,000. Among which, the maximum capital contribution of Tianjin Beiqing in this limited partnership is RMB200,000,000 (representing approximately 49.99% interest in the limited partnership). Further details of the formation of the limited partnership are set out in the Company’s announcement dated 22 January 2020.

- (b) On 8 May 2020, TJCE, a non wholly-owned subsidiary of the Company (as vendor) and SDIC Power (as purchaser) entered into two equity transfer agreements with XSHN and XSYN, respectively, pursuant to which TJCE agreed to sell, and SDIC Power agreed to acquire, the entire equity interest of XSHN and XSYN at a total consideration of RMB438,000,000 and RMB100,000,000, respectively. The completion took place on 28 May 2020. Upon completion of the Disposals, XSHN and XSYN ceased to be non-wholly-owned subsidiaries of the Company and their financial results are no longer consolidated in the Group's financial statements. Further details of the disposal are set out in the Company's announcement dated 8 May 2020 and the circular dated 24 July 2020.

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 2020.

## **CHARGE ON THE GROUP'S ASSETS**

The secured bank and other borrowings, lease liabilities under finance lease arrangements and bills payables of the Group as at 30 June 2020 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 2020, 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 2019: 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 2020, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2020, the Group employed 1,921 employees (30 June 2019: 2,369 employees) with total staff cost of approximately HK\$136.9 million (six months ended 30 June 2019: approximately HK\$183.0 million) incurred for the six months ended 30 June 2020. The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the significant events after the reporting period are set out in pages 18 to 19 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 2020.

## **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 2020.

## **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 2020.

## **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 2020 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 2020 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**  
**Hu Xiaoyong**  
*Chairman*

Hong Kong, 27 August 2020

*As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, 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*