北控清潔能源集團有限公司

Beijing Enterprises Clean Energy Group Limited

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

Interim Report 2019

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Xiaoyong *(Chairman)*
Mr. Shi Xiaobei
(Appointed as Chief Executive Officer on 31 May 2019)
Mr. Huang Weihua
(Ceased to act as Chief Executive Officer on 31 May 2019)
Mr. Wang Ye
Mr. Wen Hui
(Resigned as Executive Director on 4 September 2019)
Ms. Huang Danxia
(Appointed as Executive Director on 4 September 2019)

Independent Non-executive Directors

Mr. Li Fujun
Mr. Xu Honghua
Mr. Chiu Kung Chik

AUDIT COMMITTEE

Mr. Li Fujun *(Chairman)*
Mr. Xu Honghua
Mr. Chiu Kung Chik

NOMINATION COMMITTEE

Mr. Hu Xiaoyong *(Chairman)*
Mr. Li Fujun
Mr. Xu Honghua

REMUNERATION COMMITTEE

Mr. Chiu Kung Chik *(Chairman)*
Mr. Shi Xiaobei
Mr. Xu Honghua

COMPANY SECRETARY

Mr. Liu Kin Wai
(Resigned as Company Secretary on 4 September 2019)
Ms. So Hiu Wa
(Appointed as Company Secretary on 4 September 2019)

STOCK CODE

1250

WEBSITE

www.bece.com.hk

INVESTOR RELATIONS CONTACT

Email Address: ir@bece.com.hk

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

In Hong Kong:
CIMB Bank Berhad, Hong Kong Branch
CMB Wing Lung Bank Limited
DBS Bank Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited

In Mainland China:
Bank of Jiangsu Co., Ltd.
China Construction Bank Corporation
China Development Bank
China Guangfa Bank Co., Ltd.
Industrial and Commercial Bank of China Limited
Ping An Bank Co., Ltd.
The Export-Import Bank of China

Group Structure

30 June 2019

Beijing Enterprises Water Group Limited#
(Stock code: 371)

31.88%

Beijing Enterprises Clean Energy Group Limited#
(Stock code: 1250)

Photovoltaic Power Business*

Hebei Province
- Xingtai ("邢台")
- Yuxian ("蔚縣")
- Chengde ("承德")

Henan Province
- Anyang ("安陽")
- Qixian Miaokou ("淇縣廟口")
- Qixian Beiyang ("淇縣北陽")

Anhui Province
- Jinzhai ("金寨")

Shandong Province
- Xintai ("新泰")
- Weishan ("微山")

Jiangsu Province
- Yancheng ("鹽城")
- Baoying ("寶應")

Guizhou Province
- Xingyi ("興義")
- Pu'an Moshe ("普安磨舍")
- Pu'an Louxia ("普安樓下")

Shaanxi Province
- Jingbian ("靖邊")
- Yuyang ("榆陽")

Other Provinces and Autonomous Regions
- Zhongning ("中寧")
- Nanchang ("南昌")

Wind Power Business

Shandong Province
- Binzhou ("濱州")

The Inner Mongolia Autonomous Region
- Baotou ("包頭")
- Alashan ("阿拉善盟")

Clean Heat Supply Business

Hebei Province
- 1 Project

Henan Province
- 2 Projects

Ningxia Hui Autonomous Region
- 1 Project

Shaanxi Province
- 2 Projects

Shandong Province
- 1 Project

Shanxi Province
- 4 Projects

The Inner Mongolia Autonomous Region
- 1 Project

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

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

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

Chairman's Statement

Dear Shareholders,

In the first half of 2019, China's economic development encountered a complex domestic and international environment. The gross domestic product recorded a year-on-year growth of 6.3%. With the real economy encountering more difficulties, China's economy faced new downward pressures and is still in an important period of strategic opportunity for development. China's power consumption continues rising with the total social power consumption reaching 3,398.0 billion kilowatt-hours ("kWh"), representing a year-on-year increase of 5%. The installed capacity of renewable energy in China continued to expand. As of the end of June 2019, the installed capacity of renewable energy power generation reached 750 million kilowatts ("kW"), representing a year-on-year increase of 9.5%. In the first half of 2019, the newly-installed capacity of power generation in China reached 40.74 million kW, among which, the newly-installed capacity of photovoltaic power generation reached 11.40 million kW and the photovoltaic power generation volume in China reached 106.7 billion kWh, representing a year-on-year increase of 30%; and the newly-installed capacity of wind power generation reached 9.09 million kW and the wind power generation volume in China reached 214.5 billion kWh, representing a year-on-year increase of 11.5%. The average curtailment ratio of photovoltaic power in China was 2.4%, representing a year-on-year decrease of 1.2%; while the average curtailment ratio of wind power in China was 4.7%, representing a year-on-year decrease of 4.0%. The Chinese government continuously promotes the advancement of the clean energy industry and proactively pushes forward with the construction of grid parity projects. The announcement of the list of the first batch of wind power and photovoltaic power grid parity projects with a total installed capacity of 20.76 million kW in 2019, the establishment and enhancement of the safeguarding mechanism for renewable energy power consumption setting out the renewable energy consumption proportion requirements for power consumption according to the provincial administrative regions, and the promotion of a market-based resources allocation approach setting out the market competition mechanism requirement for the on-grid tariff of new projects which shall not exceed the guidance on-grid tariff of the corresponding resource areas, provide a broad prospect for the high-quality development of the clean energy industry.

Beijing Enterprises Clean Energy Group Limited (the "Company", together with its subsidiaries, the "Group" or "BECE") fully leverages on the advantageous resources of its three major shareholders (i.e. Beijing Enterprises Water Group Limited ("BEWG", a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 371)), the private equity funds managed by CITIC Private Equity Funds Management Co., Ltd. and 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) as well as the Group's experienced management team, principally focuses on the clean development and use of energy providing "clean energy plus" solutions, and aims at building a clean energy business ecosystem featuring multi-energy complement and synergies on varieties of business lines and profit sources under the strategic leadership of the board (the "Board") of directors (the "Directors") of the Company. The Group steadily develops its scale of high-quality clean energy assets base and continues exploring various areas such as energy storage, micro-grid network technologies, geothermal power and distribution and sales of electricity on the foundation of the existing photovoltaic power business, wind power business and clean heat supply business, with an aim to become a leading integrated clean energy service provider.

PERFORMANCE

In the first half of 2019, the Group continued to focus on the development of businesses with higher gross profit ratio and stronger sustainability (such as sales of electricity and clean heat supply), improve the quality of existing projects, implement cost reduction and efficiency enhancement and reduce the proportion of its construction services business which has a lower gross profit ratio. For the six months ended 30 June 2019 (the "Period"), the Group recorded revenue of HK$3,401.7 million, representing a decrease of 13% as compared to the corresponding period of 2018, while gross profit margin increased to 48% during the Period as compared to 38% during the corresponding period of 2018, and total gross profit increased by 10% as compared to the corresponding period of 2018.

Profit attributable to the equity holders of the Company was HK$590.2 million, representing a decrease of 15% as compared to the corresponding period of 2018. Such decrease was primarily attributable to the combined effect of the decrease in administrative expenses as a result of the Group's cost control efforts during the Period, the increase in finance costs attributable to the increases in average total balances of bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables for the Period as compared to the corresponding period of 2018, and the increase in profit attributable to the Group's non-controlling interests as a result of the increased profit for the Period of certain non-wholly-owned subsidiaries of the Group as compared to the corresponding period of 2018.

PERFORMANCE REVIEW

The Group steadily developed its photovoltaic power business, focusing on improving quality and efficiency and adhering to technological innovation. As at 30 June 2019, the aggregate on-grid installed capacity of the centralised photovoltaic power plants held by the Group was approximately 2,233 megawatt ("MW"), mainly situated in Anhui Province, Shandong Province, Hebei Province and Henan Province, etc., and mainly in resource areas II and III as promulgated by the National Development and Reform Commission (the "NDRC") of the People's Republic of China (the "PRC"). In respect of the distributed photovoltaic power business, as at 30 June 2019, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation achieved over 600MW, mainly located in resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province. During the Period, projects held by the Group and in operation achieved photovoltaic power generation volume of 1.6 billion kWh, representing a year-on-year increase of 26%. The weighted average utilisation hours of centralised photovoltaic power plant projects held by the Group and in operation for the full period reached 659 hours, which was higher than the national average utilisation hours of 576 hours. In addition, during the Period, the Group won two science and technology progress awards in power construction and three quality management activity achievement awards in power construction as organised and assessed by China Electric Power Construction Association, signifying the industry's recognition on the Group's efforts in technology and quality management.

Pursuant to the "Notice on Improving the Wind Power On-grid Tariff Policy*" (《關於完善風電上網電價政策的通知》) promulgated by the NDRC in May 2019, the on-grid tariff of onshore wind power changed to guidance on-grid tariff, reflecting the power marketisation reform requirements and the policy orientation of fully implementing competitive allocation. The Group actively responded to the development trend of the wind power industry and made continuing efforts in cost reduction and efficiency enhancement to be well-prepared for the on-grid bidding and grid parity of wind power. As at 30 June 2019, the Group achieved an aggregate capacity of the grid-connected, under-construction and approved-to-construct wind power projects of over 1,400MW by ways of self-development, joint development and acquisitions, mainly located in Hebei Province, Henan Province, Shandong Province and the Inner Mongolia Autonomous Region, and mainly situated in resource area IV as promulgated by the NDRC. As at 30 June 2019, the total installed capacity of on-grid wind power projects held by the Group was approximately 167MW, located in Shandong Province and the Inner Mongolia Autonomous Region. The relevant business performance continuously enhanced. During the Period, projects held by the Group and in operation achieved wind power generation volume of 0.209 billion kWh, representing a year-on-year increase of 212% and there was basically no curtailment issue. The weighted average utilisation hours of projects held by the Group and in operation for the full period reached 1,538 hours, which was higher than the national wind power average utilisation hours of 1,133 hours.

PERFORMANCE REVIEW *(Continued)*

In June 2019, the National Energy Administration issued the "Draft for Comment Regarding the "Notice for the Resolve of the Relevant Issues Arising from the Promotion of Clean Heat Supply such as "Coal-to-Gas" and "Coal-to-Electricity"*" (《徵求〈關於解決"煤改氣""煤改電"等清潔供暖推進過程中有關問題的通知〉意見的函》), aiming at carrying out clean heat supply work steadily, resolving the typical common issues arising from the promotion of clean heat supply such as coal to gas and coal to electricity in a targeted manner, and requiring to develop clean heat methods according to local conditions by the adoption of electricity, natural gas, coal or heat supply as appropriate. Meanwhile, in order to promote the improvement of air quality, the Ministry of Finance issued the "Notice on the Budget for Air Pollution Prevention and Control in 2019*" (《關於下達2019年度大氣污染防治資金預算的通知》), pursuant to which the total budget for air pollution prevention and control in 2019 was RMB25 billion, of which the amount for pilot winter clean heat supply in Northern China totalled RMB15.2 billion. With the continuous strong national support, the clean heat supply industry has been continuously developed in a healthy and orderly manner. The Group proactively develops its clean heat supply business in Henan, Hebei, Shanxi, Shaanxi, Ningxia Hui Autonomous Region, Liaoning, Shandong and other provinces riding on a number of clean heat supply technologies including industrial excess heat energy utilisation, clean coal consumption, natural gas and water source heat pump according to the local circumstances. As at 30 June 2019, the Group's actual clean heat supply area in operation reached over 25 million square meters. The Group is optimistic on the opportunities in the clean heat supply industry and will continue to develop new projects in traditional heat supply areas and non-compulsory heat supply areas in a steady and orderly manner.

In June 2019, the National Energy Administration, the NDRC, the Ministry of Science and Technology and the Ministry of Industry and Information Technology jointly promulgated the "2019-2020 Action Plan to Implement the "Guiding Opinions on Promoting Energy Storage Technology and Industrial Development"*" (《貫徹落實<關於促進儲能技術與產業發展的指導意見>2019-2020年行動計劃》) to further facilitate the healthy development of China's energy storage technology and industry. The Group's four energy storage projects with a total capacity of approximately 69 megawatt-hours in Beijing, the Tibet Autonomous Region, Jiangsu Province and Shanxi Province comprise peak shaving and frequency modulation. The Group's energy storage technology continues to be highly recognised by the industry. During the Period, the Group received various awards including the "2019 China Energy Storage Industry Best Integrated Energy Service Providers Award*" ("2019年度中國儲能 產業最佳綜合能源服務商獎"), the "2019 China Energy Storage Industry Best Design Institutions Award*" ("2019年度中國儲能產業最佳設計院獎") and the "2019 China Energy Storage Industry Most Influential Enterprises Award*" ("2019年度中國儲能產業最具影響力企業獎") from the committee of China International Energy Storage Conference*（中國國際儲能大會組委會）and China Energy Storage Web*（中國儲能網）, as well as the "10 Best Energy Storage Project Operators of 2019*" ("2019年度中國十大儲能項目運營商") from the Committee of Energy Storage International Conference*（儲能國際峰會組委會）.

CORPORATE MANAGEMENT AND CONTROL AND SUSTAINABLE DEVELOPMENT

The Group strives to strengthen operational excellence and focus on risk control. During the Period, the Group comprehensively optimised the risk assessment model and the COSO risk management system framework; reorganised the supply chain management department as a cost accounting centre, established an effective cost control management system and carried out cost management in the whole process to build up cost competitive edges; fully promoted the use of tender and procurement electronic system across the Group to further implement the "Ethical Procurement" philosophy; and captured the focus of investment assessment and adhered to early intervention and early tracking, to identify the bottom line of the project investment and construction cost control and enhance the project pre-investment, investment and post-investment control.

The Group placed great importance on building corporate culture identity and cultural development to enhance team cohesion. During the Period, the Group continued to adhere to the core values of "being responsible, having values and being sharing", the guidance and ideology of the Board and the "BECE Principles" cultural manual outline, to steadily facilitate the promotion and implementation of its corporate culture, and required all staff to keep its corporate culture in mind and to put the same into practice. During the Period, the Group continued to optimise its talent training and staff development system, and organised different types of training programs covering corporate culture, professions and management for different types of employees.

The Group kept on enhancing the safety and quality management foundation. During the Period, the Group carried out investigations and management of potential issues on project sites, identified and eliminated potential safety issues in a timely manner. The Group also launched 2019 safety training and education programs for all staff and arranged employees to participate in first aid training. In addition, the Group planned and organised various management activities such as "Environmental Management Promotion Month"（環境管理宣傳月）, "2019 Promotion Week of the Law on the Prevention and Treatment of Occupational Diseases"（二零一九年職業病防治法宣傳周）and "Month of Production Safety"（安全生產月）, striving to further improve the quality of safety management.

FUTURE OUTLOOK

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

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

Hu Xiaoyong
Chairman

Hong Kong, 27 August 2019

* *For identification purposes only*

Management Discussion and Analysis

1. BUSINESS REVIEW

During the six months ended 30 June 2019, the Group was principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the "Photovoltaic Power Business"), wind power businesses (the "Wind Power Business") and clean heat supply businesses (the "Clean Heat Supply Business") in the PRC.

Financial highlights:

	For the six months ended 30 June		
	2019	2018	Change
	(unaudited)	(unaudited)	
	HK$'000	HK$'000	%
Revenue	**3,401,678**	3,897,240	(13)
Gross profit	**1,622,592**	1,469,018	10
Gross profit ratio *(in percentage)*	**47.7**	37.7	10
Profit for the period	**694,576**	708,009	(2)
Profit attributable to the equity holders of the Company	**590,160**	690,921	(15)
Basic EPS *(in HK cent(s))*	**0.87**	1.09	(20)
EBITDA	**1,918,809**	1,664,923	15

	30 June	31 December	
	2019	2018	Change
	(unaudited)	(audited)	
	HK$'000	HK$'000	%
Total assets	**50,075,027**	43,408,150	15
Equity	**11,498,221**	10,875,407	6
Cash and cash equivalents	**4,283,254**	2,768,362	55

During the period, the Group continued to focus on the development of businesses with higher gross profit ratio and stronger sustainability (such as sales of electricity and clean heat supply), improve the quality of existing projects, implement cost reduction and efficiency enhancement and reduce the proportion of its construction services business which has a lower gross profit ratio. The Group recorded revenue of HK$3,401.7 million, representing a decrease of 13% as compared to the corresponding period of last year, while gross profit margin increased to 48% as compared to 38% during the corresponding period of last year, and total gross profit increased by 10% as compared to the corresponding period of last year.

1. BUSINESS REVIEW *(Continued)*

Profit attributable to the equity holders of the Company was HK$590.2 million, representing a decrease of 15% as compared to the corresponding period of last year. Such decrease was primarily attributable to the combined effect of (i) the decrease in administrative expenses as a result of the Group's cost control efforts during the period; (ii) the increase in finance costs attributable to the increases in average total balances of bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables for the period as compared to the corresponding period of last year; and (iii) the increase in profit attributable to the Group's non-controlling interests as a result of the increased profit for the period of certain non-wholly-owned subsidiaries of the Group as compared to the corresponding period of last year.

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

1.1 Sale of Electricity and Entrusted Operations

During the period, the Group steadily expanded its operating capacity through the investment, development, construction, operation and management of power plant projects, and the aggregate revenue in respect of the sale of electricity and the provision of entrusted management services amounted to approximately HK$1,723.5 million (six months ended 30 June 2018: approximately HK$1,473.6 million), representing an increase of 17% as compared to the corresponding period of last year. The aggregate electricity sales volume in respect of the Group's sale of electricity during the period was approximately 1.76 million (six months ended 30 June 2018: approximately 1.32 million) megawatt-hour ("MWh"), representing an increase of 33% as compared to the corresponding period of last year.

1.1.1 Photovoltaic Power Plant Projects

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

During the period, the Group's centralised photovoltaic power business expanded steadily through acquisition of businesses from independent third parties and development and construction of photovoltaic power plants. The Group recorded revenue of approximately HK$1,277.7 million (six months ended 30 June 2018: approximately HK$1,155.3 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing 38% (six months ended 30 June 2018: 30%) of the Group's total revenue during the period.

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 power plant projects *(Continued)*

As at 30 June 2019, 52 (30 June 2018: 48) centralised photovoltaic power plants covering 12 provinces, 1 municipality and 2 autonomous regions in the PRC and 1 (30 June 2018: Nil) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia were held by the Group and in operation, and the aggregate on-grid capacity of these photovoltaic power plants reached 2,233MW (30 June 2018: 1,967MW), which is analysed below:

		For the six months ended 30 June					
		2019			2018		
Location	Photovoltaic resource area	**Number of plants**	**Approximate total on-grid capacity (MW)**	**Approximate electricity sales volume *(note 1)* (MWh)**	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume *(note 1)* (MWh)
PRC – Subsidiaries:							
Hebei Province	II/III	**16**	**446**	**296,046**	15	377	216,834
Henan Province	III	**3**	**264**	**174,806**	3	264	179,335
Anhui Province	III	**6**	**191**	**97,446**	7	250	125,342
Shandong Province	III	**5**	**248**	**175,946**	5	244	155,333
Jiangsu Province	III	**3**	**220**	**97,503**	2	120	27,411
Guizhou Province	III	**4**	**211**	**115,831**	3	155	78,965
Shaanxi Province	II	**2**	**160**	**130,456**	2	160	123,620
Jiangxi Province	III	**3**	**125**	**53,318**	3	125	64,002
Ningxia Hui Autonomous Region	I	**1**	**100**	**73,049**	1	100	73,891
Hubei Province	III	**2**	**43**	**19,642**	2	43	20,997
Jilin Province	II	**1**	**30**	**27,017**	1	30	23,960
Tibet Autonomous Region	III	**1**	**30**	**20,154**	1	30	12,942
Tianjin Municipality	II	**1**	**30**	**22,492**	–	–	–
Yunnan Province	II	**1**	**22**	**18,117**	1	22	17,234
Shanxi Province	III	**1**	**20**	**14,444**	1	20	15,622
		50	**2,140**	**1,336,267**	47	1,940	1,135,488
PRC – Joint ventures:							
Hubei Province	III	**1**	**27**	**12,986**	1	27	14,880
Anhui Province	III	**1**	**60**	**35,401**	–	–	–
		2	**87**	**48,387**	1	27	14,880
PRC – Sub-total		**52**	**2,227**	**1,384,654**	48	1,967	1,150,368
Overseas – Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	**1**	**6**	**4,837**	–	–	–
Total		**53**	**2,233**	**1,389,491**	48	1,967	1,150,368

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 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 National Development and Reform Commission of the PRC (the "NDRC"), locations considered by the management to be favourable for the development of the Group's Photovoltaic Power Business. Set out below the projects analysis by photovoltaic resource areas:

	For the six months ended 30 June					
	2019			2018		
Photovoltaic resource area	Number of plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume *(note 1)* (MWh)	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume *(note 1)* (MWh)
PRC – Subsidiaries:						
I	1	100	73,049	1	100	73,891
II	12	443	344,159	11	382	261,383
III	37	1,597	919,059	35	1,458	800,214
	50	2,140	1,336,267	47	1,940	1,135,488
PRC – Joint ventures:						
III	2	87	48,387	1	27	14,880
Total	52	2,227	1,384,654	48	1,967	1,150,368

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

Note 2: During the period, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.83.

1. BUSINESS REVIEW *(Continued)*

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

1.1.1 Photovoltaic Power Plant Projects *(Continued)*

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

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

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

In respect of the distributed photovoltaic power business, as at 30 June 2019, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation achieved over 600MW, mainly located in resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants. Revenue from the sale of electricity from the Group's distributed photovoltaic power plants reached approximately HK$200.4 million during the period (six months ended 30 June 2018: approximately HK$121.5 million).

(d) 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		
	2019	2018	Changes
Weighted average curtailment ratio (%)	**1.81**	3.54	(1.73)
Weighted average utilisation hours (hours)	**659**	659	–

During the period, the national average curtailment ratio of photovoltaic power in the PRC was 2.4% and the national average utilisation hours of photovoltaic power in the PRC were 576 hours. The Group's centralised photovoltaic power plant projects are mainly located in photovoltaic resource areas II and III as promulgated by the NDRC and therefore a relatively low weighted average curtailment ratio was achieved. The further improvement of weighted average curtailment ratio during the period as compared to the corresponding period of last year was mainly attributable to the improvement of curtailment ratio of the projects located in Shaanxi Province and Tibet Autonomous Region.

1. BUSINESS REVIEW *(Continued)*

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

1.1.1 Photovoltaic Power Plant Projects *(Continued)*

(e) Entrusted management services

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted management services for photovoltaic power plant projects in the PRC and revenue of approximately HK$88.8 million (six months ended 30 June 2018: approximately HK$106.0 million) was recognised during the period.

1.1.2 Wind Power Plant Projects

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

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

During the period, the Group's Wind Power Business expanded steadily. The Group recorded revenue of approximately HK$111.5 million (six months ended 30 June 2018: approximately HK$42.7 million) from the sale of electricity from the Group's wind power plants.

As at 30 June 2019, through self-development, joint development, acquisitions, etc., the Group's aggregate capacity of the grid-connected, under-construction and approved-to-construct wind power projects reached over 1,400MW. These projects mainly located in Hebei Province, Henan Province, Shandong Province and the Inner Mongolia Autonomous Region and mainly situated in resource area IV as promulgated by the NDRC. Among which, 5 projects (six months ended 30 June 2018: 1 project) with an aggregate on-grid capacity of 167MW (six months ended 30 June 2018: 48MW) were held by the Group and in operation as at 30 June 2019, which is analysed below:

		For the six months ended 30 June					
		2019			2018		
Location	Wind resource area	**Number of plants**	**Approximate total on-grid capacity (MW)**	**Approximate electricity sales volume *(note 1)* (MWh)**	Number of Plants	Approximate total on-grid capacity (MW)	Approximate electricity sales volume *(note 1)* (MWh)
PRC – Subsidiaries:							
The Inner Mongolia Autonomous Region	I	**4**	**119**	**144,639**	–	–	–
Shandong Province	IV	**1**	**48**	**64,082**	1	48	66,883
Total		**5**	**167**	**208,721**	1	48	66,883

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

1. BUSINESS REVIEW *(Continued)*

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

1.1.2 Wind Power Plant Projects *(Continued)*

(b) Scale of the wind power plant projects registered in the Subsidy Catalogues

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

(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		
	2019	2018	Changes
Weighted average curtailment ratio (%)	**0.07**	0.17	(0.10)
Weighted average utilisation hours (hours)	**1,538**	1,393	145

During the period, the national average curtailment ratio of wind power in the PRC was 4.7% and the national average utilisation hours of wind power in the PRC were 1,133 hours. The Group's wind power plant projects are mainly located in regions with no curtailment issues in general. The improvement of weighted average utilisation hours during the period as compared to the corresponding period of last year was mainly attributable to the higher level of utilisation hours for projects in the Inner Mongolia Autonomous Region.

(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$45.0 million (six months ended 30 June 2018: approximately HK$48.1 million) was recognised during the period.

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

The Group is engaged in the provision of engineering, procurement and construction services for clean energy businesses including photovoltaic and wind power-related projects and clean heat supply projects in the PRC, and has couples of qualification and extensive experience in the design, engineering and construction of power-related projects. During the period, the Group continued to focus on the development of businesses with higher gross profit ratio and stronger sustainability (such as sales of electricity and clean heat supply), improve the quality of existing projects, implement cost reduction and efficiency enhancement and reduce the proportion of its construction services business which has a lower gross profit ratio. Revenue of approximately HK$1,106.4 million (six months ended 30 June 2018: approximately HK$2,081.7 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the period, representing 33% (six months ended 30 June 2018: 53%) of the Group's total revenue during the period and a decrease of 47% as compared to the corresponding period of last year.

1. BUSINESS REVIEW *(Continued)*

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

In addition to the above, certain clean heat supply projects on a build-operate-transfer basis (the "BOT Basis") were under construction during the period. With reference to HK(IFRIC) Interpretation 12 *Service Concession Arrangements*, construction revenue of approximately HK$40.1 million (six months ended 30 June 2018: approximately HK$165.6 million) was recognised during the period with reference to the fair value of construction services delivered during the construction phase. The fair value of such services is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of the relevant service concession agreements.

In respect of the technical consultancy services, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK$72.6 million (six months ended 30 June 2018: approximately HK$128.5 million) was recognised during the period.

1.3 Provision of Clean Heat Supply Services

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

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

1.4 Other Clean Energy Businesses

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

1. BUSINESS REVIEW *(Continued)*

1.4 Other Clean Energy Businesses *(Continued)*

1.4.1 Energy Storage Business

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

The Group steadily developed its energy storage business and completed the construction of certain demonstrative and operating projects with an aggregate capacity of approximately 69MWh locating in Beijing, Tibet Autonomous Region, Jiangsu Province and Shanxi Province, the PRC in 2018.

The Group paid persistent effort on energy storage technology and development, and its performance is consistently recognised by the industry. Further to the awards received in 2018 as disclosed in the Company's annual report for the year ended 31 December 2018, the Group received the below awards during the period:

Organisers	Events	Awards
The committee of China International Energy Storage Conference* and China Energy Storage Web*（中國國際儲能大會組委會及中國儲能網）	China International Energy Storage Conference*（中國國際儲能大會）	2019 China Energy Storage Industry Best Integrated Energy Service Providers Award*(2019年度中國儲能產業最佳綜合能源服務商獎） 2019 China Energy Storage Industry Best Design Institutions Award*(2019年度中國儲能產業最佳設計院獎） 2019 China Energy Storage Industry Most Influential Enterprises Award*(2019年度中國儲能產業最具影響力企業獎）
The committee of Energy Storage International Conference*（儲能國際峰會組委會）	2019 Energy Storage International Conference and Expo*（儲能國際峰會暨展覽會2019)	10 Best Energy Storage Project Operators of 2019*(2019年度中國十大儲能項目運營商）
International Energy Storage Alliance* and China Energy Storage Alliance*（國際儲能技術與產業聯盟及中關村儲能產業技術聯盟）	The 3rd International Energy Storage Innovation Competition*（第三屆國際儲能創新大賽）	2019 Energy Storage Young Enterprise Award*(2019年度儲能新銳企業獎）

2. FINANCIAL PERFORMANCE

2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK$3,401.7 million (six months ended 30 June 2018: approximately HK$3,897.2 million) during the period, representing a decrease of 13% as compared to the corresponding period of last year. During the period, the Group continued to focus on the development of businesses with higher gross profit ratio and stronger sustainability (such as sales of electricity and clean heat supply), improve the quality of existing projects, implement cost reduction and efficiency enhancement and reduce the proportion of its construction services business which has a lower gross profit ratio. Accordingly, (i) revenue from the sale of electricity and entrusted management services reached approximately HK$1,723.5 million (six months ended 30 June 2018: approximately HK$1,473.6 million) in aggregate, representing an increase of 17% as compared to the corresponding period of last year; and (ii) construction services revenue was approximately HK$1,146.5 million (six months ended 30 June 2018: approximately HK$2,247.3 million), representing a decrease of 49% as compared to the corresponding period of last year.

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

	For the six months ended 30 June					
	2019			2018		
	Revenue	**Gross profit ratio**	**Gross profit**	Revenue	Gross profit ratio	Gross profit
	(HK$ million)	***(%)***	***(HK$ million)***	*(HK$ million)*	*(%)*	*(HK$ million)*
Sale of electricity						
Photovoltaic Power Business	**1,478.2**	**68.3**	**1,010.1**	1,276.8	66.3	846.0
Wind Power Business	**111.5**	**61.6**	**68.8**	42.7	66.5	28.4
Construction services	**1,146.5**	**20.3**	**232.3**	2,247.3	14.9	335.0
Technical consultancy services	**72.6**	**84.4**	**61.3**	128.5	86.7	111.4
Entrusted operations	**133.8**	**84.0**	**112.4**	154.1	87.0	134.1
Provision of clean heat supply services	**459.1**	**30.0**	**137.7**	47.8	29.5	14.1
Total	**3,401.7**	**47.7**	**1,622.6**	3,897.2	37.7	1,469.0

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 increased from approximately HK$874.4 million for the six months ended 30 June 2018 to approximately HK$1,078.9 million during the period, representing 66% (six months ended 30 June 2018: 60%) to the total gross profit of the Group. The increase in contribution of sale of electricity to the Group's total gross profit was mainly attributable to the steady expansion of the Group's operating capacity of the photovoltaic and wind power plant projects. On the other hand, contribution of construction services to the Group's total gross profit was 14% (six months ended 30 June 2018: 23%) during the period. As a result of the change in revenue structure, overall gross profit ratio increased from 37.7% during the six months ended 30 June 2018 to 47.7% during the period.

2. FINANCIAL PERFORMANCE *(Continued)*

2.2 Other income and gains, net

The Group's other income and gains, net achieved approximately HK$124.7 million (six months ended 30 June 2018: approximately HK$128.6 million) during the period, which mainly comprised (i) interest income of approximately HK$39.6 million (six months ended 30 June 2018: approximately HK$49.6 million); (ii) government grants of approximately HK$72.3 million (six months ended 30 June 2018: approximately HK$41.4 million); and (iii) gains on disposal of interests in subsidiaries of nil (six months ended 30 June 2018: approximately HK$34.7 million).

2.3 Administrative expenses

Administrative expenses mainly consisted of staff costs and head office expenses such as due diligence, office rental and legal and professional fees. The decrease in administrative expenses to approximately HK$254.3 million (six months ended 30 June 2018: approximately HK$369.8 million) was mainly attributable to the Group's cost control efforts during the period. The Group's staff costs decreased by approximately HK$69.0 million and due diligence and legal and professional fees for potential projects, new projects and existing operation decreased by approximately HK$11.0 million. During the period, equity-settled share option expenses of approximately HK$11.6 million (six months ended 30 June 2018: approximately HK$11.6 million) arising from the Company's share options granted on 18 September 2017 were recognised.

2.4 Other operating expenses, net

It mainly represented loss allowances of financial assets of approximately HK$28.9 million in aggregate during the period. Upon the adoption of HKFRS 9 on 1 January 2018, impairment analysis is performed by the Group using a simplified approach for contract assets and trade receivables, and under general approach for the remaining financial instruments. Loss allowances for (i) contract assets and trade and bills receivables of approximately HK$26.6 million; and (ii) deposits and other receivables of approximately HK$2.3 million, were recognised during the six months ended 30 June 2019.

2.5 Finance costs

The increase in finance costs of the Group by approximately HK$159.8 million to approximately HK$584.3 million (six months ended 30 June 2018: approximately HK$424.5 million) was mainly attributable to the increase in the average balances of bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables of the Group as compared to the corresponding period of last year.

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.

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 increase was mainly attributable to the acquisition and development of clean energy projects and the adoption of HKFRS 16 whereby prepaid land lease payments and prepayments made for leases are reclassified under this category during the period.

2.8 Investment properties

The Group's investment properties mainly represented the fair value of an office in Hong Kong.

2.9 Prepaid land lease payments

The decrease was attributable to the adoption of HKFRS 16 as detailed in note 1.3 to the condensed consolidated financial statements.

2.10 Goodwill

It was attributable to the acquisition of subsidiaries since 2016 and the increase was mainly attributable to the acquisition of a clean energy project during the period.

2.11 Operating concessions and operating rights

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

2.12 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.

2.13 Investments in associates

It represented (i) the Group's investment in Sichuan Jinyu Automobile City (Group) Co., Ltd.*（四川金宇汽車城（集團）股份有限公司, a company established in the PRC and shares of which are listed on the Shenzhen Stock Exchange (stock code: SZ.000803)), an associate owned as to 23.82% by the Group and was principally engaged in the manufacture and sale of renewable energy and clean heat supply equipment; and (ii) the Group's investment in Beijing Enterprises City Investment Holdings Group Co., Ltd*（北控城投控股集團有限公司）, an associate owned as to 15% by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC.

2. FINANCIAL PERFORMANCE *(Continued)*

2.14 Other non-current assets

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

2.15 Contract assets

Contract assets as at 30 June 2019 of approximately HK$5,159.8 million (31 December 2018: approximately HK$4,501.7 million) represented (i) gross receivables of approximately HK$1,931.5 million (31 December 2018: approximately HK$2,033.8 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK$3,260.2 million (31 December 2018: approximately HK$2,491.8 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the Subsidy Catalogues; and (iii) loss allowances of contract assets of approximately HK$31.9 million (31 December 2018: approximately HK$23.9 million). The increase in contract assets was mainly attributable to the increase in gross receivables of the central government renewable energy subsidy arising from the sale of electricity during the period.

2.16 Trade and bills receivables

Trade and bills receivables of approximately HK$4,302.4 million (31 December 2018: approximately HK$3,289.6 million) as at 30 June 2019 were mainly attributable to (i) gross receivables from the sale of electricity of the Photovoltaic Power Business and the Wind Power Business of approximately HK$1,283.8 million (31 December 2018: approximately HK$941.1 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK$2,637.5 million (31 December 2018: approximately HK$2,087.2 million); and (iii) loss allowances of trade and bills receivables of approximately HK$37.4 million (31 December 2018: approximately HK$19.3 million).

As at 30 June 2019, gross trade receivables for the sale of electricity of the Photovoltaic Power Business and the Wind Power Business mainly comprised (i) receivables of approximately HK$290.5 million (31 December 2018: approximately HK$149.9 million) from the sale of electricity mainly to State Grid Corporation, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK$919.1 million (31 December 2018: approximately HK$711.8 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Subsidy Catalogues.

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

The increase in prepayments, deposits and other receivables and other tax recoverables by approximately HK$1,583.8 million in aggregate to approximately HK$9,544.8 million (31 December 2018: approximately HK$7,961.0 million) in aggregate (non-current portion and current portion increased by approximately HK$199.4 million and approximately HK$1,384.4 million in aggregate respectively) was mainly attributable to the increases in prepayments, deposits and other receivables for the acquisition and development of clean energy projects and input value-added-tax recoverables arising from the acquisition and development of photovoltaic and wind power plants.

2. FINANCIAL PERFORMANCE *(Continued)*

2.18 Cash and cash equivalents

The increase in cash and cash equivalents by approximately HK$1,514.9 million to approximately HK$4,283.3 million (31 December 2018: approximately HK$2,768.4 million) was mainly attributable to net effect of (i) the net increase in bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables; (ii) cash outflow on developing, acquiring and operating clean energy projects; and (iii) receipts of trade and bills receivables during the period.

2.19 Trade and bills payables

Trade and bills payables of approximately HK$5,850.6 million (31 December 2018: approximately HK$4,375.8 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services and bills payables in relation to development of clean energy projects.

2.20 Other payables and accruals

Other payables and accruals of approximately HK$4,802.5 million (31 December 2018: approximately HK$5,101.1 million) decreased by approximately HK$298.6 million, which was mainly due to the net effect of (i) settlement of construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) increase in the construction and equipment payable of projects acquired or under development by the Group during the period.

2.21 Interest-bearing bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables

Interest-bearing bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables of approximately HK$26,159.9 million (31 December 2018: approximately HK$22,242.5 million) in aggregate increased by approximately HK$3,917.4 million in aggregate (non-current portion and current portion increased by approximately HK$2,214.6 million in aggregate and approximately HK$1,702.8 million in aggregate respectively), which was mainly attributable to the drawdown of bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables for the development of the clean energy businesses.

2.22 Capital expenditures

During the period, the Group's total capital expenditures amounted to approximately HK$2,030.0 million (six months ended 30 June 2018: approximately HK$3,674.2 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK$1,590.9 million (six months ended 30 June 2018: approximately HK$1,561.3 million) in aggregate; (ii) addition to prepaid land lease payments of nil (six months ended 30 June 2018: approximately HK$36.3 million); (iii) acquisition of other intangible assets of approximately HK$26.6 million (six months ended 30 June 2018: approximately HK$5.7 million); and (iv) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK$412.5 million (six months ended 30 June 2018: approximately HK$2,070.9 million).

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 2019, the Group's cash and cash equivalents amounted to approximately HK$4,283.3 million (31 December 2018: approximately HK$2,768.4 million).

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

(a) Long-term bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables

As at 30 June 2019, the Group's total borrowings of approximately HK$26,159.9 million (31 December 2018: approximately HK$22,242.5 million) comprised (i) bank and other borrowings of approximately HK$11,558.1 million (31 December 2018: approximately HK$7,550.2 million); and (ii) lease liabilities under finance lease arrangements/finance lease payables of approximately HK$14,601.8 million (31 December 2018: approximately HK$14,692.3 million). 82% (31 December 2018: 87%) of the Group's borrowings are long-term borrowings and over 99% (31 December 2018: 99%) of the Group's borrowings bear interest at floating rates.

(b) Perpetual capital instrument

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

2. FINANCIAL PERFORMANCE *(Continued)*

2.23 Liquidity and financial resources *(Continued)*

As majority of the funding derives from equity funds from shareholders in prior years, long-term borrowings and the Perpetual Capital Instrument, the Group recorded net current assets position of approximately HK$3,501.1 million (31 December 2018: approximately HK$2,075.2 million) as at 30 June 2019.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 30 June 2019, the Group had unutilised banking facilities of approximately HK$2,583.5 million (31 December 2018: approximately HK$925.0 million) in aggregate with terms ranging from repayable on demand to 15 years (31 December 2018: ranging from repayable on demand to 15 years).

The Group's net gearing ratio, which was calculated by dividing net debt (defined as bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables, net of cash and cash equivalents) by the sum of net debt and total equity, was 66% (31 December 2018: 64%) as at 30 June 2019. The increase in net gearing ratio was mainly due to the net effect of (i) the increase in bank and other borrowings and lease liabilities under finance lease arrangements/finance lease payables for the purpose of funding the development of the clean energy businesses; and (ii) the profit attributable to the equity holders of the Company during the period.

2.24 Adoption of HKFRS 16

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Details of the adoption of HKFRS 16 are set out in note 1.3 to the condensed consolidated financial statements.

During the six months ended 30 June 2019, the Group, as lessee, entered into two office leases with Beijing Enterprises Water Group Limited ("BEWG", the controlling shareholder of the Company) and one of the wholly-owned subsidiaries of BEWG respectively, as lessor. Details of the leases are set out in the Company's announcements dated 19 January 2019 and 26 June 2019. As, among others, the leases were entered into with a termination clause whereby the leases are cancellable either by the lessor or the lessee by giving not less than 30/90 calendar days' (as appropriate) prior notice, and the Group, at the inception dates of the leases and during the lease terms, is capable of executing the termination clause with insignificant penalty, it is considered that there are no enforceable rights and obligations beyond the non-cancellable lease terms (i.e. the prior notice period), and the Directors are of the opinion that the lease arrangements and transactions contemplated under these leases constitute short-term leases under HKFRS 16. Accordingly, the transactions constitute continuing connected transactions of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CHARGE ON THE GROUP'S ASSETS

The secured bank and other borrowings, lease liabilities under finance lease arrangements/finance lease payables and bills payables of the Group as at 30 June 2019 are secured by:

(i) pledges over certain of the Group's property, plant and equipment and operating concessions;

(ii) pledges over certain of the Group's trade receivables;

(iii) pledges over the Group's equity interests in certain subsidiaries;

(iv) guarantees given by the Company and/or its subsidiaries; and/or

(v) pledges over certain of the Group's bank balances.

Save as disclosed above, at 30 June 2019, 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 2018: Nil).

FOREIGN EXCHANGE EXPOSURE

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK$, the Group would record a(n) increase/decrease in the Group's net asset value. During the six months ended 30 June 2019, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group employed 2,369 employees (30 June 2018: 1,957 employees) with total staff cost of approximately HK$183.0 million (six months ended 30 June 2018: approximately HK$220.1 million) incurred for the six months ended 30 June 2019. 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.

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

The Group had no significant investments, material acquisition and disposal of subsidiaries and associated companies during the six months ended 30 June 2019.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, the Group did not have any significant events after the reporting period.

* *For identification purposes only*

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2019

	Notes	For the six months ended 30 June 2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
REVENUE	3	**3,401,678**	3,897,240
Cost of sales		**(1,779,086)**	(2,428,222)
Gross profit		**1,622,592**	1,469,018
Other income and gains, net	3	**124,734**	128,562
Selling and distribution expenses		**(2,586)**	(9,827)
Administrative expenses		**(254,251)**	(369,837)
Other operating expenses, net		**(37,508)**	(15,209)
Finance costs	5	**(584,319)**	(424,502)
Share of profits and losses of:			
Joint ventures		**(231)**	(4,939)
Associates		**(25,737)**	(2,414)
PROFIT BEFORE TAX	4	**842,694**	770,852
Income tax expense	6	**(148,118)**	(62,843)
PROFIT FOR THE PERIOD		**694,576**	708,009
ATTRIBUTABLE TO:			
Equity holders of the Company		**590,160**	690,921
Non-controlling interests		**104,416**	17,088
		694,576	708,009
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic		**HK0.87 cent**	HK1.09 cents
Diluted		**HK0.87 cent**	HK1.09 cents

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
PROFIT FOR THE PERIOD	**694,576**	708,009
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange fluctuation reserve:		
Translation of foreign operations	**(45,266)**	(373,459)
Release upon disposal of subsidiaries	**1,632**	(16,526)
Share of other comprehensive income/(loss) of joint ventures	**132**	(3,526)
Share of other comprehensive loss of associates	**(1,112)**	(12,610)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(44,614)**	(406,121)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**649,962**	301,888
ATTRIBUTABLE TO:		
Equity holders of the Company	**546,415**	300,904
Non-controlling interests	**103,547**	984
	649,962	301,888

Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**21,583,348**	19,344,147
Investment properties		**175,000**	175,000
Prepaid land lease payments		**–**	236,522
Goodwill		**504,558**	500,567
Operating concessions		**1,898,535**	1,894,524
Operating rights		**970,822**	994,468
Other intangible assets		**18,664**	22,030
Investments in joint ventures		**140,860**	140,959
Investments in associates		**814,057**	703,510
Financial assets at fair value through profit or loss		**271,978**	263,124
Financial asset at fair value through other comprehensive income		**7,211**	7,205
Prepayments, deposits and other receivables	12	**3,234,790**	3,027,822
Other tax recoverables		**1,284,613**	1,292,153
Other non-current assets		**102,896**	102,802
Deferred tax assets		**33,849**	33,818
Total non-current assets		**31,041,181**	28,738,651
CURRENT ASSETS			
Inventories		**99,542**	157,766
Contract assets	10	**5,159,847**	4,501,672
Trade and bills receivables	11	**4,302,350**	3,289,596
Prepaid land lease payments		**–**	18,220
Prepayments, deposits and other receivables	12	**3,690,566**	2,754,169
Other tax recoverables		**1,334,846**	886,818
Restricted cash and pledged deposits		**163,441**	292,896
Cash and cash equivalents		**4,283,254**	2,768,362
Total current assets		**19,033,846**	14,669,499

Condensed Consolidated Statement of Financial Position

30 June 2019

	Notes	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
CURRENT LIABILITIES			
Trade and bills payables	13	**5,850,592**	4,375,776
Other payables and accruals	14	**4,802,463**	5,101,138
Interest-bearing bank and other borrowings	15	**1,869,118**	1,508,886
Finance lease payables	16	**–**	1,449,862
Lease liabilities	16	**2,838,267**	–
Income tax payables		**172,262**	158,595
Total current liabilities		**15,532,702**	12,594,257
NET CURRENT ASSETS		**3,501,144**	2,075,242
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,542,325**	30,813,893
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**9,688,963**	6,041,281
Finance lease payables	16	**–**	13,242,491
Lease liabilities	16	**12,528,482**	–
Other non-current liabilities		**102,409**	101,987
Deferred income		**376,986**	232,885
Deferred tax liabilities		**347,264**	319,842
Total non-current liabilities		**23,044,104**	19,938,486
Net assets		**11,498,221**	10,875,407
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	17	**63,525**	63,525
Perpetual capital instrument	18	**1,176,467**	1,137,776
Reserves		**9,346,003**	8,878,287
		10,585,995	10,079,588
Non-controlling interests		**912,226**	795,819
Total equity		**11,498,221**	10,875,407

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Attributable to equity holders of the Company										
	Ordinary shares (unaudited) HK$'000	Share premium account (unaudited) HK$'000	Share option reserve (unaudited) HK$'000	Special reserves (unaudited) HK$'000	Statutory surplus reserve (unaudited) HK$'000	Exchange fluctuation reserve (unaudited) HK$'000	Retained earnings (unaudited) HK$'000	Perpetual capital instrument (unaudited) HK$'000	Total (unaudited) HK$'000	Non-controlling interests (unaudited) HK$'000	Total equity (unaudited) HK$'000
At 1 January 2018											
Originally stated	63,525	5,925,295	6,657	88,149	209,941	280,192	1,987,147	–	8,560,906	443,123	9,004,029
Effect of adoption of HKFRS 9	–	–	–	–	–	–	(22,782)	–	(22,782)	–	(22,782)
As restated	63,525	5,925,295	6,657	88,149	209,941	280,192	1,964,365	–	8,538,124	443,123	8,981,247
Profit for the period	–	–	–	–	–	–	690,921	–	690,921	17,088	708,009
Other comprehensive loss for the period:											
Exchange differences related to foreign operations	–	–	–	–	–	(357,355)	–	–	(357,355)	(16,104)	(373,459)
Release upon disposal of subsidiaries	–	–	–	–	–	(16,526)	–	–	(16,526)	–	(16,526)
Share of other comprehensive loss of joint ventures	–	–	–	–	–	(3,526)	–	–	(3,526)	–	(3,526)
Share of other comprehensive loss of associates	–	–	–	–	–	(12,610)	–	–	(12,610)	–	(12,610)
Total comprehensive income/(loss) for the period	–	–	–	–	–	(390,017)	690,921	–	300,904	984	301,888
Acquisition of subsidiaries	–		–	–	–	–	–	–	–	28,508	28,508
Acquisition of non-controlling interests	–	–	–	5,599	–	–	–	–	5,599	(50,303)	(44,704)
Capital contributions from non-controlling equity holders	–	–	–	–	–	–	–	–	–	109,675	109,675
Disposal of subsidiaries	–	–	–	(79,601)	(34,146)	–	113,747	–	–	–	–
Equity-settled share option arrangements	–	–	11,571	–	–	–	–	–	11,571	–	11,571
Transfer from retained profits	–	–	–	–	7,092	–	(7,092)	–	–	–	–
At 30 June 2018	63,525	5,925,295	18,228	14,147	182,887	(109,825)	2,761,941	–	8,856,198	531,987	9,388,185

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

* These reserve accounts comprise the consolidated reserves of HK$9,346,003,000 (unaudited) (31 December 2018: HK$8,878,287,000 (audited)) in the condensed consolidated statement of financial position as at 30 June 2019.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash from/(used in) operating activities	**1,196,277**	(1,064,692)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**39,594**	49,620
Addition of property, plant and equipment	**(1,593,609)**	(1,201,801)
Proceeds from disposal of items of property, plant and equipment	**759**	484
Addition of prepaid land lease payments	**–**	(36,272)
Addition of operating concessions	**(40,102)**	(73,823)
Addition of other intangible assets	**–**	(5,657)
Proceeds from disposal of other intangible assets	**1,841**	–
Investments in joint ventures	**–**	(49,750)
Investments in associates	**(137,396)**	(55,456)
Acquisition of subsidiaries	**(27,026)**	(678,505)
Disposal of subsidiaries	**24,158**	172,579
Increase in deposits for potential business acquisition	**(108,806)**	(103,711)
Increase in advances to and receivables from independent third parties in relation to development of clean energy projects	**(176,068)**	(298,821)
Increase/(decrease) in payables in relation to development of clean energy projects	**(1,192,669)**	570,912
Decrease in time deposits with original maturity of more than three months when acquired	**20,391**	–
Decrease in restricted cash and pledged deposits	**131,790**	394,051
Net cash used in investing activities	**(3,057,143)**	(1,316,150)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions by non-controlling equity holders	**12,860**	109,675
Acquisition of non-controlling interests	**–**	(44,704)
New bank and other borrowings	**4,151,245**	1,496,963
Repayment of bank and other borrowings	**(128,010)**	(1,582,331)
Proceeds received under lease arrangements	**664,635**	2,091,305
Principal portion of lease payments	**(634,992)**	(632,291)
Interest on bank and other borrowings paid	**(174,674)**	(125,131)
Interest element of lease payments	**(471,150)**	(335,918)
Net cash from financing activities	**3,419,914**	977,568

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,559,048**	(1,403,274)
Cash and cash equivalents at beginning of period	**2,568,353**	4,772,754
Effect of foreign exchange rate changes, net	**(23,765)**	(81,276)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**4,103,636**	3,288,204
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**4,283,254**	3,288,204
Time deposits with original maturity of more than three months when acquired	**(179,618)**	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**4,103,636**	3,288,204

Notes to the Condensed Consolidated Financial Statements

30 June 2019

1.1 CORPORATE AND GROUP INFORMATION

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

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

1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2019 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 2018. 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 2018 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.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, Amendments to HKAS 28 *Long-term Interests in Associates and Joint Ventures* and HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of the new and revised HKFRSs are described below:

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

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of leasehold land, property, machinery and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

(a) *(Continued)*

Adoption of HKFRS 16

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities.

The right-of-use assets amounting to HK$549,882,000 were recognised on 1 January 2019 based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019. In addition, lease assets recognised previously under prepaid land lease payments and prepayments, deposits and other receivables of HK$254,742,000 and HK$47,185,000 respectively were reclassified as right-of-use assets. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to include the right-of-use assets in "Property, plant and equipment" on the face of the interim condensed consolidated statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

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

(a) *(Continued)*

Adoption of HKFRS 16 *(Continued)*

Impacts on transition *(Continued)*

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) (unaudited) HK$'000
Assets	
Property, plant and equipment	851,809
Prepaid land lease payments	(254,742)
Prepayments, deposits and other receivables	(47,185)
Total assets	549,882
Liabilities	
Lease liabilities	15,260,167
Finance lease payables	(14,692,353)
Deferred tax liabilities	33,647
Total liabilities	601,461
Retained earnings	(51,579)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	(unaudited) HK$'000
Operating lease commitments as at 31 December 2018	858,128
Weighted average incremental borrowing rate as at 1 January 2019	4.90%
Discounted operating lease commitments as at 1 January 2019	580,049
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(12,235)
Add: Commitments relating to leases previously classified as finance leases	14,692,353
Lease liabilities as at 1 January 2019	15,260,167

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

(a) *(Continued)*

Adoption of HKFRS 16 *(Continued)*

Impacts on transition *(Continued)*

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

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

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the Group's interim condensed consolidated financial information.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The Group adopted the interpretation from 1 January 2019 retrospectively. The interpretation did not have any significant impact on the Group's interim condensed consolidated financial information.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment which is the investment, development, construction, operation and management of clean energy businesses (i.e. the Photovoltaic Power Business, the Wind Power Business and the Clean Heat Supply Business) and therefore, no segment information is presented in these unaudited interim condensed consolidated financial statements.

Geographical information

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

3. REVENUE, OTHER INCOME AND GAINS, NET

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

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Revenue from contracts with customers		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	**1,478,148**	1,276,767
Wind Power Business	**111,525**	42,669
Construction services	**1,146,515**	2,247,325
Technical consultancy services	**72,611**	128,502
Entrusted operations	**133,793**	154,147
Provision of clean heat supply services	**459,086**	47,830
	3,401,678	3,897,240

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

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
By timing of revenue recognition:		
Transferred at a point of time	**2,442,794**	1,712,079
Transferred over time	**958,884**	2,185,161
Total revenue from contracts with customers	**3,401,678**	3,897,240

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

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Bank interest income	**7,990**	21,957
Other interest income[@]	**31,604**	27,663
Government grants[#]	**72,335**	41,444
Gains on bargain purchase of subsidiaries	**3,487**	–
Gain on disposal of interests in subsidiaries	**–**	34,671
Others	**9,318**	2,827
	124,734	128,562

@ 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.

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
Cost of sales of electricity	**510,866**	445,127
Cost of construction services	**914,175**	1,912,267
Cost of technical consultancy services	**11,297**	17,066
Cost of services in relation to entrusted operations	**21,353**	20,027
Cost of clean heat supply services	**321,395**	33,735
Depreciation of property, plant and equipment @	**128,579**	406,796
Depreciation of right-of-use assets recognised under property, plant and equipment @	**298,897**	–
Amortisation of prepaid land lease payments*	**–**	21,447
Amortisation of operating concessions*	**37,778**	24,926
Amortisation of operating rights*	**24,943**	15,383
Amortisation of other intangible assets#	**1,599**	1,017
Foreign exchange differences, net	**4,505**	13,733
Impairment of financial assets: **		
Impairment of contract assets**	**8,143**	–
Impairment of trade and bills receivables**	**18,434**	–
Impairment of financial assets included in prepayments, deposits and other receivables**	**2,311**	–

@ Depreciation for the period amounting to approximately HK$393,139,000 and approximately HK$34,337,000 (six months ended 30 June 2018: approximately HK$401,396,000 and approximately HK$5,400,000) are included in "Cost of sales" and "Administrative expenses" on the face of the condensed consolidated statement of profit or loss, respectively.

* Amortisation of prepaid land lease payments, operating concessions and operating rights for the period are included in "Cost of sales" on the face of the condensed consolidated statement of profit or loss.

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

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
Interest on bank and other loans	**174,674**	125,131
Interest on finance leases	**–**	335,918
Interest on lease liabilities under finance lease arrangements	**452,088**	–
Interest on other lease liabilities	**19,062**	–
Total interest expenses	**645,824**	461,049
Less: Interest capitalised	**(61,505)**	(36,547)
	584,319	424,502

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 2018: 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	
	2019 (unaudited) HK$'000	2018 (unaudited) HK$'000
Current – Mainland China	**153,888**	63,447
Deferred	**(5,770)**	(604)
Total tax expense for the period	**148,118**	62,843

7. INTERIM DISTRIBUTION

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil). No 2018 final dividend was declared during the interim period.

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

The calculations 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 2019 and 2018, and the weighted average number of ordinary shares in issue during the periods.

The calculations of the diluted earnings per share amounts is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the six months ended 30 June 2019 and 2018, and the weighted average number of ordinary shares in issue during the periods. No adjustment has been made to the basic earnings per share amounts for the six months ended 30 June 2019 and 2018 in respect of the outstanding share options of the Company as there is no dilutive effect on the earnings per share amounts.

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

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Earnings		
Profit for the period attributable to equity holders of the Company	**590,160**	690,921
Distribution related to the perpetual capital instrument	**(38,691)**	–
Profit used in the basic and diluted earnings per share calculations	**551,469**	690,921

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculations	**63,525,397,057**	63,525,397,057
Basic earnings per share	**HK0.87 cent**	HK1.09 cents
Diluted earnings per share	**HK0.87 cent**	HK1.09 cents

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group had additions to property, plant and equipment of approximately HK$1,550,751,000 (six months ended 30 June 2018: approximately HK$1,395,689,000), excluding property, plant and equipment acquired in business combinations with an aggregate carrying amount of approximately HK$275,063,000 (six months ended 30 June 2018: approximately HK$1,834,778,000).

10. CONTRACT ASSETS

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Tariff adjustment receivables *(note (a))*	**3,260,157**	2,491,836
Construction contracts *(note (b))*	**1,346,208**	1,693,796
Retention money *(note (b))*	**585,389**	339,917
	5,191,754	4,525,549
Less: Impairment	**(31,907)**	(23,877)
Total	**5,159,847**	4,501,672

Notes:

(a) Tariff adjustment receivables included in contract assets represented the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon registering into the Renewable Energy Tariff Subsidy Catalogues (the "Subsidy Catalogues"). In the opinion of the Directors, the registration procedures of the Subsidy Catalogues for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.

(b) Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

11. TRADE AND BILLS RECEIVABLES

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Trade receivables	**2,748,893**	1,971,260
Bills receivable	**671,841**	625,804
	3,420,734	2,597,064
Tariff adjustment receivables *(note)*	**919,057**	711,821
	4,339,791	3,308,885
Less: Impairment	**(37,441)**	(19,289)
Total	**4,302,350**	3,289,596

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

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

11. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Within 3 months	**757,002**	1,507,668
4 to 6 months	**534,195**	72,498
7 to 12 months	**1,155,005**	423,238
Over 1 year	**937,091**	574,371
	3,383,293	2,577,775

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 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Within 3 months	**126,465**	92,353
4 to 6 months	**87,233**	109,797
7 to 12 months	**202,334**	202,600
Over 1 year	**503,025**	307,071
	919,057	711,821

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Prepayments	2,730,840	1,865,624
Deposits and other receivables	3,558,425	3,357,207
Due from joint ventures	514,928	442,440
Due from associates	137,263	130,536
	6,941,456	5,795,807
Less: Impairment	(16,100)	(13,816)
	6,925,356	5,781,991
Portion classified as current assets	(3,690,566)	(2,754,169)
Non-current portion	3,234,790	3,027,822

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 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Within 3 months	**947,204**	2,594,226
4 to 6 months	**1,358,827**	206,028
7 to 12 months	**2,142,127**	488,561
1 to 2 years	**1,038,782**	997,291
Over 2 years	**363,652**	89,670
	5,850,592	4,375,776

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

Included in the trade and bills payables are trade payables of HK$13,440,000 (31 December 2018: HK$44,084,000) due to an associate which are generally repayable within 30 to 90 days.

The Group's bills payables amounting to HK$872,158,000 (31 December 2018: HK$331,109,000) were secured by the pledged bank deposits as at 30 June 2019.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Deposits received	**59,966**	46,002
Other payables	**4,134,064**	4,582,297
Accruals	**34,496**	117,554
Contract liabilities	**573,937**	355,285
	4,802,463	5,101,138

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Bank and other loans:		
Secured	**2,662,744**	1,525,583
Unsecured	**8,895,337**	6,024,584
Total bank and other borrowings	**11,558,081**	7,550,167
Analysed into:		
Bank and other loans repayable:		
Within one year or on demand *(note (c))*	**1,869,118**	1,508,886
In the second year	**3,813,007**	2,636,008
In the third to fifth years, inclusive	**4,330,350**	2,591,267
Beyond five years	**1,545,606**	814,006
Total bank and other borrowings	**11,558,081**	7,550,167
Portion classified as current liabilities	**(1,869,118)**	(1,508,886)
Non-current portion	**9,688,963**	6,041,281

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

Notes:

(a) Certain of the Group's bank and other loans are secured by:

(i) guarantees given by the Company and/or its subsidiaries;

(ii) pledges over the trade receivables of certain subsidiaries;

(iii) pledges over certain of the Group's bank balances; and/or

(iv) pledges over certain of the Group's property, plant and equipment.

(b) The Group's bank and other borrowings in an aggregate amount of HK$11,368,966,000 (31 December 2018: HK$7,480,282,000) as at 30 June 2019 bear interest at floating rates with effective interest rates ranging from 2.90% to 5.96% (31 December 2018: 2.90% to 5.96%).

(c) As at 30 June 2019, bank loans with an aggregate principal amount of HK$350,000,000 (31 December 2018: Nil) contained on demand repayment clauses and therefore have been recognised as current liabilities, which were included in the above analysis as unsecured current interest–bearing bank and other borrowings and bank and other loans repayable within one year or on demand.

(d) Certain bank borrowing agreements of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company. Details of the agreements with covenants relating to specific performance of the controlling shareholder which constitute disclosure obligation pursuant to rules 13.18 and 13.21 of the Listing Rules are set out in the section headed "Specific Performance Obligations On Controlling Shareholder" in "Disclosure Information".

16. LEASE LIABILITIES/FINANCE LEASE PAYABLES

Lease liabilities presenting under HKFRS 16

	30 June 2019 (unaudited) HK$'000	1 January 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Lease liabilities under finance lease arrangement *(notes)*	**14,601,807**	14,692,353	–
Other lease liabilities	**764,942**	567,814	–
Total lease liabilities	**15,366,749**	15,260,167	–
Portion classified as current liabilities	**(2,838,267)**	(1,476,139)	–
Non-current portion	**12,528,482**	13,784,028	–

Disclosures of the lease liabilities under finance lease arrangements as at 30 June 2019

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Lease liabilities under finance lease arrangements repayable:		
Within one year	**2,792,402**	–
In the second year	**1,855,313**	–
In the third to fifth years, inclusive	**5,583,228**	–
Beyond five years	**4,370,864**	–
Total lease liabilities under finance lease arrangements	**14,601,807**	–
Portion classified as current liabilities	**(2,792,402)**	–
Non-current portion	**11,809,405**	–

16. LEASE LIABILITIES/FINANCE LEASE PAYABLES *(Continued)*

Finance lease payables presenting under HKAS 17

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Current portion	–	1,449,862
Non-current portion	–	13,242,491
Total finance lease payables *(notes)*	–	14,692,353

Disclosures of the total future minimum lease payments under the finance leases as at 31 December 2018 and their present values

	Minimum lease payments 31 December 2018 (audited) HK$'000	Present value of minimum lease payments 31 December 2018 (audited) HK$'000
Amounts repayable:		
Within one year	2,311,689	1,449,862
In the second year	3,590,667	2,839,356
In the third to fifth years, inclusive	7,056,078	5,622,940
Over five years	5,293,293	4,780,195
Total minimum finance lease payments	18,251,727	14,692,353
Future finance charges	(3,559,374)	
Total net finance lease payables	14,692,353	
Portion classified as current liabilities	(1,449,862)	
Non-current portion	13,242,491	

16. LEASE LIABILITIES/FINANCE LEASE PAYABLES *(Continued)*

Notes:

(a) Upon adoption of HKFRS 16 on 1 January 2019, finance lease payables were reclassified as lease liabilities under finance lease arrangements. Details of the adoption of HKFRS 16 are set out in note 1.3 to these unaudited interim condensed consolidated financial statements.

(b) The Group leases certain property, plant and equipment for its clean energy businesses under finance lease arrangements. The leases had remaining lease terms of 1 month to 12 years as at 30 June 2019 (31 December 2018: 1 to 13 years).

(c) Certain of the above finance lease arrangements are secured by:

(i) guarantees given by the Company and/or its subsidiaries;

(ii) pledges over the Group's leased assets;

(iii) pledges over trade receivables of certain subsidiaries;

(iv) certain concession rights of the Group; and/or

(v) pledges over the Group's equity interests in certain subsidiaries.

(d) Certain finance lease agreements of the Group include conditions imposing specific performance obligations on a substantial beneficial owner of the Company. Details of the agreements with covenants relating to specific performance of the controlling shareholder which constitute disclosure obligation pursuant to rules 13.18 and 13.21 of the Listing Rules are set out in the section headed "Specific Performance Obligations On Controlling Shareholder" in "Disclosure Information".

17. SHARE CAPITAL

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Authorised:		
Ordinary shares:		
466,637,115,100 shares of HK$0.001 each	**466,637**	466,637
Convertible preference shares:		
33,362,884,900 shares of HK$0.001 each	**33,363**	33,363
	500,000	500,000
Issued and fully paid:		
Ordinary shares:		
63,525,397,057 shares of HK$0.001 each	**63,525**	63,525

18. PERPETUAL CAPITAL INSTRUMENT

	30 June 2019 (unaudited) HK$'000
At beginning	**1,137,776**
Share of profit during the period	**38,691**
At end	**1,176,467**

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 (equivalent to HK$1,190,476,000). Net proceeds after deducting issue expenses amounted to RMB997,000,000 (equivalent to HK$1,131,315,000).

18. PERPETUAL CAPITAL INSTRUMENT *(Continued)*

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

19. CONTINGENT LIABILITIES

At 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: Nil).

20. COMMITMENTS

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

	30 June 2019 (unaudited) HK$'000	31 December 2018 (audited) HK$'000
Contracted, but not provided for:		
Construction, material and equipment costs for development of clean energy projects	**1,200,478**	1,839,241
Capital contributions to joint ventures	**606,915**	606,364
	1,807,393	2,445,605

Save as disclosed above, at 30 June 2019, the Group did not have any significant commitments (31 December 2018: 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 2019 and 2018 and outstanding balances with related parties as at 30 June 2019 and 31 December 2018.

(b) Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Short-term employee benefits	**15,741**	4,167
Equity-settled share option expenses	**11,571**	11,571
Pension scheme contributions	**29**	30
Total compensation paid to key management personnel	**27,341**	15,768

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

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 and other borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the Directors, since their carrying amounts are not significantly different from their respective fair values, no disclosure of the fair values of these financial instruments is made.

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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 2019 were measured at fair value and their fair values were 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.

The Group did not have any financial liabilities measured at fair value as at 30 June 2019 and 31 December 2018.

23. COMPARATIVE AMOUNTS

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

24. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Directors on 27 August 2019.

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 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(i) Long positions in the shares and/or underlying shares of the Company

	Capacity and number of shares/underlying shares held					
Name of Directors	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total**	**Approximate percentage of the Company's issued share capital** *(Note 1)*
Mr. Hu Xiaoyong	132,780,000	–	2,291,454,285 *(Note 2)*	–	2,424,234,285	3.82%
Mr. Wang Ye	–	–	911,898,742 *(Note 3)*	–	911,898,742	1.44%

Notes:

(1) The approximate percentage was calculated on the basis of 63,525,397,057 shares of the Company in issue as at 30 June 2019.

(2) Out of 2,291,454,285 shares, 2,285,714,285 shares and 5,740,000 shares were held by Zhihua Investments Limited and Starry Chance Investments Limited, respectively, both companies are wholly and beneficially owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to have interests in those shares of the Company under the SFO.

(3) Such shares were held by 北京倍思泰科新能源科技開發有限公司 (Beijing Bestech New Energy Technology Development Co., Ltd.*) in which Mr. Wang Ye holds more than one–third of the voting power at its general meetings and he is also a director of this company. Accordingly, Mr. Wang Ye is deemed to have interests in those shares of the Company under the SFO.

DISCLOSURE OF INTERESTS *(Continued)*

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

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

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

Notes:

(1) The approximate percentage was calculated on the basis of the registered capital of RMB720,000,000 of BE Wind Power as at 30 June 2019.

(2) Such interest was held by Great First (Hong Kong) Limited, which in turn is wholly-owned by Mr. Hu Xiaoyong.

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

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

Save as disclosed above, as at 30 June 2019, 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 under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" and "Share Option Scheme" of this report, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children under the age of 18, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' Interests in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries and fellow subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted during or at the end of the period under review, save as disclosed under the section headed "Related Party Disclosures" in note 21 to the condensed consolidated financial statements.

DISCLOSURE OF INTERESTS *(Continued)*

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

As at 30 June 2019, so far as was known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company as disclosed above) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

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

Name of shareholders	Capacity in which shares are held	Number of shares held	Approximate percentage of the Company's issued share capital *(Note 1)*
Beijing Enterprises Group Company Limited ("BE Group") *(Note 2)*	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Holdings Limited ("BEHL") *(Note 2)*	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Water Group Limited ("BEWG") *(Note 2)*	Interest of controlled corporation	20,253,164,571	31.88%
CITIC Securities Company Limited *(Notes 3(i) and (ii))*	Interest of controlled corporation	15,189,873,410	23.91%
CITICPE Holdings Limited *(Note 3(i))*	Interest of controlled corporation	7,594,936,710	11.96%
CITIC PE Associates II, L.P. *(Note 3(i))*	Interest of controlled corporation	7,594,936,710	11.96%
CPEChina Fund II, L.P. *(Note 3(i))*	Interest held jointly with another person	7,594,936,710	11.96%
CPEChina Fund IIA, L.P. *(Note 3(i))*	Interest held jointly with another person	7,594,936,710	11.96%
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*) ("CITIC Private Equity Funds") *(Note 3(ii))*	Interest of controlled corporation	7,594,936,700	11.96%
北京宥德投資管理中心(有限合夥) (Beijing Youde Investment Management Centre (Limited Partnership)*) ("Beijing Youde Investment") *(Note 3(ii))*	Interest of controlled corporation	7,594,936,700	11.96%

DISCLOSURE OF INTERESTS *(Continued)*

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

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

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

Notes:

1. The approximate percentage was calculated on the basis of 63,525,397,057 shares of the Company in issue as at 30 June 2019.

2. 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 including its wholly-owned subsidiaries:

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

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 20,253,164,571 shares of the Company. BEWG was directly held as to approximately 41.15% by BE Environmental as at 30 June 2019. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn directly held as to approximately 61.96% by Beijing Enterprises Group (BVI) Company Limited (by itself and through its subsidiaries), and which is in turn wholly-owned by BE Group.

DISCLOSURE OF INTERESTS *(Continued)*

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

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

Notes: (Continued)

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

(i)

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

Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 7,594,936,710 shares of the Company. CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly-owned by CITICPE Holdings Limited, which is owned as to 35% by CLSA Global. CLSA Global is wholly-owned by CLSA B.V., which is wholly-owned by CITIC Securities International, which is in turn wholly-owned by CITIC Securities Company Limited.

(ii)

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

New Energy, a wholly-owned subsidiary of CITIC PEF III, beneficially holds 7,594,936,700 shares of the Company. CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is Beijing Youde Investment, a limited partnership registered under the laws of the PRC whose general partner is 上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*), a limited liability company incorporated in the PRC. 上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) is wholly-owned by CITIC Private Equity Funds, which is in turn owned as to 35% by CITIC Securities Company Limited.

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

Save as disclosed above, as at 30 June 2019, 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 under Section 336 of the SFO.

Disclosure Information

SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to the shareholders' resolution passed on 11 June 2013. As at 30 June 2019, there were share options relating to 1,460,000,000 shares granted by the Company, representing approximately 2.30% of the total issued shares of the Company as at the date of this report pursuant to the Share Option Scheme which were valid and outstanding.

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

(i) Purpose

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

(ii) Qualifying participants

Any employee (full-time or part-time), Director, consultant or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

(iii) Maximum number of shares

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

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

SHARE OPTION SCHEME *(Continued)*

(iv) Limit for each participant

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

Options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

(v) Option period

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

(vi) Acceptance and payment on acceptance

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

(vii) Subscription price

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

(viii) Remaining life of the Share Option Scheme

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

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

SHARE OPTION SCHEME *(Continued)*

Details of movements during the six months ended 30 June 2019 in the share options granted under the Share Option Scheme were as follows:

Name of Directors	Number of share options: As at 1 January 2019	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed/ forfeited during the period	As at 30 June 2019	Grant date (DD/MM/YYYY)	Exercisable period (DD/MM/YYYY)	Exercise price HK$
Executive Directors									
Hu Xiaoyong	120,000,000	–	–	–	–	120,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	120,000,000	–	–	–	–	120,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	120,000,000	–	–	–	–	120,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	120,000,000	–	–	–	–	120,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	120,000,000	–	–	–	–	120,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Huang Weihua	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Wang Ye	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	80,000,000	–	–	–	–	80,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Wen Hui	6,000,000	–	–	–	–	6,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	6,000,000	–	–	–	–	6,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	6,000,000	–	–	–	–	6,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	6,000,000	–	–	–	–	6,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	6,000,000	–	–	–	–	6,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Independent non-executive Directors									
Li Fujun	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Xu Honghua	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Chiu Kung Chik	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2020 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2021 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2022 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2023 – 17/09/2027	0.199
	2,000,000	–	–	–	–	2,000,000	18/09/2017	18/09/2024 – 17/09/2027	0.199
Total	1,460,000,000	–	–	–	–	1,460,000,000			

SHARE OPTION SCHEME *(Continued)*

Notes:

1. The closing price per ordinary share as at the date preceding the date on which the share options were granted and stated in the Stock Exchange's daily quotation sheet on 15 September 2017 was HK$0.197.

2. The share options are subject to a vesting scale in five tranches of 20% each per annum starting from the third anniversary and will be fully vested on the seventh anniversary of the date of grant of 18 September 2017. Each tranche of the share options shall be exercisable on the condition that each participant has passed the performance assessment of the Company.

During the six months ended 30 June 2019, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of the information of the Directors are as follows:

1. Mr. Wen Hui has been appointed as chairman of 啟迪環境科技發展股份有限公司 (Tus Environmental Science And Technology Development Co., Ltd.*) (formerly known as 啟迪桑德環境資源股份有限公司 (Tus-Sound Environmental Resources Co., Ltd.*)) (stock code: 000826.SZ), a company listed on the Shenzhen Stock Exchange with effect from 20 April 2019.

2. Mr. Huang Weihua ceased to act as the chief executive officer of the Company with effect from 31 May 2019.

3. Mr. Shi Xiaobei was appointed as the chief executive officer of the Company with effect from 31 May 2019.

4. The Company and Mr. Huang Weihua entered into a supplemental service agreement on 27 August 2019, pursuant to which Mr. Huang is, with retrospective effect from 1 June 2019, entitled to a basic annual salary in the total sum of HK$810,000 and a performance bonus in the total sum of HK$990,000.

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 2018 and up to the date of this report.

CHANGE OF DIRECTORS

Set out below the following changes in Directors after the reporting period:

1. Mr. Wen Hui resigned as an executive Director with effect from 4 September 2019.

2. Ms. Huang Danxia ("Ms. Huang") was appointed as an executive Director with effect from 4 September 2019. Pursuant to the service contract entered into between Ms. Huang and the Company, she has agreed to act as an executive Director for an initial term of 3 years. She is entitled to an annual remuneration of HK$144,000, which is determined with reference to the prevailing market conditions, and her duties and responsibilities in the Group.

CHANGE OF COMPANY SECRETARY

Mr. Liu Kin Wai resigned, and Ms. So Hiu Wa was appointed, as the company secretary of the Company with effect from 4 September 2019.

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 2019.

Disclosure Information

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

Date of the Agreement(s)	Nature of the Agreement(s)	Aggregate amount (million)	Final Maturity	Specific performance obligations
1 November 2016	Term loan facility with a bank	HK$1,000	November 2019	Note 1
23 December 2016	Finance lease facility with a financial institution	RMB241.87	December 2031	Note 2
23 December 2016	Finance lease facility with a financial institution	RMB83.5	December 2019	Note 2
23 December 2016	Finance lease facility with a financial institution	RMB103.8	December 2026	Note 2
23 December 2016	Finance lease facility with a financial institution	RMB220	December 2026	Note 2
18 September 2017	Term loan facilities with a syndicate of banks	HK$1,780	September 2020	Note 1
28 December 2017	Term loan facility with a bank	HK$1,000	December 2020	Note 3
10 May 2018	Term loan facility with a bank	HK$500	May 2021	Note 1
29 May 2018	Term loan facility with banks	USD100	May 2021	Note 1
17 December 2018	Term loan facility with a bank	HK$800	December 2022	Note 1
14 June 2019	Term loan facility with a syndicate of banks	HK$3,000	June 2022	Note 1

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER *(Continued)*

Notes:

1. (i) BEWG does not or ceases to own, directly or indirectly, at least 25% of the beneficial shareholding carrying at least 25% of the voting rights in the Company, free from mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect (each, a "Security"); (ii) BEWG is not or ceases to be the, direct or indirect, single largest shareholder of the Company, and/or does not or ceases to supervise the Company; (iii) BEHL does not or ceases to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from any Security; (iv) BEHL is not or ceases to be the, direct or indirect, single largest shareholder of BEWG, and does not or ceases to (a) supervise BEWG; and/or (b) have management control over BEWG; (v) BE Group does not or ceases to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any Security; (vi) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of BEHL and/or does not or ceases to supervise BEHL; and (vii) BE Group is not or ceases to be effectively wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (the State–owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality*).

2. BEWG holds less than 27% of the ordinary shares of the Company directly or indirectly, or cease to be the, direct or indirect, single largest shareholder of the Company.

3. (i) BEWG is not or ceases to be the, direct or indirect, single largest shareholder of the Company, and/or does not or ceases to supervise the Company and/or have management control over the Company; (ii) BEHL does not or ceases to own, directly or indirectly, at least 35% of the beneficial shareholding carrying at least 35% of the voting rights in BEWG, free from Security; (iii) BEHL is not or ceases to be the, direct or indirect, single largest shareholder of BEWG, and/or does not or ceases to supervise BEWG and/or have management control over BEWG; (iv) BE Group does not or ceases to own, directly or indirectly, at least 40% of the beneficial shareholding carrying at least 40% of the voting rights in BEHL, free from any Security; (v) BE Group is not or ceases to be the, direct or indirect, single largest shareholder of BEHL, and/or does not or ceases to supervise BEHL; and (vi) BE Group is not or ceases to be wholly-owned, supervised and controlled by 北京市人民政府國有資產監督管理委員會 (the State–owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality*).

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

To the best knowledge of the Directors, none of the above events took place during the six months ended 30 June 2019 and up to the date of approval of this report.

Except as disclosed above, as at 30 June 2019, 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 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2019.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of 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 2019.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control of the Company. The interim results of the Group for the six months ended 30 June 2019 have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

* *For identification purpose only*