

INTERIM RESULTS OF BEIJING ENTERPRISES CLEAN ENERGY GROUP LIMITED

(Hong Kong, 27th August 2019) Beijing Enterprises Clean Energy Group Limited and its subsidiaries (Stock Code: 1250, hereinafter referred to as “**BECE**”, the “**Company**” or the “**Group**”, as appropriate) announced its interim results for the six months ended 30 June 2019.

1. Financial information

Revenue was approximately HK\$3,401.7 million, representing a decline of approximately 13% as compared to the corresponding period of last year; profit attributable to the equity holders of the Company was approximately HK\$590.2 million, representing a decline of approximately 15% as compared to the corresponding period of last year; basic earnings per share for the year were HK0.87 cent; and EBITDA amounted to approximately HK\$1,918.8 million, representing an increase of approximately 15% as compared to the corresponding period of last year.

As at 30 June 2019, total assets amounted to approximately HK\$50,075.0 million, representing an increase of approximately 15% as compared to the end of last year; total equity amounted to approximately HK\$11,498.2 million, representing an increase of approximately 6% as compared to the end of last year; and total liabilities amounted to approximately HK\$38,576.8 million, representing an increase of approximately 19% as compared to the end of last year.

During the period, the Group continued to focus on the development of businesses with higher gross profit ratio and stronger sustainability (such as sales of electricity and clean heat supply), improve the quality of existing projects, implement cost reduction and efficiency enhancement and reduce the proportion of its construction services business which has a lower gross profit ratio. Accordingly, (i) revenue from the sale of electricity and entrusted management services reached approximately HK\$1,723.5 million (six months ended 30 June 2018: approximately HK\$1,473.6 million) in aggregate, representing an increase of 17% as compared to the corresponding period of last year; and (ii) construction services revenue was approximately HK\$1,146.5 million (six months ended 30 June 2018: approximately HK\$2,247.3 million), representing a decrease of 49% as compared to the corresponding period of last year.

Gross profit for the sale of electricity increased from approximately HK\$874.4 million

for the six months ended 30 June 2018 to approximately HK\$1,078.9 million during the period, representing 66% (six months ended 30 June 2018: 60%) 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 expansion 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 14% (six months ended 30 June 2018: 23%) during the period. As a result of the change in revenue structure, overall gross profit ratio increased from 37.7% during the six months ended 30 June 2018 to 47.7% during the period.

2. Capacity highlight

(a) Centralised Photovoltaic Power Plant Projects

As at 30 June 2019, 52 (30 June 2018: 48) centralised photovoltaic power plants covering 12 provinces, 1 municipality and 2 autonomous regions in the PRC and 1 (30 June 2018: Nil) 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 2,233MW (30 June 2018: 1,967MW). Most of the Group's projects in the PRC were situated in photovoltaic resource areas II and III as promulgated by the National Development and Reform Commission of the PRC (**the "NDRC"**), locations considered by the management to be favourable for the development of the Group's Photovoltaic Power Business.

As at 30 June 2019, the Group's aggregate installed capacity of the photovoltaic power plants registered into the Renewable Energy Tariff Subsidy Catalogues (**the "Subsidy Catalogues"**) reached approximately 434MW. Among which, an aggregate installed capacity of 407MW was held by the Group's subsidiaries and an installed capacity of 27MW was held by a joint venture of the Group. The Group will continue its effort on registering the remaining photovoltaic power plant projects into the Subsidy Catalogues once upcoming Subsidy Catalogues are available for application.

(b) Distributed Photovoltaic Power Plant Projects

As at 30 June 2019, 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 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.

(c) Wind Power Plant Projects

As at 30 June 2019, 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 resource area IV as promulgated by the NDRC. Among which, 5 projects (six months ended 30 June 2018: 1 project) with an aggregate on-grid capacity of 167MW (six months ended 30 June 2018: 48MW) were held by the Group and in operation as at 30 June 2019.

As at 30 June 2019, the Group's aggregate installed capacity of the wind power plants registered into the Subsidy Catalogues reached 88MW. The Group will continue its effort on registering the remaining wind power plant projects into the Subsidy Catalogues once upcoming Subsidy Catalogues are available for application.

(d) Clean Heat Supply Business

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 2019, through development and business acquisition, 15 projects in operation with an aggregate actual clean heat supply area of over 25 million square meters locating in Henan, Hebei, Shanxi, Shaanxi, Ningxia Hui Autonomous Region, Liaoning, Shandong and other provinces were held and/or managed by the Group. Revenue of approximately HK\$459.1 million (six months ended 30 June 2018: approximately HK\$47.8 million) arising from the provision of clean heat supply services was recognised by the Group during the period, representing an increase of more than 8 times as compared to the corresponding period of last year.

(e) Other Clean Energy Businesses

The Group has been exploring other clean energy businesses such as multi-energy complement, energy storage, micro-grid network technologies, geothermal power, 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.

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 steadily developed its energy storage business and completed the construction of certain demonstrative and operating projects with an aggregate capacity of approximately 69MWh locating in Beijing, Tibet Autonomous Region, Jiangsu Province and Shanxi Province, the PRC in 2018. The Group paid persistent effort on energy storage technology and development, and its performance is consistently recognised by the industry.

3. Future outlook

We shall stay true to our mission. Facing new situations and new challenges, we shall keep a clear understanding, adhere to the bottom line, strengthen our confidence and maintain our strategic focus. The Group will uphold its core values of “being responsible, having values and being sharing”, its mission of “contributing our clean energy and building a green future” and its operating principles of “outstanding employees, lean operation, high-quality products and innovation”, and strive to improve quality and efficiency, build up cost advantages, strengthen corporate culture building, deepen risk control management and solidify the safety foundation. We will also work diligently, stay ready for action, be innovation-driven and be united to overcome challenges, so as to unswervingly facilitate the high-quality sustainable development of our clean energy businesses.

About Beijing Enterprises Clean Energy Group Limited

The Company was incorporated in Cayman Islands with limited liability and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 1250. The single largest controlling shareholder of the Company is Beijing Enterprises Water Group Limited (a company listed on the main board of The Stock Exchange of Hong Kong Limited, stock code: 371). The Group has positioned itself strategically to be a leading integrated clean energy service provider. The Group focuses on the clean development and use of energy so as to provide “clean energy plus” solutions and build up a clean energy business ecosystem featuring multi-energy complement, and varieties of business lines and profit sources.

For more information, please visit the Group's website at: <http://www.bece.com.hk>

The Chinese translation is for reference only and the English version shall prevail in case of any inconsistency between the English version and the Chinese translation thereof.

** For identification purpose only*