



山高新能源集團有限公司

SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED

(formerly known as Beijing Enterprises Clean Energy Group Limited)

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01250



Interim Report
2022

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

- Mr. Wang Xiaodong (*Chairman*) (*appointed as an Executive Director and the Chairman on 19 May 2022*)
- Mr. Zhu Jianbiao (*appointed as an Executive Director on 19 May 2022*)
- Mr. Wang Wenbo (*appointed as an Executive Director on 19 May 2022*)
- Mr. Sun Qingwei (*appointed as an Executive Director on 19 May 2022*)
- Ms. Liao Jianrong (*appointed as an Executive Director on 19 May 2022*)
- Mr. Li Li (*appointed as an Executive Director on 19 May 2022*)
- Mr. He Yongbing (*appointed as an Executive Director on 19 May 2022*)
- Ms. Ai Yan (*appointed as an Executive Director on 19 May 2022*)
- Mr. Zhang Tiefu (*resigned as an Executive Director and the Chairman on 19 May 2022*)
- Mr. Hu Xiaoyong (*resigned as an Executive Director and the Joint Chairman on 16 May 2022*)
- Mr. Yang Guang (*resigned as an Executive Director and the Chief Executive Officer on 19 May 2022*)
- Mr. Shi Xiaobei (*resigned as an Executive Director on 19 May 2022*)
- Mr. Tan Zaixing (*resigned as an Executive Director on 16 May 2022*)
- Ms. Huang Danxia (*resigned as an Executive Director on 19 May 2022*)

Independent Non-executive Directors

- Professor Shen Zuojun (*appointed as an Independent Non-executive Director on 19 May 2022*)
- Mr. Victor Huang (*appointed as an Independent Non-executive Director on 19 May 2022*)
- Mr. Yang Xiangliang (*appointed as an Independent Non-executive Director on 19 May 2022*)
- Mr. Chiu Kung Chik
- Mr. Li Fujun (*resigned as an Independent Non-executive Director on 19 May 2022*)
- Mr. Xu Honghua (*resigned as an Independent Non-executive Director on 19 May 2022*)

AUDIT COMMITTEE

- Mr. Victor Huang (*Chairman*) (*appointed as the chairman and a member of Audit Committee on 19 May 2022*)
- Mr. Yang Xiangliang (*appointed as a member of Audit Committee on 19 May 2022*)
- Mr. Chiu Kung Chik
- Mr. Li Fujun (*ceased as the chairman and a member of Audit Committee on 19 May 2022*)
- Mr. Xu Honghua (*ceased as a member of Audit Committee on 19 May 2022*)

NOMINATION COMMITTEE

- Mr. Wang Xiaodong (*Chairman*) (*appointed as the chairman and a member of Nomination Committee on 19 May 2022*)
- Professor Shen Zuojun (*appointed as a member of Nomination Committee on 19 May 2022*)
- Mr. Yang Xiangliang (*appointed as a member of Nomination Committee on 19 May 2022*)
- Mr. Zhang Tiefu (*ceased as the chairman and a member of Nomination Committee on 19 May 2022*)
- Mr. Li Fujun (*ceased as a member of Nomination Committee on 19 May 2022*)
- Mr. Xu Honghua (*ceased as a member of Nomination Committee on 19 May 2022*)

REMUNERATION COMMITTEE

- Mr. Chiu Kung Chik (*Chairman*)
- Ms. Liao Jianrong (*appointed as a member of Remuneration Committee on 19 May 2022*)
- Mr. Victor Huang (*appointed as a member of Remuneration Committee on 19 May 2022*)
- Mr. Yang Guang (*appointed as a member of Remuneration Committee on 16 May 2022 and ceased as a member of Remuneration Committee on 19 May 2022*)
- Mr. Hu Xiaoyong (*ceased as a member of Remuneration Committee on 16 May 2022*)
- Mr. Xu Honghua (*ceased as a member of Remuneration Committee on 19 May 2022*)

Corporate Information

COMPANY SECRETARY

Mr. Cheung Chin Wa

STOCK CODE

1250

WEBSITE

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PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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Hong Kong

AUDITOR

Ernst & Young
Registered Public Interest Entity Auditor

LEGAL ADVISERS AS TO HONG KONG LAW

Li & Partners
22/F, World-Wide House
19 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
Chiyu Banking Corporation Limited
CMB Wing Lung Bank Limited
DBS Bank Ltd., Hong Kong Branch
Nanyang Commercial Bank Limited

In Mainland China:
Agricultural Bank of China Limited
Bank of China Limited
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 Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
The Export-Import Bank of China

Group Structure

30 June 2022



[#] Listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

* Only projects held by the Group's subsidiaries and in operation with capacity of 50MW or above are disclosed.

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

Dear Shareholders,

The first half of the year was extraordinary for Shandong Hi-Speed New Energy Group Limited (the "Company", together with its subsidiaries, the "Group"). On 19 May 2022, Shandong Hi-Speed Holdings Group Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 00412)) ("Shandong Hi-Speed Holdings"), a subsidiary of Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司) ("Shandong Hi-Speed Group"), contributed additional capital of approximately HK\$4.7 billion to the Group by subscription of new shares, after which it holds 43.45% of the Group's equity, making it the sole largest shareholder of the Group. The actual controller of the Group changed from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality* (北京市人民政府國有資產監督管理委員會) to the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government* (山東省人民政府國有資產監督管理委員會). On the same day, the board of directors of the Group was re-elected, and a new board of directors was formed, marking the Group's entry into a new historical development stage. On 27 June 2022, the English name of the Group and its dual foreign name in Chinese changed to "Shandong Hi-Speed New Energy Group Limited" and "山高新能源集團有限公司", respectively.

SHANDONG HI-SPEED HOLDINGS WILL PROVIDE THE COMPANY WITH CONTINUOUS EMPOWERMENT

Shandong Hi-Speed Holdings' investment in the Group is a strategic arrangement based on the national industrial policy, the new energy development strategy of Shandong Hi-Speed Group and the great prospect of internal industry synergy. It also highly fits with the strategic requirements of Shandong Hi-Speed Holdings, as an overseas investment holding platform of Shandong Hi-Speed Group, to achieve a win-win situation for the integration development of finance and industry, which represents the accelerated transformation of Shandong Hi-Speed Holdings into an industrial investment holding group.

At the same time, Shandong Hi-Speed Holdings' investment in the Group also offered strong empowerment in three aspects. The first is capital empowerment. Upon completion of the subscription of additional shares, Shandong Hi-Speed Holdings became the sole largest shareholder of the Group, injecting additional capital of approximately HK\$4,685 million into the Group, which significantly optimised the capital structure of the Group with a reduction in debt to asset ratio by approximately 7 percentage points as at the end of the period. Besides, the investment generated substantial operating cash flows to supplement liquidity for new project development. Meanwhile, relying on the brand name and strength of Shandong Hi-Speed Group, Shandong Hi-Speed Holdings has also presented more diversified, quicker and lower-cost financing channels for the Group. The second is resources empowerment. By virtue of its rich new energy development resources and application scenarios, Shandong Hi-Speed Group possesses inherit advantages to develop in new energy industry. Currently, Shandong Hi-Speed Group operates and manages nearly 8,000 kilometres of expressways, with 541 toll stations and 169 pairs of service areas. Resources such as ramp circles on expressways, toll stations, service areas, tunnels, slopes and logistics parks can all be served for planning, development and application of new energy. The photovoltaic construction capacity along the provincial expressways operated and managed by Shandong Hi-Speed Group alone reaches 4 gigawatts, which equals to the Group's current installed capacity. The third is brand empowerment. As a first-class domestic investor and operator in the infrastructure sector, Shandong Hi-Speed Group is a "Fortune 500" enterprise with total assets of over RMB1.26 trillion. It has a very good reputation and a high brand value both domestically and internationally. The brand value of "Shandong Hi-Speed" means larger market, more business opportunities, lower financing costs and better talents for the Group.

Chairman's Statement

GROUP CONTROL AND SUSTAINABLE DEVELOPMENT

Following the change of controlling interest, the Group's corporate governance, strategic development, business expansion, organisational structure and internal control were further optimised and updated. The overall level of corporate governance was continuously improved and the Company's development thrived.

The Group's governance structure has been improved in an orderly manner. The Group's corporate governance structure has been reasonably reshaped from top to bottom, initially forming a market-oriented corporate governance mechanism with clear responsibilities, standardised management, mutual cooperation and efficient operation, which effectively improved the operation and management of the Company, thereby safeguarding and maximising the interests of all shareholders of the Company. At the shareholder level, Shandong Hi-Speed Holdings worked closely with substantial shareholders such as Beijing Enterprises Water Group Limited ("BEWG"), 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") and 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) to form a common development philosophy and strategic objectives for the Group, thus creating a win-win situation with each other. At the board level, the rules of procedure and the agenda of the Board were amended to clarify the composition of the internal bodies of the Board, to give full play to the central role of the Board in corporate governance, in particular the role of leading and decision-making to determine strategies, make decisions, manage major issues, set directions and prevent risks. At the managerial level, a management committee has been set up with the authorisation of the board, and an operation committee and special committees on risk, safety and investment decisions have been set up with the authorisation of the management committee, forming a management operation mechanism with vertical constraints and authorisation, horizontal balances and supervision.

The Group's development strategy has become clearer. It is principally engaged in the development, investment and operation of wind power and photovoltaic new energy and urban clean heating services. With a view to building a flagship new energy enterprise under Shandong Hi-Speed Group, the Group will fully utilise the new energy business as a green engine to promote the integration and development of infrastructure and energy network. In the future, the Company aims to become a domestic new energy integrated solutions provider which is fully market-oriented with core competitiveness and sustainable and high-quality development, and strives to become a leading player in the industry.

The internal control of the Group has been more standardised and efficient. On the basis of standardised operation, the Group strives to improve the level of management standardisation, institutionalisation and systemisation under the concept of marketisation and the goal of efficiency and quality. The organisational structure will be rationally established to ensure leaner and more efficient internal control. The decision-making mechanism will outline specialisation and fairness with a focus on balance and quality. The management process will ensure well-defined power and responsibilities, and efficiency first. As for benefit distribution, we will firmly implement the market-oriented incentive mechanism, and establish a clear performance-centered assessment to form a positive correlation.

PERFORMANCE

In the first half of 2022, the Group focused on the electricity sales business, which has strong sustainability, and actively expanded the entrusted power operation and maintenance service and other electricity-related professional service projects, with a view to building an excellent operating brand. As of 30 June 2022, the Group recorded a revenue of approximately HK\$2,938.4 million and gross profit margin of 46.6%, both of which were comparable to the corresponding period of last year. The profit of the Group for the period was approximately HK\$342.6 million, representing a decrease of approximately 18% compared to the corresponding period of last year as restated. In the first half of 2022, the profit attributable to the equity holders of the Company was approximately HK\$363.1 million, representing an increase of approximately 2% compared to the corresponding period of last year as restated. The decrease in profit for the period was due to the further decrease in the revenue and gross profit from construction services as a result of continuously focusing on power generation business and structure optimisation, and the decrease in government grants recognised during the period.

In the first half of 2022, the aggregate operating power generation (as hereinafter defined) of the projects held and/or managed by the Group, its associates and joint ventures was approximately 3.063 million megawatt-hour ("MWh"), which was in line with the corresponding period of last year.

In terms of the photovoltaic power businesses, in the first half of 2022, the photovoltaic power generation of the Group on a consolidated basis amounted to approximately 1.758 million MWh. In particular, in terms of the centralised photovoltaic power business, as of 30 June 2022, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group reached approximately 2,240 megawatt ("MW"), mainly in Anhui Province, Shandong Province, Hebei Province, Henan Province and other provinces which are classified as photovoltaic resource areas II and III as promulgated by the National Development and Reform Commission of the PRC (the "NDRC"). The weighted average utilisation hours of centralised photovoltaic power plant projects held by the Group and in operation for the period reached 651 hours.

In terms of the distributed photovoltaic power business, as of 30 June 2022, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 700 MW, mainly located in photovoltaic resource area III as promulgated by the NDRC.

In terms of the wind power businesses, in the first half of 2022, the wind power generation of the Group on a consolidated basis amounted to approximately 0.785 million MWh. The weighted average utilisation hours of the wind power plants which were held by the Group and in operation during the period reached 1,362 hours.

As of 30 June 2022, the aggregate installed capacity of on-grid wind power plants held by the Group was approximately 588 MW, which were located in Henan Province, Shandong Province and the Inner Mongolia Autonomous Region, and mainly situated in wind resource area IV as promulgated by the NDRC.

In terms of the clean heat supply businesses, as of 30 June 2022, the Group's clean heat supply area in operation reached approximately 45.34 million square meters. During the period, the number of clean heat supply service users was approximately 297,000 households, and the projects were located in Henan Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions.

Chairman's Statement

FUTURE OUTLOOK

The Group is standing at a new beginning point and starting a new journey for a new future.

In May 2022, the NDRC and the National Energy Administration issued the "Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era*" (《關於促進新時代新能源高質量發展的實施方案》), which optimised the policies and measures regarding seven aspects, including innovating the development and utilisation mode, constructing new types of power system, deepening the reform to streamline administration, delegate power, improve regulation and upgrade services, supporting and guiding the healthy development of the industry, safeguarding the reasonable space requirements, giving full play to the benefits of ecological and environmental protection and optimising the fiscal and financial policies, to allow the role of new energy to come into better play on maintaining and increasing energy supply and lay a solid foundation with the development of new energy for achieving the goal of "Carbon Dioxide Emissions Peak and Carbon Neutrality" as scheduled.

Under the strategy of national energy transformation, financial institutions have responded positively to the national green credit policy and strongly supported green credit. The new energy industry is during the best financing window period in its history. The Company obtained a US\$369 million equivalent approved limit from a syndicate facility jointly led by Bank of China (Hong Kong) Limited and Crédit Agricole Corporate and Investment Bank outside of the PRC with enthusiastic participation from nine large commercial banks in the first half of the year, raising funds of 1.84 times of the expected amount. The domestic financing market has also improved in general, with project financing term reaching a maximum of 20 years, an extension of five years compared to the existing business, and lending rates hitting record low. It is expected that the financial institutions will increase their supports for clean energy projects in the second half of the year and a long period ahead. The Company will continue to deepen its strategic partnerships with domestic and international financial institutions to provide a driving force for acquiring quality projects and for greater market development.

At the same time, Shandong Hi-Speed Group, an indirect controlling shareholder of the Company, is a state-owned capital investment company in the infrastructure sector in Shandong Province, with total assets of more than RMB1 trillion. It has been awarded domestic AAA-level and international A-level credit ratings, and is a "Fortune 500" enterprise. It operates and manages nearly 8,000 kilometres of expressways and a number of toll stations, logistics parks and other space carriers, with diversified photovoltaics and other new energy development and application sites. Shandong Hi-Speed Group will provide the Company with sufficient resources, brand and capital empowerment, and the Company will achieve more comprehensive and in-depth industry synergy and resource sharing with Shandong Hi-Speed Group to open up greater market development space.

The Group is planning its long-term development from a new starting point and has further clarified its medium and long-term development strategy: The Group is positioned as a flagship new energy enterprise under Shandong Hi-Speed Group, with development, investment and operation of new energy, namely wind power and photovoltaic power, and urban clean heat supply services as its core businesses, to become a first-class integrated new energy operator and service provider in China and strive to become the first tier in the industry.

The Group will actively integrate the industrial and financing resources of its substantial shareholders to create synergy, fully utilise the new energy business as a green engine, and give priority to the clean energy market layout in the economically developed eastern regions such as Shandong Province, the Greater Bay Area and the "Three Northern Areas":

FUTURE OUTLOOK *(Continued)*

Firstly, relying on the resources of the shareholders including Shandong Hi-Speed Group, BEWG and CITIC Private Equity Funds, the Group will increase industrial synergy and join hands with the shareholders to develop new energy businesses. Leveraging on new energy development and application sites including the ramp circles, toll stations, service areas, tunnels, slopes and logistics parks of Shandong Hi-Speed Group and the water treatment, water environment, solid waste and hazardous waste of BEWG, the Group will accelerate the establishment of the "new energy + big transport" and "new energy + big environmental protection" business synergy models, and further enrich its product lines, business lines and revenue lines to cultivate new profit growth points.

Secondly, the Group will build a differentiated competitive strategy by relying on the existing management team, accumulated technologies and implementation experience in wind and photovoltaic power, storage and clean heat supply services to create a multi-energy complementary advantage and provide customised and one-stop clean energy solutions, thereby helping develop new businesses.

Thirdly, relying on the advantage of the Group as an enterprise under the actual control of Stated-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government and Shandong as a province with rich marine resources, the Group will take the lead in the development of the marine circular economy business and explore integrated dual carbon demonstration projects in the fields covering marine wind power and marine resources, such as marine wind energy, seawater hydrogen production and seawater desalination.

Fourthly, the Group will actively explore new business such as hydrogen production from wind and photovoltaic power, hydrogen storage and transportation, and hydrogen energy applications in the infrastructure sector, and collaborate with colleges, universities and research institutes to carry out research in related areas.

While fostering a differentiated business model, forming a comparative competitive advantage and putting more efforts on the development of incremental business, the Group will further strengthen its internal control management, continue to carry out profound and comprehensive management improvement actions, actively build a standardised and efficient compliance operation system, a collaborative and empowering market development system, an engineering, technical and supply chain protection system focusing on quality projects and a fair and equitable human resources management system that prioritises performance, so as to continuously improve the management level and quality of development.

Looking into the future, amid such a historical period of strategic opportunities for the development of domestic new energy industry, the Group will maintain its strategic focus, anchor its strategic course, unswervingly adhere to the core businesses including photovoltaic power generation, wind power generation and clean heat supply, in an effort to expand, enhance and optimise our principal businesses, maintain a continuous and stable market development pace, thus delivering better performance for shareholders and creating greater value for the society.

Wang Xiaodong

CHAIRMAN

Hong Kong, 26 August 2022

* *For identification purposes only*

Management Discussion and Analysis

1. BUSINESS REVIEW

During the six months ended 30 June 2022, 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 People's Republic of China (the "PRC").

Financial highlights:

	For the six months ended 30 June		Change %
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000	
Revenue	2,938,362	3,019,152	(3)
Gross profit	1,369,400	1,495,842	(8)
Gross profit ratio (%)	46.6	49.5	(2.9)
Profit for the period	342,551	418,450	(18)
Profit attributable to the equity holders of the Company	360,914	356,835	1
Basic EPS (in HK cent(s))	0.48	0.50	(4)
EBITDA	1,971,834	2,140,766	(8)

	30 June 2022 (unaudited) HK\$'000		31 December 2021 (audited) HK\$'000	Change %
Total assets	54,621,512		54,874,237	(0.5)
Total equity	16,016,938		12,082,054	33
Cash and cash equivalents	3,645,553		1,140,832	220

During the six months ended 30 June 2022, the coronavirus disease 2019 (COVID-19) pandemic continued to affect the global economies. Under the strong leadership of the Central Committee of the Communist Party of China with General Secretary Xi Jinping at its core, major strategic results have been achieved in the prevention and control of the pandemic, and thus China was not severely affected by the COVID-19 pandemic. While taking the pandemic prevention and control as part of new normal, more industry-related favourable policies were introduced in China to accelerate the clean and efficient use of fossil energy, and vigorously promoted non-fossil energy to continuously increase the proportion of clean energy consumption and to promote the transformation of environmentally friendly and low-carbon production of energy.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

The impact from the pandemic on the industry of the Group is relatively minor compared to other industries. As a clean energy project owner and operator, the Group was not affected by the economic adversity caused by the pandemic. The revenue contribution from the sale of electricity and entrusted operations businesses continued to be stable. In the first half of 2022, the power generation of the Group on a consolidated basis amounted to approximately 2.543 million megawatt-hour (“MWh”) (six months ended 30 June 2021: approximately 2.504 million MWh), representing an increase of approximately 1.5% compared with the corresponding period of 2021. The aggregate operating power generation[#] of the projects held and/or managed by the Group, the associates and the joint ventures of the Group for the first half of 2022 was approximately 3.063 million MWh (six months ended 30 June 2021: approximately 3.068 million MWh), representing a decrease of approximately 0.2% compared with the corresponding period of 2021.

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

Profit for the six months ended 30 June 2022 of the Group was approximately HK\$342.6 million (six months ended 30 June 2021: approximately HK\$418.5 million (restated)), representing a decrease of approximately 18% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$360.9 million (six months ended 30 June 2021: approximately HK\$356.8 million (restated)), representing an increase of approximately 1% as compared to the corresponding period of last year. The decrease in profit for the six months ended 30 June 2022 of the Group was mainly due to the following reasons: (i) the decreases in revenue and gross profit of construction services because of the further optimisation of revenue and business structure to the power generation business; (ii) the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour of the centralised photovoltaic power plant projects and wind power plant projects compared to the corresponding period of last year.

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

1.1 Sale of Electricity and Entrusted Operations

During the six months ended 30 June 2022, the Group steadily developed its operating capacity through the investment, development, construction, operation and management of clean energy power plant projects, and the aggregate revenue in respect of the sale of electricity and the provision of entrusted management services amounted to approximately HK\$2,143.3 million (six months ended 30 June 2021: approximately HK\$2,180.1 million), representing a decrease of approximately 2% as compared to the corresponding period of last year.

[#] The operating power generation included (i) the power generation of the projects held by the Group, the associates and the joint ventures of the Group; and (ii) the power generation of the projects managed by the Group through the provision of entrusted management services.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

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

Pursuant to the “Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies*” (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance in the first half of 2020, the rules for settlement of additional subsidies for renewable energy electricity prices as well as the conditions and application procedures for entering the project list of national renewable energy power generation subsidy (the “Project List”) were further clarified. In addition, the “Notice on the Acceleration of Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies*” (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》) issued by the Ministry of Finance in the second half of 2020, emphasises acceleration of review on existing renewable energy power generation projects, making sure that those projects should enter the Project List in batches as soon as possible.

Pursuant to the “Central Government Fund Expenditure Budget in 2022*” (《2022年中央政府性基金支出預算表》) issued by the Ministry of Finance in the first half of 2022, it indicated that the budget for other government fund expenditures was significantly increased by approximately 490%, to approximately RMB453 billion for the year. In addition, the “Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies*” (《關於開展可再生能源發電補貼自查工作的通知》) jointly announced by the National Development and Reform Commission of the PRC (the “NDRC”), the National Energy Administration (“NEA”) and the Ministry of Finance in the first half of 2022, further clarified the scope, timing and procedures of self-inspection of subsidies application for power generation enterprises which were entitled to claim the central government renewable energy subsidies.

As at 30 June 2022, the Group has certain photovoltaic and wind power plants with aggregate installed capacity of approximately 3,050 megawatt (“MW”) (31 December 2021: approximately 2,900MW) successfully enlisted in the Project List, representing over 80% (31 December 2021: over 80%) of the Group’s current on-grid capacity. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and in the near future. The above budget and notices show that the government is doing its best to solve the problem of arrears in subsidies for renewable energy power generation projects, which is beneficial to the betterment of the Group’s cash flow. The Group will closely monitor and implement remaining project inventory declaration and national subsidies related works and will proactively promote the implementation of relevant strategies to improve the receipt of national subsidies.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

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

In June 2021, the NDRC issued the “Notice on Matters Relating to the New Energy On-grid Tariff Policy in 2021*” (《關於2021年新能源上網電價政策有關事項的通知》), which explicitly stated that starting from 2021, for newly filed centralised photovoltaic power plants, industrial and commercial distributed photovoltaic power projects and newly approved onshore wind power projects, the central government will no longer provide subsidies and implement grid parity, and the policy continued in 2022.

In March 2022, the NEA issued the “Guiding Opinions on Energy Work in 2022*” (《2022年能源工作指導意見》), which clarified that the wind power and photovoltaic power generation as a percentage to the total electricity consumption of the society will reach approximately 12% in 2022. In June 2022, the “Notice on the “14th Five-Year” Renewable Energy Development Plan*” (《“十四五”可再生能源發展規劃》) was jointly issued by the NDRC and the other eight government authorities, which stated that by 2025, the annual power generation from renewable energy will reach about 3.3 trillion kilowatt hour, which increased by 50% compared to 2020.

The Directors believe that the wind power and photovoltaic power industries have entered into a new and rapid development stage with free of reliance on tariff adjustments, and the stability and predictability of the cash flow of the wind power and photovoltaic power projects in the future will be greatly enhanced. During the six months ended 30 June 2022, the first grid parity project of the Group has been undergoing construction. As at 30 June 2022, the Group’s aggregate capacity of on-grid, under-construction and approved-to-construct grid parity projects reached over 500MW. Going forward, the Group will continue to actively promote the development of photovoltaic power and wind power grid parity projects.

1.1.1 Photovoltaic Power Plant Projects

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

During the six months ended 30 June 2022, the Group’s centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK\$1,233.9 million (six months ended 30 June 2021: approximately HK\$1,299.8 million) from the sale of electricity from the Group’s centralised photovoltaic power plants, representing approximately 42% (six months ended 30 June 2021: approximately 43%) of the Group’s total revenue during the six months ended 30 June 2022. The decrease in revenue for the six months ended 30 June 2022 was mainly due to the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour compared to the corresponding period of last year.

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)*

As at 30 June 2022, 52 (30 June 2021: 50) centralised photovoltaic power plants covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (30 June 2021: 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 2,306MW (30 June 2021: 2,241MW), details of which are set forth below:

Location	Photovoltaic resource area	For the six months ended 30 June					
		2022			2021		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:							
Hebei Province	II/III	17	602	394,211	16	574	393,070
Henan Province	III	3	264	171,668	3	264	180,550
Shandong Province	III	5	248	162,908	5	248	165,376
Guizhou Province	III	4	211	96,734	4	211	99,348
Anhui Province	III	6	191	117,426	6	191	110,976
Shaanxi Province	II	2	160	123,651	2	160	123,189
Jiangxi Province	III	3	125	55,720	3	125	57,998
Jiangsu Province	III	1	100	82,494	1	100	71,846
The Ningxia Hui Autonomous Region	I	1	100	80,760	1	100	71,475
Hubei Province <i>(note 2)</i>	III	3	70	35,446	2	43	19,572
Guangdong Province	III	1	37	8,559	-	-	-
Jilin Province	II	1	30	21,938	1	30	24,411
The Tibet Autonomous Region	III	1	30	22,449	1	30	21,366
Tianjin Municipality	II	1	30	22,226	1	30	22,138
Yunnan Province	II	1	22	15,483	1	22	17,036
Shanxi Province	III	1	20	15,710	1	20	15,696
		51	2,240	1,427,383	48	2,148	1,394,047
PRC-Joint ventures:							
Anhui Province	III	1	60	41,008	1	60	39,548
Hubei Province <i>(note 2)</i>	III	-	-	-	1	27	14,332
		1	60	41,008	2	87	53,880
PRC-Sub-total		52	2,300	1,468,391	50	2,235	1,447,927
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	3,349	1	6	3,287
Total		53	2,306	1,471,740	51	2,241	1,451,214

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					
	2022			2021		
	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:						
I	2	100	80,760	1	100	71,475
II	12	449	342,766	12	448	343,171
III	37	1,691	1,003,857	35	1,600	979,401
	51	2,240	1,427,383	48	2,148	1,394,047
PRC-Joint ventures:						
III	1	60	41,008	2	87	53,880
Total	52	2,300	1,468,391	50	2,235	1,447,927

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

Note 2: The project (the "Hubei Project") was jointly held by a subsidiary and 北京北控蘇銀股權投資管理中心(有限合夥) (Beijing BE Suyin Equity Investment Management Centre (Limited Partnership)*), ("BE Suyin"), a limited partnership established in August 2017 which was classified as a joint venture of the Group since 2017, and the power generation of the Hubei Project had been classified as the power generation of joint venture since 2017. The Group owned 65% subordinated interest in BE Suyin. Further details of the establishment of BE Suyin are set out in the Company's announcement dated 9 August 2017.

In the second half of 2021, pursuant to certain equity transfer agreements entered into between the Group and two partners of BE Suyin respectively, two partners of BE Suyin disposed of their entire equity interests in BE Suyin to the Group and the equity transfer (the "BE Suyin Transaction") was completed in September 2021. The Group owned 99.99% equity interest in BE Suyin upon the BE Suyin Transaction completed, and the power generation of the Hubei Project had been classified as the power generation of subsidiary since September 2021.

Note 3: During the six months ended 30 June 2022, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.71.

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 Project List

As at 30 June 2022, the Group's aggregate installed capacity of the centralised photovoltaic power plants registered into the Project List reached approximately 2,050MW (31 December 2021: approximately 1,950MW). The remaining centralised photovoltaic power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue to make efforts to enroll the remaining centralised photovoltaic power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and in the near future.

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

	For the six months ended 30 June		
	2022	2021	Changes
Weighted average utilisation ratio (%)	94.70	96.87	(2.17)
Weighted average utilisation hours (hours)	651	650	1

During the six months ended 30 June 2022, the weighted average utilisation hours of the Group reached 651 hours, which was higher than the national average utilisation hours of photovoltaic power of 623 hours in the PRC. The weighted average utilisation ratio for the six months ended 30 June 2022 was lower than that of the corresponding period of last year. The decrease was mainly due to the lower utilisation rate of the Group's centralised photovoltaic power plant projects in Hebei Province and Henan Province.

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 2022, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 700MW, mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants. Revenue from the sale of electricity from the Group's distributed photovoltaic power plants reached approximately HK\$338.8 million during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$309.9 million).

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

As at 30 June 2022, the Group's aggregate installed capacity of the distributed photovoltaic power plants registered into the Project List reached approximately 600MW (31 December 2021: reached approximately 550MW). The remaining distributed photovoltaic power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue to make efforts to enroll the remaining distributed photovoltaic power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and in the near future.

(f) Entrusted management services

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted management services for photovoltaic power plant projects in the PRC and revenue of approximately HK\$9.0 million (six months ended 30 June 2021: approximately HK\$11.3 million) was recognised during the six months ended 30 June 2022.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

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

1.1.2 Wind Power Plant Projects

Reviewing the six months ended 30 June 2022, the central government unprecedentedly included “Carbon Dioxide Emissions Peak” and “Carbon Neutrality” in its overall planning for the construction of ecological civilisation and called for the accelerated establishment of an economic regime featuring low-carbon green recycling development. Under the situation and requirements of strictly controlling the total amount and intensity of traditional energy consumption and continuous improvement of the ecological environment, especially the announcement of accomplishment of the “double carbon” targets (“Carbon Dioxide Emissions Peak” and “Carbon Neutrality”), wind power as green and clean energy, will become one of the main strategic energy sources in the PRC in the future.

With the Group’s expertise and professional team in, among others, investing, developing and managing wind and other clean energy power businesses, the Group is optimistic in continuously developing its Wind Power Business to contribute effort in building up a green future of the PRC.

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

During the six months ended 30 June 2022, the Group recorded revenue of approximately HK\$508.1 million (six months ended 30 June 2021: approximately HK\$544.1 million) from the sale of electricity from the Group’s wind power plants. The decreases in revenue for the six months ended 30 June 2022 was mainly due to the decreases in the weighted average utilisation hours and average unit selling price (excluding value-added tax) per kilowatt-hour compared to the corresponding period of last year.

As at 30 June 2022, through self-development, joint development, acquisitions, etc., the Group’s aggregate capacity of the on-grid, under-construction and approved-to-construct wind power projects reached over 1,400MW. These projects mainly located in Hebei Province, Henan Province, Shandong Province, Shanxi Province and the Inner Mongolia Autonomous Region and mainly situated in wind resource area IV as promulgated by the NDRC. Among which, 13 (30 June 2021: 13) wind power plants covering 4 provinces and 1 autonomous region in the PRC with an aggregate on-grid capacity of 588MW (30 June 2021: 530MW) were held by the Group and in operation as at 30 June 2022, which is analysed below:

Location	Wind resource area	For the six months ended 30 June			For the six months ended 30 June		
		2022	2021	2022	2021	2022	2021
		Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:							
Henan Province	IV	5	171	206,030	5	171	244,722
Shandong Province	IV	2	148	195,346	2	90	115,153
The Inner Mongolia Autonomous Region	I	4	119	179,874	4	119	222,667
Hebei Province	IV	1	100	155,918	1	100	165,924
Shanxi Province	IV	1	50	47,821	1	50	34,424
Total		13	588	784,989	13	530	782,890

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)

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

Wind resource area	For the six months ended 30 June					
	2022			2021		
	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:						
I	4	119	179,874	4	119	222,667
IV	9	469	605,115	9	411	560,223
Total	13	588	784,989	13	530	782,890

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

Note 2: During the six months ended 30 June 2022, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.46.

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

As at 30 June 2022, the Group's aggregate installed capacity of the wind power plants registered into the Project List reached approximately 400MW (31 December 2021: reached approximately 400MW). The remaining wind power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue to make efforts to enroll the remaining wind power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and in the near future.

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		
	2022	2021	Changes
Weighted average utilisation ratio (%)	97.34	98.73	(1.39)
Weighted average utilisation hours (hours)	1,362	1,623	(261)

During the six months ended 30 June 2022, the weighted average utilisation hours of the Group reached 1,362 hours, which was higher than the national average utilisation hours of wind power of 1,156 hours in the PRC. The Group's wind power plant projects are mainly located in wind resource area IV as promulgated by the NDRC and therefore with a higher average utilisation hours. During the six months ended 30 June 2022, the weighted average utilisation ratio of the Group was 97.34%, which was higher than the national average utilisation ratio of wind power of 95.8% in the PRC. The weighted average utilisation ratio for the six months ended 30 June 2022 was lower than that of the corresponding period of last year. The decrease was mainly due to the lower utilisation rate of the Group's wind power plant projects in Henan Province and Hebei Province.

(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\$45.9 million (six months ended 30 June 2021: approximately HK\$15.0 million) was recognised during the six months ended 30 June 2022.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

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 a couple of qualifications and extensive experience in the design, engineering and construction of power-related projects. At the same time, the Group pays much attention to self-owned photovoltaic and wind power-related project construction, which can optimise the resource allocation during the six months ended 30 June 2022. Therefore, revenue of approximately HK\$139.2 million (six months ended 30 June 2021: approximately HK\$288.9 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the six months ended 30 June 2022, representing approximately 5% (six months ended 30 June 2021: approximately 10%) of the Group's total revenue during the six months ended 30 June 2022. In addition, no construction revenue with reference to HK(IFRIC) Interpretation 12 *Service Concession Arrangements* was recognised during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$12.2 million).

In respect of the technical consultancy services, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK\$6.6 million (six months ended 30 June 2021: approximately HK\$23.3 million) was recognised during the six months ended 30 June 2022.

1.3 Provision of Clean Heat Supply Services

At the 75th session of the United Nations General Assembly, the General Secretary Xi Jinping pointed out that more forceful policies and measures to the fight against climate change will be adopted in the PRC. It aims to achieve the goal of Carbon Dioxide Emissions Peak by 2030 and the vision of Carbon Neutrality by 2060. This signifies that the PRC government is taking practical actions to enforce the Paris Agreement and is determined to implement low-carbon, safe and efficient utilisation of energy, and emission-reducing production methods. With the introduction of the "14th Five-Year Plan", China's clean heat supply policy will continue to flourish, and heat supply methods that are environmentally friendly, energy efficient, appropriate and conducive to sustainable urban development will become the future of the heat supply industry.

With existing supportive government policies issued, such as "The "14th Five-Year" Plan for a Modern Energy System*" (《“十四五”現代能源體系規劃》) by the NDRC and the NEA in March 2022, which encouraged the local governments to actively support clean heat supply projects according to local conditions, and encouraged the use of geothermal energy for clean heat supply projects. In June 2022, "Notice on the "14th Five-Year" Renewable Energy Development Plan*" (《“十四五”可再生能源發展規劃》) was jointly issued by the NDRC and the other eight government authorities, which promoted the use of large and medium-sized boilers, central heating in urban and other populated areas.

Management Discussion and Analysis

1. BUSINESS REVIEW *(Continued)*

1.3 Provision of Clean Heat Supply Services *(Continued)*

The Group will actively respond to national policies, seize the opportunities arising from the new round of industrial revolution, vigorously develop our Clean Heat Supply Business, continuously increase our investments in technology research and development, actively explore green, low-carbon and environmentally friendly clean heat supply methods. As at 30 June 2022, through development and business acquisition, 14 projects (30 June 2021: 15 projects) in operation with an aggregate actual clean heat supply area of approximately 45.34 million square meters ("sq.m.") (30 June 2021: approximately 29.36 million sq.m.), representing a year-on-year increase of approximately 54.4%; and the number of clean heat supply services users of approximately 296,881 households (30 June 2021: approximately 228,449 households), representing a year-on-year increase of approximately 30%, with its projects locating in Henan Province, Shanxi Province, Shaanxi Province, the Ningxia Hui Autonomous Region, Liaoning Province and other provinces and autonomous regions were held and/or managed by the Group and the joint ventures of the Group through the utilisation of clean energies such as natural gas, electricity, geothermal energy, biomass energy, photovoltaic power, industrial excess heat energy, clean coal (ultra-low emission) energy, river water source, etc. Revenue of approximately HK\$649.3 million (six months ended 30 June 2021: approximately HK\$514.7 million) arising from the provision of clean heat supply services was recognised by the Group during the six months ended 30 June 2022, representing an increase of approximately 26% as compared to the corresponding period of last year.

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

Location	Approximate actual clean heat supply area			Approximate clean heat supply services users		
	30 June 2022 ('000 sq.m.)	30 June 2021 ('000 sq.m.)	Change (%)	30 June 2022 (households)	30 June 2021 (households)	Change (%)
North region, China	13,990	13,949	0.3	107,341	109,075	(1.6)
Northeast region, China	22,684	7,707	194.3	125,984	76,450	64.8
Northwest region, China	6,688	5,879	13.8	48,825	28,726	70.0
East and Central regions, China	1,973	1,824	8.2	14,731	14,198	3.8
Total	45,335	29,359	54.4	296,881	228,449	30.0

1.4 Other Clean Energy Businesses

The Group has been exploring other clean energy businesses such as multi-energy complement, energy storage, distribution and sales of electricity, hydrogen production and other business lines, and exploring international opportunities for strategic development and diversification, with an aim to become a leading integrated new energy service provider. During the six months ended 30 June 2022, the Group has also entered into strategic cooperation agreements with certain local governments and well-established enterprises, and proactively established integrated partnerships to seek joint development in the field of clean energy for the purpose of mutual benefits and complementarity.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE

2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK\$2,938.4 million (six months ended 30 June 2021: approximately HK\$3,019.2 million) during the six months ended 30 June 2022, representing a decrease of approximately 3% as compared to the corresponding period of last year. For the six months ended 30 June 2022 (i) revenue from the sale of electricity and entrusted management services reached approximately HK\$2,143.3 million (six months ended 30 June 2021: approximately HK\$2,180.1 million) in aggregate, representing a decrease of approximately 2% as compared to the corresponding period of last year; and (ii) construction services revenue was approximately HK\$139.2 million (six months ended 30 June 2021: approximately HK\$301.1 million), representing a decrease of approximately 54% as compared to the corresponding period of last year.

	For the six months ended 30 June					
	2022			2021		
	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	1,572.7	63.3	995.9	1,609.7	64.3	1,035.1
Wind Power Business	508.1	58.7	298.3	544.1	63.5	345.3
Construction services	139.2	3.0	4.2	301.1	22.4	67.5
Technical consultancy services	6.6	56.1	3.7	23.3	57.1	13.3
Entrusted operations	62.5	58.6	36.6	26.3	52.2	13.7
Provision of clean heat supply services	649.3	4.7	30.7	514.7	4.1	20.9
Total	2,938.4	46.6	1,369.4	3,019.2	49.5	1,495.8

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

Gross profit for the sale of electricity decreased from approximately HK\$1,380.4 million for the six months ended 30 June 2021 to approximately HK\$1,294.2 million during the six months ended 30 June 2022, representing approximately 95% (six months ended 30 June 2021: approximately 92%) of the total gross profit of the Group. The contribution of sale of electricity to the Group's total gross profit remained stable compared to the same period of last year. On the other hand, contribution of construction services to the Group's total gross profit was approximately 0.3% (six months ended 30 June 2021: approximately 5%) during the six months ended 30 June 2022. The overall gross profit ratio decreased from 49.5% during the six months ended 30 June 2021 to 46.6% during the six months ended 30 June 2022, and the total gross profit for the six months ended 30 June 2022 decreased by approximately 8% compared to the same period of last year.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.2 Other income and gains, net

The Group's other income and gains, net amounted to approximately HK\$53.2 million (six months ended 30 June 2021: approximately HK\$119.2 million) during the six months ended 30 June 2022, which mainly comprised (i) interest income of approximately HK\$6.6 million (six months ended 30 June 2021: approximately HK\$4.1 million); (ii) government grants of approximately HK\$19.1 million (six months ended 30 June 2021: approximately HK\$58.3 million); and (iii) foreign exchange gains, net of approximately HK\$4.8 million (six months ended 30 June 2021: approximately HK\$21.6 million).

2.3 Administrative expenses

The decrease in administrative expenses to approximately HK\$177.3 million (six months ended 30 June 2021: approximately HK\$237.3 million) was mainly attributable to the decreases in rental expenses, business travelling expenses and staff costs as a result of implementing cost reduction and efficiency enhancement by the Group.

2.4 Other operating expenses, net

The Group's other operating expenses, net achieved approximately HK\$51.2 million (six months ended 30 June 2021: approximately HK\$21.3 million) during the six months ended 30 June 2022. The increase was mainly attributable to (i) fair value loss on investment properties of approximately HK\$8.3 million (six months ended 30 June 2021: Nil); (ii) deemed disposal loss arisen from an associate of approximately HK\$8.2 million (six months ended 30 June 2021: Nil); and (iii) loss on disposal of property, plant and equipment of approximately HK\$12.7 million (six months ended 30 June 2021: Nil).

2.5 Finance costs

The decrease in finance costs of the Group by approximately HK\$38.2 million to approximately HK\$805.5 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$843.7 million (restated)) was mainly attributable to the decrease in the balance of interest-bearing bank borrowings and other loans during the six months ended 30 June 2022.

2.6 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.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.7 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 net effect of (i) the development of clean energy projects; (ii) depreciation provided for the six months ended 30 June 2022; and (iii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the six months ended 30 June 2022.

2.8 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, and the decrease was mainly attributable to fair value loss recognised during the six months ended 30 June 2022.

2.9 Goodwill

It was attributable to the acquisition of subsidiaries since 2016.

2.10 Operating concessions and operating rights

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the BOT Basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) *Business Combinations*. The decrease in operating concessions and operating rights was mainly attributable to the effects of (i) amortisation provided for the six months ended 30 June 2022; and (ii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the six months ended 30 June 2022.

2.11 Investments in joint ventures

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

2.12 Investments in associates

It mainly represented (i) the Group's investment in 北清環能集團股份有限公司 (BECE Legend Group Co., Ltd*) (a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (Stock Code: SZ.000803)), an associate owned as to approximately 19% interest by the Group and was principally engaged in the organic waste hazard-free treatment and high-value resource utilisation business, the clean heat supply business and the energy performance contracting business; and (ii) the Group's investment in 北控城投控股集團有限公司 (Beijing Enterprises City Investment Holdings Group Co., Ltd*), an associate owned as to approximately 15% interest by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC. The decrease was mainly attributable to the net effect of (i) share of profits of associates; (ii) deemed disposal loss arisen from BECE Legend Group Co., Ltd; and (iii) the fluctuation of exchange rate due to RMB depreciation against Hong Kong dollar during the six months ended 30 June 2022.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.13 Other non-current assets

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

2.14 Contract assets

Contract assets as at 30 June 2022 of approximately HK\$1,134.0 million (31 December 2021: approximately HK\$1,354.0 million) represented (i) gross receivables of approximately HK\$533.8 million (31 December 2021: approximately HK\$572.5 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$639.1 million (31 December 2021: approximately HK\$839.1 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the Project List; and (iii) loss allowances of contract assets of approximately HK\$38.9 million (31 December 2021: approximately HK\$57.6 million). The decrease in contract assets was mainly attributable to the increase in the photovoltaic and wind power plant projects registered into the Project List during the six months ended 30 June 2022.

2.15 Trade and bills receivables

Trade and bills receivables of approximately HK\$10,771.6 million (31 December 2021: approximately HK\$10,006.8 million) as at 30 June 2022 were mainly attributable to (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK\$9,008.7 million (31 December 2021: approximately HK\$8,073.7 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK\$1,058.4 million (31 December 2021: approximately HK\$1,494.3 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$94.5 million (31 December 2021: approximately HK\$73.8 million).

As at 30 June 2022, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK\$324.8 million (31 December 2021: approximately HK\$380.8 million) from the sale of electricity mainly to State Grid Corporation of China, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK\$8,683.9 million (31 December 2021: approximately HK\$7,646.6 million) in relation to the central government renewable energy subsidy and renewable energy subsidies from local government authorities for photovoltaic and wind power plant projects that have been registered into the Project List.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

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

The decrease in prepayments, deposits and other receivables and other tax recoverables by approximately HK\$1,520.8 million in aggregate (non-current portion decreased by approximately HK\$569.4 million and current portion decreased by approximately HK\$951.4 million in aggregate respectively) to approximately HK\$5,633.0 million (31 December 2021: approximately HK\$7,153.8 million) in aggregate was mainly attributable to the (i) decrease in prepayments, deposits and other receivables for the acquisition and development of clean energy projects; and (ii) the decrease in the input value-added-tax recoverables arising from the utilisation of input value-added-tax recoverables from sale of electricity and certain refunds were received during the six months ended 30 June 2022.

2.17 Cash and cash equivalents

The increase in cash and cash equivalents by approximately HK\$2,504.8 million to approximately HK\$3,645.6 million (31 December 2021: approximately HK\$1,140.8 million) was mainly attributable to net effect of (i) the net proceeds from the Subscriber (as hereinafter defined under the section headed “2.23 Liquidity and financial resources – (c) Capital contribution in the Company” in “Management Discussion and Analysis”) upon completion of issue and subscription of new share under specific mandate dated 19 May 2022; (ii) the net repayment of interest-bearing bank borrowings and other loans; (iii) the redemption of partial portions of corporate bonds; (iv) cash outflow on developing and operating clean energy projects; and (v) net cash inflow from daily operating activities during the six months ended 30 June 2022.

2.18 Trade and bills payables

Trade and bills payables of approximately HK\$2,343.9 million (31 December 2021: approximately HK\$3,296.1 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

2.19 Other payables and accruals

Other payables and accruals of approximately HK\$1,554.7 million (31 December 2021: approximately HK\$2,363.8 million) decreased by approximately HK\$809.1 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 six months ended 30 June 2022.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.20 Other current liabilities and other non-current liabilities

Other current liabilities and other non-current liabilities comprised (i) deferred income of approximately HK\$1,478.4 million (31 December 2021: approximately HK\$1,547.6 million) arising from the materials and equipment sold and delivered to independent third parties for the development of wind power plant projects; and (ii) a financial liability of approximately HK\$2,758.1 million (31 December 2021: approximately HK\$2,805.0 million) mainly arising from an option granted to the Ping An Entities, the Second Round Investors, the Third Round Investors and the Fourth Round Investors (as hereinafter defined under the section headed “2.23 Liquidity and financial resources – (b) Capital contribution in 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Company Limited*) (“Beiqing Smart”) in “Management Discussion and Analysis”). Further details of the option are set out in the Company’s announcements dated 27 December 2019, 30 July 2020, 26 March 2021 and 17 September 2021 and the Company’s circular dated 24 December 2020.

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

Interest-bearing bank loans and other borrowings and corporate bonds of approximately HK\$28,943.3 million (31 December 2021: approximately HK\$31,216.9 million) in aggregate decreased by approximately HK\$2,273.6 million in aggregate (non-current portion increased by approximately HK\$3,144.9 million in aggregate and current portion decreased by approximately HK\$5,418.5 million in aggregate respectively), which was mainly attributable to the net effect of (i) the drawdown of bank loans and other borrowings for the development of the clean energy businesses; (ii) the repayment of bank loans and other borrowings; and (iii) the redemption of partial portions of corporates bonds during the six months ended 30 June 2022.

2.22 Capital expenditures

During the six months ended 30 June 2022, the Group’s total capital expenditures amounted to approximately HK\$349.5 million (six months ended 30 June 2021: approximately HK\$915.5 million), mainly represented the development of photovoltaic and wind power plant projects, clean heat supply projects and other property, plant and equipment of approximately HK\$349.5 million (six months ended 30 June 2021: approximately HK\$485.5 million) in aggregate. In addition, the Group did not have any significant investments in and acquisition of equity interests in subsidiaries, joint ventures and associates during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$428.9 million).

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.23 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 2022, the Group's cash and cash equivalents amounted to approximately HK\$3,645.6 million (31 December 2021: approximately HK\$1,140.8 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funds such developments during the six months ended 30 June 2022 mainly by (i) long-term bank loans and other borrowings (excluding operating leases); and (ii) capital contributions as illustrated below.

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

As at 30 June 2022, the Group's total borrowings of approximately HK\$28,943.3 million (31 December 2021: approximately HK\$31,216.9 million) comprised (i) bank loans of approximately HK\$16,449.0 million (31 December 2021: approximately HK\$15,462.0 million); (ii) corporate bonds of approximately HK\$49.1 million (31 December 2021: approximately HK\$1,188.4 million); and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK\$12,445.2 million (31 December 2021: approximately HK\$14,566.5 million). Approximately 80% (31 December 2021: approximately 64%) of the Group's borrowings are long-term borrowings.

(b) Capital contribution in Beiqing Smart

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

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.23 Liquidity and financial resources *(Continued)*

(b) Capital contribution in Beiqing Smart *(Continued)*

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

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

The Fourth Round Capital Increase has been completed as at the date of this report. Immediately following the completion of the Fourth Round Capital Increase, Beiqing Smart was held as to approximately 80.24% by Harvest Sunny and would continue to be accounted as a subsidiary of the Company. All of the First Round Capital Increase, the Second Round Capital Increase, the Third Round Capital Increase and the Fourth Round Capital Increase constitute deemed disposals by the Company of its interests in Beiqing Smart under Chapter 14 of the Listing Rules. Further details are set out in the Company’s announcements dated 27 December 2019, 30 July 2020, 26 March 2021 and 17 September 2021 and the Company’s circular dated 24 December 2020.

Management Discussion and Analysis

2. FINANCIAL PERFORMANCE *(Continued)*

2.23 Liquidity and financial resources *(Continued)*

(c) Capital contribution in the Company

On 4 March 2022, a subscription agreement (the “Subscription Agreement”) was entered into between the Company and Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司) (formerly known as China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司))) (the “Subscriber”), together with its subsidiaries, the “SDHG Group”. Pursuant to which, the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 48,804,039,247 subscription shares (the “Subscription Shares”) at the subscription price (the “Subscription Price”) of HK\$0.096 per Subscription Share for the total consideration of HK\$4,685,187,768 (the “Subscription”). The Subscription Price represented a discount of approximately 7.69% to the closing price of HK\$0.104 per Share as quoted on the Stock Exchange on 4 March 2022, being the date of the Subscription Agreement. The net price per Subscription Share was approximately HK\$0.096. The Directors were of the view that the Subscription will be advantageous to both strategic development and financial performance of the SDHG Group. As result of the Subscription, the Group will become the new energy flagship platform of the SDHG Group, which provides the SDHG Group with effective and efficient access to the renewable and clean energy market, and also serves as another growth engine of SDHG Group and helps achieve further diversification of its business portfolio. As at 30 June 2022, a part of the net proceeds of approximately HK\$3,000 million was utilised for the repayment of indebtedness under a term loan facility due June 2022 provided to the Group by certain banks, and the remaining net proceeds from the Subscription have not been utilised but deposited into a licensed bank in Hong Kong. The Company intends to use the net proceeds from the Subscription in the manner as disclosed in the circular of the Company dated 1 April 2022. Completion of the Subscription took place on 19 May 2022. The Subscription Shares represent approximately 43.45% of the total number of the Company’s shares in issue as enlarged by the allotment and issuance of the Subscription Shares as at the date of this report.

Further details of the Subscription are set out in the announcements dated 14 March 2022 and 19 May 2022, and the Company’s circular dated 1 April 2022.

As majority of the funding derives from equity fundings from shareholders in prior years and long-term borrowings, the Group recorded net current assets position of approximately HK\$6,696.4 million (31 December 2021: net current liabilities position of approximately HK\$2,570.4 million) as at 30 June 2022.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2022, the Group had unutilised banking facilities of approximately HK\$2,737.4 million in aggregate with terms ranging from repayable on demand to 15 years.

The Group’s net gearing ratio, which was calculated by dividing net debt (defined as the corporate bonds, bank loans and other borrowings, net of cash and cash equivalents and other lease liabilities) by the sum of net debt and total equity, was approximately 61% (31 December 2021: approximately 71%) as at 30 June 2022. The decrease in net gearing ratio was mainly due to the net effect of (i) the net proceeds from the Subscriber upon completion of issue and subscription of new share under specific mandate dated 19 May 2022; (ii) the net repayment of interest-bearing bank borrowings and other loans; (iii) the redemption of partial portions of corporate bonds; and (iv) the profit attributable to the equity holders of the Company during the six months ended 30 June 2022.

Management Discussion and Analysis

MATERIAL ASSET REORGANISATION

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

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

On 24 September 2021, Tianjin Fuqing, and the Other Beiqing Smart Shareholders entered into an agreement of reorganisation with SEC Electric and the Existing SEC Electric Shareholders (the “Reorganisation Agreement”). Further details are set out in the Company’s announcement dated 15 October 2021.

Upon completion of the transaction contemplated under the Reorganisation Agreement under which SEC Electric will acquire from the shareholders of Beiqing Smart the entire equity interests in Beiqing Smart and issue the number of SEC Electric Shares to be issued by SEC Electric to the shareholders of Beiqing Smart under the Proposed Reorganisation (as defined below) (“Consideration Shares”) to satisfy the consideration for the acquisition (the “Proposed Reorganisation”), Beiqing Smart will become a wholly-owned subsidiary of SEC Electric and Tianjin Fuqing will become the controlling shareholder of SEC Electric holding approximately 68.55% of the equity interests of SEC Electric as enlarged by the allotment and issuance of the Consideration Shares, and the Existing SEC Electric Shareholders will hold the entire equity interest in 無錫中電電機科技有限公司 (Wuxi SEC Electric Technology Co., Ltd.*), a wholly-owned subsidiary of SEC Electric. Accordingly, SEC Electric will become an indirect non-wholly owned subsidiary of the Company focusing on the businesses of investment and development of photovoltaic power plants and wind power plants in the PRC.

Management Discussion and Analysis

MATERIAL ASSET REORGANISATION *(Continued)*

On 25 February 2022, Tianjin Fuqing, Beijing Smart, the Other Beijing Smart Shareholders, the Existing SEC Electric Shareholders and SEC Electric entered into a termination agreement (the "Termination Agreement") in relation to the Proposed Reorganisation, pursuant to which the parties have mutually agreed to terminate the Proposed Reorganisation. Upon the entering into of the Termination Agreement and save as agreed among the parties on the responsibilities for the payment of the expenses for professional services in relation to the Proposed Reorganisation incurred, the parties will be released from any rights and obligations under the agreements and documents entered into in relation to the Proposed Reorganisation.

As at the date of this report, the business operations of the Company remain normal. The Company will further evaluate its financial positions and the future development plan of the Group. Further details are set out in the Company's announcements dated 15 October 2021, 25 January 2022, 26 January 2022, 17 February 2022 and 25 February 2022.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any significant investments, material acquisition and disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 30 June 2022 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 and contract assets;
- (iii) pledges over the Group's equity interests in certain subsidiaries and an associate;
- (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 2022, 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 2021: Nil).

Management Discussion and Analysis

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 2022, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 2,291 employees (30 June 2021: 1,930 employees) with total staff cost of approximately HK\$155.5 million (six months ended 30 June 2021: approximately HK\$154.2 million) incurred for the six months ended 30 June 2022. 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 2022 (six months ended 30 June 2021: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2022, the Group had no substantial future plans for material investments and capital assets.

EVENTS AFTER THE REPORTING PERIOD

Change of Company Name, Stock Short Name, Company Logo and Company Website

Following the passing of the special resolution at the extraordinary general meeting of the Company held on 24 June 2022, the English name of the Company has been changed from "Beijing Enterprises Clean Energy Group Limited" to "Shandong Hi-Speed New Energy Group Limited", and its dual foreign name in Chinese has been changed from "北控清潔能源集團有限公司" to "山高新能源集團有限公司", both with effect from 27 June 2022.

The Certificate of Incorporation on Change of Name of the Company has been issued by the Registrar of Companies in the Cayman Islands, certifying the change of the English name of the Company and the dual foreign name in Chinese of the Company to "Shandong Hi-Speed New Energy Group Limited" and "山高新能源集團有限公司", respectively, with effect from 27 June 2022. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 25 July 2022 confirming the registration of the new names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The stock short name of the Company for trading in the Shares on the Main Board of the Stock Exchange has been changed from "BE CLEAN ENERGY" to "SDHS NEW ENERGY" in English and from "北控清潔能源集團" to "山高新能源" in Chinese, with effect from 9:00 a.m. on 10 August 2022. The logo of the Company has been changed to  **山高新能源集團有限公司** SHANDONG HI-SPEED NEW ENERGY GROUP LIMITED with effect from 5 August 2022. The website of the Company has been changed from "www.bece.com.hk" to "www.shneg.com.hk" with effect from 5 August 2022.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022

	Notes	For the six months ended 30 June	
		2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
REVENUE	3	2,938,362	3,019,152
Cost of sales		(1,568,962)	(1,523,310)
Gross profit		1,369,400	1,495,842
Other income and gains, net	3	53,187	119,243
Selling and distribution expenses		(1,029)	–
Administrative expenses		(177,342)	(237,344)
Other operating expenses, net		(51,198)	(21,321)
Finance costs	5	(805,448)	(843,709)
Share of profits of:			
Joint ventures		5,641	245
Associates		24,019	5,394
PROFIT BEFORE TAX	4	417,230	518,350
Income tax expense	6	(74,679)	(99,900)
PROFIT FOR THE PERIOD		342,551	418,450
ATTRIBUTABLE TO:			
Equity holders of the Company		360,914	356,835
Non-controlling interests		(18,363)	61,615
		342,551	418,450
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK0.48 cent	HK0.50 cent
Diluted		HK0.48 cent	HK0.50 cent

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2022

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
PROFIT FOR THE PERIOD	342,551	418,450
OTHER COMPREHENSIVE (LOSS)/INCOME <i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	(1,003,426)	242,723
Share of other comprehensive (loss)/income of joint ventures	(22,413)	5,542
Share of other comprehensive (loss)/income of associates	(51,569)	11,871
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(1,077,408)	260,136
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(734,857)	678,586
ATTRIBUTABLE TO:		
Equity holders of the Company	(585,779)	592,121
Non-controlling interests	(149,078)	86,465
	(734,857)	678,586

Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	26,237,586	27,732,405
Investment properties		153,700	162,000
Goodwill		522,990	547,837
Operating concessions		1,996,862	2,138,011
Operating rights		948,698	1,020,748
Other intangible assets		13,530	20,001
Investments in joint ventures		480,389	497,159
Investments in associates		1,111,802	1,129,425
Prepayments, deposits and other receivables	12	3,131,276	3,291,428
Other tax recoverables		175,868	585,233
Other non-current assets		1,272,593	1,332,003
Deferred tax assets		346,515	285,508
Total non-current assets		36,391,809	38,741,758
CURRENT ASSETS			
Inventories		105,078	126,520
Contract assets	10	1,133,969	1,353,953
Trade and bills receivables	11	10,771,595	10,006,793
Financial assets at fair value through profit or loss		217,914	581,123
Prepayments, deposits and other receivables	12	2,031,727	2,343,586
Other tax recoverables		76,175	352,472
Restricted cash and pledged deposits		247,692	227,200
Cash and cash equivalents		3,645,553	1,140,832
Total current assets		18,229,703	16,132,479

Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
CURRENT LIABILITIES			
Trade and bills payables	13	2,343,900	3,296,057
Other payables and accruals	14	1,554,713	2,363,821
Lease liabilities	15	641,685	1,009,155
Interest-bearing bank loans and other borrowings	15	5,158,529	9,041,677
Corporate bonds	16	49,050	1,188,385
Other current liabilities		1,549,710	1,577,945
Income tax payables		235,740	225,795
Total current liabilities		11,533,327	18,702,835
NET CURRENT ASSETS/(LIABILITIES)		6,696,376	(2,570,356)
TOTAL ASSETS LESS CURRENT LIABILITIES		43,088,185	36,171,402
NON-CURRENT LIABILITIES			
Lease liabilities	15	3,990,858	3,531,063
Interest-bearing bank loans and other borrowings	15	20,058,127	17,399,202
Other non-current liabilities		2,693,500	2,781,734
Deferred income		–	50,517
Deferred tax liabilities		328,762	326,832
Total non-current liabilities		27,071,247	24,089,348
Net assets		16,016,938	12,082,054
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	112,329	63,525
Reserves		15,325,865	11,186,898
Non-controlling interests		15,438,194	11,250,423
		578,744	831,631
Total equity		16,016,938	12,082,054

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited)	Share premium account (unaudited)	Share option reserve (unaudited)	Special reserves (unaudited)	Statutory surplus reserve (unaudited)	Exchange fluctuation reserve (unaudited)	Retained earnings (unaudited)	Perpetual capital instrument (unaudited)	Total (unaudited)	Non-controlling interests (unaudited)	Total equity (unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 18)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (at previously restated)	63,525	5,925,295	32,330	(1,250,410)	733,442	181,129	3,915,468	1,143,587	10,744,366	2,380,524	13,124,890
Effect of changes in accounting policies	-	-	-	1,220,386	-	-	103,711	-	1,324,097	(1,324,097)	-
At 1 January 2021 (Restated)	63,525	5,925,295	32,330	(30,024)	733,442	181,129	4,019,179	1,143,587	12,068,463	1,056,427	13,124,890
Profit for the period	-	-	-	-	-	-	317,857	38,978	356,835	61,615	418,450
Other comprehensive income for the period:											
Share of other comprehensive income of joint ventures	-	-	-	-	-	5,542	-	-	5,542	-	5,542
Share of other comprehensive income of associates	-	-	-	-	-	11,871	-	-	11,871	-	11,871
Exchange differences related to foreign operations	-	-	-	-	-	217,873	-	-	217,873	24,850	242,723
Total comprehensive income for the period	-	-	-	-	-	235,286	317,857	38,978	592,121	86,465	678,586
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,679	1,679
Further acquisition of subsidiaries	-	-	-	101,991	-	-	-	-	101,991	(347,386)	(245,395)
Capital contributions by non-controlling equity holders	-	-	-	-	-	-	-	-	-	600	600
Equity-settled share option arrangements	-	-	3,868	-	-	-	-	-	3,868	-	3,868
Transfer from retained profits	-	-	-	-	5,727	-	(5,727)	-	-	-	-
At 30 June 2021 (Restated)	63,525	5,925,295	36,198	71,967	739,169	416,415	4,331,309	1,182,565	12,766,443	797,785	13,564,228

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited)	Share premium account (unaudited)	Share option reserve (unaudited)	Special reserves (unaudited)	Statutory surplus reserve (unaudited)	Exchange fluctuation reserve (unaudited)	Retained earnings (unaudited)	Perpetual capital instrument (unaudited)	Total (unaudited)	Non-controlling interests (unaudited)	Total equity (unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note 18)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	63,525	5,925,295*	39,934*	(14,456)*	740,650*	875,083*	3,620,392*	-	11,250,423	831,631	12,082,054
Profit for the period	-	-	-	-	-	-	360,914	-	360,914	(18,363)	342,551
Other comprehensive loss for the period:											
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(22,413)	-	-	(22,413)	-	(22,413)
Share of other comprehensive loss of associates	-	-	-	-	-	(51,569)	-	-	(51,569)	-	(51,569)
Exchange differences related to foreign operations	-	-	-	-	-	(872,711)	-	-	(872,711)	(130,715)	(1,003,426)
Total comprehensive income for the period	-	-	-	-	-	(946,693)	360,914	-	(585,779)	(149,078)	(734,857)
Issue of shares	48,804	4,628,384	-	-	-	-	-	-	4,677,188	-	4,677,188
Further acquisition of subsidiaries	-	-	-	95,347	-	-	-	-	95,347	(95,347)	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(8,462)	(8,462)
Equity-settled share option arrangements	-	-	1,015	-	-	-	-	-	1,015	-	1,015
At 30 June 2022	112,329	10,553,679*	40,949*	80,891*	740,650*	(71,610)*	3,981,306*	-	15,438,194	578,744	16,016,938

* These reserve accounts comprise the consolidated reserves of HK\$15,325,865,000 (unaudited) (31 December 2021: HK\$11,186,898,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2022.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flows from operating activities	1,427,669	647,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	6,965	4,099
Purchases of items of property, plant and equipment	(347,687)	(629,596)
Proceeds from disposal of items of property, plant and equipment	1,422	–
Proceeds from disposal of financial assets at fair value through profit or loss	356,904	–
Addition of operating concessions	–	(12,195)
Addition of other intangible assets	(19)	(1,054)
Investments in associates	–	(22,764)
Acquisition of subsidiaries	–	(3,966)
Disposal of subsidiaries	(6,649)	–
(Increase)/decrease in deposits for potential business acquisition	(39,683)	76,742
Change in loan and advances to suppliers, customers and former shareholders in relation to acquisitions	(25,449)	(483,757)
Decrease in payables in relation to development of clean energy projects	(944,333)	(706,977)
(Increase)/decrease in restricted cash and pledged deposits	(33,477)	200,428
Net cash flows used in investing activities	(1,032,006)	(1,579,040)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions by non-controlling equity holders	–	600
Increase in financial liabilities from non-controlling interests	–	885,305
Acquisition of non-controlling interests	–	(135,141)
Proceeds from issue of shares	4,677,188	–
New bank loans and other borrowings	6,976,372	4,640,188
Repayment of bank loans and other borrowings	(7,158,745)	(2,810,250)
Redemption of corporate bonds	(1,086,816)	–
Proceeds received under lease arrangements	–	1,153,883
Principal portion of lease payments	(612,771)	(2,268,008)
Interest on bank loans and other borrowings and corporate bonds paid	(542,595)	(457,433)
Interest element of lease payments	(159,564)	(279,614)
Changes of deposits under leases	37,304	30,663
Net cash flows from financing activities	2,130,373	760,193
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,526,036	(171,390)
Cash and cash equivalents at beginning of period	1,140,832	2,521,536
Effect of foreign exchange rate changes, net	(21,315)	23,893
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,645,553	2,374,039

Notes to the Condensed Consolidated Financial Statements

30 June 2022

1.1 CORPORATE AND GROUP INFORMATION

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

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

On 19 May 2022, the Company completed the issuance of 48,804,039,247 ordinary shares at an issue price of HK\$0.096 each. Further details are disclosed in Note 17.

Following the passing of the special resolution at the extraordinary general meeting of the Company held on 24 June 2022, the English name of the Company has been changed from “Beijing Enterprises Clean Energy Group Limited” to “Shandong Hi-Speed New Energy Group Limited” and the dual foreign name in Chinese of the Company has been changed from “北控清潔能源集團有限公司” to “山高新能源集團有限公司”, both with effect from 27 June 2022. The change of name was registered with the Registrar of Companies of Hong Kong on 25 July 2022.

1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2022 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 2021. 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 2021 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 (“Audit Committee”).

Notes to the Condensed Consolidated Financial Statements

30 June 2022

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

1.3.1 The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to *the Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 January 2021, the amendments did not have any impact on the financial position or performance of the Group.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.3.1 *(Continued)*

- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 January 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.

HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

1.3.2 During the years ended 31 December 2019 and 2020 and the six months ended 30 June 2021, as a result of the four rounds of capital increase by the non-controlling interests into 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Company Limited*) ("Beiqing Smart"), an indirect non-wholly owned subsidiary of the Group, an option (the "NCI Put Option") was granted to the non-controlling interests under which the non-controlling interests shall have the right to request certain subsidiaries of the Group to repurchase the equity interests in Beiqing Smart held by the non-controlling interests at any time after the occurrence of certain events. The Group adopted the accounting policy to account for the NCI Put Option to fully recognise the non-controlling interests.

During the year ended 31 December 2021, the Company changed its accounting policy for the NCI Put Option from full recognition to no recognition of the non-controlling interests arising from the four rounds of capital increase. Accordingly, the interest on the NCI Put Option was recognised.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.3.2 *(Continued)*

In the opinion of the directors of the Company, the change in accounting policy provides more reliable and relevant information to the users of the financial statements to understand the financial performance and the financial position of the Group.

The change in accounting policy has been applied retrospectively and the comparative figures for the corresponding comparative prior periods have been restated. This change in accounting policy has had no impact on the cash flows for the six months ended 30 June 2021.

The table below illustrates the measurement of the NCI Put Option from full recognition to no recognition of the non-controlling interests arising from the four rounds of capital increase.

Consolidated Statement of Profit or Loss

	For the six months ended 30 June 2021 HK\$'000 Increase/ (Decrease)
Finance costs	85,882
PROFIT BEFORE TAX	(85,882)
PROFIT FOR THE PERIOD	(85,882)
ATTRIBUTABLE TO:	
Equity holders of the Company	16,488
Non-controlling interests	(102,370)
	(85,882)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	
Basic	HK0.03 cent
Diluted	HK0.03 cent

Notes to the Condensed Consolidated Financial Statements

30 June 2022

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

1.3.2 *(Continued)*

Consolidated Statement of Comprehensive Income

	For the six months ended 30 June 2021 HK\$'000 Increase/ (Decrease)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(85,882)
ATTRIBUTABLE TO:	
Equity holders of the Company	16,488
Non-controlling interests	(102,370)

Consolidated Statement of Financial Position

	1 January 2021 HK\$'000 Increase/ (Decrease)
EQUITY	
Equity attributable to equity holders of the Company	
Reserves	1,324,097
	1,324,097
Non-controlling interests	(1,324,097)
Total equity	–

The adoption of the policy change has had no impact on the cash flows for the six months ended 30 June 2021.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

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 in the past few years mainly through development in 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 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 2022

2. OPERATING SEGMENT INFORMATION *(Continued)* Six months ended 30 June 2022

	Construction-related business (unaudited) HK\$'000	Operation of clean energy projects (unaudited) HK\$'000	Total (unaudited) HK\$'000
Segment revenue	145,805	2,792,557	2,938,362
Intersegment sales	–	–	–
	145,805	2,792,557	2,938,362
Segment results	13,125	536,003	549,128
Elimination of intersegment results			29,473
Corporate and other unallocated income and expenses, net			(20,188)
Share of profits of:			
Joint ventures			5,641
Associates			24,019
Finance costs			(170,843)
Profit before tax			417,230
Other segment information:			
Capital expenditure*			
– Operating segments	–	349,457	349,457
– Amount unallocated			12
			349,469
Depreciation and amortisation			
– Operating segments	12,190	736,289	748,479
– Amount unallocated			677
			749,156

* Capital expenditure consists of additions to property, plant and equipment, operating concessions and other intangible assets, excluding additions of right-of-use assets under property, plant and equipment and assets from the acquisition of subsidiaries.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

2. OPERATING SEGMENT INFORMATION *(Continued)*

Six months ended 30 June 2021

	Construction- related business (unaudited, restated) HK\$'000	Operation of clean energy projects (unaudited, restated) HK\$'000	Total (unaudited, restated) HK\$'000
Segment revenue	984,399	2,694,777	3,679,176
Intersegment sales	(660,024)	–	(660,024)
	324,375	2,694,777	3,019,152
Segment results	63,394	692,246	755,640
Elimination of intersegment results			(36,932)
Corporate and other unallocated income and expenses, net			(50,776)
Share of profits of:			
Joint ventures			245
Associates			5,394
Finance costs			(155,221)
Profit before tax			518,350
Other segment information:			
Capital expenditure*			
– Operating segments	4,426	481,032	485,458
– Amount unallocated			1,054
			486,512
Depreciation and amortisation			
– Operating segments	152,010	619,422	771,432
– Amount unallocated			7,275
			778,707

* 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.

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

Notes to the Condensed Consolidated Financial Statements

30 June 2022

2. OPERATING SEGMENT INFORMATION *(Continued)*

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 segment 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	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Revenue from contracts with customers		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	1,572,655	1,609,719
Wind Power Business	508,096	544,110
Construction services	139,208	301,121
Technical consultancy services	6,597	23,254
Entrusted operations	62,538	26,288
Provision of clean heat supply services	649,268	514,660
	2,938,362	3,019,152

* 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 2022

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

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
By timing of revenue recognition:		
Transferred at a point in time	2,874,931	2,872,373
Transferred over time	63,431	146,779
Total revenue from contracts with customers	2,938,362	3,019,152

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

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Bank interest income	2,894	3,999
Other interest income [®]	3,714	100
Government grants [#]	19,056	58,341
Gain on disposal of subsidiaries	707	–
Fair value gain on financial assets at fair value through profit or loss	8,932	17,981
Foreign exchange difference, net	4,835	21,610
Others	13,049	17,212
	53,187	119,243

[®] 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

30 June 2022

4. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Cost of sales of electricity	786,682	773,385
Cost of construction services	134,998	233,627
Cost of technical consultancy services	2,920	9,950
Cost of services in relation to entrusted operations	25,774	12,563
Cost of clean heat supply services	618,588	493,785
Depreciation of property, plant and equipment [⊗]	525,284	392,700
Depreciation of right-of-use assets recognised under property, plant and equipment [⊗]	146,281	310,067
Amortisation of operating concessions [*]	46,966	46,403
Amortisation of operating rights [*]	27,233	28,000
Amortisation of other intangible assets [#]	3,392	1,537
Foreign exchange differences, net	(4,835)	(21,610)

[⊗] Depreciation for the period amounting to approximately HK\$665,462,000 and approximately HK\$6,103,000 (six months ended 30 June 2021: approximately HK\$695,152,000 and approximately HK\$7,615,000) 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" in the condensed consolidated statement of profit or loss.

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

Notes to the Condensed Consolidated Financial Statements

30 June 2022

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Interest on interest-bearing bank loans and other borrowings	519,601	411,254
Interest on lease liabilities	183,589	325,793
Interest on options granted to non-controlling interests	81,046	85,882
Interest on corporate bonds	22,994	48,604
Total interest expenses on financial liabilities not at fair value through profit or loss	807,230	871,533
Less: Interest capitalised	(1,782)	(27,824)
	805,448	843,709

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 2021: 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	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Current – Mainland China	133,248	122,723
Deferred	(58,569)	(22,823)
Total tax expense for the period	74,679	99,900

7. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). No 2021 final dividend was declared during the interim period.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

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 2022 and 2021, and the number of ordinary shares in issue during the periods.

The calculation of the diluted earnings per share amounts for the periods is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, 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	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Earnings		
Profit for the period attributable to equity holders of the Company	360,914	356,835
Distribution related to the perpetual capital instrument	–	(38,978)
Profit used in the basic and diluted earnings per share calculations	360,914	317,857

	For the six months ended 30 June	
	2022 (unaudited)	2021 (unaudited, restated)
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculations	75,447,868,232	63,525,397,057
Effect of dilution on weighted average number of ordinary shares – Share options which have dilutive effect	38,839,588	60,673,691
Weighted average number of ordinary shares, used in the diluted earnings per share calculations	75,486,707,820	63,586,070,748
Basic earnings per share	HK0.48 cent	HK0.50 cent
Diluted earnings per share	HK0.48 cent	HK0.50 cent

Notes to the Condensed Consolidated Financial Statements

30 June 2022

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group had additions to property, plant and equipment of approximately HK\$440,032,000 (six months ended 30 June 2021: approximately HK\$648,686,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of nil (six months ended 30 June 2021: approximately HK\$1,047,924,000).

10. CONTRACT ASSETS

	Notes	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Tariff adjustment receivables	(a)	639,108	839,064
Construction contracts	(b)	462,016	458,853
Retention money	(b)	71,730	113,638
		1,172,854	1,411,555
Less: Impairment		(38,885)	(57,602)
Total		1,133,969	1,353,953

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 entering into the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the "Project List"). In the opinion of the Directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.
- (b) Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction services are retention receivables. Upon completion of certain milestone 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

30 June 2022

11. TRADE AND BILLS RECEIVABLES

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Trade receivables	2,144,286	2,261,296
Bills receivable	37,973	172,654
	2,182,259	2,433,950
Tariff adjustment receivables (note)	8,683,880	7,646,618
	10,866,139	10,080,568
Less: Impairment	(94,544)	(73,775)
Total	10,771,595	10,006,793

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

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

Notes to the Condensed Consolidated Financial Statements

30 June 2022

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 3 months	315,118	934,851
4 to 6 months	321,943	127,366
7 to 12 months	273,608	239,909
1 to 2 years	303,986	528,315
Over 2 years	878,985	535,936
	2,093,640	2,366,377

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 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 3 months	690,982	1,497,335
4 to 6 months	505,948	804,237
7 to 12 months	2,196,210	1,270,687
1 to 2 years	1,931,974	1,503,687
Over 2 years	3,352,841	2,564,470
	8,677,955	7,640,416

Notes to the Condensed Consolidated Financial Statements

30 June 2022

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Prepayments	599,202	746,846
Deposits and other receivables	4,593,247	4,969,417
Due from joint ventures	203,945	151,870
Due from associates	383,912	429,828
	5,780,306	6,297,961
Less: Impairment	(617,303)	(662,947)
	5,163,003	5,635,014
Portion classified as current assets	(2,031,727)	(2,343,586)
Non-current portion	3,131,276	3,291,428

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 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Within 3 months	84,724	92,689
4 to 6 months	352,989	329,994
7 to 12 months	168,319	407,888
1 to 2 years	336,058	639,273
2 to 3 years	1,401,810	1,826,213
	2,343,900	3,296,057

Notes to the Condensed Consolidated Financial Statements

30 June 2022

13. TRADE AND BILLS PAYABLES (Continued)

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

The Group's bills payables amounting to approximately HK\$53,224,000 (31 December 2021: approximately HK\$65,358,000) were secured by the pledged bank deposits as at 30 June 2022.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Deposits received	37,890	44,942
Other payables	1,237,680	1,576,771
Accruals	66,187	74,264
Contract liabilities	212,956	667,844
	1,554,713	2,363,821

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	30 June 2022 (unaudited)		31 December 2021 (audited)	
	Maturity	HK\$'000	Maturity	HK\$'000
Current				
Lease liabilities	2022-2023	641,685	2022	1,009,155
Bank loans – unsecured	2022-2023	2,859,589	2022	6,628,107
Bank loans – secured	2022-2023	1,015,288	2022	423,292
Other loans – secured	2022-2023	1,283,652	2022	1,127,103
Other loans – unsecured	2022-2023	–	2022	863,175
		5,800,214		10,050,832
Non-current				
Lease liabilities	2023-2052	3,990,858	2023-2052	3,531,063
Bank loans – unsecured	2023-2027	6,787,870	2023-2031	3,945,528
Bank loans – secured	2023-2042	5,786,263	2023-2037	4,465,034
Other loans – secured	2023-2034	7,483,994	2023-2031	8,988,640
		24,048,985		20,930,265
Total bank loans and other borrowings		29,849,199		30,981,097

Notes to the Condensed Consolidated Financial Statements

30 June 2022

15. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS *(Continued)*

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	3,874,877	7,051,399
In the second year	4,163,300	1,771,425
In the third to fifth years, inclusive	5,216,495	4,589,126
Beyond five years	3,194,338	2,050,011
	16,449,010	15,461,961
Other borrowings repayable:		
Within one year	1,925,336	2,999,433
In the second year	1,989,416	1,745,933
In the third to fifth years, inclusive	5,686,175	5,952,324
Beyond five years	3,799,262	4,821,446
	13,400,189	15,519,136
Total bank loans and other borrowings	29,849,199	30,981,097

Notes:

- (a) Certain of the Group's bank loans and other borrowings are secured by:
- (i) guarantees given by the Company and/or its subsidiaries;
 - (ii) pledges over the trade receivables and contract assets of certain subsidiaries;
 - (iii) pledges over certain of the Group's property, plant and equipment;
 - (iv) pledges over the Group's certain operating concessions; and/or
 - (v) pledges over the Group's equity interests in certain subsidiaries.
- (b) Certain bank borrowing agreements of the Group include conditions imposing specific performance obligations on a substantial former beneficial owner of the Company. Details of the agreements with covenants relating to specific performance of the former 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 the Former Controlling Shareholder" in "Disclosure Information".
- (c) The Group's lease liabilities, secured and unsecured bank loans and secured other loans as at 30 June 2022 bear interest at effective interest rates ranging from 4.90% to 8.54% (31 December 2021: from 4.65% to 9.04%), ranging from 1.65% to 5.30% (31 December 2021: from 1.56% to 5.30%) and ranging from 5.04% to 9.70% (31 December 2021: from 2.49% to 9.22%) respectively.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

16. CORPORATE BONDS

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Unsecured corporate bonds, repayable:		
Within one year	49,050	1,188,385
In the second year	–	–
Total corporate bonds	49,050	1,188,385
Portion classified as current liabilities	(49,050)	(1,188,385)
Non-current portion	–	–

Corporate bonds of the Group as at 30 June 2022 and 31 December 2021 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. In December 2021, the Company redeemed the principal amount of RMB460,000,000 from the bond holders, the remaining portion of the principal amount of RMB40,000,000 will be repayable on 6 December 2022 and classified as current liabilities as at 30 June 2022. Further details of the corporate bond are set out in the Company's announcement dated 2 December 2021; 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. In April 2022, the Company redeemed the principal amount of RMB899,449,000 from the bond holders, the remaining portion of the principal amount of RMB551,000 will be repayable on 29 April 2023 and classified as current liabilities as at 30 June 2022. Further details of the corporate bond are set out in the Company's announcement dated 28 April 2022.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

17. SHARE CAPITAL

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (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: 112,329,436,304 shares of HK\$0.001 at 30 June 2022 and 63,525,397,057 shares of HK\$0.001 at 31 December 2021 (note)	112,329	63,525

Note:

On 4 March 2022, a subscription agreement (the "Subscription Agreement") was entered into between the Company and Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of Shandong Hi-Speed Holdings Group Limited (山高控股集團有限公司) (formerly known as China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司)) (the "Subscriber"). Pursuant to which, the Company had conditionally agreed to allot and issue, and the Subscriber had conditionally agreed to subscribe for 48,804,039,247 subscription shares (the "Subscription Shares") at the subscription price (the "Subscription Price") of HK\$0.096 per Subscription Share for the total consideration of HK\$4,685,187,768 (the "Subscription").

The Subscription has been completed on 19 May 2022. Further details of the Subscription are set out in the announcements of the Company dated 14 March 2022 and 19 May 2022, and the Company's circular dated 1 April 2022.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

18. PERPETUAL CAPITAL INSTRUMENT

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
At beginning of the period/year	–	1,143,587
Share of profit for the period/year	–	70,267
Distribution for the period/year	–	(79,345)
Redemption of a perpetual capital instrument	–	(1,134,509)
At end of the period/year	–	–

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

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

The Perpetual Capital Instrument was fully redeemed during the year ended 31 December 2021. Further details are set out in the Company’s announcement dated 25 November 2021.

Notes to the Condensed Consolidated Financial Statements

30 June 2022

19. CONTINGENT LIABILITIES

At 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

20. COMMITMENTS

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

	30 June 2022 (unaudited) HK\$'000	31 December 2021 (audited) HK\$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	787,031	998,669
Capital contributions to joint ventures	331,968	347,512
	1,118,999	1,346,181

Save as disclosed above, at 30 June 2022, the Group did not have any significant commitments (31 December 2021: Nil).

21. 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 2022 and 2021 and outstanding balances with related parties as at 30 June 2022 and 31 December 2021.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2022 (unaudited) HK\$'000	2021 (unaudited, restated) HK\$'000
Short-term employee benefits	7,642	809
Equity-settled share option expenses	1,031	3,541
Pension scheme contributions	212	15
Total compensation paid to key management personnel	8,885	4,365

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

Notes to the Condensed Consolidated Financial Statements

30 June 2022

22. 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 loans and other borrowings and corporate bonds 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 2022 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 2021: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

23. EVENTS AFTER THE REPORTING PERIOD

Following the passing of the special resolution at the extraordinary general meeting of the Company held on 24 June 2022, the English name of the Company has been changed from “Beijing Enterprises Clean Energy Group Limited” to “Shandong Hi-Speed New Energy Group Limited” and the dual foreign name in Chinese of the Company has been changed from “北控清潔能源集團有限公司” to “山高新能源集團有限公司”, both with effect from 27 June 2022. The change of name was registered with the Registrar of Companies of Hong Kong on 25 July 2022. The stock short name of the Company for trading in the shares of the Company on the Main Board of the Stock Exchange has been changed from “BE CLEAN ENERGY” to “SDHS NEW ENERGY” in English and from “北控清潔能源集團” to “山高新能源” in Chinese, with effect from 9:00 a.m. on 10 August 2022.

24. COMPARATIVE AMOUNTS

As further explained in Note 1.3 to the financial statements, due to the changes in accounting policies, the accounting treatment and presentation of certain items and balances in the financial statements have been revised.

25. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Directors on 26 August 2022.

* For identification purposes only

Disclosure Information

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 2022, 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:

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 under the section headed "SHARE OPTION SCHEME" below.

Save as disclosed above, as at 30 June 2022, 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 under the section headed "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

Save as disclosed under the section headed "RELATED PARTY DISCLOSURES" in note 21 to the condensed consolidated financial statements, 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.

Substantial Shareholders' and Other Persons' Interests and/or Short Position in Shares and Underlying Shares

As at 30 June 2022, so far as was known to the Directors and chief executive of the Company, the following persons/entities (other than the Directors and chief executive of the Company as disclosed above) had or were deemed to have, interests or short positions in the shares or underlying shares of the Company, its group members and/or associated corporations which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests and/or Short Position in Shares and Underlying Shares *(Continued)*

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

Name of shareholders	Long/Short position	Capacity in which shares are held	Number of shares held	Approximate percentage of the Company's total issued shares <i>(Note 1)</i>
山東高速集團有限公司 (Shandong Hi-Speed Group Co., Ltd. *) ("SDHS Group") <i>(Note 2)</i>	Long position	Interest of controlled corporation	48,804,039,247	43.45%
Shandong Hi-Speed Holdings Group Limited ("Shandong Hi-Speed Holdings") <i>(Note 2)</i>	Long position	Interest of controlled corporation	48,804,039,247	43.45%
Profit Plan Global Investment Limited ("Profit Plan") <i>(Note 2)</i>	Long position	Interest of controlled corporation	48,804,039,247	43.45%
Beijing Enterprises Group Company Limited ("BE Group") <i>(Note 3)</i>	Long position	Interest of controlled corporation	20,253,164,571	18.03%
Beijing Enterprises Holdings Limited ("BEHL") <i>(Note 3)</i>	Long position	Interest of controlled corporation	20,253,164,571	18.03%
BEWG <i>(Note 3)</i>	Long position	Interest of controlled corporation	20,253,164,571	18.03%
CITIC Securities Company Limited <i>(Notes 4(i) and (ii))</i>	Long position	Interest of controlled corporation	15,203,873,410	13.54%
	Short position	Interest of controlled corporation	14,000,000	0.01%
Citron PE Holdings Limited <i>(Note 4(i))</i>	Long position	Interest of controlled corporation	7,594,936,710	6.76%
Citron PE Associates II, L.P. <i>(Note 4(i))</i>	Long position	Interest of controlled corporation	7,594,936,710	6.76%
CPEChina Fund II, L.P. <i>(Note 4(i))</i>	Long position	Interest held jointly with another person	7,594,936,710	6.76%
CPEChina Fund IIA, L.P. <i>(Note 4(i))</i>	Long position	Interest held jointly with another person	7,594,936,710	6.76%

Disclosure Information

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests and/or Short Position in Shares and Underlying Shares *(Continued)*

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

Name of shareholders	Long/Short position	Capacity in which shares are held	Number of shares held	Approximate percentage of the Company's total issued shares <i>(Note 1)</i>
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 4(ii))</i>	Long position	Interest of controlled corporation	7,594,936,700	6.76%
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 4(iii))</i>	Long position	Interest of controlled corporation	7,594,936,700	6.76%
北京信聿投資中心(有限合夥) (Beijing Xinyu Investment Centre (Limited Partnership)*) ("Beijing Xinyu Investment") <i>(Note 4(iii))</i>	Long position	Interest of controlled corporation	7,594,936,700	6.76%

Notes:

- The approximate percentage was calculated on the basis of 112,329,436,304 shares of the Company in issue as at 30 June 2022.
- SDHS Group is deemed to be interested in an aggregate of 48,804,039,247 shares of the Company as a result of its indirect holding of such shares through the following entities:

Name	Long/Short position	Number of Shares held
Profit Plan	Long position	48,804,039,247
China Shandong Hi-Speed Capital Limited ("China Shandong Hi-Speed Capital")	Long position	48,804,039,247
Shandong Hi-Speed Holdings	Long position	48,804,039,247
Shandong International (Hong Kong) Limited	Long position	48,804,039,247
Shandong Hi-Speed (Hong Kong) International Capital Limited	Long position	48,804,039,247
山東省農村經濟開發投資公司 (Shandong Rural Economic Development and Investment Company Limited*)	Long position	48,804,039,247
Shandong Hi-Speed (BVI) Capital Management Limited	Long position	48,804,039,247

Profit Plan, a wholly-owned subsidiary of China Shandong Hi-Speed Capital, beneficially holds 48,804,039,247 shares of the Company. China Shandong Hi-Speed Capital is wholly-owned by Shandong Hi-Speed Holdings (formerly known as China Shandong Hi-Speed Financial Group Limited) (a company listed on the Main Board of the Stock Exchange (Stock Code: 412)). Shandong Hi-Speed Holdings is directly held as to approximately 22.66% by Shandong Hi-Speed (Hong Kong) International Capital Limited and approximately 20.76% by Shandong International (Hong Kong) Limited. Shandong Hi-Speed (Hong Kong) International Capital Limited is wholly-owned by Shandong Hi-Speed (BVI) Capital Management Limited, and Shandong International (Hong Kong) Limited is wholly-owned by Shandong Rural Economic Development and Investment Company Limited. Shandong Hi-Speed (BVI) Capital Management Limited and Shandong Rural Economic Development and Investment Company Limited are wholly-owned by SDHS Group respectively.

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests and/or Short Position in Shares and Underlying Shares *(Continued)*

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

Notes: *(Continued)*

3. 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/Short position	Number of Shares held
Fast Top Investment Limited ("Fast Top")	Long position	20,253,164,571
BEWG	Long position	20,253,164,571
Beijing Enterprises Environmental Construction Limited ("BE Environmental")	Long position	20,253,164,571
BEHL	Long position	20,253,164,571
Beijing Enterprises Group (BVI) Company Limited ("BE BVI")	Long position	20,253,164,571

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 20,253,164,571 shares of the Company. BEWG is directly held as to approximately 40.66% by BE Environmental and approximately 0.32% by Beijing Holdings Limited ("BHL") as at 30 June 2022. BE Environmental is a wholly-owned subsidiary of BEHL, which is deemed to be interested in approximately 62% by BE BVI (by itself and through its subsidiaries) and approximately 0.35% by BHL. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

4. CITIC Securities Company Limited (a company listed on the Stock Exchange (Stock Code: 6030) and the Shanghai Stock Exchange (Stock Code: 600030)) is deemed to be interested in an aggregate of 15,203,873,410 long positions in the shares and 14,000,000 short positions in the shares of the Company as a result of its indirect holding of such shares through the following entities:

(i) Name	Long/Short position	Number of Shares held
CTSL Green Power Investment Limited ("CTSL Green Power")	Long position	7,594,936,710
CPEChina Fund II, L.P.	Long position	7,594,936,710
CPEChina Fund IIA, L.P.	Long position	7,594,936,710
Citron PE Associates II, L.P.	Long position	7,594,936,710
Citron PE Funds II Limited	Long position	7,594,936,710
Citron PE Holdings Limited	Long position	7,594,936,710
CLSA Global Investments Management Limited ("CLSA Global")	Long position	7,594,936,710
CSI Capital Management Limited ("CSI Capital")	Long position	14,000,000
	Short position	14,000,000
CITIC CLSA Global Markets Holdings Limited ("CITIC CLSA Global Markets")	Long position	14,000,000
	Short position	14,000,000
CLSA B.V.	Long position	7,608,936,710
	Short position	14,000,000
CITIC Securities International Company Limited ("CITIC Securities International")	Long position	7,608,936,710
	Short position	14,000,000

CTSL 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 Citron PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of Citron PE Associates II, L.P. is Citron PE Funds II Limited. Citron PE Funds II Limited is wholly-owned by Citron PE Holdings Limited, which is owned as to 35% by CLSA Global. CSI Capital is wholly-owned by CITIC CLSA Global Markets, which is wholly-owned by CLSA B.V.. CLSA Global is wholly-owned by CLSA B.V., which is wholly-owned by CITIC Securities International, which holds 14,000,000 short positions in the shares of the Company, which is in turn wholly-owned by CITIC Securities Company Limited.

Disclosure Information

DISCLOSURE OF INTERESTS *(Continued)*

Substantial Shareholders' and Other Persons' Interests and/or Short Position in Shares and Underlying Shares *(Continued)*

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

Notes: *(Continued)*

4. *(Continued)*

(ii)	Name	Long/Short position	Number of Shares held
	CTSL New Energy Investment Limited ("CTSL New Energy")	Long position	7,594,936,700
	Beijing Xinyu Investment	Long position	7,594,936,700
	Beijing Youde Investment	Long position	7,594,936,700
	上海磐諾企業管理服務有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) ("Shanghai Pannuo")	Long position	7,594,936,700
	CITIC Private Equity Funds	Long position	7,594,936,700

CTSL New Energy, a wholly-owned subsidiary of Beijing Xinyu Investment, beneficially holds 7,594,936,700 shares of the Company. Beijing Xinyu Investment is a limited partnership registered under the laws of the PRC. The general partner of Beijing Xinyu Investment 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.

Save as disclosed above, as at 30 June 2022, 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.

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 and update to the terms of the Share Option Scheme was adopted by the shareholders' resolution passed on 8 June 2021. As at 30 June 2022, there were share options relating to 1,010,000,000 shares granted by the Company, representing approximately 0.90% 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; while as at the date of this report, there are share options relating to 1,010,000,000 shares granted by the Company, representing approximately 0.90% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which remained 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 or advisor, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of the Group and also any entity in which the Company directly or indirectly holds any equity interest.

SHARE OPTION SCHEME *(Continued)*

(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 total issued shares 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.

As at 1 January 2022, the total number of shares available for issue under the Share Option Scheme was 6,802,539,705 shares. During the six months ended 30 June 2022 and up to the date of this report, no share option was lapsed 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 6,802,539,705 shares, representing approximately 6.06% 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.

(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.

Disclosure Information

SHARE OPTION SCHEME (Continued)

(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.

Details of movements of the share option granted under the Share Option Scheme during the year ended 31 December 2021 and during the six months ended 30 June 2022 were as follows:

Category of participants/Name	Number of share options											Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$
	As at 1 January 2021	Granted during the year ended 31 December 2021	Exercised during the year ended 31 December 2021	Cancelled during the year ended 31 December 2021	Lapsed/ forfeited during the year ended 31 December 2021	As at 31 December 2021/ 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 30 June 2022			
Executive Directors														
Mr. Hu Xiaoyong (Resigned as an executive Director on 16 May 2022)	80,000,000	-	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	80,000,000	-	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	80,000,000	-	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	80,000,000	-	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	80,000,000	-	-	-	-	80,000,000	-	-	-	-	80,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
Mr. Tan Zaixing (Resigned as an executive Director on 16 May 2022)	68,000,000	-	-	-	-	68,000,000	-	-	-	-	68,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	68,000,000	-	-	-	-	68,000,000	-	-	-	-	68,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	68,000,000	-	-	-	-	68,000,000	-	-	-	-	68,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	68,000,000	-	-	-	-	68,000,000	-	-	-	-	68,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	68,000,000	-	-	-	-	68,000,000	-	-	-	-	68,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
Independent non-executive Directors														
Mr. Li Fujun (Resigned as an independent non-executive Director on 19 May 2022)	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080
Mr. Xu Honghua (Resigned as an independent non-executive Director on 19 May 2022)	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080

SHARE OPTION SCHEME (Continued)

Category of participants/Name	Number of share options											Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK\$	
	As at 1 January 2021	Granted during the year ended 31 December 2021	Exercised during the year ended 31 December 2021	Cancelled during the year ended 31 December 2021	Lapsed/ forfeited during the year ended 31 December 2021	As at 31 December 2021/ 1 January 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 30 June 2022				
Mr. Chiu Kung Chik	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080	
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080	
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080	
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080	
	2,000,000	-	-	-	-	2,000,000	-	-	-	-	2,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080	
Sub-total	770,000,000	-	-	-	-	770,000,000	-	-	-	-	770,000,000				
Employees of the Group and associated corporations of the Group															
In aggregate	52,000,000	-	-	-	(4,000,000)	48,000,000	-	-	-	-	48,000,000	15/09/2020	15/09/2023 – 14/09/2030	0.080	
	52,000,000	-	-	-	(4,000,000)	48,000,000	-	-	-	-	48,000,000	15/09/2020	15/09/2024 – 14/09/2030	0.080	
	52,000,000	-	-	-	(4,000,000)	48,000,000	-	-	-	-	48,000,000	15/09/2020	15/09/2025 – 14/09/2030	0.080	
	52,000,000	-	-	-	(4,000,000)	48,000,000	-	-	-	-	48,000,000	15/09/2020	15/09/2026 – 14/09/2030	0.080	
	52,000,000	-	-	-	(4,000,000)	48,000,000	-	-	-	-	48,000,000	15/09/2020	15/09/2027 – 14/09/2030	0.080	
Sub-total	260,000,000	-	-	-	(20,000,000)	240,000,000	-	-	-	-	240,000,000				
Total	1,030,000,000	-	-	-	(20,000,000)	1,010,000,000	-	-	-	-	1,010,000,000				

Notes:

- 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 14 September 2020 was HK\$0.039.
- The share options granted on 15 September 2020 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. Apart from the aforesaid vesting dates, each tranche of the share options shall be vested and exercisable on the condition that each participant has passed the cultural values and performance assessment of the Company.

Save as disclosed above, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme and no share option was granted to other eligible participants who are not Directors of the Company or employees of the Group and associated corporations of the Group during the year ended 31 December 2021 and the six months ended 30 June 2022.

Disclosure Information

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. Li Li has been redesignated from a non-executive director to an executive director of Beijing Enterprises Urban Resources Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3718), with effect from 1 August 2022.

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 2021 and up to the date of this report.

CHANGE IN DIRECTORS

Set out below the following change in Directors since the date of the annual report of the Company for the year ended 31 December 2021 and up to the date of this report:

1. Mr. Hu Xiaoyong has resigned as an executive Director with effect from 16 May 2022 due to his other business commitments. Mr. Hu Xiaoyong also ceased as a joint chairman of the Company and a member of the remuneration committee of the Company (“Remuneration Committee”) with effect from 16 May 2022.
2. Mr. Tan Zaixing has resigned as an executive Director with effect from 16 May 2022 due to his other business commitments.
3. Mr. Zhang Tiefu has resigned as an executive Director and the chairman of the Company due to his other business commitments with effect from 19 May 2022. He also ceased as a member and the chairman of the nomination committee of the Company (“Nomination Committee”) and the authorised representative of the Company under Rule 3.05 of the Listing Rules (“Authorised Representative”) with effect from 19 May 2022.
4. Mr. Yang Guang has been appointed as a member of the Remuneration Committee with effect from 16 May 2022. Mr. Yang Guang has resigned as an executive Director and the chief executive officer of the Company due to his other business commitments with effect from 19 May 2022. He also ceased as a member of the Remuneration Committee with effect from 19 May 2022.
5. Mr. Shi Xiaobei has resigned as an executive Director due to his other business commitments with effect from 19 May 2022.
6. Ms. Huang Danxia has resigned as an executive Director due to her other business commitments with effect from 19 May 2022.
7. Mr. Li Fujun has resigned as an independent non-executive Director due to his other business commitments with effect from 19 May 2022. He also ceased as a member and the chairman of the Audit Committee and a member of the Nomination Committee with effect from 19 May 2022.
8. Mr. Xu Honghua has resigned as an independent non-executive Director due to his other business commitments with effect from 19 May 2022. He also ceased as a member of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 19 May 2022.

CHANGE IN DIRECTORS *(Continued)*

9. Mr. Wang Xiaodong has been appointed as an executive Director and the chairman of the Company with effect from 19 May 2022. He has also been appointed as a member and the chairman of the Nomination Committee with effect from 19 May 2022.
10. Mr. Zhu Jianbiao has been appointed as an executive Director with effect from 19 May 2022.
11. Mr. Wang Wenbo has been appointed as an executive Director with effect from 19 May 2022.
12. Mr. Sun Qingwei has been appointed as an executive Director with effect from 19 May 2022. He has also been appointed as an Authorised Representative with effect from 19 May 2022.
13. Ms. Liao Jianrong has been appointed as an executive Director with effect from 19 May 2022. She has also been appointed as a member of the Remuneration Committee with effect from 19 May 2022.
14. Mr. Li Li has been appointed as an executive Director with effect from 19 May 2022.
15. Mr. He Yongbing has been appointed as an executive Director with effect from 19 May 2022.
16. Ms. Ai Yan has been appointed as an executive Director with effect from 19 May 2022.
17. Professor Shen Zuojun has been appointed as an independent non-executive Director with effect from 19 May 2022. He has also been appointed as a member of the Nomination Committee with effect from 19 May 2022.
18. Mr. Victor Huang has been appointed as an independent non-executive Director with effect from 19 May 2022. He has also been appointed as a member and the chairman of the Audit Committee and a member of the Remuneration Committee with effect from 19 May 2022.
19. Mr. Yang Xiangliang has been appointed as an independent non-executive Director with effect from 19 May 2022. He has also been appointed as a member of the Audit Committee and the Nomination Committee with effect from 19 May 2022.

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 2022.

SPECIFIC PERFORMANCE OBLIGATIONS ON THE FORMER CONTROLLING SHAREHOLDER

On 19 May 2022, the completion (the "Completion") of the subscription of a total of 48,804,039,247 shares by Profit Plan pursuant to the terms and conditions of the conditional subscription agreement dated 4 March 2022 entered into between the Company and Profit Plan had taken place. Upon the Completion, BEWG ceased to be a controlling shareholder of the Company.

Disclosure Information

SPECIFIC PERFORMANCE OBLIGATIONS ON THE FORMER CONTROLLING SHAREHOLDER

(Continued)

As at the date of this report, details of the agreements (the “Agreement(s)”) with covenants relating to specific performance of BEWG, the former 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
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\$390 and USD100	August 2023	Note 1
30 April 2021	Term loan facility with a syndicate of banks	HK\$1,872 and USD60	April 2024	Note 1
19 November 2021 and 2 March 2022	Term loan facility with a syndicate of banks	HK\$1,606.8 and USD144	November 2024	Note 2

Note:

- (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*).
- (i) Neither BEWG nor any member of BE Group and its subsidiaries from time to time (the “Member of the BE Group”) owns, directly or indirectly, at least 25% of the beneficial shareholding carrying at least 25% of the voting rights in the Company, free from any Security; (ii) Neither BEWG nor the Member of the BE Group is the single largest shareholder of the Company, and/or supervise the Company and/or have management control over 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/or 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 (a) supervise BEHL; and/or (b) have management control over 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 (the People’s Government of Beijing Municipality*).

SPECIFIC PERFORMANCE OBLIGATIONS ON THE FORMER CONTROLLING SHAREHOLDER

(Continued)

On 2 March 2022, the Company, as borrower and the lenders under the facility agreement dated 19 November 2021 (the “Facility Agreement”) and certain banks entered into a supplemental agreement to make amendments (the “Amendments”) to the Facility Agreement (the “Supplemental Agreement”). Pursuant to the Supplemental Agreement, the principal amount of HK\$780,000,000 and US\$100,000,000 (totalling HK\$1,560,000,000) (which may be subsequently increased to an aggregate amount of not more than US\$300,000,000 (or its equivalent) subject to the terms and conditions as stipulated therein) under the Facility Agreement had been revised to the principal amount of HK\$1,606,800,000 and US\$144,000,000 (totaling HK\$2,730,000,000). Save for the Amendments, other terms of the Facility Agreement remain unchanged and in full force.

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

As at the date of this report, the Company is in the progress of negotiation with the relevant lenders as to the arrangements in relation to the abovementioned change of controlling shareholders. Further announcement(s) will be made on any material development in relation to the above if any disclosure obligations are triggered under the Listing Rules or otherwise.

Except as disclosed above, as at 30 June 2022, 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 2022 and up to the date of this report.

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 2022.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Victor Huang (the chairman of the Audit Committee), Mr. Yang Xiangliang 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 2022 have been reviewed by the Audit Committee, and discussed with the Company's management regarding the review, internal and risk controls and other relevant matters.

* For identification purposes only