



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

Interim Report
2020

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Xiaoyong (*Chairman*)

Mr. Shi Xiaobei (*Chief Executive Officer*)

Mr. Tan Zaixing

Ms. Huang Danxia

Mr. Huang Weihua

(Resigned as Executive Director on 26 June 2020)

Independent Non-executive Directors

Mr. Li Fujun

Mr. Xu Honghua

Mr. Chiu Kung Chik

AUDIT COMMITTEE

Mr. Li Fujun (*Chairman*)

Mr. Xu Honghua

Mr. Chiu Kung Chik

NOMINATION COMMITTEE

Mr. Hu Xiaoyong (*Chairman*)

Mr. Li Fujun

Mr. Xu Honghua

REMUNERATION COMMITTEE

Mr. Chiu Kung Chik (*Chairman*)

Mr. Shi Xiaobei

Mr. Xu Honghua

COMPANY SECRETARY

Ms. So Hiu Wa

STOCK CODE

1250

WEBSITE

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INVESTOR RELATIONS CONTACT

Email Address: ir@bece.com.hk

REGISTERED OFFICE

P.O. Box 1350

Clifton House, 75 Fort Street

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

Ocorian Trust (Cayman) Limited

(Change of name with effect from 6 April 2020)

P.O. Box 1350

Clifton House, 75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

In Hong Kong:

China Everbright Bank Co., Ltd., Hong Kong Branch

CIMB Bank Berhad, Hong Kong Branch

DBS Bank Ltd., Hong Kong Branch

Hang Seng Bank Limited

Industrial and Commercial Bank of China (Asia) Limited

Nanyang Commercial Bank, Limited

In Mainland China:

China CITIC Bank Corporation Ltd.

China Construction Bank Corporation

China Development Bank

China Everbright Bank Co., Ltd.

China Guangfa Bank Co., Ltd.

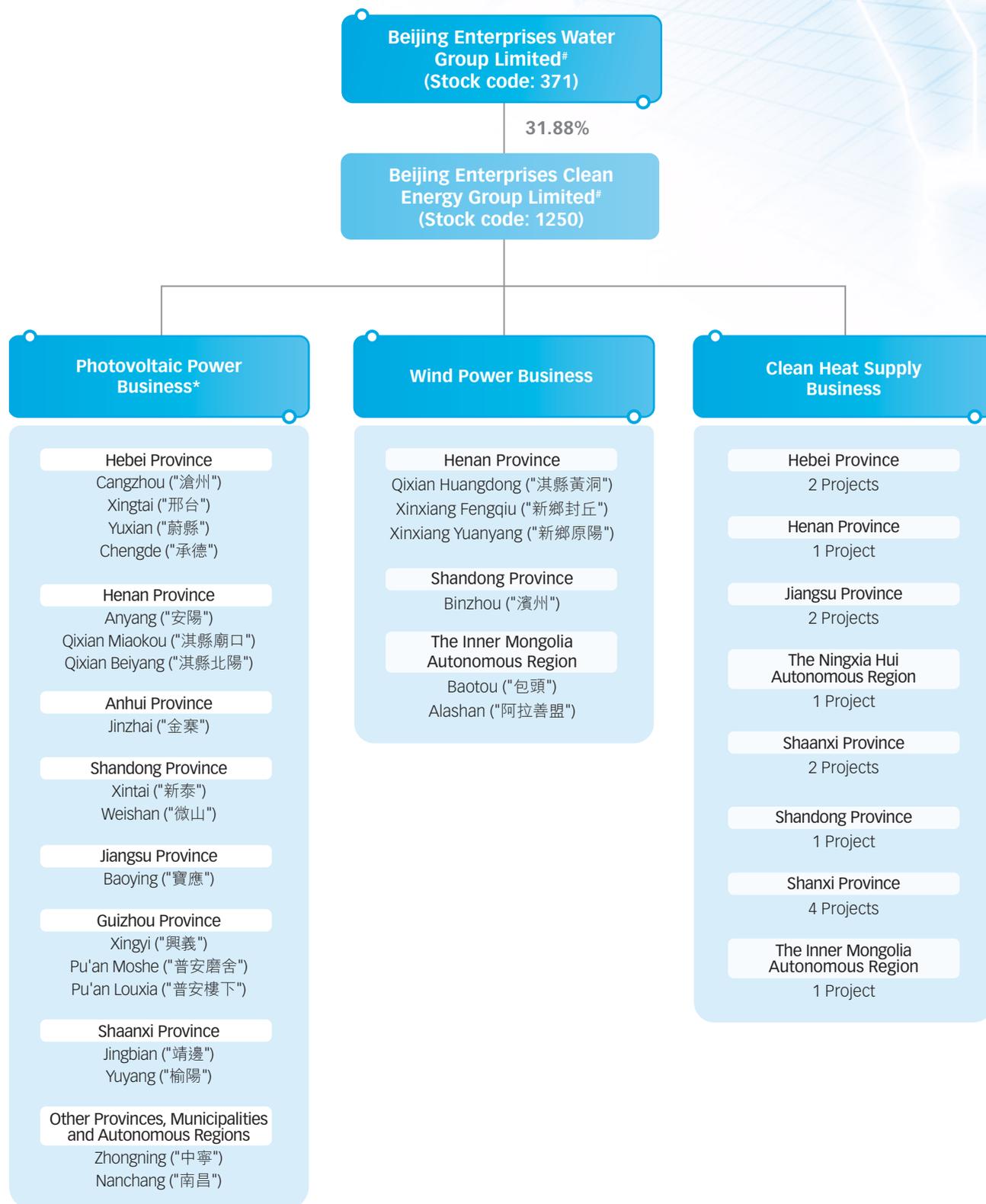
Industrial and Commercial Bank of China Ltd.

Ping An Bank Co., Ltd.

Postal Savings Bank of China Co., Ltd.

Group Structure

30 June 2020



Listed on the main board of The Stock Exchange of Hong Kong Limited.

* Only projects with operating capacity of 50MW or above are disclosed.

Note: The above group structure only lists out major projects in operation and held by the Group's subsidiaries.

Chairman's Statement

Dear Shareholders,

Since the beginning of 2020, in the face of severe challenges brought by the Coronavirus Disease 2019 ("COVID-19"), and through united efforts and arduous struggle by all citizens under the strong leadership of the CPC Central Committee with Comrade Xi Jinping at the core, China has achieved steady progress in containment of the epidemic and accelerated recovery in economic and social operation. The gross domestic product ("GDP") of the People's Republic of China (the "PRC" or "China") for the first half of 2020 was RMB45.6614 trillion, representing a year-on-year decrease of 1.6%. On a quarterly basis, China's GDP declined by 6.8% year-on-year in the first quarter while recorded a year-on-year growth of 3.2% in the second quarter. On a quarter-on-quarter basis, China's GDP achieved a growth of 11.5% in the second quarter. The total social power consumption reached 3,354.7 billion kilowatt-hours ("kWh") in the first half of 2020, representing a year-on-year decrease of 1.3%. However, China recorded year-on-year increase of 0.7%, 4.6% and 6.1%, respectively, in total social power consumption for April 2020, May 2020 and June 2020, respectively, demonstrating to the whole world the strong resilience and huge development potential of the China's economy.

In the first half of 2020, the installed capacity of wind power and photovoltaic power generation in China reached 433 million kilowatts ("kW"), increased by 14.2% as compared to the end of June 2019. The newly-installed capacity of power generation in China reached 17.84 million kW, among which, the newly-installed capacity of wind power and photovoltaic power generation reached 6.32 million kW and 11.52 million kW, respectively. In June 2020, the National Development and Reform Commission (the "NDRC") of the PRC and the "National Energy Administration issued the Circular on 2020 Provincial-level Renewable Electricity Quota*" (《關於印發各省級行政區域2020年可再生能源電力消納責任權重的通知》) (the "Circular") and provided interpretation on the Circular. Based on the estimation on the aforesaid quota, it is expected that the proportion of renewable electricity consumption and non-hydro power consumption in total national energy consumption will reach 28.2% and 10.8% in 2020, up by 0.3 and 0.7 percentage points as compared with 2019 respectively, which will enable China to achieve the non-fossil energy consumption target for 2020.

In January 2020, the Ministry of Finance of the PRC, the NDRC and the "National Energy Administration jointly issued the Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Power Generation*" (《關於促進非水可再生能源發電健康發展的若干意見》), which clarified and perfected the existing subsidy method, improved the market-oriented resource allocation and subsidy rebate mechanism, optimised the subsidy payment process, with an aim to promote the healthy and steady development of non-hydro renewable power generation. In February 2020, the aforesaid three governmental authorities also jointly issued the "Administrative Measures for the Additional Subsidies for Renewable Energy Tariff*" (《可再生電價附加資金管理辦法》), so as to promote the development and utilisation of renewable energy, regulate the administration of the additional subsidies for renewable energy electricity prices and enhance use efficiency of capital funds. The implementation of the aforesaid Opinions and Measures significantly raised the expectation for regular payment of such subsidies, which will address the issue of delayed payment of subsidies for existing projects.

Beijing Enterprises Clean Energy Group Limited (the "Company", together with its subsidiaries, the "Group" or "BECE") fully leverages on the advantageous resources of its three major shareholders (i.e. Beijing Enterprises Water Group Limited ("BEWG", a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 371), the private equity funds managed by CITIC Private Equity Funds Management Co., Ltd. and 啟迪控股股份有限公司 (Tus-Holding Co., Ltd.)*)) as well as the Group's experienced management team. Under the strategic leadership of the board (the "Board") of directors (the "Directors") of the Company, the Group actively follows the national policy and situation, steadily develops photovoltaic power businesses, wind power businesses and clean heat supply businesses. And at the same time, the Group also aggressively explores various areas such as hydropower, energy storage and distribution and sales of electricity, with an aim to become a leading integrated clean energy service provider.

PERFORMANCE

In the first half of 2020, the Group continued to focus on the development of businesses with higher gross profit margin and stronger sustainability (such as sales of electricity and clean heat supply), implement its asset optimization strategy, steadily move forward on revenue increase, expenditure cutting, cost reduction and efficiency enhancement, and constantly improve risk control measures. For the six months ended 30 June 2020, the Group recorded revenue of approximately HK\$2,285.0 million, representing a decrease of approximately 33% as compared to the first half of 2019, while gross profit margin increased by approximately 7.1% as compared to the first half of 2019, and total gross profit decreased by approximately 23% as compared to the corresponding period of last year.

Profit for the period of the Group was approximately HK\$406.7 million, representing a decrease of approximately 41% as compared to the corresponding period of 2019. Profit attributable to the equity holders of the Company was approximately HK\$334.5 million, representing a decrease of approximately 43% as compared to the corresponding period of 2019. Such decrease was primarily attributable to (i) the decrease in the revenue generated from the construction service business of the Group for the period as compared to the corresponding period of 2019 and (ii) the increase in finance costs as a result of the increase in the average total balances of corporate bonds, bank and other borrowings and lease liabilities for the period as compared to the corresponding period of 2019.

PERFORMANCE REVIEW

In the first half of 2020, in the face of the unexpected COVID-19 outbreak, the Group placed emphasis on epidemic containment and production operation by making coordinated efforts to fight against the epidemic and maintain stable production.

In respect of the centralised photovoltaic power business, as at 30 June 2020, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group was approximately 2,143 megawatt ("MW"), mainly located in photovoltaic resource areas II and III as promulgated by the NDRC such as Anhui Province, Shandong Province, Hebei Province and Henan Province, etc.. In respect of the distributed photovoltaic power business, as at 30 June 2020, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation achieved over 600MW, mainly located in photovoltaic resource area III as promulgated by the NDRC. During the first half of 2020, projects held by the Group and in operation achieved photovoltaic electricity sales volume of 1.671 billion kWh, representing a year-on-year increase of 5%. The weighted average utilisation hours of centralised photovoltaic power plant projects held by the Group and in operation for the period reached 674 hours, which was higher than the national photovoltaic power average utilisation hours of 595 hours.

As at 30 June 2020, the Group achieved an aggregate capacity of the grid-connected, under construction and approved-to-construct wind power projects of over 1,400MW by ways of self-development, joint development and acquisitions, mainly located in Hebei Province, Henan Province, Shandong Province and the Inner Mongolia Autonomous Region and mainly situated in wind resource area IV as promulgated by the NDRC. As at 30 June 2020, the total installed capacity of on-grid wind power plants held by the Group was approximately 225MW, located in Henan Province, Shandong Province and the Inner Mongolia Autonomous Region. During the first half of 2020, projects held by the Group and in operation achieved wind electricity sales volume of 298 million kWh, representing a year-on-year increase of 43%. The weighted average utilisation hours reached 1,541 hours, which was higher than the national wind power average utilisation hours of 1,123 hours.

As at 30 June 2020, the Group's clean heat supply area in operation reached approximately 27.40 million square meters, with its projects located in Henan, Hebei, Shanxi, Shaanxi, the Ningxia Hui Autonomous Region, Liaoning and other provinces and autonomous regions.

Chairman's Statement

PERFORMANCE REVIEW *(Continued)*

During the first half of 2020, the Group continued to explore development opportunities in the investment, construction and operation of hydropower sector. As a new strategic business of the Group, the hydropower business is coordinated with other business segments. Relying on hydropower, the Group may establish energy bases which integrate the storage and transmission of wind power, photovoltaic power and hydropower, and carry out multiple operations such as tourism and breeding, which will deliver greater scale advantages and operating benefits. It is integral to the development of the Group's clean energy businesses, and will contribute stable income and optimise the Group's clean energy power station asset portfolio in the future. In order to further implement the strategy of asset optimisation, the Group disposed of two photovoltaic power plant projects located in Jiangsu Province in the first half of 2020 which generated a cash flow of over RMB500 million for the Group, so as to reduce the debt level of the Company, replenish working capital, optimise asset allocation and lay a solid foundation for the Company to embrace the era of grid parity.

In terms of financing, the Group introduced high-quality capital and focused on low-cost equity financing. On 27 December 2019, one of the PRC subsidiaries of the Group received a strategic capital investment of RMB600 million from the Ping An Entities (as hereinafter defined). In 2020, with the further recognition from the capital market, the Group received another subsequent strategic capital investment of RMB400 million from Ping An Insurance (Group) Company of China, Ltd. ("Ping An") and China International Capital Corporation Limited (as referred by Ping An), which established a good image for the Group in the capital market and further vitalised the Group's business development.

CORPORATE MANAGEMENT AND CONTROL AND SUSTAINABLE DEVELOPMENT

The Group continued to optimise its management and control system, regulate internal management, promote organizational vitality and make solid efforts to increase revenue, cut expenses, reduce costs and improve efficiency. During the period, the Group carried out the pilot plan to implement the "OKR + KPI" performance management system, under which greater emphasis were placed on feedbacks and incentives with objectives and quantitative appraisals as its focal point, so as to facilitate implementation of major strategic matters of the Group. During the period, the Group continued to strengthen and optimise the business unit management system, so as to push forward the establishment of the management and control system focused on delegation and process re-engineering, further regulate the decision-making process, reduce unnecessary costs and improve overall operation efficiency.

The Group enhanced the leading role of corporate culture and fostered the corporate philosophy of "promoting mutual understanding and integrating theory into practice". During the period, by promoting corporate culture to set up outstanding management and frontline staff role models and offering incentives and promotion, the Group gave full play to the demonstrating and leading effect of role models through corporate culture, inspired employees' enthusiasm and strengthened employees' execution capability, so as to create a "synergetic and efficient" corporate environment. During the period, focusing on the Elite Management Training Camp, the Group continued to establish a comprehensive and vertical training system, so as to promote the building of a learning-oriented organisation.

The Group always gives priority to safety management and makes great efforts in it with respect and caution. During the period, the Group carried out regular and non-scheduled inspections and investigations on hidden dangers in safety management for all projects, so as to achieve zero incident in operation.

Chairman's Statement

FUTURE OUTLOOK

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

In closing, on behalf of the Board, I would like to express our sincere gratitude to the shareholders and business partners rendering trust and great support to the Group, and our heartfelt thanks to all the employees for their arduous work.

Hu Xiaoyong

CHAIRMAN

Hong Kong, 27 August 2020

* *For identification purposes only*

Management Discussion and Analysis

1. BUSINESS REVIEW

During the six months ended 30 June 2020, the Group was principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the “Photovoltaic Power Business”), wind power businesses (the “Wind Power Business”) and clean heat supply businesses (the “Clean Heat Supply Business”) in the PRC.

Financial highlights:

	For the six months ended 30 June		
	2020	2019	Change
	(unaudited) HK\$'000	(unaudited) HK\$'000	%
Revenue	2,285,001	3,401,678	(33)
Gross profit	1,251,086	1,622,592	(23)
Gross profit ratio (<i>in percentage</i>)	54.8	47.7	7.1
Profit for the period	406,715	694,576	(41)
Profit attributable to the equity holders of the Company	334,527	590,160	(43)
Basic EPS (<i>in HK cent(s)</i>)	0.47	0.87	(46)
EBITDA	1,725,922	1,918,809	(10)

	30 June	31 December	Change
	2020	2019	
	(unaudited) HK\$'000	(audited) HK\$'000	
Total assets	51,580,110	52,192,282	(1)
Equity	10,920,316	11,005,769	(1)
Cash and cash equivalents	2,801,922	3,698,835	(24)

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

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

Profit for the period of the Group was approximately HK\$406.7 million (six months ended 30 June 2019: approximately HK\$694.6 million), representing a decrease of approximately 41% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$334.5 million (six months ended 30 June 2019: approximately HK\$590.2 million), representing a decrease of approximately 43% as compared to the corresponding period of last year. Such decrease was primarily attributable to (i) the decrease of the Group's revenue arising from construction services business for the six months ended 30 June 2020 as compared to the corresponding period of last year; and (ii) the increase in finance costs attributable to the increases in average total balances of corporate bonds, bank and other borrowings and lease liabilities for the period as compared to the corresponding period of last year.

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

1.1 Sale of Electricity and Entrusted Operations

During the period, the Group steadily developed its operating capacity through the investment, development, construction, operation and management of clean energy power plant projects, and the aggregate revenue in respect of the sale of electricity and the provision of entrusted management services amounted to approximately HK\$1,711.9 million (six months ended 30 June 2019: approximately HK\$1,723.5 million), which was comparable to the corresponding period of last year. The aggregate electricity sales volume in respect of the Group's sale of electricity during the period was approximately 1.91 million (six months ended 30 June 2019: approximately 1.76 million) megawatt-hour ("MWh"), representing an increase of 9% as compared to the corresponding period of last year.

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

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

Management Discussion and Analysis

1. BUSINESS REVIEW (Continued)

1.1 Sale of Electricity and Entrusted Operations (Continued)

1.1.1 Photovoltaic Power Plant Projects

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

During the period, the Group's centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK\$1,234.2 million (six months ended 30 June 2019: approximately HK\$1,277.7 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing 54% (six months ended 30 June 2019: 38%) of the Group's total revenue during the period.

As at 30 June 2020, 50 (30 June 2019: 52) centralised photovoltaic power plants covering 12 provinces, 1 municipality and 2 autonomous regions in the PRC and 1 (30 June 2019: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia were held by the Group and in operation, and the aggregate on-grid capacity of these photovoltaic power plants reached 2,143MW (30 June 2019: 2,233MW), details of which are set forth below:

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

Management Discussion and Analysis

1. BUSINESS REVIEW (Continued)

1.1 Sale of Electricity and Entrusted Operations (Continued)

1.1.1 Photovoltaic Power Plant Projects (Continued)

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

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

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

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

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

Upon completion of the Disposals on 28 May 2020, XSHN and XSYN ceased to be subsidiaries of the Group. Further details of the Disposals are set out in the Company's announcement dated 8 May 2020 and the Company's circular dated 24 July 2020. As a result, the financial results of XSHN and XSYN from the beginning of the period and up to the completion date of the Disposals were consolidated into the Group's results during the period.

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

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.1 Sale of Electricity and Entrusted Operations *(Continued)*

1.1.1 Photovoltaic Power Plant Projects *(Continued)*

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

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

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

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

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

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.1 Sale of Electricity and Entrusted Operations *(Continued)*

1.1.1 Photovoltaic Power Plant Projects *(Continued)*

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

In respect of the distributed photovoltaic power business, as at 30 June 2020, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation achieved over 600MW, mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants. Revenue from the sale of electricity from the Group's distributed photovoltaic power plants reached approximately HK\$217.5 million during the period (six months ended 30 June 2019: approximately HK\$200.4 million).

(e) *Entrusted management services*

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted management services for photovoltaic power plant projects in the PRC and revenue of approximately HK\$54.4 million (six months ended 30 June 2019: approximately HK\$88.8 million) was recognised during the period.

1.1.2 Wind Power Plant Projects

The improvements of technology, investment cost and curtailment issues in recent years enhance the overall competitiveness of the wind power to the traditional power sources, giving rise to new business opportunities and healthier market environment in the wind power industry. With the Group's expertise in, among others, investing, developing and managing wind and other power businesses, the Group is optimistic on expanding its Wind Power Business to contribute effort in building up a green future of the PRC.

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

During the period, the Group's Wind Power Business expanded steadily. The Group recorded revenue of approximately HK\$149.7 million (six months ended 30 June 2019: approximately HK\$111.5 million) from the sale of electricity from the Group's wind power plants.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.1 Sale of Electricity and Entrusted Operations *(Continued)*

1.1.2 Wind Power Plant Projects *(Continued)*

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

As at 30 June 2020, through self-development, joint development, acquisitions, etc., the Group's aggregate capacity of the grid-connected, under-construction and approved-to-construct wind power projects reached over 1,400MW. These projects are mainly located in Hebei Province, Henan Province, Shandong Province and the Inner Mongolia Autonomous Region and mainly situated in wind resource area IV as promulgated by the NDRC. Among which, 8 projects (30 June 2019: 5 projects) with an aggregate on-grid capacity of 225MW (30 June 2019: 167MW) were held by the Group and in operation as at 30 June 2020, which is analysed below:

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

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

Note 2: During the period ended 30 June 2020, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects was approximately RMB0.46.

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

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

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.1 Sale of Electricity and Entrusted Operations *(Continued)*

1.1.2 Wind Power Plant Projects *(Continued)*

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

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

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

(d) Entrusted management services

In addition to the above-mentioned sale of electricity from the Group's wind power plants, the Group provided entrusted management services for wind power plant projects in the PRC and revenue of approximately HK\$56.1 million (six months ended 30 June 2019: approximately HK\$45.0 million) was recognised during the period.

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

The Group is engaged in the provision of engineering, procurement and construction services for clean energy businesses including photovoltaic and wind power-related projects and clean heat supply projects in the PRC, and has couples of qualification and extensive experience in the design, engineering and construction of power-related projects. In particular, the Group has implemented the Change in Business Structure since 2018. At the same time, the Group pays much attention to self-owned photovoltaic and wind power-related project construction, which can optimise the resource allocation during the period. Therefore, revenue of approximately HK\$60.9 million (six months ended 30 June 2019: approximately HK\$1,106.4 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the period, representing 3% (six months ended 30 June 2019: 33%) of the Group's total revenue during the period and a decrease of 95% as compared to the corresponding period of last year.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.2 Engineering, Procurement and Construction Services, and Technical Consultancy Services *(Continued)*

In addition, certain clean heat supply projects on a build-operate-transfer basis (the “BOT Basis”) were under construction during the period. With reference to HK(IFRIC) Interpretation 12 *Service Concession Arrangements*, construction revenue of approximately HK\$19.9 million (six months ended 30 June 2019: approximately HK\$40.1 million) was recognised during the period with reference to the fair value of construction services delivered during the construction phase. The fair value of such services is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of the relevant service concession agreements.

In respect of the technical consultancy services, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK\$28.7 million (six months ended 30 June 2019: approximately HK\$72.6 million) was recognised during the period.

1.3 Provision of Clean Heat Supply Services

Clean heat supply represents the production of low emission heat through the utilisation of clean energies such as natural gas, electricity, geothermal energy, biomass energy, photovoltaic power, industrial excess heat energy, clean coal (ultra-low emission) energy, river water source etc., and the supply of such heat to end users. With various supportive government policies, including policies that are introduced under the “Notice on the Winter Clean Heat Plan (2017 to 2021) of the Northern China*” (《關於印發北方地區冬季清潔取暖規劃(2017-2021年)的通知》) jointly issued by ten government authorities in December 2017 and the “Notice on the Budget for Air Pollution Prevention and Control in 2019*” (《關於下達2019年度大氣污染防治資金預算的通知》) issued by the Ministry of Finance in June 2019, the Clean Heat Supply Business shall have a favourable business prospect.

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

1.4 Other Clean Energy Businesses

The Group has been exploring other clean energy businesses such as multi-energy complement, hydropower, energy storage, distribution and sales of electricity and other business lines, and exploring international opportunities for strategic development and diversification, with an aim to become a leading integrated clean energy service provider.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.4 Other Clean Energy Businesses *(Continued)*

1.4.1 Hydropower Business

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

During the first half of 2020, the Group continued to explore development opportunities in the investment, construction and operation of hydropower sector. As a new strategic business of the Group, the hydropower business is coordinated with other business segments. Relying on hydropower, the Group may establish energy bases which integrate the storage and transmission of wind power, photovoltaic power and hydropower, and carry out multiple operations such as tourism and breeding, which will deliver greater scale advantages and operating benefits. It is integral to the development of the Group's clean energy businesses, and will contribute stable income and optimise the Group's clean energy power station asset portfolio in the future.

References are made to the Company's announcements dated 9 October 2019 and 9 December 2019 in relation to the acquisitions of 54.09% equity interest in 青海華鑫水電開發有限公司 (Qinghai Huaxin Hydropower Development Co., Ltd.*). As certain conditions precedent to the completion of the acquisitions have not been fulfilled on or before the long stop date, being 9 December 2019, completion of the acquisitions have therefore not been taken place. Accordingly, the respective equity transfer agreements in respect of the acquisitions have been automatically lapsed.

1.4.2 Energy Storage Business

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

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE

2.1 Revenue and gross profit margin

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

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

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

Analysis of the above businesses are set out in the section headed "1. Business Review" in "Management Discussion and Analysis" of this report.

Gross profit for the sale of electricity decreased from approximately HK\$1,078.9 million for the six months ended 30 June 2019 to approximately HK\$1,068.1 million during the period, representing 85% (six months ended 30 June 2019: 66%) to the total gross profit of the Group. The increase in contribution of sale of electricity to the Group's total gross profit was mainly attributable to the steady development of the Group's operating capacity of the photovoltaic and wind power plant projects. On the other hand, contribution of construction services to the Group's total gross profit was 1% (six months ended 30 June 2019: 14%) during the period. As a result of the Change in Business Structure, even though the gross profit ratio of the provision of clean heat supply services has decreased due to the rise of operating costs, overall gross profit ratio increased from 47.7% during the six months ended 30 June 2019 to 54.8% during the period.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.2 Other income and gains, net

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

2.3 Administrative expenses

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

2.4 Finance costs

The increase in finance costs of the Group by approximately HK\$93.6 million to approximately HK\$677.9 million for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$584.3 million) was mainly attributable to the increase in the average balances of corporate bonds, bank and other borrowings and lease liabilities of the Group as compared to the corresponding period of last year.

2.5 Income tax expense

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

2.6 Property, plant and equipment

Property, plant and equipment mainly represented the carrying amounts of clean energy projects held by the Group and in operation or under construction, and the decrease was mainly attributable to the combined effect of (i) the acquisition and development of clean energy projects; and (ii) the disposals of clean energy projects during the period.

2.7 Investment properties

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

2.8 Goodwill

It was attributable to the acquisition of subsidiaries since 2016.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.9 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plant and clean heat supply projects under the BOT Basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) *Business Combinations*. The decrease in operating concessions and the decrease in operating rights were mainly attributable to the amortisation provided for during the period.

2.10 Investments in joint ventures

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

2.11 Investments in associates

It represented (i) the Group's investment in 北清環能集團股份有限公司 (BECE Legend Group Co., Ltd*), formerly know as 四川金宇汽車城(集團)股份有限公司 (Sichuan Jinyu Automobile City (Group) Co., Ltd.*) (a company established in the PRC and shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ.000803)), an associate owned as to 22.48% by the Group and was principally engaged in the sales of electric boiler system integration equipment, the development and sales of industrial internet of things (IIOT) platform software products, and the provision of technical consultancy services; and (ii) the Group's investment in 北控城投控股集團有限公司 (Beijing Enterprises City Investment Holdings Group Co., Ltd*), an associate owned as to 15% by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC.

2.12 Other non-current assets

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

2.13 Contract assets

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

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.14 Trade and bills receivables

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

As at 30 June 2020, gross trade receivables for the sale of electricity of the Photovoltaic Power Business and the Wind Power Business mainly comprised (i) receivables of approximately HK\$296.5 million (31 December 2019: approximately HK\$345.3 million) from the sale of electricity mainly to State Grid Corporation, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK\$733.5 million (31 December 2019: approximately HK\$805.6 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Subsidy Catalogues.

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

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

2.16 Cash and cash equivalents

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

2.17 Trade and bills payables

Trade and bills payables of approximately HK\$5,756.3 million (31 December 2019: approximately HK\$5,563.5 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.18 Other payables and accruals

Other payables and accruals of approximately HK\$4,374.6 million (31 December 2019: approximately HK\$5,107.6 million) decreased by approximately HK\$733.0 million, which was mainly due to the net effect of (i) increase in construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) settlement of the construction and equipment payable of projects acquired or under development by the Group during the period.

2.19 Other non-current liabilities

Other non-current liabilities comprised (a) deferred income of approximately HK\$963.3 million (31 December 2019: approximately HK\$741.1 million) arising from the materials and equipment sold and delivered to independent third parties for the development of photovoltaic and wind power plant projects; and (b) a financial liability of approximately HK\$658.1 million (31 December 2019: approximately HK\$671.1 million) arising from an option granted to the Ping An Entities (as hereinafter defined under the section headed "2.22 Liquidity and financial resources – (d) Capital contribution" in "Management Discussion and Analysis" of this report). Further details of the option are set out in the Company's announcement dated 27 December 2019.

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

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

2.21 Capital expenditures

During the period, the Group's total capital expenditures amounted to approximately HK\$1,753.5 million (six months ended 30 June 2019: approximately HK\$1,891.3 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK\$1,599.6 million (six months ended 30 June 2019: approximately HK\$1,452.2 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$2.6 million (six months ended 30 June 2019: approximately HK\$26.6 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$151.3 million (six months ended 30 June 2019: approximately HK\$412.5 million).

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.22 Liquidity and financial resources

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

As at 30 June 2020, the Group's cash and cash equivalents amounted to approximately HK\$2,801.9 million (31 December 2019: approximately HK\$3,698.8 million).

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

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

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

(b) Perpetual capital instrument

On 27 November 2018, the Company issued perpetual capital instrument (the "Perpetual Capital Instrument") with an aggregate principal amount of RMB1,000,000,000 (equivalent to HK\$1,190,476,000) for the purposes of repaying certain of the Group's indebtedness and the Group's general working capital. It was the first corporate green panda perpetual capital instrument issued in the PRC and the first perpetual capital instrument issued by the Group. In January 2019, the Company was awarded as one of the "Outstanding Fixed Income Product Issuers" by the Shenzhen Stock Exchange. Net proceeds after deducting issue expenses amounted to RMB997,000,000 (equivalent to HK\$1,131,315,000). There is no maturity of the instrument and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The Perpetual Capital Instrument is classified as equity instruments.

No distribution was paid during the period (for the year ended 31 December 2019: RMB65,000,000 (approximately HK\$73,864,000)).

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.22 Liquidity and financial resources *(Continued)*

(c) Corporate bonds

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

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

(d) Capital contribution

On 30 July 2020, the Company, Harvest Sunny International Limited (the “Subsidiary”) and 天津北清電力智慧能源有限公司 (Tianjin Beiqing Power and Smart Energy Co., Ltd*) (formerly known as 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited*)) (the “Target Company” or “Tianjin Beiqing”), both being subsidiaries of the Company, entered into a capital contribution agreement with 深圳市海匯全贏投資諮詢合夥企業 (有限合夥) (Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership)*) and 啟鷺 (廈門) 股權投資合夥企業 (有限合夥) (Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)*) (the “Second Investors”), pursuant to which the Second Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of the Target Company (the “Second Capital Increase”).

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

Completion of the Second Capital Increase took place on 11 September 2020. Together with the Capital Increase which was completed at the end of December 2019, Tianjin Beiqing is held as to approximately 89.25% by the Subsidiary. Tianjin Beiqing will continue to be accounted as a subsidiary of the Company. Both the Capital Increase and the Second Capital Increase constitute deemed disposals by the Company of its interests in the Tianjin Beiqing under Chapter 14 of the Listing Rules. Further details are set out in the Company’s announcements dated 27 December 2019, 30 July 2020 and 15 September 2020.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.22 Liquidity and financial resources *(Continued)*

(d) Capital contribution *(Continued)*

As majority of the funding derives from equity fundings from shareholders in prior years, long-term borrowings, the Perpetual Capital Instrument and the corporate bonds, the Group recorded net current assets position of approximately HK\$421.2 million (31 December 2019: approximately HK\$1,606.4 million) as at 30 June 2020.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2020, the Group had unutilised banking facilities of approximately HK\$3,155.1 million (31 December 2019: approximately HK\$2,429.0 million) in aggregate with terms ranging from repayable on demand to 20 years (31 December 2019: ranging from repayable on demand to 15 years).

The Group's net gearing ratio, which was calculated by dividing net debt (defined as the corporate bonds, bank and other borrowings and lease liabilities under finance lease arrangements, net of cash and cash equivalents) by the sum of net debt and total equity, was 69% (31 December 2019: 68%) as at 30 June 2020. The increase in net gearing ratio was mainly due to the net effect of (i) the issue of the Second Corporate Bond for the purpose of funding the development of the clean energy businesses; (ii) the increase in bank and other borrowings for the purpose of funding the development of the clean energy businesses; and (iii) the profit attributable to the equity holders of the Company during the period.

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

- (a) On 22 January 2020, Tianjin Beiqing, a non wholly-owned subsidiary of the Company, and 江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.*) (as limited partners) and 西藏禹澤投資管理有限公司 (Tibet Yuze Investment Management Co., Limited*), a joint venture of the Company (as general partner and executive partner) entered into a partnership agreement in respect of the formation of a limited partnership, namely 江陰北控禹澄環境產業投資合夥企業 (有限合夥) (Jiangyin Beikong Yucheng Environmental Industry Investment Partnership Enterprise (Limited Partnership)*) at the total maximum capital contribution of RMB400,100,000. Among which, the maximum capital contribution of Tianjin Beiqing in this limited partnership is RMB200,000,000 (representing approximately 49.99% interest in the limited partnership). Further details of the formation of the limited partnership are set out in the Company's announcement dated 22 January 2020.
- (b) On 8 May 2020, TJCE, a non wholly-owned subsidiary of the Company (as vendor) and SDIC Power (as purchaser) entered into two equity transfer agreements with XSHN and XSYN, respectively, pursuant to which TJCE agreed to sell, and SDIC Power agreed to acquire, the entire equity interest of XSHN and XSYN at a total consideration of RMB438,000,000 and RMB100,000,000, respectively. The completion took place on 28 May 2020. Upon completion of the Disposals, XSHN and XSYN ceased to be non-wholly-owned subsidiaries of the Company and their financial results are no longer consolidated in the Group's financial statements. Further details of the disposal are set out in the Company's announcement dated 8 May 2020 and the circular dated 24 July 2020.

Save as disclosed above, there were no other significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures by the Group during the period ended 30 June 2020.

Management Discussion and Analysis

CHARGE ON THE GROUP'S ASSETS

The secured bank and other borrowings, lease liabilities under finance lease arrangements and bills payables of the Group as at 30 June 2020 are secured by:

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

Save as disclosed above, at 30 June 2020, the Group did not have any charges on the Group's assets.

CONTINGENT LIABILITIES

As at the end of the reporting period, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2020, the Group did not use derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

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

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out on pages 53 to 56 of this report.

* For identification purpose only

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

	Notes	For the six months ended 30 June	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
REVENUE	3	2,285,001	3,401,678
Cost of sales		(1,033,915)	(1,779,086)
Gross profit		1,251,086	1,622,592
Other income and gains, net	3	111,708	124,734
Selling and distribution expenses		(21)	(2,586)
Administrative expenses		(193,214)	(254,251)
Other operating expenses, net		(13,732)	(37,508)
Finance costs	5	(677,936)	(584,319)
Share of losses of:			
Joint ventures		(2,255)	(231)
Associates		(5,390)	(25,737)
PROFIT BEFORE TAX	4	470,246	842,694
Income tax expense	6	(63,531)	(148,118)
PROFIT FOR THE PERIOD		406,715	694,576
ATTRIBUTABLE TO:			
Equity holders of the Company		334,527	590,160
Non-controlling interests		72,188	104,416
		406,715	694,576
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic	8	HK0.47 cent	HK0.87 cent
Diluted		HK0.47 cent	HK0.87 cent

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2020

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

Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 (unaudited) HK\$'000	31 December 2019 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	22,136,079	22,383,901
Investment properties		170,000	170,000
Goodwill		488,642	495,556
Operating concessions		1,911,192	1,970,397
Operating rights		876,529	934,507
Other intangible assets		20,717	20,270
Investments in joint ventures		216,213	133,395
Investments in associates		704,388	723,799
Financial assets at fair value through profit or loss		547,513	262,072
Financial asset at fair value through other comprehensive income		6,954	7,092
Prepayments, deposits and other receivables	12	4,757,645	4,631,754
Other tax recoverables		1,232,069	1,291,040
Other non-current assets		850,358	649,896
Deferred tax assets		99,233	97,726
Total non-current assets		34,017,532	33,771,405
CURRENT ASSETS			
Inventories		168,290	245,519
Contract assets	10	5,848,134	5,376,387
Trade and bills receivables	11	3,920,289	4,203,537
Prepayments, deposits and other receivables	12	3,280,490	3,236,699
Other tax recoverables		1,086,952	1,182,167
Restricted cash and pledged deposits		271,550	323,627
Cash and cash equivalents		2,801,922	3,698,835
Assets of a disposal group classified as held for sale		17,377,627	18,266,771
		184,951	154,106
Total current assets		17,562,578	18,420,877

Condensed Consolidated Statement of Financial Position

30 June 2020

	Notes	30 June 2020 (unaudited) HK\$'000	31 December 2019 (audited) HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	13	5,756,315	5,563,504
Other payables and accruals	14	4,374,645	5,107,637
Interest-bearing bank and other borrowings	15	4,336,966	3,229,625
Lease liabilities	17	2,368,625	2,645,344
Income tax payables		154,528	149,564
		16,991,079	16,695,674
Liabilities directly associated with the assets classified as held for sale		150,289	118,758
Total current liabilities		17,141,368	16,814,432
NET CURRENT ASSETS		421,210	1,606,445
TOTAL ASSETS LESS CURRENT LIABILITIES		34,438,742	35,377,850
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	8,550,520	8,938,290
Corporate bonds	16	1,535,593	557,047
Lease liabilities	17	11,372,698	12,987,864
Other non-current liabilities		1,621,410	1,412,218
Deferred income		120,399	129,261
Deferred tax liabilities		317,806	347,401
Total non-current liabilities		23,518,426	24,372,081
Net assets		10,920,316	11,005,769
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	18	63,525	63,525
Perpetual capital instrument	19	1,177,797	1,139,106
Reserves		8,104,924	8,103,134
Non-controlling interests		9,346,246	9,305,765
		1,574,070	1,700,004
Total equity		10,920,316	11,005,769

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited) HK\$'000	Share premium account (unaudited) HK\$'000	Share option reserve (unaudited) HK\$'000	Special reserves (unaudited) HK\$'000	Statutory surplus reserve (unaudited) HK\$'000	Exchange fluctuation reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	Perpetual capital instrument (unaudited) HK\$'000 (note 19)	Total (unaudited) HK\$'000	Non-controlling interests (unaudited) HK\$'000	Total equity (unaudited) HK\$'000
At 1 January 2019											
Originally stated	63,525	5,925,295*	29,799*	12,191*	314,404*	(605,089)*	3,201,687*	1,137,776	10,079,588	795,819	10,875,407
Effect of adoption of HKFRS 16	-	-	-	-	-	-	(51,579)	-	(51,579)	-	(51,579)
As restated	63,525	5,925,295	29,799	12,191	314,404	(605,089)	3,150,108	1,137,776	10,028,009	795,819	10,823,828
Profit for the period	-	-	-	-	-	-	551,469	38,691	590,160	104,416	694,576
Other comprehensive income/(loss) for the period:											
Exchange difference related to foreign operations	-	-	-	-	-	(44,397)	-	-	(44,397)	(869)	(45,266)
Release upon disposal of subsidiaries	-	-	-	-	-	1,632	-	-	1,632	-	1,632
Share of other comprehensive income of joint ventures	-	-	-	-	-	132	-	-	132	-	132
Share of other comprehensive loss of associates	-	-	-	-	-	(1,112)	-	-	(1,112)	-	(1,112)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(43,745)	551,469	38,691	546,415	103,547	649,962
Capital contributions from non-controlling equity holders	-	-	-	-	-	-	-	-	-	12,860	12,860
Disposal of subsidiaries	-	-	-	6,063	-	-	(6,063)	-	-	-	-
Equity-settled share option arrangements	-	-	11,571	-	-	-	-	-	11,571	-	11,571
Transfer from retained profits	-	-	-	-	188,784	-	(188,784)	-	-	-	-
At 30 June 2019	63,525	5,925,295*	41,370*	18,254*	503,188*	(648,834)*	3,506,730*	1,176,467	10,585,995	912,226	11,498,221

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity holders of the Company										
	Ordinary shares	Share premium account	Share option reserve	Special reserves	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Perpetual capital instrument	Total	Non-controlling interests	Total equity
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	63,525	5,925,295*	37,349*	(685,943)*	631,288*	(1,239,686)*	3,434,831*	1,139,106	9,305,765	1,700,004	11,005,769
Profit for the period	-	-	-	-	-	-	295,836	38,691	334,527	72,188	406,715
Other comprehensive income/(loss) for the period:											
Exchange difference related to foreign operations	-	-	-	-	-	(258,802)	-	-	(258,802)	(32,337)	(291,139)
Release upon disposal of subsidiaries	-	-	-	-	-	6,008	-	-	6,008	-	6,008
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(2,467)	-	-	(2,467)	-	(2,467)
Share of other comprehensive loss of associates	-	-	-	-	-	(14,021)	-	-	(14,021)	-	(14,021)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(269,282)	295,836	38,691	65,245	39,851	105,096
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(9,800)	(9,800)
Acquisition of non-controlling interests	-	-	-	(32,178)	-	-	-	-	(32,178)	(155,985)	(188,163)
Equity-settled share option arrangements	-	-	7,414	-	-	-	-	-	7,414	-	7,414
Transfer from retained profits	-	-	-	-	1,037	-	(1,037)	-	-	-	-
At 30 June 2020	63,525	5,925,295*	44,763*	(718,121)*	632,325*	(1,508,968)*	3,729,630*	1,177,797	9,346,246	1,574,070	10,920,316

* These reserve accounts comprise the consolidated reserves of HK\$8,104,924,000 (unaudited) (31 December 2019: HK\$8,103,134,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2020.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	1,113,707	1,196,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	13,171	39,594
Purchases of items of property, plant and equipment	(1,579,655)	(1,593,609)
Proceeds from disposal of items of property, plant and equipment	47,180	759
Addition of financial assets at fair value through profit or loss	(292,196)	–
Addition of operating concessions	(19,892)	(40,102)
Addition of other intangible assets	(2,625)	–
Proceeds from disposals of other intangible assets	–	1,841
Proceed from disposal of a joint venture	11,031	–
Investments in joint ventures	(92,333)	–
Investment in associates	–	(137,396)
Acquisition of subsidiaries	4,489	(27,026)
Disposal of subsidiaries	588,418	24,158
Increase in deposits for potential business acquisition	(1,345,225)	(108,806)
Change in loan and advances to suppliers, customers and former shareholders in relation to acquisitions	(82,839)	–
Increase in advances to and receivables from independent third parties in relation to development of clean energy projects	–	(176,068)
Increase/(decrease) in payables in relation to development of clean energy projects	917,862	(1,192,669)
Decrease in time deposits with maturity of more than 3 months when acquired	–	20,391
Decrease in restricted cash and pledged deposits	46,067	131,790
Change in other non-current assets/liabilities and receivables from potential acquisition companies, net	23,664	–
Net cash used in investing activities	(1,762,883)	(3,057,143)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions by non-controlling equity holders	–	12,860
Acquisition of non-controlling interests	(188,163)	–
New bank and other borrowings	1,091,842	4,151,245
Repayment of bank and other borrowings	(305,461)	(128,010)
Net proceed from issuance of corporate bond	978,546	–
Proceeds received under lease arrangements	1,554,549	664,635
Principal portion of lease payments	(2,570,135)	(634,992)
Interest on bank and other borrowings and corporate bonds paid	(274,828)	(174,674)
Interest element of lease payments	(473,523)	(471,150)
Net cash (used in)/from financing activities	(187,173)	3,419,914

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(836,349)	1,559,048
Cash and cash equivalents at beginning of period	3,698,835	2,568,353
Effect of foreign exchange rate changes, net	(60,564)	(23,765)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,801,922	4,103,636
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the statement of financial position	2,801,922	4,283,254
Time deposits with original maturity of more than three months when acquired	–	(179,618)
Cash and cash equivalents as stated in the statement of cash flows	2,801,922	4,103,636

Notes to the Condensed Consolidated Financial Statements

30 June 2020

1.1 CORPORATE AND GROUP INFORMATION

Beijing Enterprises Clean Energy Group Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

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

1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim financial information does not include all the information and disclosures in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2019. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are the same as those adopted in the annual financial statements for the year ended 31 December 2019 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s financial statements, as further detailed in note 1.3 below.

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

Notes to the Condensed Consolidated Financial Statements

30 June 2020

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

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

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

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of another operating segment. Particulars of the Group's reportable operating segments are summarised as follows: (a) the construction-related business segment engages in the provision of construction services and trading and technical consultancy services of clean energy businesses and (b) the operation of clean energy projects segment engages in the investment and development of photovoltaic power business, wind power business and provision of clean heat supply services.

The Group has expanded significantly in the past few years mainly through acquisitions on businesses of sales of electricity and provision of clean heat supply services. During the period, management has separately reviewed and evaluated for management-related purposes under the above-mentioned segments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment results represent the profit earned by each segment before corporate and other unallocated income and expenses, finance costs (other than interest on lease liabilities) and share of profits and losses of joint ventures and associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Notes to the Condensed Consolidated Financial Statements

30 June 2020

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2020

	Construction-related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue	1,113,740	2,175,523	3,289,263
Intersegment sales	(1,004,262)	–	(1,004,262)
	109,478	2,175,523	2,285,001
Segment results	35,050	812,907	847,957
Elimination of intersegment results			(3,303)
Corporate and other unallocated income and expenses, net			(91,935)
Share of losses of:			
Joint ventures			(2,255)
Associates			(5,390)
Finance costs (other than interest on lease liabilities)			(274,828)
Profit before tax			470,246
Other segment information:			
Capital expenditure*			
– Operating segments	1,143	1,601,029	1,602,172
– Amount unallocated			–
			1,602,172
Depreciation and amortisation			
– Operating segments	2,340	575,203	577,543
– Amount unallocated			197
			577,740

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding assets from the acquisition of subsidiaries, investments in associates and joint ventures.

Notes to the Condensed Consolidated Financial Statements

30 June 2020

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2019

	Construction- related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue			
Intersegment sales	1,502,161 (283,035)	2,182,552 –	3,684,713 (283,035)
	1,219,126	2,182,552	3,401,678
Segment results	291,068	919,293	1,210,361
Elimination of intersegment results			6,310
Corporate and other unallocated income and expenses, net			(173,335)
Share of losses of:			
Joint ventures			(231)
Associates			(25,737)
Finance costs (other than interest on lease liabilities)			(174,674)
Profit before tax			842,694
Other segment information:			
Capital expenditure#			
– Operating segments	32,700	1,446,077	1,478,777
– Amount unallocated			–
			1,478,777
Depreciation and amortisation			
– Operating segments	–	458,181	458,181
– Amount unallocated			33,615
			491,796
Impairment of financial assets##			
– Operating segments	12,996	13,039	26,035
– Amount unallocated			2,853
			28,888

Notes to the Condensed Consolidated Financial Statements

30 June 2020

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2019 *(Continued)*

Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding assets from the acquisition of subsidiaries, investments in associates and joint ventures.

These amounts are recognised in the condensed consolidated statement of profit or loss and included impairment against contract assets, trade and bills receivables and financial assets included in prepayments, deposits and other receivables.

No segment assets and liabilities are disclosed as they are not regularly provided to the chief operating decision makers.

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these unaudited interim condensed consolidated financial statements.

3. REVENUE, OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Revenue from contracts with customers		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	1,451,684	1,478,148
Wind Power Business	149,742	111,525
Construction services	80,816	1,146,515
Technical consultancy services	28,662	72,611
Entrusted operations	110,526	133,793
Provision of clean heat supply services	463,571	459,086
	2,285,001	3,401,678

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

Notes to the Condensed Consolidated Financial Statements

30 June 2020

3. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
By timing of revenue recognition:		
Transferred at a point in time	2,222,771	2,442,794
Transferred over time	62,230	958,884
Total revenue from contracts with customers	2,285,001	3,401,678

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

	For the six months ended 30 June	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Bank interest income	5,912	7,990
Other interest income [®]	7,259	31,604
Government grants [#]	41,817	72,335
Gains on bargain purchase of subsidiaries	–	3,487
Gain on disposal of interest in a joint venture	19,713	–
Fair value gain on financial assets at fair value through profit or loss	4,044	8,752
Foreign exchange difference, net	18,280	–
Others	14,683	566
	111,708	124,734

[®] Other interest income represents interest income from advances to independent third parties for the development and operation of clean energy businesses.

[#] The government grants mainly represent government subsidies and value-added tax refunds. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to the Condensed Consolidated Financial Statements

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4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Cost of sales of electricity	533,295	510,866
Cost of construction services	66,915	914,175
Cost of technical consultancy services	7,494	11,297
Cost of services in relation to entrusted operations	19,467	21,353
Cost of clean heat supply services	406,744	321,395
Depreciation of property, plant and equipment [Ⓔ]	175,459	128,579
Depreciation of right-of-use assets recognised under property, plant and equipment [Ⓔ]	336,420	298,897
Amortisation of operating concessions [*]	40,964	37,778
Amortisation of operating rights [*]	23,117	24,943
Amortisation of other intangible assets [#]	1,780	1,599
Foreign exchange differences, net	(18,280)	4,505
Impairment of financial assets: ^{**}		
Impairment of contract assets ^{**}	–	8,143
Impairment of trade and bills receivables ^{**}	–	18,434
Impairment of financial assets included in prepayments, deposits and other receivables ^{**}	–	2,311

[Ⓔ] Depreciation for the period amounting to approximately HK\$506,130,000 and approximately HK\$5,749,000 (six months ended 30 June 2019: approximately HK\$393,139,000 and approximately HK\$34,337,000) are included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

^{*} Amortisation of operating concessions and operating rights for the period are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

[#] Amortisation of other intangible assets for the period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

^{**} Impairment losses of financial assets for the period are included in "Other operating expenses, net" on the face of the condensed consolidated statement of profit or loss.

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5. FINANCE COSTS

An analysis of finance costs is as follows:

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

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2019: Nil).

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

	For the six months ended 30 June	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Current – Mainland China	82,921	153,888
Deferred	(19,390)	(5,770)
Total tax expense for the period	63,531	148,118

Notes to the Condensed Consolidated Financial Statements

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7. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil). No 2019 final dividend was declared during the interim period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the six months ended 30 June 2020 and 2019, and the number of ordinary shares in issue during the periods.

The calculation of the diluted earnings per share amounts is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the six months ended 30 June 2020 and 2019, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

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

Notes to the Condensed Consolidated Financial Statements

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9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group had additions to property, plant and equipment of approximately HK\$1,593,766,000 (six months ended 30 June 2019: approximately HK\$1,550,751,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of approximately HK\$59,339,000 (six months ended 30 June 2019: approximately HK\$275,063,000).

10. CONTRACT ASSETS

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

Notes:

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

Notes to the Condensed Consolidated Financial Statements

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11. TRADE AND BILLS RECEIVABLES

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

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

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

30 June 2020

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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

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

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2020 (unaudited) HK\$'000	31 December 2019 (audited) HK\$'000
Prepayments	2,525,131	2,816,684
Deposits and other receivables	5,013,931	4,503,854
Due from joint ventures	461,772	477,018
Due from associates	128,069	163,462
	8,128,903	7,961,018
Less: Impairment	(90,768)	(92,565)
	8,038,135	7,868,453
Portion classified as current assets	(3,280,490)	(3,236,699)
Non-current portion	4,757,645	4,631,754

Notes to the Condensed Consolidated Financial Statements

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13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

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

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

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

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

14. OTHER PAYABLES AND ACCRUALS

	30 June 2020 (unaudited) HK\$'000	31 December 2019 (audited) HK\$'000
Deposits received	27,012	45,229
Other payables	3,836,697	4,307,341
Accruals	49,805	66,879
Contract liabilities	461,131	688,188
	4,374,645	5,107,637

Notes to the Condensed Consolidated Financial Statements

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15. INTEREST-BEARING BANK AND OTHER BORROWINGS

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

Notes:

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

Notes to the Condensed Consolidated Financial Statements

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16. CORPORATE BONDS

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

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

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

17. LEASE LIABILITIES

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

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17. LEASE LIABILITIES (Continued)

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

Notes:

- (a) Upon adoption of HKFRS 16 on 1 January 2019, finance lease payables were reclassified as lease liabilities under finance lease arrangements.
- (b) The Group leases certain property, plant and equipment for its clean energy businesses under finance lease arrangements. The leases had remaining lease terms of 1 to 12 years as at 30 June 2020 (31 December 2019: 1 to 12 years).
- (c) All of the lease liabilities under finance lease arrangements are denominated in RMB.
- (d) Certain of the above lease liabilities under finance lease arrangements are secured by:
 - (i) guarantees given by the Company and/or its subsidiaries;
 - (ii) pledges over the Group's leased assets;
 - (iii) pledges over trade receivables of certain subsidiaries;
 - (iv) pledges over certain operating concessions of the Group; and/or
 - (v) pledges over the Group's equity interests in certain subsidiaries.
- (e) Certain finance lease agreements of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company. Details of the agreements 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 set out in the section headed "Specific Performance Obligations On Controlling Shareholder" in "Disclosure Information".

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18. SHARE CAPITAL

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

19. PERPETUAL CAPITAL INSTRUMENT

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

The perpetual capital instrument issued during the year ended 31 December 2018 (the “Perpetual Capital Instrument”) confers the holders a right to receive distributions at the applicable distribution rate of 6.5% per annum, payable annually on 27 November. The distribution rate is subject to review in accordance with the terms thereof at each of the third anniversary from the date of issuance of the Perpetual Capital Instrument. The Company may, at its sole discretion, elect to defer a distribution. In the event when the Company elects to defer a distribution, the Company shall not declare or pay any dividends or reduce its share capital until the distribution deferred is fully settled. The Perpetual Capital Instrument may be redeemed at the option of the Company in whole but not in part, subject to certain conditions under the terms of the Perpetual Capital Instrument. The Perpetual Capital Instrument has no maturity and is classified as equity instruments.

No distribution was paid during the period (for the year ended 31 December 2019: RMB65,000,000 (approximately HK\$73,864,000)).

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20. CONTINGENT LIABILITIES

At 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

21. COMMITMENTS

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

	30 June 2020 (unaudited) HK\$'000	31 December 2019 (audited) HK\$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	762,580	857,460
Capital contributions to joint ventures	585,280	596,868
	1,347,860	1,454,328

Save as disclosed above, at 30 June 2020, the Group did not have any significant commitments (31 December 2019: Nil).

22. RELATED PARTY DISCLOSURES

- (a) Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had no other material transactions during the six months ended 30 June 2020 and 2019 and outstanding balances with related parties as at 30 June 2020 and 31 December 2019.
- (b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Short-term employee benefits	1,139	15,741
Equity-settled share option expenses	7,414	11,571
Pension scheme contributions	41	29
Total compensation paid to key management personnel	8,594	27,341

In the opinion of the Directors, the Directors represent the key management personnel of the Group.

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23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of financial assets and liabilities which are due to be received or settled within one year approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of deposits and other receivables, interest-bearing bank and other borrowings, corporate bonds and lease liabilities 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

Financial asset designated at fair value through other comprehensive income and financial assets designated at fair value through profit or loss of the Group as at 30 June 2020 was measured at fair value and its fair value was measured using significant unobservable inputs (Level 3 of fair value hierarchy) as defined in HKFRS 13.

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 for both financial assets and financial liabilities. There were also no transfers into or out of Level 3 for financial assets and financial liabilities (31 December 2019: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2020 and 31 December 2019.

24. EVENTS AFTER THE REPORTING PERIOD

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

- (a) On 16 July 2020, (i) 信達資本管理有限公司 (Cinda Capital Management Co., Ltd.*) and 延安振興發展產業投資基金管理有限公司 (Yanan Zhenxing Development Industry Investment Fund Management Co., Ltd.*) (collectively, the "General Partners") and 天津北清電力智慧能源有限公司 (Tianjin Beiqing Power and Smart Energy Co., Ltd.*), a subsidiary of the Company ("Tianjin Beiqing"), and 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.*) (collectively, the "Limited Partners") entered into the partnership agreement (the "Partnership Agreement") in respect of, among other things, the formation and management of 延發北控信能(天津)股權投資合夥企業(有限合伙) (Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)*) (the "Fund"); and (ii) the General Partners and the Limited Partners entered into the supplemental agreement to the Partnership Agreement in relation to, among other things, the proposed investment of the Fund. Further details are set out in the Company's announcement dated 16 July 2020.

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24. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

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

- (b) On 30 July 2020, the Company, Harvest Sunny International Limited (the "Subsidiary") and Tianjin Beiqing, both being subsidiaries of the Company, entered into a capital contribution agreement with 深圳市海匯全贏投資諮詢合夥企業(有限合夥) (Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership)*) and 啟鷺(廈門)股權投資合夥企業(有限合夥) (Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)*) (collectively, the "Second Investors"), pursuant to which the Second Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of Tianjin Beiqing (the "Second Capital Increase").

Completion of the Second Capital Increase took place on 11 September 2020. Together with the Capital Increase which was completed at the end of December 2019, Tianjin Beiqing is held as to approximately 89.25% by the Subsidiary. Tianjin Beiqing will continue to be accounted as a subsidiary of the Company. The Second Capital Increase constitutes a deemed disposal by the Company of its interests in Tianjin Beiqing. Further details are set out in the Company's announcements dated 30 July 2020 and 15 September 2020.

- (c) On 17 August 2020, Tianjin Beiqing, as guarantor, entered into an irrevocable letter of guarantee (the "Letter of Guarantee"), pursuant to which Tianjin Beiqing agreed to guarantee the due performance of the payment obligations of 穎上聚安光伏發電有限公司 (Yingshang Juan PV Power Generation Co., Ltd.*), a company established in the PRC with limited liability ("Yingshang Juan") under the finance lease agreement (the "Principal Contract") entered into between Yingshang Juan and 信達金融租賃有限公司 (Cinda Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability ("Cinda Leasing"). Pursuant to the Principal Contract, Yingshang Juan has payment obligations towards Cinda Leasing comprising the lease payments and administrative fee. The Letter of Guarantee covers all the obligations of Yingshang Juan under the Principal Contract including but not limited to the lease payments and administrative fee in an amount of up to approximately RMB483,360,614.

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

Notes to the Condensed Consolidated Financial Statements

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24. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

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

(c) *(Continued)*

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

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

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

As at the date of the Letter of Guarantee and the date of this report, the shareholding structure of CR BE Partnership was as follows:–

1. 華潤深國投信託有限公司 (China Resources SZITIC Trust Co., Ltd.*) ("CR SZITIC") is a senior limited partner, which owns approximately 70% interest in CR BE Partnership;
2. 澤承資產管理有限公司 (Zecheng Asset Management Co. Ltd.*) is a general partner, which owns approximately 3.15% interest in CR BE Partnership;
3. 漢威潤能股權投資(汕頭)有限公司 (Hanwei Runneng Equity Investment (Shantou) Company Limited*) is a general partner and the executive partner, which owns approximately 0.03% interest in CR BE Partnership;

Notes to the Condensed Consolidated Financial Statements

30 June 2020

24. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

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

(c) *(Continued)*

4. 深圳長城環亞科技有限公司 (Shenzhen Great Wall Pan Asia Technology Company Limited*) is a junior limited partner, which owns approximately 9.97% interest in CR BE Partnership;
5. 深圳長城環亞國際股權投資基金管理有限公司 (Shenzhen Great Wall Pan Asia International Equity Investment Fund Management Company Limited*) is a general partner, which owns approximately 0.03% interest in CR BE Partnership;
6. 漢威華德(天津)投資諮詢有限公司 (Hanwei Huade (Tianjin) Investment Consultancy Company Limited*) is a junior limited partner, which owns approximately 10.97% interest in CR BE Partnership; and
7. 青島富歡資產管理有限公司 (Qingdao Fuhuan Assets Management Company Limited*), an indirect wholly-owned subsidiary of the Company, is a general partner, which owns approximately 5.85% interest in CR BE Partnership.

The majority interest of CR BE Partnership is owned by CR SZITIC, which is in turn owned as to (i) 51% by 中國華潤有限公司 (China Resources National Corporation*) ("China Resources"); and (ii) 49% by 深圳市投資控股有限公司 (Shenzhen Investment Holdings Co., Ltd.*) ("SZ Holdings"). The ultimate beneficial owners of China Resources and SZ Holdings are 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council*) and 深圳市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Shenzhen*), respectively.

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

25. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation and accounting treatments.

26. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Directors on 27 August 2020.

* for identification purpose only

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of 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 Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(i) Long positions in the shares of the Company

Name of Director(s)	Capacity and number of shares held				Total	Approximate percentage of the Company's issued share capital (Note 1)
	Personal interests	Family interests	Corporate interests	Other interests		
Mr. Hu Xiaoyong	132,780,000	–	2,291,454,285 (Note 2)	–	2,424,234,285	3.82%

Notes:

1. The approximate percentage was calculated on the basis of 63,525,397,057 shares of the Company in issue as at 30 June 2020.
2. Out of 2,291,454,285 shares, 2,285,714,285 shares and 5,740,000 shares were held by Zhihua Investments Limited and Starry Chance Investments Limited, respectively, both companies are wholly and beneficially owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to have interests in those shares of the Company under the SFO.

Disclosure Information

DISCLOSURE OF INTERESTS *(Continued)*

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations *(Continued)*

(ii) Long positions in the shares and/or underlying shares of the Company's associated corporation

Name of associated corporation	Name of Director(s)	Capacity in which interests are held	Registered capital held	Approximate percentage of interests <i>(Note 1)</i>
北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited*) ("BE Wind Power")	Mr. Hu Xiaoyong	Interest of controlled corporation <i>(Note 2)</i>	RMB60,000,000	8.33%

Notes:

1. The approximate percentage was calculated on the basis of the registered capital of RMB720,000,000 of BE Wind Power as at 30 June 2020.
2. Such interest was held by Great First (Hong Kong) Limited, which in turn is wholly-owned by Mr. Hu Xiaoyong.

(iii) Long positions in the underlying shares of share options of the Company

The interests of the Directors in the underlying shares of share options of the Company are separately disclosed in the section headed "Share Option Scheme" below.

Save as disclosed above, as at 30 June 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under 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 or Debentures

Save as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" and "Share Option Scheme" of this report, 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 minor 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 to acquire such rights in any other body corporate.

Directors' Interests in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted during or at the end of the period under review, save as disclosed under the section headed "Related Party Disclosures" in note 22 to the condensed consolidated financial statements.

Disclosure Information

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2020, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company 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 shares held	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	20,253,164,571	31.88%
Beijing Enterprises Holdings Limited ("BEHL") <i>(Note 2)</i>	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Water Group Limited ("BEWG") <i>(Note 2)</i>	Interest of controlled corporation	20,253,164,571	31.88%
CITIC Securities Company Limited <i>(Notes 3(i) and (ii))</i>	Interest of controlled corporation	15,189,873,410	23.91%
CITICPE Holdings Limited <i>(Note 3(i))</i>	Interest of controlled corporation	7,594,936,710	11.96%
CITIC PE Associates II, L.P. <i>(Note 3(i))</i>	Interest of controlled corporation	7,594,936,710	11.96%
CPEChina Fund II, L.P. <i>(Note 3(i))</i>	Interest held jointly with another person	7,594,936,710	11.96%
CPEChina Fund IIA, L.P. <i>(Note 3(i))</i>	Interest held jointly with another person	7,594,936,710	11.96%
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*) ("CITIC Private Equity Funds") <i>(Note 3(iii))</i>	Interest of controlled corporation	7,594,936,700	11.96%
北京宥德投資管理中心(有限合夥) (Beijing Youde Investment Management Centre (Limited Partnership)*) ("Beijing Youde Investment") <i>(Note 3(iii))</i>	Interest of controlled corporation	7,594,936,700	11.96%

Disclosure Information

DISCLOSURE OF INTERESTS (Continued)

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (Continued)

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

Name of shareholders	Capacity in which shares are held	Number of shares held	Approximate percentage of the Company's issued share capital (Note 1)
北京中信投資中心(有限合夥) (CITIC Private Equity Fund III (RMB)* ("CITIC PEF III") (Note 3(iii)))	Interest of controlled corporation	7,594,936,700	11.96%
清華大學 (Tsinghua University) (Note 4)	Interest of controlled corporation	4,045,000,000	6.37%
清華控股有限公司 (Tsinghua Holdings Co., Ltd.*) (Note 4)	Interest of controlled corporation	4,045,000,000	6.37%
啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) (Note 4)	Interest of controlled corporation	4,045,000,000	6.37%
Tuspark Technology Innovation Ltd. (啟迪科創有限公司) (Note 4)	Beneficial interest	4,045,000,000	6.37%

Notes:

- The approximate percentage was calculated on the basis of 63,525,397,057 shares of the Company in issue as at 30 June 2020.
- BE Group is deemed to be interested in an aggregate of 20,253,164,571 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long position in the shares
Fast Top Investment Limited ("Fast Top")	20,253,164,571
BEWG	20,253,164,571
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	20,253,164,571
BEHL	20,253,164,571
Beijing Enterprises Group (BVI) Company Limited ("BE BVI")	20,253,164,571

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 20,253,164,571 shares of the Company. BEWG was directly held as to approximately 41.13% by BE Environmental and approximately 0.13% by Beijing Holdings Limited ("BHL") as at 30 June 2020. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn held as to approximately 61.96% by BE BVI (by itself and through its subsidiaries) and approximately 0.18% by BHL. Both BE BVI and BHL are wholly-owned by BE Group.

DISCLOSURE OF INTERESTS (Continued)

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares (Continued)

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

Notes: (Continued)

3. CITIC Securities Company Limited (a company listed on the Stock Exchange and the Shanghai Stock Exchange) is deemed to be interested in an aggregate of 15,189,873,410 shares of the Company as a result of its indirect holding of such shares through the following entities:

(i) Name	Long position in the shares
CITSL Green Power Investment Limited ("CITSL Green Power")	7,594,936,710
CPEChina Fund II, L.P.	7,594,936,710
CPEChina Fund IIA, L.P.	7,594,936,710
CITIC PE Associates II, L.P.	7,594,936,710
CITIC PE Funds II Limited	7,594,936,710
CITICPE Holdings Limited	7,594,936,710
CLSA Global Investments Management Limited ("CLSA Global")	7,594,936,710
CLSA B.V.	7,594,936,710
CITIC Securities International Company Limited ("CITIC Securities International")	7,594,936,710

CITSL Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 7,594,936,710 shares of the Company. 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 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 CLSA Global. CLSA Global is wholly-owned by CLSA B.V., which is wholly-owned by CITIC Securities International, which is in turn wholly-owned by CITIC Securities Company Limited.

(ii) Name	Long position in the shares
CITSL New Energy Investment Limited ("CITSL New Energy")	7,594,936,700
CITIC PEF III	7,594,936,700
Beijing Youde Investment	7,594,936,700
上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) ("Shanghai Pannuo")	7,594,936,700
CITIC Private Equity Funds	7,594,936,700

CITSL New Energy, a wholly-owned subsidiary of CITIC PEF III, beneficially holds 7,594,936,700 shares of the Company. CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is Beijing Youde Investment, a limited partnership registered under the laws of the PRC whose general partner is Shanghai Pannuo, a limited liability company incorporated in the PRC. Shanghai Pannuo is wholly-owned by CITIC Private Equity Funds, which is in turn owned as to 35% by CITIC Securities Company Limited.

4. Tuspark Technology Innovation Ltd. (啟迪科創有限公司), a wholly-owned subsidiary of 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*), beneficially holds 4,045,000,000 shares of the Company. 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) is directly held as to 44.92% by 清華控股有限公司 (Tsinghua Holdings Co., Ltd.*). 清華控股有限公司 (Tsinghua Holdings Co., Ltd.*) is wholly-owned by 清華大學 (Tsinghua University).

Save as disclosed above, as at 30 June 2020, the Company had not been notified by any persons (other than the Directors or the chief executive 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 by the Company under Section 336 of the SFO.

Disclosure Information

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 11 June 2013. As at 30 June 2020, there were share options relating to 1,030,000,000 shares granted by the Company, representing approximately 1.62% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which were valid and outstanding.

The major terms of the Share Option Scheme are summarised as follows:

(i) Purpose

The purpose of the Share Option Scheme is to attract and retain the best available personnel for the development of the Group's business; to provide additional incentive to the selected qualifying participants; and to promote the success of the business of the Group.

(ii) Qualifying participants

Any employee (full-time or part-time), director, consultant, advisor, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group and any entity in which the Company directly or indirectly holds any equity interest.

(iii) Maximum number of shares

The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. The scheme mandate limit under the Share Option Scheme was refreshed by the ordinary resolution passed by the shareholders at the annual general meeting held on 31 May 2018 (the "2018 AGM") which enabled the grant of share options to subscribe for up to 6,352,539,705 shares, representing 10% of the shares in issue as at the date of the 2018 AGM. Share options relating to 430,000,000 shares granted were lapsed in December 2019 in accordance with the Share Option Scheme. As at the date of this report, the total number of shares available for issue pursuant to the Share Option Scheme was 6,782,539,705, representing approximately 10.68% of the shares in issue of the Company.

Notwithstanding the foregoing, the aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not exceed 30% of the shares in issue from time to time.

SHARE OPTION SCHEME *(Continued)*

(iv) Limit for each participant

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period up to and including the date of grant to each participant must not exceed 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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 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.

(v) Option period

The period for the exercise of an option shall be determined by the Board in its absolute discretion at the time of granting an option, but in any event such period shall not exceed 10 years from the date of grant.

(vi) Acceptance and payment on acceptance

An offer for the options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer is HK\$1.00.

(vii) Subscription price

The subscription price shall be a price solely determined by the Board and notified to a qualifying participant and shall be at least the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the share on the date of grant.

(viii) Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the adoption date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

Under the Share Option Scheme, the Board shall be entitled at any time within 10 years between 11 June 2013 and 10 June 2023 to offer an option to any qualifying participants.

Disclosure Information

SHARE OPTION SCHEME (Continued)

Details of movements during the six months ended 30 June 2020 in the share options granted under the Share Option Scheme were as follows:

Name of Directors	Number of share options					As at 30 June 2020	Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$
	As at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period				
Executive Directors									
Mr. Hu Xiaoyong	120,000,000	-	-	-	-	120,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	120,000,000	-	-	-	-	120,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	120,000,000	-	-	-	-	120,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	120,000,000	-	-	-	-	120,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	120,000,000	-	-	-	-	120,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Mr. Huang Weihua <i>(Resigned as an executive Director on 26 June 2020) (Note 3)</i>	80,000,000	-	-	-	-	80,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	80,000,000	-	-	-	-	80,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	80,000,000	-	-	-	-	80,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	80,000,000	-	-	-	-	80,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	80,000,000	-	-	-	-	80,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Independent non-executive Directors									
Mr. Li Fujun	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Mr. Xu Honghua	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Mr. Chiu Kung Chik	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	-	-	-	-	2,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Total	1,030,000,000	-	-	-	-	1,030,000,000			

SHARE OPTION SCHEME *(Continued)*

Notes:

1. The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 15 September 2017 was HK\$0.197.
2. The share options are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant of 18 September 2017. Each tranche of the share options shall be exercisable on the condition that each participant has passed the performance assessment of the Company.
3. The share options relating to 400,000,000 shares granted to Mr. Huang Weihua shall lapse on the expiry of 3 months after the date of his resignation as executive Director in accordance with the Share Option Scheme.

During the six months ended 30 June 2020, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme.

CHANGE IN INFORMATION OF DIRECTOR(S) UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director(s) required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) is as follows:

1. Mr. Tan Zaixing was appointed as the chief operating officer of the Company with effect from 24 July 2020.

Save as disclosed above, after having made all reasonable enquiry, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 December 2019 and up to the date of this report.

CHANGE IN DIRECTOR(S)

Set out below the following change in Director(s) since the date of the annual report of the Company for the year ended 31 December 2019 and up to the date of this report:

1. Mr. Huang Weihua resigned as an executive Director with effect from 26 June 2020.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2020.

Disclosure Information

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
23 December 2016	Finance lease facility with a financial institution	RMB241.87	December 2031	Note 2
23 December 2016	Finance lease facility with a financial institution	RMB103.8	December 2026	Note 2
23 December 2016	Finance lease facility with a financial institution	RMB220	December 2026	Note 2
18 September 2017	Term loan facilities with a syndicate of banks	HK\$1,780	September 2020	Note 1
28 December 2017	Term loan facility with a bank	HK\$1,000	December 2020	Note 3
10 May 2018	Term loan facility with a bank	HK\$500	May 2021	Note 1
29 May 2018	Term loan facility with banks	USD100	May 2021	Note 1
17 December 2018	Term loan facility with a bank	HK\$800	December 2022	Note 1
14 June 2019	Term loan facility with a syndicate of banks	HK\$3,000	June 2022	Note 1
25 October 2019	Term loan facility with a bank	HK\$1,000	October 2022	Note 1
26 August 2020	Term loan facility with a syndicate of banks	HK\$1,170 (equivalent to USD150)	August 2023	Note 1

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Notes:

1. (i) BEWG does not or ceases to own, directly or indirectly, at least 25% of the beneficial shareholding carrying at least 25% of the voting rights in the Company, free from mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect (each, a "Security"); (ii) BEWG is not or ceases to be the, direct or indirect, single largest shareholder of the Company, and/or does not or ceases to supervise the Company; (iii) BEHL does not or ceases 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; (iv) BEHL is not or ceases to be the, direct or indirect, single largest shareholder of BEWG, and does not or ceases to (a) supervise BEWG; and/or (b) have management control over BEWG; (v) BE Group does not or ceases 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; (vi) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of BEHL and/or does not or ceases to supervise BEHL; and (vii) BE Group is not or ceases to be effectively 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*).
2. BEWG holds less than 27% of the ordinary shares of the Company directly or indirectly, or ceases to be the, direct or indirect, single largest shareholder of the Company.
3. (i) BEWG is not or ceases to be the, direct or indirect, single largest shareholder of the Company, and/or does not or ceases to supervise the Company and/or have management control over the Company; (ii) BEHL does not or ceases to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from Security; (iii) BEHL is not or ceases to be the, direct or indirect, single largest shareholder of BEWG, and/or does not or ceases to supervise BEWG and/or have management control over BEWG; (iv) BE Group does not or ceases 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; (v) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of BEHL, and/or does not or ceases to supervise BEHL; and (vi) BE Group is not or ceases 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*).

According to the respective terms and conditions of the Agreements, the banks or the financial institutions 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.

Within the best knowledge of the Directors, none of the above events took place during the six months ended 30 June 2020 and up to the date of approval of this report.

Except as disclosed above, as at 30 June 2020, the Company did not have other disclosure obligations under Rule 13.21 of the Listing Rules.



Corporate Governance

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Group strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for shareholders.

In the opinion of the Board, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries to all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control systems of the Company. The unaudited interim results of the Group for the six months ended 30 June 2020 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

* for identification purpose only