



北控清潔能源集團有限公司

Beijing Enterprises Clean Energy Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 01250

COST-EFFECTIVE SOLUTIONS

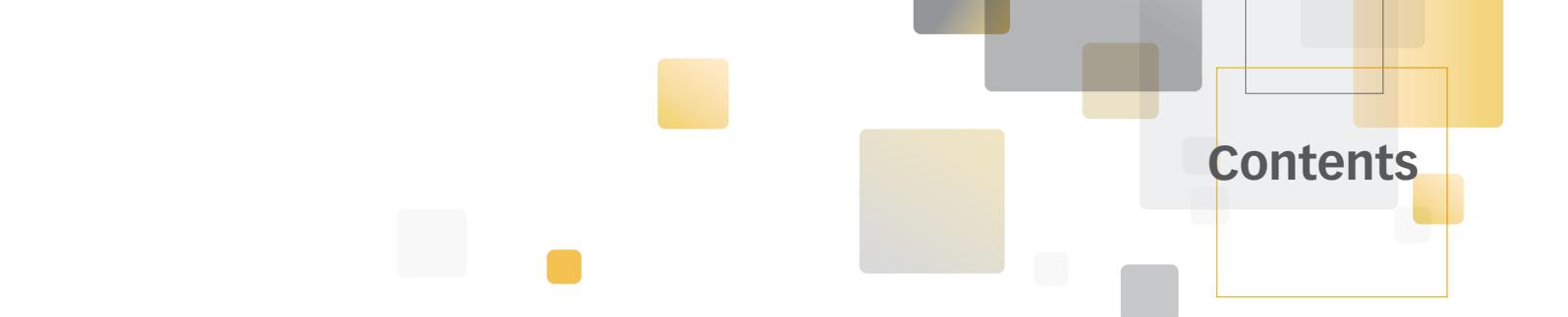
ENVIRONMENT

SUSTAINABLE ENERGY

BETTER TOMORROW

Interim
Report 2016





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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Xiaoyong (*Chairman*)
Mr. Shi Xiaobei
Mr. Liang Yongfeng
Mr. Wang Ye

Independent Non-executive Directors

Mr. Li Fujun (appointed on 29 July 2016)
Mr. Xu Honghua
Mr. Chiu Kung Chik (appointed on 29 July 2016)

AUDIT COMMITTEE

Mr. Li Fujun (*Chairman*) (appointed on 29 July 2016)
Mr. Xu Honghua
Mr. Chiu Kung Chik (appointed on 29 July 2016)

NOMINATION COMMITTEE

Mr. Hu Xiaoyong (*Chairman*)
Mr. Li Fujun (appointed on 29 July 2016)
Mr. Xu Honghua

REMUNERATION COMMITTEE

Mr. Chiu Kung Chik (*Chairman*) (appointed on 29 July 2016)
Mr. Shi Xiaobei
Mr. Xu Honghua

COMPANY SECRETARY

Mr. Sit Hon Cheong

STOCK CODE

1250

WEBSITE

www.bece.com.hk

INVESTOR RELATIONS CONTACT

Email Address: ir@bece.com.hk

REGISTERED OFFICE

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Grand Cayman, KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Rooms 6706-07
67th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

Estera Trust (Cayman) Limited
PO Box 1350
Clifton House, 75 Fort Street
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

In Hong Kong:
CIMB Bank Berhad
DBS Bank Ltd., Hong Kong Branch

In Mainland China:
Bank of China
China Citic Bank
China Construction Bank
The Industrial and Commercial Bank of China

Chairman's Statement

Dear Shareholders,

As the beginning year of the 13th Five-Year-Plans, 2016 is still full of opportunities and challenges for the photovoltaic power industry in China. In the first half of 2016, Beijing Enterprises Clean Energy Group Limited (the "Company", together with its subsidiaries, the "Group" or "BECE") carried out its work tasks established at the beginning of the year and pursued its yearly business goals. It has implemented various solid measures and achieved a stable growth in operating results. Its strengthening overall competitiveness and brand influence has laid a solid foundation for its sustainable growth.

In 2016, the Group has optimised its shareholding structure by introducing 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) ("Tus-Holdings") as the third largest shareholder of the Group, in addition to the existing two major shareholders, Beijing Enterprises Water Group Limited and CITIC Private Equity Funds Management Co., Ltd.. In the future, the Group and Tus-Holdings will complement each other's advantages in terms of distributed photovoltaic power resources. Meanwhile, the Group and Tus-Holdings will carry through an all-round cooperation in various areas such as energy internet, micro-grid energy storage and sales of electricity, relying on the strong scientific research capacity and advanced technology of Tus-Holdings and Tsinghua University.

BUSINESS REVIEW

In the first half of 2016, the Group focused on exploring the market by seizing the policy opportunities in time and achieved substantial growth in the photovoltaic business.

For the six months ended 30 June 2016, the Group recorded revenue of approximately HK\$617.5 million, representing an increase of approximately 446.0% compared with the corresponding period of last year. The Group achieved a profit attributable to the shareholders of the Company of approximately HK\$65.8 million, representing an increase of 1,538.7% compared with the corresponding period of last year. Basic earnings per share for the first half of the year was HK0.22 cents.

As of 30 June 2016, the Group has developed photovoltaic power plants with an aggregate installed capacity of approximately 510 megawatt ("MW") by undertaking projects that were either developed on its own or jointly developed with other parties or by acquisition. With the installed capacity of its projects under construction of more than one gigawatt ("GW"), the Group's projects are located in a number of provinces and cities such as Hebei, Henan, Shandong, Shanxi, Jiangxi, Hubei, Anhui and Yunnan. Several centralised grid-connected and ground mounted photovoltaic power plants of the Group have successfully connected to the grid, such as the Yu County photovoltaic power plant project in Hebei, the Quyang project in Baoding, Hebei, the Yunxi project in Shiyan, Hubei, the Miaokou project in Qi County, Henan, the Huaiaren project in Shanghe, Shandong and the Ruige project in Chaohu, Anhui.

In the first half of 2016, the Group has made significant development in distributed photovoltaic power plant projects. The Group has entered into strategic cooperation agreements with Beijing Enterprises Water Group Limited, Beijing Properties (Holdings) Limited and China Nanshan Development (Group) Incorporation* (中國南山開發(集團)股份有限公司), respectively, in respect of the all-around cooperation on the development, construction, operation and maintenance of distributed photovoltaic power plants and the implementation of micro-grid energy storage and energy performance contracting. Jiaozhou water treatment plant and Shenzhou water treatment plant, the demonstrative distributed projects developed by the Group on its own, are also about to connect to the grid in the near future.

* For identification purpose only

Chairman's Statement

During the first half of 2016, the Group has proactively developed its businesses of energy storage. The Group will start the 26MWH energy storage and peaking power plant project of Beijing Aquarium, beginning to take advantage of the blue ocean market for chemical energy storage and peaking.

Besides pooling resources to develop its core business of photovoltaic power plants, the Group proactively explores clean energy business covering wind power, hydropower and geothermal energy. Meanwhile, the Group has formulated its strategic layout of "Home and Abroad", taking the initiative to tap into international markets to seek growth in international business.

CORPORATE MANAGEMENT AND CONTROL

During the first half of 2016, the Group has considered the medium and long term development plan, the annual plan and other significant matters of the Company, based on which the Group has further established its strategic goals and key steps for the future. The Group insists on planning with a long-term goal, setting a higher standard for its work, and aiming to create the best value out of every move, so as to achieve the sustainable enhancement of corporate value as a whole leveraging on the value created by both the team and individuals. We will achieve mutual benefit with stakeholders while developing the enterprise.

FUTURE OUTLOOK

During the 13th Five-Year Plan period, China has significantly raised its initial goal for planned scale of installed capacity of photovoltaic power. It is expected that the installed capacity of photovoltaic power in China will hit another record high in 2016, becoming the largest photovoltaic market in the world once again with stronger investor sentiment in line with the gradual implementation of the state's photovoltaic policy.

According to the development of photovoltaic industry in China, the Group will spare no effort to rapidly develop its ground centralised photovoltaic power plants in the near to medium term, and strengthen the development and utilisation of distributed photovoltaic power generation, micro-grid energy storage and other clean energy by leveraging on shareholders' advantages. At the same time, by leveraging its professional edges in development, construction and operation, the Group will continue to make great efforts to promote the use of green energy and regional energy economic restructuring, under the business principles of "government's trust, corporate's profitability, employees' rewarding life and win-win for all partners".

At last, I would like to express my sincere gratitude to the shareholders, governments, customers, staff, business partners and other stakeholders for their strong support and close attention to the Group.

Hu Xiaoyong

Chairman

Hong Kong, 29 August 2016

Management Discussion and Analysis

SHAREHOLDER PROFILE

During 2016, we are pleased to introduce a new shareholder, 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) (“Tus-Holdings”), to the Company. Tus-Holdings has become the third largest shareholder of the Company through subscription for 4,045 million shares of the Company. This not only represents the high recognition and endorsement of Tus-Holdings in various areas of the Group, including the Group’s core value, development strategy, organisational management and intrinsic value, but also starts a new beginning of the powerful combination. Tus-Holdings is a large-scale integrated enterprise which has integrated high-tech and growing industries in area of environmental, new energy, health, and digital information etc. and has successfully established more than 130 innovation bases nationwide and worldwide, with total assets under management over RMB100 billion. In reliance on strong scientific research capability and advanced technology of Tus-Holdings and Tsinghua, the Group will fully cooperate with in various aspects, including energy internet, micro-grid energy storage and sales of electricity to leverage on strength of each other and develop with synergy.

BUSINESS REVIEW

During 2016, the Group has successfully transformed its principal businesses from the design, printing and sale of cigarette packages in the People’s Republic of China (the “PRC”) (the “Cigarette Packaging Business”) to investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses (the “Photovoltaic Power Business”).

For the six months ended 30 June 2016, the Group achieved a net profit of approximately HK\$71.4 million, representing an increase of approximately 1,679.0% when compared with the corresponding period last year. The Group also achieved a profit attributable to the shareholders of the Company of approximately HK\$65.8 million, representing an increase of approximately 1,538.7% when compared with the corresponding period last year. The increase is mainly attributable to the increase in revenue and profit from the development of the Photovoltaic Power Business, including the relevant provision of engineering, procurement and construction services, consultancy services, entrusted operation services and sales of electricity.

Photovoltaic Power Business

Centralised Photovoltaic Power Plant

The Group operates the Photovoltaic Power Business and obtains assets of photovoltaic power plants by undertaking projects for electricity generation and sales that will either be developed on its own or jointly with other parties or by acquiring other photovoltaic power plants. The Group also provides photovoltaic power-related services by provision of engineering, procurement and construction services, consultancy services and entrusted operation services.

* For identification purpose only

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

Photovoltaic Power Business *(Continued)*

Centralised Photovoltaic Power Plant *(Continued)*

After a year of continuous accumulation, the Company gradually shows a trend of rapid development. During the first half year, there was an increase in an aggregate grid-connected capacity of photovoltaic power plants of approximately 510MW, located in Hebei, Henan, Yunnan, Shandong, Anhui, Jiangxi, Hubei and other provinces and cities. The Group's first project developed on its own is 50MW Yu County* (蔚縣) project at Hebei, which was successfully connected to grid in first quarter of 2016. The Group's first monomer 100MW power plant at Qi County* (淇縣), Henan was successfully connected to the grid in April 2016. Besides developing projects on its own, the Group is also looking into opportunities continuously in relation to acquisition of quality power plants meanwhile. The Group has signed cooperation agreements with various parties to invest and potentially gain control over photovoltaic power plants. During the period under review, the Group acquired (i) the entire equity interest of 河南旭光商貿有限公司 (Henan Xuguang Commerce Co., Ltd.*), which holds two photovoltaic power plant projects with aggregate installed capacity of 200MW located in Qi County* (淇縣) and Anyang County* (安陽縣) respectively in Henan Province, the PRC, (ii) the entire equity interest of 濟南中晟新能源開發有限公司 (Jinan Zhongcheng New Energy Development Company Limited*) which holds a 40MW photovoltaic power plant located in Shandong Province, the PRC, (iii) the entire equity interest of 曲陽綠谷能源科技有限公司 (Quyang Lvgu Energy Technologies Company Limited*), which holds a 32.2MW photovoltaic power plant located in Hebei Province, the PRC, (iv) the entire equity interest of 潤峰電力(鄭西)有限公司 (Runfeng Power (Yunxi) Company Limited*), which holds a 26.655MW photovoltaic power plant located in Hubei Province, the PRC, (v) the entire equity interest of 巢湖睿閣光伏發電有限公司 (Chaohu Ruige Photovoltaic Power Generation Company Limited*), which holds a 20MW photovoltaic power plant in Anhui Province, the PRC. These will significantly increase the Group's revenue from sales of electricity in second half of 2016.

As at the date of this report, the Group has planned to develop over 2GW projects, including poverty alleviation power plants, commercial power plants and base project power plants in second half year, in which approximately 750MW of these projects have started or will soon start construction, including the 200MW large-scale ground centralised photovoltaic power plant project in Jinzhai County* (金寨縣), Anhui Province, the PRC; approximately 1GW grid-connected projects are intended to be acquired. In second half of 2016, it is expected the grid connected capacity of centralised photovoltaic power will surge, and the electricity generation and electricity generation revenue will also show explosive growth.

Distributed Photovoltaic Power Business

In addition, during the period under review, the Group has proactively developed the distributed rooftop resources of water treatment plants held by its shareholders, Beijing Enterprises Water Group Limited ("BEWG") and CITIC Private Equity Funds Management Co., Ltd., ("CITIC PE Funds") as well as distributed rooftop resources owned by Beijing Enterprises Group and CITIC Group. The Group also entered into strategic cooperation framework agreements with various partners namely BEWG, Beijing Properties (Holdings) Limited ("Beijing Properties") and 中國南山開發(集團)股份有限公司 (China Nanshan Development (Group) Incorporation*) respectively pursuant to which the Company and the partners agreed to have strategic cooperation in relation to the development, construction and operation of distributed photovoltaic power stations. As at the date of this report, the Group's individual projects have completed successively, the Company's distributed photovoltaic business is fully under way.

* For identification purpose only

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

Photovoltaic Power Business *(Continued)*

Diversified Businesses

During the period under review, the Group also engaged in provision of engineering, procurement and construction services, consultancy services and entrusted operation services in relation to photovoltaic power business, representing approximately 76.9%, 5.2% and 3.9% of the Group's revenue, respectively, for the period under review.

In addition, the Group actively formulated its layout in micro-grid energy storage and has started smart energy water projects with Tsinghua University, and joint research of national energy projects, including Fuzhou and Jiaying projects. The Group intends to set up joint innovation centre with Huawei, which is dedicated to develop photovoltaic, micro-grid energy storage and other fields. Beijing Aquarium and other energy storage projects have entered into the phase of detailed design, and are planned to have construction completed and be put into trial operation during the year. The Group supports the call for national electricity reform and has established a company for sales of electricity in Shenzhen, and set up a professional team to coordinate resources of shareholders to rapidly foster a large customer base for business of sales of electricity. The Group has also been exploring other emerging clean energy generation businesses such as geothermal power, and will actively develop wind power and hydropower businesses, seize international opportunities for policy development and diversification. On 16 August 2016, the Group entered into an equity transfer agreement to acquire the entire equity interest of a company operating a 48MW wind power plant in Shandong Province, the PRC. The Group's strategic layout in the clean energy sector has been a breakthrough and will continuously deliver pleasant surprises.

Photovoltaic power plant construction and development is capital intensive in nature and requires significant funding to carry out the construction and development plans. Financing capability is crucial to the fast development of the Group's Photovoltaic Power Business. The Company raised approximately HK\$1,861.4 million and approximately HK\$750.5 million in net proceeds by issuing ordinary shares of the Company ("Ordinary Shares") and/or convertible preference shares of the Company ("Convertible Preference Shares") through share subscriptions by various subscribers in 2015 and 2016, respectively. The subscribers also conditionally agreed to further subscribe for shares of the Company and the gross proceeds from such share subscriptions shall be approximately HK\$750.5 million and approximately HK\$375.2 million in 2016 and 2017, respectively. In addition, on 20 July 2016, the Company entered into the subscription agreement with Tuspark Technology Innovation Ltd. ("Tuspark Technology") pursuant to which Tuspark Technology conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 4,045,000,000 Ordinary Shares of the Company. The subscription was completed on 22 August 2016, which further provides the gross proceeds of approximately HK\$687.7 million for development of the photovoltaic business of the Group. As at the date of this report, the Group has also obtained bank facilities of approximately HK\$4.36 billion for the development. The Group will continue to explore sources of funding from time to time on commercially reasonable terms for the future development.

Cigarette Packaging Business

Products of the Group in the Cigarette Packaging Business mainly consist of paper cigarette packages for three cigarette brands. The products are primarily sold to provincial tobacco industrial companies (省級中煙工業公司) which are state-owned cigarette manufacturers in the PRC. During the period under review, the revenue and gross profit of the Cigarette Packaging Business decreased by approximately 29.6% and 48.9%, respectively, when compared with corresponding period last year. The decrease is mainly due to keen competitive environment and increasing labour costs and cost of production materials.

Management Discussion and Analysis

FINANCIAL PERFORMANCE

Segmental Information, Revenue and Gross Profit Margin

For the six months ended 30 June 2016, the Group recorded a revenue of approximately HK\$617.5 million and gross profit was approximately HK\$190.3 million. For the six months ended 30 June 2015, approximately 87.1% and approximately 12.9% of the Group's revenue was contributed by the Photovoltaic Power Business and the Cigarette Packaging Business, respectively.

During the period under review, the Group's revenue experienced an increase of approximately HK\$504.4 million when compared with the corresponding period last year primarily due to the increase in the revenue from the Photovoltaic Power Business. Gross profit margin was approximately 30.8%, representing a decrease of approximately 5.1% as compared with the corresponding period last year, which is mainly due to the decrease in gross profit margin from the Cigarette Packaging Business.

Other income and gains

Other income and gains of the Group mainly comprise interest income and gains on bargain purchase in respect of acquisition of subsidiaries. Other income and gains of the Group increased by approximately HK\$4.0 million when compared with the corresponding period last year, which was mainly attributable to increase in interest income of approximately HK\$2.6 million and gains on bargain purchase of approximately HK\$1.6 million during the six months ended 30 June 2016.

Selling and distribution expenses

Selling and distribution expenses of the Group mainly comprise delivery expenses, staff costs and travelling expenses. Selling and distribution expenses of the Group remained at similar level and decreased slightly by approximately HK\$56,000 when compared with the corresponding period last year.

Administrative expenses

Administrative expenses of the Group increased by approximately HK\$30.7 million when compared with the corresponding period last year. The increase was mainly attributable to increase in expenses as a result of the development of the Photovoltaic Power Business and increase in staff costs and other administrative expenses.

Other operating expenses

Other operating expenses of the Group mainly comprise exchange losses. Other operating expenses increased by approximately HK\$5.6 million when compared with the corresponding period last year. The increase was mainly attributable to increase in exchange losses.

Finance costs

Finance costs of the Group increased by approximately HK\$21.2 million when compared with the corresponding period last year. The increase was due to increase in the average balances of bank borrowings of the Group during the period.

Income tax

The income tax of the Group increased by approximately HK\$28.9 million when compared with the corresponding period last year. The increase in income tax of the Group was mainly due to the increase in taxable profit from the Photovoltaic Power Business.

Property, plant and equipment

Property, plant and equipment amounted to approximately HK\$2,318.8 million, increased by approximately HK\$1,921.2 million for the six months ended 30 June 2016 which was mainly due to property, plant and equipment acquired through acquisition of subsidiaries.

Management Discussion and Analysis

FINANCIAL PERFORMANCE *(Continued)*

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables amounted to approximately HK\$1,086.1 million, increased by approximately HK\$683.0 million (non-current portion decreased by approximately HK\$18.5 million and current portion increased by approximately HK\$701.5 million) for the six months ended 30 June 2016. The increase was mainly due to the increase in prepayments to suppliers.

Other non-current assets

Other non-current assets amounted to approximately HK\$384.4 million, increased by approximately HK\$134.0 million for the six months ended 30 June 2016, which was mainly due to the increase in materials and equipment sold and delivered to third-party project companies for development of photovoltaic power plants.

Amounts due from contract customers

Amounts due from contract customers amounted to approximately HK\$299.8 million, increased by approximately HK\$299.8 million for the six months ended 30 June 2016, which was due to increase in receivables in relation to provision of construction services.

Trade and bill receivables

Trade and bill receivables amounted to approximately HK\$296.6 million, decreased by approximately HK\$108.3 million for the six months ended 30 June 2016, which was mainly due to decrease in trade receivables from trading in relation to Photovoltaic Power Business.

Cash and cash equivalents

Cash and cash equivalents amounted to approximately HK\$2,239.7 million, increased by approximately HK\$1,141.7 million for the six months ended 30 June 2016, which was mainly due to net effect of increase in bank borrowings, cash inflow from net proceeds from issue of convertible preference shares of the Company and cash outflow in development of the Photovoltaic Power Business, including relevant construction costs and material costs.

Trade and bill payables

Trade and bills payables amounted to approximately HK\$491.5 million, increased by approximately HK\$305.7 million for the six months ended 30 June 2016, which was mainly due to increase in trade payables in relation to provision of construction services of Photovoltaic Power Business.

Other payables and accruals

Other payables and accruals amounted to approximately HK\$772.7 million, increased by approximately HK\$649.9 million for the six months ended 30 June 2016, which was mainly due to the increase in payables to contractors and suppliers in relation to development of photovoltaic power plants.

Interest-bearing bank borrowings

Interest-bearing bank borrowings amounted to approximately HK\$2,950.2 million, increased by approximately HK\$2,621.5 million (non-current portion increased by approximately HK\$1,129.3 million and current portion increased by approximately HK\$1,492.2 million) for the six months ended 30 June 2016, which was mainly due to the drawdown of bank loans of HK\$2,650 million for development of the Photovoltaic Power Business.

Management Discussion and Analysis

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\$"), Renminbi ("RMB") and United States dollars ("US\$"). Surplus cash is generally placed in short term deposits denominated in HK\$, RMB and US\$.

As at 30 June 2016, the Group's cash and cash equivalents amounted to approximately HK\$2,239.7 million (31 December 2015: approximately HK\$1,098.0 million).

As at 30 June 2016, the Group recorded net current assets of approximately HK\$1,159.0 million, as compared with net current assets of approximately 1,342.1 million as at 31 December 2015. The decrease in net current assets was primarily due to increase in bank borrowings.

Development of the Photovoltaic Power Business requires material investments, which the Group funds by means of internal resources of the Group (mainly from the net proceeds received from the issuance of Ordinary Shares and Convertible Preference Shares as detailed in the paragraph headed "Share Subscriptions" under the subsection "Capital Structure" below) and bank borrowings.

As at 30 June 2016, the Group's total borrowings amounted to approximately HK\$2.95 billion (31 December 2015: approximately HK\$328.7 million) comprised of bank borrowings of approximately HK\$2.95 billion (31 December 2015: approximately HK\$328.7 million). All bank borrowings bear interest at floating rates. As at 30 June 2016, the Group had banking facilities amounting to approximately HK\$3.1 billion, of which approximately HK\$75.9 million has not been utilised. The banking facilities are of the terms of 1-2 years.

As at 30 June 2016, the Group's total equity amounted to approximately HK\$2,871.3 million (31 December 2015: HK\$2,118.5 million). The increase was mainly due to the issuance of Convertible Preference Shares during the year. During the period under review, the Company issued 9,499,867,560 Convertible Preference Shares to various subscribers and raised approximately HK\$750.5 million. For further details, please refer to the paragraph headed "Share Subscriptions" under the subsection "Capital Structure" below.

The Group's gearing ratio (defined as bank borrowings, net of cash and cash equivalents, divided by the total equity) was 1:4 as at 30 June 2016 (31 December 2015: Nil). The increase in gearing ratio was mainly due to the increase in bank borrowings. As at 31 December 2015, no gearing ratio was presented as the Group's cash and cash equivalents could fully cover its bank borrowings. The corresponding proceeds are utilised for acquisition and construction of various projects in the PRC.

CAPITAL STRUCTURE

Share Subscriptions

The Company and four subscribers (collectively, the "Subscribers") entered into the principal subscription agreement on 9 December 2014, as supplemented by the first supplemental agreement on 29 December 2014, the second supplemental agreement on 31 January 2015 and the third supplemental agreement on 30 April 2015 (collectively, the "Subscription Agreements") to raise funds for investment, development, construction and management of photovoltaic power plants and photovoltaic power-related businesses.

The Subscribers had conditionally agreed to subscribe for, or procure subscribers to subscribe for, and the Company has conditionally agreed to allot and issue:

- (i) 14,136,452,910 Ordinary Shares and an aggregate of 113,348,440 Convertible Preference Shares at the completion date of 6 May 2015 (the "Completion Date");
- (ii) an aggregate of 9,499,867,560 Convertible Preference Shares on 5 November 2015 (being the 183rd day after the Completion Date);

Management Discussion and Analysis

CAPITAL STRUCTURE *(Continued)*

Share Subscriptions *(Continued)*

- (iii) an aggregate of 9,499,867,560 Convertible Preference Shares on 6 May 2016 (being the first anniversary of the Completion Date);
- (iv) an aggregate of 9,499,867,560 Convertible Preference Shares on the 183rd day after the first anniversary of the Completion Date; and
- (v) an aggregate of 4,749,933,780 Convertible Preference Shares on the second anniversary of the Completion Date.

The par value of each Ordinary Share and Convertible Preference Share is HK\$0.001 and the issue price of each Ordinary Share and Convertible Preference Share is HK\$0.079 (as adjusted by the share subdivision of the Company's share capital into ten shares of HK\$0.001 each with effect from 5 March 2015). Pursuant to the Subscription Agreements, the consideration for the Convertible Preference Shares would be payable on the date of issue of the relevant Convertible Preference Shares.

The net proceeds from the share subscriptions upon the issue of all the Ordinary Shares and the Convertible Preference Shares above, after deduction of all related expenses, would be approximately HK\$3,737.6 million which translated to net price of approximately HK\$0.0787 per Ordinary Share and per Convertible Preference Share. The subscription of 14,136,452,910 Ordinary Shares and aggregate of 19,113,083,560 Convertible Preference Shares was completed in 2015 and the first half of 2016 and the net proceeds of approximately HK\$2,611.9 million were received:

- (i) The subscription of 14,136,452,910 Ordinary Shares and 113,348,440 Convertible Preference Shares was completed on 6 May 2015 and the net proceeds of approximately HK\$1,110.9 million were received;
- (ii) The subscription of 9,499,867,560 Convertible Preference Shares was completed on 5 November 2015 and the net proceeds of approximately HK\$750.5 million were received, and
- (iii) The subscription of 9,499,867,560 Convertible Preference Shares was completed on 6 May 2016 and the net proceeds of approximately HK\$750.5 million were received.

The Subscribers shall conditionally further subscribe for Convertible Preference Shares and the gross proceeds from such share subscriptions shall be approximately HK\$750.5 million and HK\$375.2 million in the second half of 2016 and in 2017, respectively, totalling approximately HK\$1,125.7 million. Further details of the subscriptions are set out in the Company's circular dated 10 April 2015 issued by the Company.

As at 30 June 2016, approximately HK\$1,322.2 million of the net proceeds from the share subscriptions received has been utilised for the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses which is consistent with the intended use of proceeds as disclosed in the Company's circular dated 10 April 2015. The unutilised portion of the net proceeds (i.e. approximately HK\$1,289.7 million) is held in cash and cash equivalents and is intended to be applied in a manner consistent with the intended use of proceeds.

Conversion of Convertible Preference Shares

As at 30 June 2016, an aggregate of 7,677,730,410 Convertible Preference Shares had been converted into Ordinary Shares by holders of the Convertible Preference Shares, including 7,306,472,150 Convertible Preference Shares which had been converted into 7,306,472,150 Ordinary Shares during the period under review and 371,258,260 Convertible Preference Shares which had been converted into 371,258,260 Ordinary Shares during the year ended 31 December 2015.

Management Discussion and Analysis

LOCK-UP UNDERTAKINGS OF SHARES BY DIRECTORS OF THE COMPANY

On 6 May 2016, Zhihua Investments Limited (“Zhihua”), a company controlled by Mr. Hu Xiaoyong, the chairman of the Company and executive director of the Company (the “Director”), entered into a lock-up arrangement with the Company, pursuant to which certain shares held by Zhihua are subject to lock-up undertakings for the period from 6 May 2016 to the date falling on the same calendar date of the thirtieth month (both dates inclusive) thereof.

On 6 May 2016, 北京倍思泰科新能源科技開發有限公司 (Beijing Bestech New Energy Technology Development Co., Ltd.*) (“Bestech”), a company controlled by Mr. Wang Ye, an executive Director, has also entered into a lock-up arrangement with the Company, pursuant to which certain shares held by Bestech are subject to lock-up undertakings for the period from 6 May 2016 to the date falling on the same calendar date of the thirtieth month (both dates inclusive) thereof.

Further details of the above lock-up undertakings are set out in the Company’s announcement dated 6 May 2016.

CAPITAL EXPENDITURE

During the six months ended 30 June 2016, the Group’s total capital expenditure amounted to approximately HK\$176.7 million (as compared to the corresponding period in 2015 of approximately HK\$3.8 million), which was mainly paid for the acquisition of property, plant and equipment.

CHARGE ON THE GROUP’S ASSETS

As at 30 June 2016, the Group had pledged deposits of approximately HK\$8.9 million (as at 31 December 2015: approximately HK\$15.9 million) to a bank in the PRC to secure bills issued under banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (as at 31 December 2015: 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. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. As at 30 June 2016, the Group had not used any derivative financial instruments to hedge its foreign currency risk.

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

- (a) On 16 February 2016, 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited*) (“Beiqing Clean Energy”), an indirect wholly-owned subsidiary of the Company, 江蘇迪盛四聯新能源投資有限公司 (Jiangsu Disheng Silian New Energy Investment Company Limited*) (“JDSNE”), 武小華 (Wu Xiaohua*), 張鑫 (Zhang Xin*) (together the “Owners”), 唐縣東昊新能源開發有限公司 (Tangxian Donghao New Energy Development Company Limited*) (“TDNE”) and 江蘇溧陽建設集團有限公司 (Jiangsu Liyang Construction Group Company Limited*) (“JLCG”) entered into a cooperation framework agreement pursuant to which the parties agreed to collaborate in relation to the construction of a 30MW photovoltaic power plant in the Hebei Province, the PRC. Beiqing Clean Energy and the Owners, subject to, among other things, full completion of the construction of the power plant with successful grid-connected power generation, shall enter into a sale and purchase agreement for the transfer of entire equity interest in TDNE from the Owners to Beiqing Clean Energy, and Beiqing Clean Energy will make the first prepayment of RMB68,250,000 to JDSNE and JLCG after signing of the cooperation framework agreement, and will make the second prepayment of RMB40,950,000 to JDSNE and JLCG upon successful grid-connected power generation of the power plant up to 15MW. On 28 April 2016, Beiqing Clean Energy, the Owners, TDNE, JLCG and 中國能源建設集團西北電力建設甘肅工程有限公司 (China Energy Engineering Group Northwest Power Construction Gansu Engineering Corporation*) (“CEEG”) entered into a deed of novation pursuant to which all of the rights, benefits and obligations of JLCG under the cooperation framework agreement would be assumed by CEEG in substitution for JLCG. On 8 June 2016, the parties entered into a supplemental agreement to amend certain terms of the cooperation framework agreement. Further details are set out in the Company’s announcements dated 16 February 2016, 28 April 2016 and 8 June 2016.

* For identification purpose only

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES (Continued)

- (b) On 12 May 2016, 天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited*) (“Tianjin Clean Energy”), an indirect wholly-owned subsidiary of the Company, 趙紅英 (Zhao Hongying*) and 杜愛麗 (Du Aili*) (the “Owners of Qixian Target Company”) and 河南旭光商貿有限公司 (Henan Xuguang Commerce Co., Ltd.*) (the “Qixian Target Company”) entered into the cooperation framework agreement in relation to the arrangement regarding the transfer of the entire equity interest of the Qixian Target Company and the arrangement regarding the developments of two photovoltaic power plant projects in Henan Province, the PRC, which are held by the Qixian Target Company.

On 12 May 2016, Tianjin Clean Energy and the Owners of Qixian Target Company entered into the equity transfer agreement pursuant to which Tianjin Clean Energy agreed to purchase, and the Owners of Qixian Target Company agreed to sell, the entire equity interest of the Qixian Target Company. The equity transfer was completed during the period under review and the Qixian Target Company has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company’s announcements dated 15 October 2015, 16 October 2015 and 12 May 2016.

- (c) On 27 May 2016, 蔚縣北控新能源開發有限公司 (Yuxian Beijing Enterprises New Energy Development Company Limited*) (“YBENE”), an indirect wholly-owned subsidiary of the Company, and 蔚縣人民政府 (Yu County People’s Government*) entered into the cooperation agreement in relation to the construction of a 25MW centralised poverty alleviation photovoltaic power plant in 蔚縣 (Yu County*), Hebei Province, the PRC, with total investment of RMB215,000,000, and in relation to certain photovoltaic poverty alleviation arrangement. Further details are set out in the Company’s announcement dated 27 May 2016.
- (d) On 30 May 2016, 高青創贏農牧科技有限公司 (Gaoqing Chuangying Farming Technology Company Limited*), an indirect wholly-owned subsidiary of the Company, and 高青縣人民政府 (Gaoqing County People’s Government*) entered into the cooperation agreement in relation to the construction of a 30MW centralised poverty alleviation photovoltaic power plant in 高青縣 (Gaoqing County*), Shandong Province, the PRC, with total investment of RMB324,000,000, and in relation to certain photovoltaic poverty alleviation arrangement. Further details are set out in the Company’s announcement dated 30 May 2016.
- (e) On 21 June 2016, the Company and 金寨縣人民政府 (Jinzhai County People’s Government*) entered into the cooperation agreement in relation to the construction of a 200MW large-scale ground centralised photovoltaic power plant in 金寨縣 (Jinzhai County*), Anhui Province, the PRC, with total investment of approximately RMB1,600,000,000. Further details are set out in the Company’s announcements dated 21 June 2016 and 27 June 2016 and Company’s circular dated 15 August 2016.
- (f) On 16 November 2015, 北京北控光伏科技發展有限公司 (Beijing Enterprises Photovoltaic Development Company Limited*) (“BENE”), an indirect wholly-owned subsidiary of the Company, 山東國之晟能源有限公司 (Shandong Guozhicheng Energy Company Limited*) (“SGEC”), 濟南中晟新能源開發有限公司 (Jinan Zhongcheng New Energy Development Company Limited*) (“JZNE”) and 中機國能電力工程有限公司 (Zhongji Guoneng Electricity Project Company Limited*) (“Zhongji Guoneng”) entered into a cooperation agreement pursuant to which it was conditionally agreed, among other things, that SGEC and BENE (or its nominee) shall enter into a sale and purchase agreement for the transfer of the entire equity interest in JZNE from SGEC to BENE.

On 22 June 2016, BENE, Tianjin Clean Energy, SGEC, JZNE and Zhongji Guoneng entered into the supplemental agreement to amend and supplement certain terms of the cooperation agreement and the relevant engineering, procurement and construction contract.

On 22 June 2016, SGEC, BENE and Tianjin Clean Energy, the nominee of BENE, entered into the equity transfer agreement pursuant to which SGEC agreed to dispose of, and Tianjin Clean Energy agreed to acquire, the entire equity interest in JZNE. JZNE holds a 40MW photovoltaic power plant in Shandong Province, the PRC. The equity transfer was completed and JZNE has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company’s announcements dated 16 November 2015 and 22 June 2016.

* For identification purpose only

Management Discussion and Analysis

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

(g) On 16 February 2016, Beiqing Clean Energy, 天津中興能源綠谷科技有限公司 (Tianjin Zhongxing Energy Lvgu Technologies Company Limited*) ("TZEL"), 曲陽綠谷能源科技有限公司 (Quyong Lvgu Energy Technologies Company Limited*) ("Quyong Lvgu") and 重慶四聯新能源有限公司 (Chongqing Silian New Energy Company Limited*) ("CSNE") entered into a cooperation framework agreement pursuant to which the parties agreed to collaborate in relation to the construction of a 30MW photovoltaic power plant in Hebei Province, the PRC, and, subject to, among other things, full completion of the construction of the power plant with successful grid-connected power generation, Beiqing Clean Energy and TZEL shall enter into a sale and purchase agreement for the transfer of entire equity interest in the Quyong Lvgu from TZEL to Beiqing Clean Energy.

On 23 June 2016, Beiqing Clean Energy, TZEL, Quyong Lvgu and CSNE entered into the supplemental agreement pursuant to which the parties agreed to amend and supplement certain terms of the cooperation framework agreement. On 23 June 2016, TZEL and Tianjin Clean Energy, the nominee of Beiqing Clean Energy, entered into the equity transfer agreement pursuant to which TZEL agreed to dispose of, and Tianjin Clean Energy agreed to acquire, the entire equity interest in Quyong Lvgu. Quyong Lvgu holds a 32.2MW photovoltaic power plant in the Hebei Province, the PRC. The equity transfer was completed during the period under review and Quyong Lvgu has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company's announcements dated 16 February 2016 and 23 June 2016.

(h) On 1 February 2016, Beiqing Clean Energy, 廣東猛獅新能源科技股份有限公司 (Guangdong Dynavolt Renewable Energy Technology Co., Ltd.*) ("Guangdong Dynavolt") and 潤峰電力(鄭西)有限公司 (Runfeng Power (Yunxi) Company Limited*) ("Runfeng Power") entered into the investment framework agreement, which was further amended and supplemented by the supplemental agreement dated 29 June 2016 entered into by Tianjin Clean Energy, Beiqing Clean Energy, Guangdong Dynavolt and Runfeng Power. Pursuant to the terms of the investment framework agreement, as amended and supplemented by the supplemental agreement, Tianjin Clean Energy, shall, subject to the entering into of the definitive sale and purchase agreement, acquire the entire equity interest in Runfeng Power from Guangdong Dynavolt. Runfeng Power holds a 26.655 MW photovoltaic power plant in 上津鎮 (Shangjinzhen*) of Hubei Province, the PRC.

On 29 June 2016, Tianjin Clean Energy and Guangdong Dynavolt entered into the equity transfer agreement which was further amended and supplemented by the supplemental agreement mentioned above, pursuant to which Tianjin Clean Energy agreed to acquire, and Guangdong Dynavolt agreed to dispose of, the entire equity interest in Runfeng Power. The equity transfer was completed during the period under review and Runfeng Power has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company's announcement dated 29 June 2016.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries and associated companies by the Group for the six months ended 30 June 2016.

* For identification purpose only

Management Discussion and Analysis

SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- (a) On 20 July 2016, the Company entered into the subscription agreement with Tuspark Technology Innovation Ltd. (“Tuspark Technology”) pursuant to which Tuspark Technology conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 4,045,000,000 Ordinary Shares (the “Tuspark Subscription Agreement”).

The par value of each of the Ordinary Shares is HK\$0.001 and the issue price of each of the Ordinary Shares is HK\$0.17. The subscription price of HK\$0.17 per share represents a discount of approximately 15.84% to the closing price of HK\$0.202 per share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 July 2016, being the date of the Tuspark Subscription Agreement.

The net proceeds of the subscription were approximately HK\$687.2 million which translated to net price of approximately HK\$0.1699 per Ordinary Share. The net proceeds of the subscription are intended to be used for the development of photovoltaic power-related businesses and for general working capital purposes. The subscription was completed on 22 August 2016.

Further details are set out in the Company’s announcements dated 20 July 2016 and 22 August 2016.

- (b) On 20 July 2016, the Company and Tus-Holdings also entered into the memorandum of understanding pursuant to which Tus-Holdings agreed to grant to the Company the exclusive right within 365 days of the date of the memorandum of understanding to acquire equity interests of 北京清芸陽光能源科技有限公司 (Beijing Tsingyun Solar Energy Technology Co., Limited*) (“Beijing Tsingyun”) on the terms and subject to the conditions set out in the memorandum of understanding. Beijing Tsingyun is a company established in the PRC and is principally engaged in the main contractor related work, technology development, technology consultation and technology services in relation to the solar photovoltaic systems and equipment. Further details are set out in the Company’s announcement dated 20 July 2016.
- (c) On 16 August 2016, Tianjin Clean Energy, 南京創能電力科技開發有限公司 (Nanjing Chuangneng Electrical Technology Development Limited*) (“Nanjing Chuangneng”), 湖南博發新能源投資開發有限公司 (Hunan Bofa New Energy Investment Development Limited*) (“Hunan Bofa”) and 山東魯薩風電有限公司 (Shandong Lusa Wind Power Limited*) (“Shandong Lusa”) entered into the equity transfer agreement (as amended by supplemental agreement), pursuant to which Tianjin Clean Energy shall, subject to the fulfilment of certain conditions precedent, acquire 60% and 40% of equity interest in Shandong Lusa from Nanjing Chuangneng and Hunan Bofa respectively. Shandong Lusa owns a 48MW wind power plant in Shandong Province, the PRC. Further details are set out in the Company’s announcement dated 16 August 2016.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed 517 employees (as compared with 343 employees as at 30 June 2015) with total staff cost of approximately HK\$38.8 million incurred for the six months ended 30 June 2016 (as compared with approximately HK\$21.1 million for the corresponding period of 2015). The Group’s remuneration packages are generally structured with reference to market terms and individual merits.

The Company has also adopted a share option scheme as incentives to Directors and eligible employees, details of the scheme are set out in the paragraph headed “Share Option Scheme” under the section “Disclosure Information” in this report.

INTERIM DISTRIBUTION

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

* For identification purpose only

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
REVENUE	4	617,515	113,088
Cost of sales		(427,257)	(72,486)
Gross profit		190,258	40,602
Other income and gains	4	4,447	496
Selling and distribution expenses		(2,024)	(2,080)
Administrative expenses		(56,504)	(25,840)
Other operating expenses		(5,678)	(110)
Finance costs		(22,136)	(968)
PROFIT BEFORE TAX	5	108,363	12,100
Income tax expense	6	(36,971)	(8,087)
PROFIT FOR THE PERIOD		71,392	4,013
ATTRIBUTABLE TO:			
Owners of the Company		65,760	4,013
Non-controlling interests		5,632	–
		71,392	4,013
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(74,921)	393
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		(74,921)	393
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(3,529)	4,406
ATTRIBUTABLE TO:			
Owners of the Company		(9,047)	4,406
Non-controlling interests		5,518	–
		(3,529)	4,406
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	8		
Basic		HK0.22 cents	HK0.05 cents
Diluted		HK0.14 cents	HK0.02 cents

Condensed Consolidated Statement of Financial Position

30 June 2016

	Notes	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	2,318,824	397,666
Goodwill		29,767	–
Prepaid land lease payments		19,932	20,616
Other intangible assets		96	77
Available-for-sale investment	10	23,860	24,482
Prepayments, deposits and other receivables	12	217,408	235,874
Other non-current assets		384,406	250,359
Total non-current assets		2,994,293	929,074
CURRENT ASSETS			
Inventories		20,278	29,601
Amounts due from contract customers		299,807	–
Trade and bills receivables	11	296,631	404,963
Prepaid land lease payments		481	494
Prepayments, deposits and other receivables	12	868,661	167,123
Other tax recoverable		399,336	134,267
Pledged bank deposits		8,857	15,857
Cash and cash equivalents		2,239,717	1,098,040
Total current assets		4,133,768	1,850,345
CURRENT LIABILITIES			
Trade and bills payables	13	491,537	185,820
Other payables and accruals	14	772,665	122,739
Interest-bearing bank borrowings	15	1,673,400	181,212
Tax payable		37,156	18,456
Total current liabilities		2,974,758	508,227
NET CURRENT ASSETS		1,159,010	1,342,118
TOTAL ASSETS LESS CURRENT LIABILITIES		4,153,303	2,271,192

Condensed Consolidated Statement of Financial Position (Continued)

30 June 2016

	Notes	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	15	1,276,750	147,444
Deferred tax liabilities		5,241	5,241
Total non-current liabilities		1,281,991	152,685
Net assets		2,871,312	2,118,507
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	36,450	26,950
Reserves		2,823,500	2,091,557
		2,859,950	2,118,507
Non-controlling interests		11,362	–
Total equity		2,871,312	2,118,507

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

Attributable to owners of the Company

	Ordinary shares (unaudited and restated) HK\$'000	Convertible preference shares (unaudited and restated) HK\$'000	Share premium account (unaudited and restated) HK\$'000	Special reserves (unaudited and restated) HK\$'000	Available-for-sale investment revaluation reserve (unaudited and restated) HK\$'000	Statutory surplus reserve (unaudited and restated) HK\$'000	Exchange fluctuation reserve (unaudited and restated) HK\$'000	Retained earnings (unaudited and restated) HK\$'000	Total (unaudited and restated) HK\$'000	Non-controlling interests (unaudited and restated) HK\$'000	Total equity (unaudited and restated) HK\$'000
At 1 January 2015	3,200	-	57,146	82,400	-	29,036	21,432	64,111	257,325	-	257,325
Profit for the period	-	-	-	-	-	-	-	4,013	4,013	-	4,013
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	393	-	393	-	393
Total comprehensive income for the period	-	-	-	-	-	-	393	4,013	4,406	-	4,406
Issue of new ordinary shares	14,137	-	1,102,643	-	-	-	-	-	1,116,780	-	1,116,780
Issue of new convertible preference shares	-	113	8,841	-	-	-	-	-	8,954	-	8,954
Share issue expenses	-	-	(14,838)	-	-	-	-	-	(14,838)	-	(14,838)
Conversion of convertible preference shares	5	(5)	-	-	-	-	-	-	-	-	-
At 30 June 2015	17,342	108	1,153,792	82,400	-	29,036	21,825	68,124	1,372,627	-	1,372,627

Attributable to owners of the Company

	Ordinary shares (unaudited) HK\$'000	Convertible preference shares (unaudited) HK\$'000	Share premium account (unaudited) HK\$'000	Special reserves (unaudited) HK\$'000	Available-for-sale investment revaluation reserve (unaudited) HK\$'000	Statutory surplus reserve (unaudited) HK\$'000	Exchange fluctuation reserve (unaudited) HK\$'000	Retained earnings (unaudited) HK\$'000	Total (unaudited) HK\$'000	Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
At 1 January 2016	17,708*	9,242*	1,894,782*	82,400*	492*	36,516*	(17,756)*	95,123*	2,118,507	-	2,118,507
Profit for the period	-	-	-	-	-	-	-	65,760	65,760	5,632	71,392
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(74,807)	-	(74,807)	(114)	(74,921)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(74,807)	65,760	(9,047)	5,518	(3,529)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	4,674	4,674
Capital contributions from non-controlling equity holders	-	-	-	-	-	-	-	-	-	1,170	1,170
Issue of new convertible preference shares (note 16)	-	9,500	740,990	-	-	-	-	-	750,490	-	750,490
Conversion from convertible preference shares to ordinary shares (note 16)	7,306	(7,306)	-	-	-	-	-	-	-	-	-
Transfer from retained profits	-	-	-	-	-	5	-	(5)	-	-	-
At 30 June 2016	25,014 [#]	11,436 [#]	2,635,772*	82,400*	492*	36,521*	(92,563)*	160,878*	2,859,950	11,362	2,871,312

[#] These accounts comprise the share capital of HK\$36,450,000 (unaudited) (31 December 2015: HK\$26,950,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2016.

* These reserve accounts comprise the consolidated reserves of HK\$2,823,500,000 (unaudited) (31 December 2015: HK\$2,091,557,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2016.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
CASH FLOWS FROM OPERATION ACTIVITIES			
Net cash used in operating activities		(382,254)	(6,956)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2,614	7
Acquisition of subsidiaries	17	(107,255)	–
Addition of items of property, plant and equipment		(73,807)	(3,825)
Addition of other intangible assets		(32)	–
Deposit for potential acquisition of photovoltaic power plants		(90,479)	–
Increase in other non-current assets		(140,404)	–
Decrease/(increase) in pledged bank deposits		6,597	(11,195)
Settlement of construction cost payables of acquired subsidiaries		(1,384,777)	–
Net cash used in investing activities		(1,787,543)	(15,013)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new ordinary shares		–	1,116,780
Proceeds from issue of new convertible preference shares	16	750,490	8,954
Capital contributions by non-controlling equity holders		1,170	–
Share issue expenses		–	(14,838)
New bank loans		2,629,306	–
Repayment of a bank loan		(7,166)	(30,423)
Interest paid		(22,136)	(968)
Net cash from financing activities		3,351,664	1,079,505
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		1,098,040	128,501
Effect of foreign exchange rate changes, net		(40,190)	248
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
		2,239,717	1,186,285

Notes to the Condensed Consolidated Financial Statements

30 June 2016

1. CORPORATE AND GROUP INFORMATION

Beijing Enterprises Clean Energy Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. During the six months ended 30 June 2016, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses
- design, printing and sale of cigarette packages in the People’s Republic of China (the “PRC”)

2.1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed financial statements are the same as those used in the annual financial statements for the year ended 31 December 2015 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 2.2 below.

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

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, for the first time for the current period’s interim condensed consolidated financial statements:

HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKFRS 10, HKFRS 12, and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i>

The adoption of these revised HKFRSs has had no significant financial effect on these unaudited interim condensed financial statements and there have been no significant changes to the accounting policies applied in these unaudited interim condensed financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Condensed Consolidated Financial Statements

30 June 2016

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses; and
- (b) design, printing and sale of cigarette packages in the PRC

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that head office and corporate income/(expenses) and finance costs are excluded from this measurement.

Segment assets exclude available-for-sale investment and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the six months ended 30 June 2016 and 2015

	Photovoltaic power business		Cigarette packaging business		Total	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Segment revenue	537,940	–	79,575	113,088	617,515	113,088
Segment interest income	2,158	–	83	–	2,241	–
Segment results	133,841	(1,941)	2,902	25,730	136,743	23,789
Reconciliation:						
Unallocated gains					373	5
Corporate and other unallocated expenses					(6,617)	(10,726)
Finance costs					(22,136)	(968)
Profit before tax					108,363	12,100
Income tax expense					(36,971)	(8,087)
Profit for the period					71,392	4,013

Notes to the Condensed Consolidated Financial Statements

30 June 2016

3. OPERATING SEGMENT INFORMATION *(Continued)*

For the six months ended 30 June 2016 and year ended 31 December 2015

	Photovoltaic power business		Cigarette packaging business		Total	
	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Segment assets	5,290,604	2,395,992	243,468	311,569	5,534,072	2,707,561
Reconciliation:						
Corporate and other unallocated assets						
– Property, plant and equipment					1,094	1,220
– Available-for-sale investment					23,860	24,482
– Prepayments, deposits and other receivables					3,549	21,306
– Cash and bank balances					1,565,486	24,850
Total assets					7,128,061	2,779,419
Segment liabilities	1,257,360	229,522	67,918	131,256	1,325,278	360,778
Reconciliation:						
Corporate and other unallocated liabilities						
– Interest-bearing bank borrowings					2,926,750	297,444
– Other payables and accruals					4,721	2,690
Total liabilities					4,256,749	660,912

Notes to the Condensed Consolidated Financial Statements

30 June 2016

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of (i) the net invoiced value of goods sold, after allowances for returns and trade discounts; (ii) the value of consultancy services rendered from photovoltaic power business, net of value-added tax and government surcharges; (iii) an appropriate proportion of contract revenue of construction contracts relating to photovoltaic power plants, net of value-added tax; (iv) sale of electricity from photovoltaic power generation, net of value-added tax; and (v) entrusted operation of photovoltaic power-related business, net of value-added tax.

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

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Revenue		
Sales of cigarette packages	79,575	113,088
Photovoltaic power business:		
Consultancy services	31,942	–
Construction services	474,600	–
Sale of electricity	7,425	–
Entrusted operation	23,973	–
	617,515	113,088

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Other income and gains		
Bank interest income	2,614	7
Sales of scrap materials	159	488
Gains on bargain purchase of subsidiaries (note 17)	1,585	–
Others	89	1
	4,447	496

Notes to the Condensed Consolidated Financial Statements

30 June 2016

5. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Depreciation	8,531	4,378
Amortisation of prepaid land lease payments	164	261
Amortisation of other intangible assets	11	–

6. INCOME TAX

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 2015: 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.

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Current – Mainland China	36,971	7,092
Deferred	–	995
Total tax expense for the period	36,971	8,087

7. INTERIM DISTRIBUTION

The board of directors of the Company does not recommend the payment of an interim dividend during the period ended 30 June 2016 (six months ended 30 June 2015: Nil). No final dividend was declared in the interim period for the six months ended 30 June 2016.

Notes to the Condensed Consolidated Financial Statements

30 June 2016

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2016 and 2015, and the weighted average number of ordinary shares and convertible preference shares in issue during the period.

The calculation of the diluted earnings per share amount for the period is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2016 and 2015, and the weighted average number of ordinary shares and convertible preference shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued as a result of the effect from the forward contract of the convertible preference shares.

The calculation of the basic and diluted earnings per share amounts is based on the following data:

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Earnings		
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	65,760	4,013

	For the six months ended 30 June	
	2016 (unaudited)	2015 (unaudited and restated)
Number of ordinary shares and convertible preference shares		
Weighted average number of ordinary shares and convertible preference shares in issue during the period, used in the basic earnings per share calculation and adjusted for share subdivision (note)	29,872,705,082	7,608,778,319
Effect of dilution – weighted average number of ordinary shares from forward contract on convertible preference shares	16,834,667,104	9,706,660,257
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation and adjusted for share subdivision (note)	46,707,372,186	17,315,438,576

Notes to the Condensed Consolidated Financial Statements

30 June 2016

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY *(Continued)*

Note:

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 4 March 2015, each of the issued and unissued shares of HK\$0.010 each in the share capital of the Company was subdivided into ten shares of HK\$0.001 each with effect from 5 March 2015. As at the completion of the share subdivision, the authorised capital of the Company was HK\$20,000,000, divided into 20,000,000,000 ordinary shares of HK\$0.001 each, of which 3,200,000,000 ordinary shares were issued and fully paid or credited as fully paid.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group had additions of property, plant and equipment with a total cost of HK\$176,706,000 (six months ended 30 June 2015: HK\$3,825,000), excluding property, plant and equipment acquired in business combination with an aggregate carrying amount of HK\$1,760,768,000 (six months ended 30 June 2015: Nil (note 17)).

10. AVAILABLE-FOR-SALE INVESTMENT

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Unlisted equity investments, at fair value	23,860	24,482

The above unlisted equity investment represented approximately 3.79% interest in 深圳市鵬鼎創盈金融信息服務股份有限公司 (Shenzhen Peng Ding Chuang Ying Financial Information Services Stock Company Limited*, "Peng Ding") which was established in the PRC. Ms. Huang Li, a former executive director and a shareholder of the Company, is also a director of Peng Ding.

No gross gains in respect of change in fair value of the Group's available-for-sale investment were recognised for the six months ended 30 June 2016 and 2015.

* For identification purpose only

Notes to the Condensed Consolidated Financial Statements

30 June 2016

11. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Within 3 months	257,997	397,912
4 to 6 months	37,468	4,955
7 to 12 months	1,164	2,094
Over 1 year	2	2
	296,631	404,963

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Prepayments	(a)	608,259	296,199
Deposits and other receivables	(b)	477,810	106,798
		1,086,069	402,997
Portion classified as current assets		(868,661)	(167,123)
Non-current portion		217,408	235,874

Notes:

- (a) The Group's prepayments as at 30 June 2016 included, inter alia, prepayments of HK\$24,534,000 (31 December 2015: HK\$130,855,000) for the purchase of equipment of photovoltaic power plant projects. The prepayments were classified as non-current assets.
- (b) The Group's deposits and other receivables as at 30 June 2016 included, inter alia, the following:
- (i) deposits of an aggregate amount of HK\$191,319,000 (31 December 2015: HK\$100,840,000) paid to independent third parties in relation to the potential acquisitions of several photovoltaic power plant projects located in the PRC. The deposits were classified as non-current asset.
 - (ii) receivables of HK\$2,950,000 from 北京倍思泰科新能源科技開發有限公司 ("Bestech", or Beijing Bestech New Energy Technology Development Company Limited*), in which Mr. Wang Ye, an executive director of the Company, is its controlling shareholder.

* For identification purpose only

Notes to the Condensed Consolidated Financial Statements

30 June 2016

13. TRADE AND BILLS PAYABLES

Trade and bills payables for cigarette packaging business and photovoltaic power business are non-interest bearing and are normally settled on terms of 60 days to 90 days and 91 days to 365 days respectively. An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Within 3 months	382,614	178,881
3 to 6 months	108,688	6,698
6 to 12 months	–	–
1 to 2 years	235	–
2 to 3 years	–	241
	491,537	185,820

14. OTHER PAYABLES AND ACCRUALS

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Deposits received	–	388
Other payables	763,704	116,532
Accruals	8,961	5,819
	772,665	122,739

The Group's other payables as at 30 June 2016, included, inter alia, an aggregate amount of HK\$695,922,000 (31 December 2015: HK\$110,520,000) payables to various contractors in the PRC for the constructions of photovoltaic power plants.

15. INTEREST-BEARING BANK BORROWINGS

The Group's interest-bearing bank borrowings as at 30 June 2016 included an aggregate amount of HK\$2.95 billion unsecured bank loans (31 December 2015: HK\$328.7 million), which bear interests at effective rates ranging from HIBOR +1.7% to +2.2%, and RMB benchmark loan rate +1.15% (31 December 2015: HIBOR +1.7% and RMB benchmark loan rate +1.15%) per annum and will be payable within 1-2 years (31 December 2015: within 1-2 years).

For further details of loan covenants relating to specific performance, please refer to the paragraph headed "Specific Performance Obligations On Controlling Shareholder" under the subsection "Disclosure Information".

Notes to the Condensed Consolidated Financial Statements

30 June 2016

16. SHARE CAPITAL

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Authorised		
Ordinary shares: 466,637,115,100 (2015: 466,637,115,100) shares of HK\$0.001 each	466,637	466,637
Convertible preference shares: 33,362,884,900 shares of HK\$0.001 each	33,363	33,363
	500,000	500,000
Issued and fully paid		
Ordinary shares: 25,014,183,320 (2015: 17,707,711,170) shares of HK\$0.001 each	25,014	17,708
Convertible preference shares: 11,435,353,150 (2015: 9,241,957,740) shares of HK\$0.001 each	11,436	9,242
	36,450	26,950

A summary of movements in the Company's share capital is as follows:

	Number of ordinary shares in issue (unaudited)	Number of convertible preference shares in issue (unaudited)	Ordinary shares (unaudited) HK\$'000	Convertible preference shares (unaudited) HK\$'000	Total (unaudited) HK\$'000
At 1 January 2016	17,707,711,170	9,241,957,740	17,708	9,242	26,950
Issue of new convertible preference shares (Note)	–	9,499,867,560	–	9,500	9,500
Conversion of convertible preference shares (Note)	7,306,472,150	(7,306,472,150)	7,306	(7,306)	–
At 30 June 2016	25,014,183,320	11,435,353,150	25,014	11,436	36,450

Notes to the Condensed Consolidated Financial Statements

30 June 2016

16. SHARE CAPITAL *(Continued)*

Note:

On 9 December 2014, 29 December 2014, 31 January 2015 and 30 April 2015, a principal and several supplemental subscription agreements (collectively the "Subscription Agreements") were entered into by the Company and four subscribers (the "Subscribers"). Pursuant to which, the Subscribers had conditionally agreed to subscribe for, or procure subscribers to subscribe for, and the Company has conditionally agreed to allot and issue:

- (i) 14,136,452,910 ordinary shares and an aggregate of 113,348,440 convertible preference shares at the completion date of 6 May 2015 (the "Completion Date");
- (ii) an aggregate of 9,499,867,560 convertible preference shares on 5 November 2015 (the 183rd day after the Completion Date);
- (iii) an aggregate of 9,499,867,560 convertible preference shares on 6 May 2016 (the first anniversary of the Completion Date);
- (iv) an aggregate of 9,499,867,560 convertible preference shares on the 183rd day after the first anniversary of the Completion Date; and
- (v) an aggregate of 4,749,933,780 convertible preference shares on the second anniversary of the Completion Date.

The par value of each of the ordinary share and the convertible preference share is HK\$0.001 and the issue price of each of the ordinary share and the convertible preference share is HK\$0.079.

The subscription of 14,136,452,910 ordinary shares and 113,348,440 convertible preference shares was completed on 6 May 2015 and the net proceeds of approximately HK\$1,111 million (net of share issue expenses of HK\$14,838,000) were received. On 9 June 2015, 4,675,980 convertible preference shares were converted into 4,675,980 ordinary shares by the holders of the convertible preference shares. The subscription of 9,499,867,560 Convertible Preference Shares was completed on 5 November 2015 and the net proceeds of approximately HK\$750 million were received. On 10 November 2015, 366,582,280 convertible preference shares were converted into 366,582,280 ordinary shares by the holders of the convertible preference shares. On 3 February 2016, 161,486,350 convertible preference shares were converted into 161,486,350 ordinary shares by the holders of the convertible preference shares and the subscription of 9,499,867,560 Convertible Preference Shares was completed on 6 May 2016 and the net proceeds of approximately HK\$750 million were received. On 10 May 2016, 7,144,985,800 convertible preference shares were converted into 7,144,985,800 ordinary shares by the holders of convertible preference shares. Further 2,400,000,000 convertible preference shares were converted into 2,400,000,000 ordinary shares by the holders of convertible preference shares on 19 August 2016.

Subsequent to the reporting period, on 22 August 2016, the subscription of 4,045,000,000 ordinary shares was completed and the net proceeds of approximately HK\$687 million were received. The par value of each of the Ordinary Shares is HK\$0.001 and the issue price of each of the Ordinary Shares is HK\$0.17.

Notes to the Condensed Consolidated Financial Statements

30 June 2016

17. BUSINESS COMBINATIONS

The provisional fair value of the identifiable assets and liabilities of the subsidiaries acquired during the period as at their respective dates of acquisitions were as follows:

	30 June 2016 (unaudited) HK\$'000 (notes)	30 June 2015 (unaudited) HK\$'000
Net assets acquired		
Property, plant and equipment	1,760,768	–
Trade receivables	21,812	–
Prepayments, deposits and other receivables	220,726	–
Other tax recoverable	103,172	–
Cash and bank balances	18,113	–
Trade payables	(22,043)	–
Other payables and accruals	(2,000,688)	–
Non-controlling interests	(4,674)	–
	97,186	–
Goodwill	29,767	–
Gains on bargain purchase	(1,585)	–
	125,368	–
Satisfied by cash	125,368	–
Net cash outflow in respect of acquisitions:		
Cash consideration	(125,368)	–
Cash and bank balances acquired	18,113	–
	(107,255)	–

Notes to the Condensed Consolidated Financial Statements

30 June 2016

17. BUSINESS COMBINATIONS *(Continued)*

The transaction costs incurred by the Group for these acquisitions had been expensed and also included in administrative expenses in the condensed consolidated statement of profit or loss for the six months ended 30 June 2016.

The gains on bargain purchase arising from the above acquisitions are determined on a provisional basis as the Group is in the process of completing the independent valuations to assess the fair value of the identified assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition dates.

During the period, the acquired business contributed approximately HK\$477,713,000 and approximately HK\$84,619,000 to the Group's revenue and profit for the period between the date of acquisitions and the end of the reporting period, respectively.

Had the above acquisitions been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2016 would have been approximately HK\$655,894,000, and the amount of the profit for the interim period would have been approximately HK\$61,021,000.

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

Notes:

Business combination during the six months ended 30 June 2016 mainly included the following transactions:

- (i) in April 2016, the Group completed the acquisition of the entire equity interest and 60% equity interests in two companies which are engaging in the operation of construction of photovoltaic power plants in the PRC, from independent third parties at an aggregate cash consideration of RMB21,000,000 (equivalent to approximately HK\$24,570,000);
- (ii) in May 2016, the Group completed the acquisition of certain companies operating in the photovoltaic power business in Henan Province, the PRC, from independent third parties at no consideration;
- (iii) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Shandong Province, the PRC, from an independent third party at a cash consideration of RMB834,000 (equivalent to approximately HK\$976,000);
- (iv) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Hebei Province, the PRC, from an independent third party at no consideration;
- (v) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Hubei Province, the PRC, from an independent third party at a cash consideration of RMB33,418,000 (equivalent to approximately HK\$39,100,000); and
- (vi) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Anhui Province, the PRC, from independent third parties at a cash consideration of RMB51,900,000 (equivalent to approximately HK\$60,722,000).

18. CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (as at 31 December 2015: Nil).

Notes to the Condensed Consolidated Financial Statements

30 June 2016

19. COMMITMENTS

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

	30 June 2016 (unaudited) HK\$'000	31 December 2015 (audited) HK\$'000
Contracted, but not provided for:		
Buildings for cigarette packaging business	220	226
Plant and machinery for cigarette packaging business	445	456
Construction, material and equipment costs for development of photovoltaic power plants	1,019,435	594,022
	1,020,100	594,704

(b) The Group entered into certain cooperative agreements pursuant to which, subject to certain conditions including successful grid-connected power generation, among others, the Group may enter into sale and purchase agreements for acquisitions of equity interest of several photovoltaic power plants. In the opinion of the directors, the aggregate maximum amount of consideration for the potential acquisitions are expected to be HK\$524 million as at 30 June 2016 (31 December 2015: HK\$1,623 million).

20. RELATED PARTY DISCLOSURES

(a) Save as disclosed elsewhere in these condensed financial statements, the Group had no other material transactions and outstanding balances with related parties during the periods ended 30 June 2016 and 2015.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Short-term employee benefits	1,974	7,411
Pension schemes contributions	31	49
Total compensation paid to key management personnel	2,005	7,460

Notes to the Condensed Consolidated Financial Statements

30 June 2016

21. COMPARATIVE AMOUNTS

The presentation currency of the Group has been changed from RMB to HK\$ since the year ended 31 December 2015, further details for the change in presentation currency, please refer to the Annual Report 2015 of the Company dated 29 March 2016. The comparative figures in these condensed consolidated financial statements have been restated from RMB to HK\$ accordingly to conform to the current period's presentation. Besides, certain comparative amounts have been reclassified to conform to current period's presentation.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents and pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current portion of prepayments, deposits and other receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

Fair value hierarchy disclosure

The fair value measurement of the Group's unlisted available-for-sale investment is categorised within Level 3 of the fair value hierarchy. During the period, there was no transfer into or out of Level 3.

23. EVENTS AFTER REPORTING PERIOD

For further details of events after reporting period, please refer to the paragraph headed "Significant Events After Reporting Period" under the subsection "Management Discussion and Analysis".

24. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 29 August 2016.

Disclosure Information

DISCLOSURE OF INTERESTS

Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2016, the interests and short positions of the Directors in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange (the "Model Code"), were as follows:

Long positions in the shares and/or underlying shares of the Company

Name of Directors	Capacity in which shares are held	Number of Ordinary Shares held	Number of underlying shares held (Note 4)	Approximate percentage of the Company's issued share capital (Note 1)
Mr. Hu Xiaoyong (Note 2)	Interest of controlled corporation	995,227,370	1,004,772,630	5.49%
Mr. Wang Ye (Note 3)	Interest of controlled corporation	398,955,700	398,955,700	2.19%

Notes:

- (1) The percentage represents the aggregate number of Ordinary Shares held and underlying shares held over the total issued shares of the Company of 36,449,536,470 shares as at 30 June 2016.
- (2) As at 30 June 2016, Zhihua Investments Limited, a company wholly and beneficially owned by Mr. Hu Xiaoyong, an executive Director, holds 995,227,370 Ordinary Shares and 404,772,630 Convertible Preference Shares and has agreed to further subscribe to 600,000,000 Convertible Preference Shares.
- (3) As at 30 June 2016, 北京倍思泰科新能源科技開發有限公司 (Beijing Bestech New Energy Technology Development Co., Ltd.*), a company incorporated in the PRC of which Mr. Wang Ye, an executive Director, is its controlling shareholder (as defined under the Listing Rules), holds 398,955,700 Ordinary Shares and 159,582,280 Convertible Preference Shares and has agreed to further subscribe to 239,373,420 Convertible Preference Shares.
- (4) The number of underlying shares held includes Convertible Preference Shares held and Convertible Preference Shares to be subscribed under the Subscription Agreements as disclosed in the paragraph headed "Share Subscriptions" of subsection "Capital Structure" under the section of the "Management Discussion and Analysis" of this report.

Save as disclosed above, as at 30 June 2016, there were no interest or short position of the directors or chief executives of the Company in the shares, the underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), that are required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

Directors' Rights to Acquire Shares

Save as disclosed under the heading "Directors' Interests in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations", at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire such rights in any other body corporate.

* For identification purpose only

DISCLOSURE OF INTERESTS *(Continued)*

Directors' Interests in Contracts of Significance

No contracts of significance to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party, and in which a Director had a material interest whether directly or indirectly, subsisted during the period under review.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, so far as was known to the directors or chief executives of the Company, the following persons (not being a director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long position in the shares and/or underlying shares of the Company

Name of shareholders	Capacity in which shares are held	Number of Ordinary Shares held	Number of underlying shares held <i>(Note 6)</i>	Approximate percentage of the Company's issued share capital <i>(Note 1)</i>
Beijing Enterprises Group Company Limited ("BE Group") <i>(Note 2)</i>	Interest of controlled corporation	8,818,470,350	8,903,048,650	48.62%
Beijing Enterprises Holdings Limited ("BEHL") <i>(Note 2)</i>	Interest of controlled corporation	8,818,470,350	8,903,048,650	48.62%
Beijing Enterprises Water Group Limited ("BEWG") <i>(Note 2)</i>	Interest of controlled corporation	8,818,470,350	8,903,048,650	48.62%
Fast Top Investment Limited ("Fast Top") <i>(Note 2)</i>	Beneficial interest	8,818,470,350	8,903,048,650	48.62%
CITIC Securities Company Limited <i>(Note 3 and 4)</i>	Interest of controlled corporation	4,520,714,190	10,669,159,220	41.67%
CITIC Securities International Co. Ltd. <i>(Note 3)</i>	Interest of controlled corporation	2,260,357,100	5,334,579,610	20.84%
CITIC Securities International Asset Management Limited <i>(Note 3)</i>	Interest of controlled corporation	2,260,357,100	5,334,579,610	20.84%
CITICPE Holdings Limited <i>(Note 3)</i>	Interest of controlled corporation	2,260,357,100	5,334,579,610	20.84%
CITIC PE Funds II Limited <i>(Note 3)</i>	Interest of controlled corporation	2,260,357,100	5,334,579,610	20.84%
CITIC PE Associates II, L.P. <i>(Note 3)</i>	Interest of controlled corporation	2,260,357,100	5,334,579,610	20.84%
CPEChina Fund II, L.P. <i>(Note 3)</i>	Interest held jointly with another person	2,260,357,100	5,334,579,610	20.84%
CPEChina Fund IIA, L.P. <i>(Note 3)</i>	Interest held jointly with another person	2,260,357,100	5,334,579,610	20.84%

Disclosure Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Name of shareholders	Capacity in which shares are held	Number of Ordinary Shares held	Number of underlying shares held (Note 6)	Approximate percentage of the Company's issued share capital (Note 1)
CTSL Green Power Investment Limited ("Green Power") (Note 3)	Beneficial interest	2,260,357,100	5,334,579,610	20.84%
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.)*, (Note 4)	Interest of controlled corporation	2,260,357,090	5,334,579,610	20.84%
上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited)* (Note 4)	Interest of controlled corporation	2,260,357,090	5,334,579,610	20.84%
北京宥德投資管理中心 (有限合伙) (Beijing Youde Investment Management Center (Limited Partnership))* (Note 4)	Interest of controlled corporation	2,260,357,090	5,334,579,610	20.84%
北京中信投資中心 (有限合伙) (CITIC Private Equity Fund III (RMB))* ("CITIC PEF III") (Note 4)	Interest of controlled corporation	2,260,357,090	5,334,579,610	20.84%
CTSL New Energy Investment Limited ("New Energy") (Note 4)	Beneficial interest	2,260,357,090	5,334,579,610	20.84%
Ms. Huang Li (Note 5)	Interest of controlled corporation	2,279,580,000	–	6.25%

Notes:

- (1) The percentage represents the aggregate number of shares and underlying shares over the total issued shares of the Company of 36,449,536,470 shares (including Ordinary Shares and Convertible Preference Shares) as at 30 June 2016.

* For identification purpose only

Disclosure Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

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

Notes: (Continued)

- (2) As at 30 June 2016, BE Group is deemed to be interested in 17,721,519,000 shares as a result of its indirect holding of such shares through the following entities including its subsidiaries:

Name	Number of Ordinary Shares held	Number of underlying shares held <i>(Note 6)</i>
Fast Top	8,818,470,350	8,903,048,650
BEWG	8,818,470,350	8,903,048,650
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	8,818,470,350	8,903,048,650
BEHL	8,818,470,350	8,903,048,650
Beijing Enterprises Group (BVI) Company Limited	8,818,470,350	8,903,048,650
BE Group	8,818,470,350	8,903,048,650

As at 30 June 2016, Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 8,818,470,350 Ordinary Shares and 3,586,592,950 Convertible Preference Shares and has agreed to further subscribe to 5,316,455,700 Convertible Preference Shares. As at 30 June 2016, BEWG is directly held as to approximately 43.93% (representing 3,824,367,831 shares of BEWG) by BE Environmental. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn deemed to be interested in approximately 61.96% by Beijing Enterprises Group (BVI) Company Limited (by itself and through its subsidiaries) as at 30 June 2016, and which is in turn wholly owned by BE Group. Beijing Enterprises Group (BVI) Company Limited also directly holds 3,010,000 shares in the share capital of BEWG. BEWG is indirectly held as to approximately 43.97% (representing 3,827,377,831 shares of BEWG) by BE Group as at 30 June 2016.

- (3) As at 30 June 2016, Green Power, a company jointly controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 2,260,357,100 Ordinary Shares and 3,056,098,600 Convertible Preference Shares and has agreed to further subscribe 2,278,481,010 Convertible Preference Shares. CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of the CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly owned by CITICPE Holdings Limited, which is owned as to 35% by CITIC Securities International Asset Management Limited. CITIC Securities International Asset Management Limited is wholly owned by CITIC Securities International Co. Ltd., which is in turn wholly owned by CITIC Securities Company Limited, a company listed on the Stock Exchange and Shanghai Stock Exchange.
- (4) As at 30 June 2016, New Energy, a wholly-owned subsidiary of CITIC PEF III, beneficially holds 2,260,357,090 Ordinary Shares and 3,056,098,600 Convertible Preference Shares and has agreed to further subscribe 2,278,481,010 Convertible Preference Shares. CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is 北京宥德投資管理中心(有限合伙) (Beijing Youde Investment Management Center (Limited Partnership)*), a limited partnership registered under the laws of the PRC whose general partner is 上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*), a limited liability company incorporated in the PRC. 上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) is wholly owned by 中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*), which is in turn owned as to 35% by CITIC Securities Company Limited, a company listed on the Stock Exchange and Shanghai Stock Exchange.
- (5) As at 30 June 2016, 2,279,580,000 Ordinary Shares are held by Ocean Ahead International Limited, the entire issued share capital of which is wholly and beneficially owned by Ms. Huang Li, director of certain subsidiaries of the Company.
- (6) The number of underlying shares held includes Convertible Preference Shares held by shareholders of the Company and Convertible Preference Shares to be subscribed by certain shareholders of the Company under the Subscription Agreements as disclosed in the paragraph "Share Subscriptions" of the section "Capital Structure" under the section of the "Management Discussion and Analysis" of this report.

Save as disclosed above, as at 30 June 2016, the Company had not been notified by any persons (other than the directors or the chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

* For identification purpose only

Disclosure Information

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentive to employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners, service providers or substantial shareholders ("Eligible Participants") of the Group and promoting the success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire on 10 June 2023 subject to early termination provisions contained in the Share Option Scheme. The board of directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company subject to the terms of the Share Option Scheme.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Further, the total maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK\$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 7 days inclusive of the day on which offer was made, upon payment of HK\$1 by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options shall be a price solely determined by the board of directors of the Company and notified to an Eligible Participant and shall be at least the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the options; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share of the Company on the date of grant.

As at the date of this report, the total number of shares available for issue under the Share Option Scheme was 2,501,418,332 shares, which represents approximately 7.95% of the Ordinary Shares in issue and approximately 6.18% of the issued share capital of the Company (assuming full conversion of the Convertible Preference Shares in issue as at 30 June 2016). From the adoption date of the Share Option Scheme on 11 June 2013 to 30 June 2016, no share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Share Option Scheme as at 30 June 2016.

CHANGES IN INFORMATION OF DIRECTORS UNDER RULE 13.51B(1) OF THE LISTING RULES

Changes in information of the directors of the Company since the date of the Annual Report 2015 of the Company up to the date of this report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Professor Lam Sing Kwong Simon ("Professor Lam"), an independent non-executive director of the Company for the period under review, has ceased to be independent non-executive Director effective on 29 July 2016. Professor Lam has resigned as an independent non-executive director of Chun Sing Engineering Holdings Limited (stock code: 02277), a company listed on the main board of the Stock Exchange, with effect from 22 April 2016. He has also resigned as an independent non-executive director of King Force Group Holdings Limited (stock code: 08315), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 24 June 2016.

Mr. Tam Tak Kei Raymond ("Mr. Tam"), an independent non-executive director of the Company for the period under review, has ceased to be independent non-executive Director effective on 29 July 2016. Mr. Tam has been appointed as an independent non-executive director of Li Bao Ge Group Limited (stock code: 08102), a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 16 June 2016.

Save as disclosed above, the Company is not aware of other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Disclosure Information

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2016.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

As at the date of this report, details of the agreements (the "Agreement(s)") with covenants relating to specific performance of the controlling shareholder which constitute disclosure obligation pursuant to Rules 13.18 and 13.21 of the Listing Rules are as follows:

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount (million)	Final Maturity	Specific performance obligations
2 November 2015	Term loan facility with a bank	HK\$2,000	November 2017	Note 1
12 January 2016	Term loan facility with a bank	HK\$1,000	May 2017	Note 2

Notes:

- (i) BEWG shall or shall not cease to own, directly or indirectly, at least 27% of the beneficial shareholding carrying at least 27% of the voting rights in the Company, free from any security; (ii) BEWG shall or shall not cease to be the, direct or indirect, single largest shareholder of the Company; (iii) BEWG shall or shall not cease to supervise the Company and/or have management control over the Company; (iv) BEHL shall or shall not cease to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from any security; (v) BEHL shall or shall not cease to be the, direct or indirect, single largest shareholder of BEWG; (vi) BEHL shall or shall not cease to supervise BEWG and/or have management control over BEWG; (vii) BE Group shall or shall not cease to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any security; (viii) BE Group shall or shall not cease to be the, direct or indirect, single largest shareholder of BEHL and/or shall or shall not cease to supervise BEHL; and (ix) BE Group shall or shall not cease to be wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality*).
- (i) BEHL shall beneficially own, directly or indirectly, at least 35% of the issued share capital of BEWG; (ii) BEWG shall beneficially own, directly or indirectly, at least the minimum proportion of shares amounting to (a) an aggregate of 32.88% of the issued share capital of the Company from the date of the Agreement to and including 6 May 2016; (b) an aggregate of 34.03% of the issued share capital of the Company from 7 May 2016 to and including 7 November 2016; and (c) an aggregate of 34.71% of the issued share capital of the Company from 8 November 2016 onwards, each determined on an as converted basis (assuming conversion in full of all preference shares of the Company in issue from time to time); (iii) BEWG shall, directly or indirectly, be the single largest shareholder of the Company; and (iv) Fast Top shall undertake to subscribe for, or procure the subscription of, the preference shares of the Company in the amounts and at the times stipulated in the Subscription Agreements.

According to the respective terms and conditions of the Agreements, the banks may declare any commitment under the Agreements to be cancelled and/or declare all outstanding amounts together with interest accrued thereon and all others sums to be immediately due and payable or payable on demand for any breach of the above specific performance obligations.

Further details of the bank loans are set out in the Company's announcements dated 2 November 2015 and 12 January 2016, respectively.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports of the Company pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rule continue to exist.

* For identification purpose only

Corporate Governance

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2016, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, the Company confirms that, during the six months ended 30 June 2016, all of the Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three independent non-executive directors of the Company, namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. In accordance with Appendix 14 of the Listing Rules, the Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure, risk management and internal controls of the Company. The unaudited interim results for the six months ended 30 June 2016 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made for the purposes of this report.