京能集团

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.

*(Incorporated in Bermuda with limited liability)*
**(Stock code: 686)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "**Board**" or the "**Directors**") of Beijing Energy International Holding Co., Ltd. (the "**Company**" or "**BJEI**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020. The condensed consolidated interim financial information was prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Diversification of Investment Locations and Portfolios

During the six months ended 30 June 2021 (the "**Period**"), the Group, striving to be a leading global eco-development solutions provider, was principally engaged in the development, investment, operation and management of power plants and other renewable energy projects.

#### *Solar Power Plant Projects*

During the Period, the Group focused its resources on managing its existing solar power business. As at 30 June 2021, the Group had 76 (31 December 2020: 61) solar power plants with aggregate installed capacity of approximately 2,825.4 megawatts ("**MW**") (31 December 2020: approximately 2,070.4MW). As at 30 June 2021, all of the solar power plants were located in the People's Republic of China ("**PRC**"). The Group has well-diversified its solar power plants in 18 different regions in the PRC during the Period (31 December 2020: 17).

Almost all the solar power plants owned and controlled by the Group are ground-mounted, with a small portion of them being roof-top type. The Group strategically develops, constructs and acquires solar power plants to achieve predetermined minimal rate of return and selects its solar power plants based on a combination of factors, including solar irradiation of the site, applicable feed-in tariffs, government subsidies, conditions for local grid connection, electricity transmission infrastructure and demand for electricity.

***Other Renewable Energy Projects***

The Group owned development rights mainly in hydropower with an expected capacity of over 5 gigawatts ("**GW**"). The Company indirectly holds 75% of the equity interest in the project companies while the remaining 25% is indirectly held by the People's Government of Tibet Autonomous Region. The Group is waiting for the planning of the Chinese government's ecological red line before the construction of any hydropower plants.

In the short run, the Group will focus on the development of solar and wind power businesses, while diversifying its renewable energy portfolios in order to supplement the multi-type energy supply in the long run.

**Electricity Generation**

During the Period, the total electricity generated by the power plants of the Group has increased from approximately 1,388,242 megawatt hours ("**MWh**") in 2020 to approximately 1,744,946 MWh, or by approximately 25.7%. All these power plants are grid-connected and are generating electricity steadily.

***Table 1: Summary of Power Plants***

| | For the six months ended 30 June | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2021** | | | | 2020 | | | |
| | **Number of power plants** | **Aggregate installed capacity** *(MW)* | **Electricity generation** *(MWh)* | **Weighted average utilisation hours** *(Hours)* | Number of power plants | Aggregate installed capacity *(MW)* | Electricity generation *(MWh)* | Weighted average utilisation hours *(Hours)* |
| Solar power plants | **76** | **2,825.4** | **1,744,946** | **708** | 58 | 1,945.4 | 1,388,242 | 669 |

The details of the electricity generated from each region for the Period are set out as below. For accounting purpose, the volume of electricity generated by the newly acquired or constructed solar power plants during the Period was only recorded starting from their respective completion dates of acquisition or construction, as the case may be.

### *Table 2: Information of Power Plants by Resource Zone*

| Location | As at 30 June 2021 | | For the six months ended 30 June 2021 | | |
|---|---|---|---|---|---|
| | **Number of power plants** | **Aggregate installed capacity** | **Electricity generation** | **Revenue** | **Average tariff per kWh (net of VAT)** |
| | | *(MW)* | *(MWh)* | *(RMB' million)* | *(RMB)* |
| **Subsidiaries** | | | | | |
| (i) Zone 1 | | | | | |
| Inner Mongolia, PRC | 21 | 595.0 | 389,735 | 293 | 0.75 |
| Ningxia, PRC | 1 | 200.0 | 142,091 | 108 | 0.76 |
| Gansu, PRC | 1 | 100.0 | 74,815 | 57 | 0.76 |
| Zone 1 sub-total | 23 | 895.0 | 606,641 | 458 | 0.75 |
| (ii) Zone 2 | | | | | |
| Qinghai, PRC | 4 | 200.0 | 158,252 | 129 | 0.82 |
| Shanxi, PRC | 2 | 150.0 | 122,421 | 86 | 0.70 |
| Shaanxi, PRC | 1 | 300.0 | 92,664 | 62 | 0.67 |
| Shandong, PRC | 3 | 50.0 | 33,921 | 19 | 0.55 |
| Xinjiang, PRC | 8 | 320.2 | 171,287 | 105 | 0.61 |
| Inner Mongolia, PRC | 1 | 60.0 | 48,843 | 39 | 0.80 |
| Yunnan, PRC | 3 | 57.1 | 44,426 | 33 | 0.74 |
| Hebei, PRC | 2 | 37.3 | 25,944 | 20 | 0.78 |
| Sichuan, PRC | 3 | 50.0 | 46,923 | 31 | 0.67 |
| Zone 2 sub-total | 27 | 1,224.6 | 744,681 | 524 | 0.70 |

| Location | Number of power plants | Aggregate installed capacity *(MW)* | Electricity generation *(MWh)* | Revenue *(RMB' million)* | Average tariff per kWh (net of VAT) *(RMB)* |
|---|---|---|---|---|---|
| | **As at 30 June 2021** | | **For the six months ended 30 June 2021** | | |
| (iii) Zone 3 | | | | | |
| Hubei, PRC | 1 | 100.0 | 55,434 | 49 | 0.89 |
| Shandong, PRC | 3 | 80.0 | 47,685 | 41 | 0.86 |
| Guangxi, PRC | 2 | 80.0 | 29,886 | 29 | 0.98 |
| Hunan, PRC | 6 | 120.0 | 47,761 | 41 | 0.85 |
| Guangdong, PRC | 5 | 97.8 | 59,041 | 47 | 0.79 |
| Zhejiang, PRC | 1 | 3.0 | 1,381 | 1 | 0.86 |
| Hebei, PRC | 1 | 30.0 | 19,809 | 17 | 0.87 |
| Anhui, PRC | 1 | 100.0 | 62,166 | 41 | 0.65 |
| Zone 3 sub-total | 20 | 610.8 | 323,163 | 266 | 0.82 |
| (iv) Others | | | | | |
| Tibet, PRC | 6 | 95.0 | 70,461 | 62 | 0.88 |
| Others sub-total | 6 | 95.0 | 70,461 | 62 | 0.88 |
| **Total** | **76** | **2,825.4** | **1,744,946** | **1,310** | **0.75** |

### Financing

The power generation business is capital intensive in nature. The Group has been exploring various financing channels to enhance its financing capability and reduce its finance costs. During the Period, the Group has raised funds by means of debt financing and issue of convertible bonds. As at 30 June 2021, the effective interest rate for bank and other borrowings was approximately 4.49% (31 December 2020: approximately 4.70%).

On 7 May 2021, a capital increase agreement was entered into by two indirect wholly-owned subsidiaries of the Company and United Photovoltaics (Changzhou) Investment Group Co., Ltd.*（聯合光伏（常州）投資集團有限公司）(“**UP Changzhou**”, an indirect wholly-owned subsidiary of the Company) with ICBC Financial Asset Investment Co., Ltd.*（工銀金融資產投資有限公司）(“**ICBC Investment**”) in relation to the deemed disposal of no more than 29.43% equity interest in UP Changzhou to ICBC Investment for a consideration of RMB3,000 million (the “**Capital Increase**”). The transaction was completed in June 2021. The Capital Increase not only was structured for the purpose of financing where the Company would obtain funding from ICBC Investment, but also would enable UP Changzhou to raise funds to repay its debts and reduce the reliance of UP Changzhou on the financial support from the Group.

On 29 June 2021, the Company has successfully issued three-year convertible bonds in the principal amount of US$50 million (equivalent to approximately RMB320 million) due 2024 to high-quality institutional investors, which marks the affirmation from international capital market and confidence on the Company’s future development. The convertible bonds bear coupon rate of 3.8% per annum and are convertible into shares of the Company at a conversion price of HK$0.33 per share. The market price of the Company’s shares listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 June 2021, being the last trading day before the date on which the terms of the subscription agreement were fixed, was HK$0.275 per share. The net proceeds from the issue of the convertible bonds amounted to approximately US$49 million (equivalent to approximately RMB316 million). The Company intended to use the net proceeds to refinance the offshore indebtedness and for the offshore projects and general working capital purposes in accordance with the announcement dated 30 June 2021. All the net proceeds from the issue of the convertible bonds up to 30 June 2021 remained unused. Management of the Company (the “**Management**”) has expected that the net proceeds will be fully utilised by the end of 2021.

## FINANCIAL REVIEW

During the Period, the Group recorded a net profit of approximately RMB361 million (30 June 2020: approximately RMB93 million).

## Revenue and EBITDA

During the Period, the revenue and EBITDA were approximately RMB1,310 million and RMB1,131 million respectively (30 June 2020: approximately RMB1,071 million and RMB977 million respectively). The increase in sales of electricity and tariff adjustment and EBITDA of the Group was attributable to: (i) expansion in aggregate capacity from approximately 1,945.4MW to approximately 2,825.4MW or around 45.2% by way of acquisition and self-development projects, and (ii) effective operation and management of power plants.

The net profit increased during the Period was mainly due to the combined effect of the increase in EBITDA and bargain purchase gain arising from business combinations.

The average tariff per kWh (net of VAT) for the Period was approximately RMB0.75 (30 June 2020: approximately RMB0.77). Table 2 summaries the details of the breakdown of revenue generated by each resource zone and provincial region.

## Finance Costs

The total finance costs have increased from approximately RMB569 million in 2020 to approximately RMB667 million during the Period, or a rise of approximately 17.2%. The increase was mainly attributable to the recognition of the day one fair value loss on issue of convertible bonds. The Group has also taken various new financing or re-financing activities during the Period and has successfully lowered certain finance costs.

## Income Tax

During the Period, the Group's operations in the PRC are subject to the PRC Corporate Income Tax. The statutory PRC Corporate Income Tax rate is 25%. Certain subsidiaries of renewable energy project companies are entitled to preferential tax concession. Income tax on profits assessable outside the PRC has been provided at rates prevailing in the respective jurisdictions.

## Trade, Bills and Tariff Adjustment Receivables

The trade and bills receivables will usually be settled within three to twelve months. For the tariff adjustment receivables in the PRC during the Period, there was a further delay in settlement in Tariff Subsidy Project List or Others.

***Table 3: Breakdown of Trade, Bills, Tariff Adjustment Receivables***

| | **30 June 2021** | | 31 December 2020 | |
|---|---|---|---|---|
| | **Installed capacity** ***(MW)*** | ***RMB' million*** | Installed capacity *(MW)* | *RMB' million* |
| Trade and bills receivables | | **285** | | 229 |
| Tariff adjustment receivables | | | | |
| PRC | | | | |
| Tariff Subsidy Project List | **2,320.5** | **5,643** | 1,785.7 | 3,846 |
| Others *(Note)* | **484.9** | **398** | 264.7 | 269 |
| Total | **2,805.4** | **6,326** | 2,050.4 | 4,344 |

*Note:* Representing the solar power plants to be enlisted in the Tariff Subsidy Project List.

**Bank and Other Borrowings**

The Group is actively seeking opportunities of financing/re-financing to lower the cost of funds and to improve liquidity.

As at 30 June 2021, the maturity and currency profile for the Group's bank and other borrowings are set out as follows:

| | **Within 1 year** *RMB'million* | **2nd year** *RMB'million* | **3-5 years** *RMB'million* | **6-10 years** *RMB'million* | **Over 10 years** *RMB'million* | **Total** *RMB'million* |
|---|---|---|---|---|---|---|
| RMB | 5,628 | 2,226 | 7,245 | 4,134 | 537 | 19,770 |
| US$ | 2,198 | – | 1,543 | – | – | 3,741 |
| | 7,826 | 2,226 | 8,788 | 4,134 | 537 | 23,511 |
| *Less:* Unamortised loan facilities fees | (59) | (44) | (102) | (106) | (5) | (316) |
| Carrying amount | 7,767 | 2,182 | 8,686 | 4,028 | 532 | 23,195 |

## Key Performance Indicators

The Group measures the delivery of its strategies and manages its business through regular measurements of several key performance indicators, particularly on the following ratios: EBITDA margin, debt to EBITDA ratio, funds from operations to net debt ratio and interest coverage ratio.

*EBITDA Margin:* EBITDA margin is a measurement of the Group's operating profitability and is calculated as EBITDA divided by the revenue. The Group's EBITDA margin has decreased by approximately 5% from approximately 91% for the six months ended 30 June 2020 to approximately 86% for the Period. This was mainly due to additional operating expenses caused by business expansion.

*Debt to EBITDA Ratio:* Debt to EBITDA ratio is a measurement of the number of years that will take the Group to repay its debts assuming net debts and EBITDA are held constant. This ratio is calculated as the net debts divided by EBITDA. Net debts is calculated as total borrowings less cash deposits. Total borrowings include current and non-current bank and other borrowings and construction costs payables as shown in the consolidated statement of financial position. The ratio has increased during the Period to approximately 15.9 (30 June 2020: approximately 14.9).

*Funds from Operations to Net Debt Ratio:* Funds from operations to debt ratio is a measurement of the Group's ability to pay its debts using its operating income alone. This ratio is calculated as EBITDA net of cash interest paid divided by net debts. The ratio has decreased from approximately 4.3% for the six months ended 30 June 2020 to approximately 3.8% for the Period.

*Interest Coverage Ratio:* Interest coverage ratio measures the Group's ability to pay interest on its interest-bearing debt. The ratio is calculated as EBITDA divided by net interest paid (actual interest paid minus actual interest income received during the Period). The ratio was approximately 2.49 for the Period (30 June 2020: approximately 2.77).

## LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 30 June 2021, the Group recorded current assets of approximately RMB13,953 million and current liabilities of approximately RMB10,443 million.

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have been centrally reviewed and monitored at the group level. To manage the Group's exposure to fluctuations in interest rates on each solar power project, appropriate funding policies will be applied including the use of bank and other borrowings, issue of senior notes, medium-term notes and corporate bonds or issuance of new shares. Management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

The Group monitors its capital structure based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts.

The capital structure (including its gearing ratio) as at 30 June 2021 was as follows:

| | **30 June 2021** *RMB'million* | 31 December 2020 *RMB'million* |
|---|---|---|
| Bank and other borrowings | **23,195** | 17,589 |
| Construction costs payables | **605** | 441 |
| Convertible bonds | **374** | – |
| Total borrowings and convertible bonds | **24,174** | 18,030 |
| Less: Cash deposits | **(6,139)** | (2,972) |
| Net debts | **18,035** | 15,058 |
| Total equity | **8,968** | 5,655 |
| Total capital | **27,003** | 20,713 |
| Gearing ratio | **66.8%** | 72.7% |

Except for the US$50 million convertible bonds and certain bank and other borrowings with aggregate amounts of approximately RMB6,526 million which were carried at fixed rates, the remaining borrowings of the Group bore floating interest rates.

During the Period, the drop in gearing ratio was attributable to the increase in total equity as a result of the Capital Increase.

The Group will use its best endeavour to lower its gearing ratio in the future by deleveraging its liabilities, including but not limited to co-investing in power plants with strategic business partners to reduce the capital expenditure.

As at 30 June 2021, the cash deposits were denominated in the following currencies:

| | **Pledged deposits** *RMB'million* | **Restricted cash** *RMB'million* | **Cash and cash equivalents** *RMB'million* | **Total** *RMB'million* |
|---|---|---|---|---|
| RMB | 1,174 | 12 | 3,576 | 4,762 |
| HK$ | – | – | 480 | 480 |
| US$ | – | – | 889 | 889 |
| GBP | – | – | 1 | 1 |
| AUD | – | – | 7 | 7 |
| | 1,174 | 12 | 4,953 | 6,139 |
| Representing: | | | | |
| Non-current portion | 1,028 | – | – | 1,028 |
| Current portion | 146 | 12 | 4,953 | 5,111 |
| | 1,174 | 12 | 4,953 | 6,139 |

The Group did not have any financial instruments for hedging purposes.

As at 30 June 2021, the Group had capital commitment in respect of property, plant and equipment amounted to approximately RMB274 million.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, the Group had the following acquisitions and disposal:

(a) An indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party to purchase the entire equity interest of a company established in the PRC (the "**Target Company**") for a consideration of approximately RMB1,178 million. The Target Company is principally engaged in the operation, maintenance and management of a solar power plant with aggregate installed capacity of approximately 300MW. The Group has also completed seven acquisitions of subsidiaries in the PRC with aggregate capacities of 535MW. None of them is individually material to the Group.

(b) An indirect wholly-owned subsidiary of the Company acquired 100% equity interest of Wollar Solar Development Pty Ltd ("**WSD**") from an independent third party. WSD is principally engaged in the operation, maintenance and management of a solar power plant in Australia.

(c) The deemed disposal of no more than 29.43% equity interest in UP Changzhou to ICBC Investment for a consideration of RMB3,000 million was completed in June 2021. Please refer to the section titled "Financing" in Business Review above for further details.

Save as mentioned above, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint venture during the Period.

## PERFORMANCE AND FUTURE PROSPECTS FOR SIGNIFICANT INVESTMENTS HELD

As at 30 June 2021, the Group had no significant investment.

## MATERIAL RELIANCE ON KEY CUSTOMERS

The key customers in the PRC for the sales of electricity were subsidiaries of the State Grid Corporation of China ("**State Grid**") and Inner Mongolia Power (Group) Co., Ltd. ("**Inner Mongolia Power**"), which are PRC state-owned electric utility companies that transmit and distribute power in the PRC. As at 30 June 2021, the receivables from the subsidiaries of State Grid and Inner Mongolia Power were approximately 77.4% and 22.4% of the total trade, bills and tariff adjustment receivables, respectively.

## CHARGE ON ASSETS

As at 30 June 2021, approximately 66% of bank and other borrowings of the Group were secured by the pledge over certain power generating modules and equipment, guarantee deposits, the fee collection right in relation to the sales of electricity in certain subsidiaries and/or pledge over the shares/equity interest of certain subsidiaries of the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group had 543 full-time employees (30 June 2020: 403). Employees were remunerated according to the nature of their positions, individual qualification, performance, working experience and market trends, with regular remuneration review to reward and motivate individual performance. The Group offers competitive compensation and benefit packages to different levels of staff, including additional medical insurance, discretionary bonus, various training programmes, sponsorship for further study, as well as share option scheme for the benefits of the directors and eligible employees of the members of the Group. Total employee benefits expenses (excluding share-based payment expenses) for the Period amounted to approximately RMB74 million (30 June 2020: approximately RMB42 million).

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Mainland China and Hong Kong. For the operations in Mainland China, the transactions are mostly denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. Since the exchange rate of US$ against HK$ is pegged to each other under the Linked Exchange Rate System, the exposure to fluctuation in exchange rates will mainly arise from the translation to the presentation currency of the Group. The Group did not resort to any currency hedging facility for the Period. However, Management will enhance the monitoring on the Group's foreign currency exposure, should the need arise.

## CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no significant contingent liability.

**INFORMATION UPDATE ON THE INCIDENTS**

References are made to (1) the annual reports of the Company for the years ended 31 December 2019 and 2020; and (2) the announcements of the Company dated 19 July 2020, 31 July 2020, 28 September 2020 and 30 March 2021.

In respect of certain payments on behalf of New Energy Exchange Limited and its subsidiaries (collectively, the "**NEX Group**") made to one of the limited partners of Changzhou Haozhen, a then joint venture of the Group, on 29 March 2021, the Group entered into an agreement with NEX Group, which was an extension of the settlement agreement between the Group and NEX Group signed on 24 August 2020 (details are set out in the Company's 2019 annual report), on certain new and revised settlement arrangements in relation to the outstanding net balances due from NEX Group of approximately RMB296 million as at 31 December 2020 ("**Revised Settlement Agreement**"). Pursuant to the Revised Settlement Agreement, NEX Group agreed to transfer (1) equity interests of its certain companies operating in the PRC in which the fair value of those equity interests amounted to approximately RMB35 million; (2) a debenture of the Company held by NEX Group with maturity date on 17 April 2021 amounted to approximately RMB161 million (including both principal and interest); (3) cash of approximately RMB10 million; (4) cash of approximately RMB38 million upon settlement of certain trade and other receivables from independent third parties; and (5) approximately 274 million shares of the Company held by NEX Group in which the fair value of these shares amounted to approximately RMB60 million as at 29 March 2021, to the Group for full settlement of the net balances due from NEX Group ("**NEX Settlements**"). The NEX Settlements are expected to complete on or before 31 December 2021. In addition, NEX Group agreed to pledge approximately 460 million shares of the Company held by NEX Group (including approximately 274 million shares as mentioned in (5) above) as collaterals to the NEX Settlements to cover any remaining unsettled balance.

The Company commits to keep its shareholders and the public informed of all material information to appraise the Company's position by way of announcements on the websites of the Stock Exchange and the Company, including but not limited to market updates of all material information where applicable.

## IMPORTANT EVENTS OCCURRED SINCE THE END OF THE FINANCIAL PERIOD

On 17 August 2021, the Company entered into the commercial factoring business framework agreement (the "**Factoring Agreement**") with Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司) ("**Shenzhen Jingneng Leasing**", a subsidiary of a controlling shareholder of the Company). Pursuant to the Factoring Agreement, Shenzhen Jingneng Leasing agreed to provide factoring business services to the Group with respect of the tariff adjustment receivables arising from the sale of electricity under the Group's electricity sale agreements of its renewable energy projects, for a term from the effective date of the Factoring Agreement to 31 December 2023. The Factoring Agreement is subject to the approval by the independent shareholders of the Company at the general meeting. Management is of the view that entering into the Factoring Agreement would optimise the Group's asset structure, accelerate the efficiency of asset turnover, improve the efficiency of capital utilisation, broaden its financing channels and reduce its financing costs. Under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange, the Factoring Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company. Please refer to the Company's announcement dated 17 August 2021 for further details.

On 30 August 2021, Yulin City Jiangshan Yongchen New Energy Limited* (榆林市江山永宸新能源有限公司) ("**Jiangshan Yongchen**", an indirect wholly-owned subsidiary of the Company) entered into an agreement (the "**Finance Lease Agreement**") with China Development Bank Financial Leasing Co., Ltd.* (國銀金融租賃股份有限公司) ("**CDB Financial Leasing**"). Pursuant to the Finance Lease Agreement, CDB Financial Leasing agreed to purchase various photovoltaic power generation equipments in relation to a photovoltaic power project in Yulin City, Shaanxi Province (the "**Leased Assets**") from Jiangshan Yongchen, which shall then be leased back to Jiangshan Yongchen for a total consideration of RMB500 million. The Finance Lease Agreement and the transactions contemplated thereunder not only provide the Group with more financial resources for development of projects and working capital of Jiangshan Yongchen, but also allow the Group to make more efficient utilisation of internal resources. Please refer to the Company's announcement dated 30 August 2021 for further details.

## PROSPECTS

The year 2021 marks the first year of the "14th Five-Year Plan". New energy and renewable energy industries represented by wind power and photovoltaic power meet new opportunities as the goals of "carbon peak and carbon neutrality" have been proposed and the construction of a new power system based on new energy has been accelerated. From the national level to local levels, authorities have introduced implementation and support policies successively, taking energy transition as a new opportunity and leveraging their respective strengths to propel the development of new energy, improve the utilisation ratio of renewable energy, promote green energy certificate trading, lead the society to enhance green power consumption and build a clean, low-carbon, safe and efficient energy system to advance high-quality development of the economy and the society. The goals of "carbon peak and carbon neutrality" have become the keynote of development, and green has become the base colour of development.

In the first half of this year, all staff worked together with one mind and all strength; accordingly, the Group made certain achievements in strategy formulation, market development, project construction, financial management and financing, production and operation, corporate governance and risk control and compliance. In accordance with the general concept of "base-centered, regional and international", the Company accelerated the accumulation of resources, implemented multiple acquisition projects and completed the capital increase of ICBC Investment to a subsidiary and the issue of convertible bonds, which effectively relieved the financial pressure of the Company. New projects were commenced as scheduled, and projects under construction maintained a high standard of safety and quality. Safety production and operation remained stable and the operating profit of the first half was better than expected.

In the second half of this year, the Company will maintain a strong will and continue to work hard so as to ensure that the Group will achieve sustained, rapid and healthy development and realise all the goals.

In the post-pandemic era, green transition is preferred by countries around the world, which will lead to a new round of global competition, and coping with climate changes will become the focus of the battle for commanding heights. As the "14th Five-Year Plan" kicks off, China's energy reform ushers in the second half of the game. Achieving the goals of "carbon peak and carbon neutrality" to go with the trends of historical development is an important part of coping with changes of the world and improving the core competitiveness of our nation. After energy transition ushers in the new stage, the value of energy commodities will be restored gradually. The real purpose of this new round of energy system reform is to "control the middle end and liberate the upstream and downstream ends". Only by fostering diversified supply from upstream resources and full competition in downstream markets, can we really achieve optimal resource allocation, ultimately activate new innovation patterns, lead the horizontal and vertical coordinated optimisation and comprehensive utilisation of energy, and realise the cross-industry integration of energy by breaking the existing barriers.

While it is important to take a long-term perspective with a big heart when making judgments, the business blueprint only comes out of painstaking efforts. In the second half of this year, the Company will strive for even greater victory and a colossal world of our own in the increasingly competitive environment and work hard to achieve the goal of advancing to new horizons and achieving leapfrog development in 2021, with perseverance, the determination of marching courageously and the "three thousand spirit" and high morale of BJEI's people for breaking ground and developing business and by making full use of advantages of the flexible and efficient market mechanism and the talent resources.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
*For the six months ended 30 June 2021*

**INTERIM RESULTS**

The Board presents the unaudited condensed consolidated interim results of the Group for the Period together with the comparative figures for the corresponding period in the previous year as follows:

| | Note | **Unaudited Six months ended 30 June 2021** *RMB'million* | 2020 *RMB'million* |
|---|---|---|---|
| Sales of electricity | | **420** | 330 |
| Tariff adjustment | | **890** | 741 |
| Revenue | *3* | **1,310** | 1,071 |
| Other income | | **6** | 20 |
| Employee benefits expenses (excluding share-based payment expenses) | | **(74)** | (42) |
| Land use tax | | **(4)** | (4) |
| Legal and professional fees | | **(22)** | (10) |
| Maintenance costs | | **(31)** | (21) |
| Other expenses | | **(54)** | (37) |
| EBITDA# | | **1,131** | 977 |
| Acquisition costs arising from business combinations | | **(2)** | – |
| Depreciation for property, plant and equipment | | **(339)** | (284) |
| Depreciation for right-of-use assets | | **(13)** | (14) |
| Bargain purchase gain arising from business combinations | | **208** | – |
| Finance income | | **84** | 18 |
| Finance costs | *4* | **(667)** | (569) |
| Impairment loss on financial assets | | **(3)** | – |
| Share-based payment expenses | | **–** | (6) |
| Loss on disposal of investments accounted for using equity method | | **–** | (2) |
| Share of profits of investments accounted for using equity method | | **9** | 14 |
| Gain/(loss) on disposal of property, plant and equipment | | **1** | (2) |
| Profit before income tax | | **409** | 132 |
| Income tax expenses | *5* | **(48)** | (39) |
| **PROFIT FOR THE PERIOD** | | **361** | 93 |

| | Note | Unaudited<br>Six months ended 30 June<br>**2021**<br>***RMB'million*** | <br><br>2020<br>*RMB'million* |
|---|---|---|---|
| **PROFIT ATTRIBUTABLE TO** | | | |
| Equity holders of the Company | | **371** | 85 |
| Non-controlling interests | | **(10)** | 8 |
| | | **361** | 93 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY** | *7* | | |
| Basic *(RMB cents)* | | **1.65** | 0.41 |
| Diluted *(RMB cents)* | | **1.57** | 0.41 |

# *EBITDA represents earnings before depreciation, finance income, finance costs, income tax expenses, non-cash items, non-recurring items, bargain purchase gain arising from business combinations, impairment loss of financial assets, share-based payment expenses, share of profits of investments accounted for using equity method and loss on disposal of property, plant and equipment. EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards, but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by the other companies.*

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2021*

| | Unaudited Six months ended 30 June | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB'million*** | *RMB'million* |
| **PROFIT FOR THE PERIOD** | **361** | 93 |
| **Other comprehensive loss:** | | |
| *Items that may be reclassified to profit or loss* | | |
| Currencies translation differences | **(68)** | (49) |
| Other comprehensive loss for the period, net of tax | **(68)** | (49) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **293** | 44 |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO** | | |
| Equity holders of the Company | **303** | 36 |
| Non-controlling interests | **(10)** | 8 |
| | **293** | 44 |

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2021*

| | *Note* | **Unaudited 30 June 2021** ***RMB'million*** | Audited 31 December 2020 *RMB'million* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **18,429** | 14,097 |
| Right-of-use assets | | **437** | 325 |
| Intangible assets | | **869** | 869 |
| Investments accounted for using equity method | | **272** | 263 |
| Other receivables, deposits and prepayments | | **634** | 406 |
| Pledged deposits | | **1,028** | 379 |
| Deferred tax assets | | **27** | 27 |
| **Total non-current assets** | | **21,696** | 16,366 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | | **42** | 42 |
| Trade, bills and tariff adjustment receivables | *8* | **6,326** | 4,344 |
| Other receivables, contract assets, deposits and prepayments | | **2,474** | 2,743 |
| Pledged deposits | | **146** | 974 |
| Restricted cash | | **12** | 42 |
| Cash and cash equivalents | | **4,953** | 1,577 |
| **Total current assets** | | **13,953** | 9,722 |
| **Total assets** | | **35,649** | 26,088 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | *9* | **1,924** | 1,924 |
| Reserves | | **3,817** | 3,393 |
| | | **5,741** | 5,317 |
| **Non-controlling interests** | | **3,227** | 338 |
| **Total equity** | | **8,968** | 5,655 |

| | Note | Unaudited 30 June 2021 *RMB'million* | Audited 31 December 2020 *RMB'million* |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Convertible bonds | *10* | **374** | – |
| Bank and other borrowings | *11* | **15,428** | 12,284 |
| Lease liabilities | | **134** | 123 |
| Deferred government grant | | **1** | 1 |
| Deferred tax liabilities | | **301** | 268 |
| **Total non-current liabilities** | | **16,238** | 12,676 |
| **Current liabilities** | | | |
| Other payables and accruals | | **2,664** | 2,442 |
| Lease liabilities | | **12** | 10 |
| Bank and other borrowings | *11* | **7,767** | 5,305 |
| **Total current liabilities** | | **10,443** | 7,757 |
| **Total liabilities** | | **26,681** | 20,433 |
| **Total equity and liabilities** | | **35,649** | 26,088 |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

Beijing Energy International Holding Co., Ltd. (the "**Company**") is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The ordinary shares of the Company are listed on the Main Board of the Stock Exchange.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in the development, investment, operation and management of power plants and other renewable energy projects.

This unaudited condensed consolidated interim financial information ("**Financial Information**") is presented in Renminbi ("**RMB**") and rounded to the nearest million, unless otherwise stated. This Financial Information has been approved for issue by the Board of Directors on 30 August 2021.

**Key Events During the Period**

***(a) Deemed Disposal of 29.43% Equity Interest in an Indirect Wholly-Owned Subsidiary***

On 7 May 2021, a capital increase agreement was entered into by two indirect wholly-owned subsidiaries of the Company and United Photovoltaics (Changzhou) Investment Group Co., Ltd.*（聯合光伏（常州）投資集團有限公司）("**UP Changzhou**", an indirect wholly-owned subsidiary of the Company) with ICBC Financial Asset Investment Co., Ltd.*（工銀金融資產投資有限公司）("**ICBC Investment**") in relation to the deemed disposal of no more than 29.43% equity interest in UP Changzhou to ICBC Investment for a consideration of RMB3,000 million (the "**Capital Increase**"). The transaction was completed in June 2021. The Capital Increase not only was structured for the purpose of financing where the Company would obtain funding from ICBC Investment, but also would enable UP Changzhou to raise funds to repay its debts and reduce the reliance of UP Changzhou on the financial support from the Group.

***(b) Issue of Convertible Bonds***

On 29 June 2021, the Company has issued three-year convertible bonds in the principal amount of US$50 million (equivalent to approximately RMB320 million) due 2024 to independent third parties. The convertible bonds bear coupon rate of 3.8% per annum and are convertible into shares of the Company at a conversion price of HK$0.33 per share. Further details of which are set out in Note 10 to this Financial Information.

***(c) Acquisitions of Subsidiaries***

During the Period, the Group completed eight acquisitions of subsidiaries with aggregate capacities of 835MW in the People's Republic of China ("**PRC**") and an acquisition of a subsidiary with planned capacity of 300MW in Australia. Further details of which are set out in Note 12 to this Financial Information.

## 2 BASIS OF PREPARATION

This Financial Information for the Period has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

This Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, contingent consideration payable and derivative portion of convertible bonds, which were carried at fair values.

### 2.1 Significant Accounting Policies

The accounting policies used in the preparation of the Financial Information are consistent with those used in the annual financial statements for the year ended 31 December 2020, except as mentioned below.

#### *(a) Amended HKFRSs that are Effective for Annual Periods Beginning On or After 1 January 2021*

During the Period, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on or after 1 January 2021:

| | |
|---|---|
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

### (b) *Issued But Not Yet Effective HKFRSs*

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for the Group's accounting periods beginning on or after 1 January 2021 and have not been early adopted by the Group.

| | |
|---|---|
| HKFRS 17 | Insurance Contracts and Related Amendments[4] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current[4] |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use[1] |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract[1] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5] |
| Amendments to HKFRSs | Annual Improvements to HKFRS Standards 2018-2020[1] |
| Accounting Guideline 5 (Revised) | Merger Accounting for Common Control Combinations[2] |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021[6] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies[4] |
| Amendments to HKAS 8 | Definition of Accounting Estimates[4] |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4] |

[1] *Effective for annual periods beginning on or after 1 January 2022*

[2] *Effective for common control combinations that occur on or after the beginning of the first annual period beginning on or after 1 January 2022*

[3] *Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022*

[4] *Effective for annual periods beginning on or after 1 January 2023*

[5] *Effective date not yet determined*

[6] *Effective for annual periods beginning on or after 1 April 2021*

The Board anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement, and these are not expected to have a material impact on the Group's condensed consolidated financial statements.

### 2.2 Critical Accounting Estimates and Assumptions

The preparation of the Financial Information requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Financial Information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

### 2.3 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and interest rate risk), credit risk and liquidity risk.

The Financial Information do not include all financial risk management information and disclosures as required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020. There have been no changes in the risk management policies since year end. Compared to 31 December 2020, there was no material change in the contractual undiscounted cash out flows for financial liabilities as at 30 June 2021.

## 3 SEGMENT INFORMATION

The Chief Operation Decision-Maker ("**CODM**") has been identified as the Board of Directors of the Company. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group is pursuing expansion and involvement in clean energy technologies, including solar power and hydropower. During the six months ended 30 June 2021 and 2020, the Group has one reportable segment which is solar energy segment. No material revenue, EBITDA, segment profit nor total assets had been contributed by the hydropower segment as it is still under development stage and therefore CODM does not regard hydropower segment as a reportable segment. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM. Accordingly, reconciliation of segment profit to the Group's profit is not separately presented.

During the six months ended 30 June 2021 and 2020, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue are derived from the operations in the PRC.

All of the Group's revenue from external customers were in the PRC.

The Group's non-current assets other than financial instruments and deferred tax assets by geographical area are as follows:

| | **Unaudited 30 June 2021** *RMB' million* | Audited 31 December 2020 *RMB' million* |
|---|---|---|
| The PRC | **19,895** | 15,557 |
| Australia | **156** | – |
| Hong Kong | **7** | 11 |
| | **20,058** | 15,568 |

For the Period, there was one customer (30 June 2020: three) which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

| | **Unaudited For the six months ended 30 June** | |
|---|---|---|
| | **2021** *RMB' million* | 2020 *RMB' million* |
| Customer A | **293** | 244 |
| Customer B *(Note)* | **N/A** | 117 |
| Customer C *(Note)* | **N/A** | 114 |

*Note:* These customers did not contribute over 10% of total revenue of the Group during the Period.

## 4 FINANCE COSTS

| | Unaudited For the six months ended 30 June | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB' million*** | *RMB' million* |
| In relation to bank and other borrowings | | |
| Interest expenses | **543** | 476 |
| Loan facilities fee | **64** | 90 |
| | **607** | 566 |
| In relation to convertible bonds | | |
| Day 1 fair value loss on issue of convertible bonds | **56** | – |
| | **56** | – |
| In relation to lease liabilities | | |
| Interest expenses | **4** | 3 |
| Total finance costs | **667** | 569 |

## 5 INCOME TAX EXPENSES

The Group's operations in the PRC are subject to PRC Corporate Income Tax. The statutory PRC Corporate Income Tax rate is 25%. Certain subsidiaries of renewable energy projects are entitled to preferential tax concession. Income tax on profits assessable outside the PRC has been provided at rates prevailing in the respective jurisdictions.

## 6 DIVIDEND

No dividend has been paid or declared by the Company for the Period (30 June 2020: Nil).

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share was calculated by dividing profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

| | Unaudited For the six months ended 30 June | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB' million*** | *RMB' million* |
| **Profit** | | |
| Profit attributable to the equity holders of the Company | **371** | 85 |
| **Weighted average number of ordinary shares in issue** (million shares) | **22,428** | 20,535 |
| | ***RMB cents*** | *RMB cents* |
| **Basic earnings per share** | **1.65** | 0.41 |

### (b) Diluted

Diluted earnings per share was calculated based on profit attributable to the equity holders of the Company and by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the Period, the Group has two (30 June 2020: one) categories of potential ordinary shares including convertible bonds and share options (30 June 2020: share options).

The convertible bonds were assumed to have been converted into ordinary shares and the net profit had been adjusted to eliminate the interest expenses net of tax effect. For the share options, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares for the six months ended 30 June 2021 and 2020.

| | Unaudited For the six months ended 30 June | |
|---|---|---|
| | **2021** | 2020 |
| | ***RMB' million*** | *RMB' million* |
| **Profit** | | |
| Profit attributable to the equity holder of the Company | **371** | 85 |
| Assumed conversion of convertible bonds | | |
| Adjustments for | | |
| Convertible bonds | | |
| – Imputed interest expenses | **–** | – |
| Adjusted profit attributable to equity holders of the Company used to determine the diluted earnings per share | **371** | 85 |
| **Weighted average number of ordinary shares in issue** | | |
| (million shares) | **22,428** | 20,535 |
| Adjustments for | | |
| Assumed conversion of convertible bonds | **1,177** | – |
| **Weighted average number of ordinary shares used to determine the diluted earnings per share** | | |
| (million shares) | **23,605** | 20,535 |
| | ***RMB cents*** | *RMB cents* |
| **Diluted earnings per share** | **1.57** | 0.41 |

## 8 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

| | **Unaudited** | Audited |
|---|---|---|
| | **30 June** | 31 December |
| | **2021** | 2020 |
| | ***RMB' million*** | *RMB' million* |
| Trade receivables | **147** | 63 |
| Tariff adjustment receivables | **6,041** | 4,115 |
| Trade and tariff adjustment receivables | **6,188** | 4,178 |
| Bills receivables | **138** | 166 |
| Trade, bills and tariff adjustment receivables | **6,326** | 4,344 |

As at 30 June 2021, trade receivables of approximately RMB147 million (31 December 2020: approximately RMB63 million) represented receivables from sales of electricity and are usually settled within three to twelve months.

Tariff adjustment receivables mainly represented the central government subsidies on renewable energy projects to be received from the State Grid Corporation of China and Inner Mongolia Power Company Limited based on the respective electricity sale and purchase agreements for each of the Group's solar power plants and prevailing nationwide government policies.

The ageing analysis by invoice date, which approximates revenue recognition date, of the trade and tariff adjustment receivables were as follows:

| | **Unaudited 30 June 2021** *RMB' million* | Audited 31 December 2020 *RMB' million* |
|---|---|---|
| Current | **6,069** | 4,074 |
| 1 – 30 days | **36** | 29 |
| 31 – 60 days | **–** | – |
| 61 – 90 days | **–** | 1 |
| 91 – 180 days | **–** | 7 |
| 181 – 365 days | **18** | – |
| Over 365 days | **65** | 67 |
| | **6,188** | 4,178 |

## 9 SHARE CAPITAL

| | **Number of shares *(million)*** | *RMB' million* |
|---|---|---|
| Ordinary shares of HK$0.10 each | | |
| **Authorised** | | |
| At 31 December 2020 and 30 June 2021 | **30,000** | **2,525** |
| **Issued and fully paid** | | |
| At 31 December 2020 and 30 June 2021 | **22,428** | **1,924** |

## 10 CONVERTIBLE BONDS

During the Period, the Company has issued three-year convertible bonds to independent third parties as follows:

| | | | | Unaudited On inception | | |
|---|---|---|---|---|---|---|
| **Date of issue** | **Principal amount** | **Interest rate** | **Net proceeds (equivalent to approximately)** | **Financial liabilities at amortised cost** | **Financial derivatives at fair value through profit or loss** | **Day 1 fair value loss on issue of convertible bonds** |
| | *US$'million* | | *RMB'million* | *RMB'million* | *RMB'million* | *RMB'million* |
| 29 June 2021 | 50 | 3.8%p.a. | **316** | **266** | **108** | **56** |

The bondholders are entitled to convert the bonds into shares credited as fully paid at any time during the conversion period:

(a) on and after the day falling 41 days after the date of issue to the close of business on the date falling 10 days prior to the maturity date (both days inclusive); or

(b) if the bonds have been called for redemption before the maturity date, then up to and including the close of business on the date no later than 10 days prior to the date fixed for redemption.

Summarised below is the movement of each portion of convertible bonds during the Period:

| | | Unaudited | |
|---|---|---|---|
| | **Financial Liabilities at amortised cost – debt portion** | **Financial liabilities at fair value through profit or loss – derivatives portion** | **Total** |
| | *RMB'million* | *RMB'million* | *RMB'million* |
| **At 1 January 2021** | – | – | – |
| Initial recognition upon issue on convertible bonds | 212 | 108 | 320 |
| Day 1 fair value loss at date of issue | 56 | – | 56 |
| Transaction costs | (4) | – | (4) |
| Exchange difference | 2 | – | 2 |
| **At 30 June 2021** | **266** | **108** | **374** |

## 11 BANK AND OTHER BORROWINGS

| | **Unaudited 30 June 2021** ***RMB' million*** | Audited 31 December 2020 *RMB' million* |
|---|---|---|
| Non-current | **15,428** | 12,284 |
| Current | **7,767** | 5,305 |
| | **23,195** | 17,589 |

Movements in bank and other borrowings is analysed as follows:

| | **Unaudited** ***RMB'million*** |
|---|---|
| **As at 1 January 2021** | **17,589** |
| Acquisition of subsidiaries | **4,199** |
| Proceeds from bank borrowings | **5,008** |
| Repayments of bank borrowings | **(2,194)** |
| Proceeds from loans from financial institutions | **230** |
| Repayments of loans from financial institutions | **(1,153)** |
| Repayments of senior notes | **(212)** |
| Repayment of medium-term notes | **(300)** |
| Payment of interest expense | **(29)** |
| Amortisation of loan facilities fees | **53** |
| Unamortised interest cost on pledged deposits | **29** |
| Exchange difference | **(25)** |
| **As at 30 June 2021** | **23,195** |

*Note:*

The effective interest rate per annum for bank and other borrowings as at 30 June 2021 was 4.49% (31 December 2020: 4.70%).

## 12 ACQUISITION OF SUBSIDIARIES

It is the Group's strategy to identify suitable investment opportunity to acquire renewable energy projects with good prospects and potential for stable returns.

### (a) Business Combination

During the Period, the Group completed the acquisitions of sixteen solar power plants (31 December 2020: two) in the PRC from independent third parties through its indirect wholly-owned subsidiaries. The acquisitions have immediately enabled to supplement the Group's existing renewable power plant portfolio and further expand its scale of business in the renewable energy sector to enhance return to the shareholders of the Company.

### (b) Acquisition of Assets

During the Period, through the indirect wholly-owned subsidiaries, the Group acquired 100% equity interest of Wollar Solar Development Pty Ltd ("**WSD**") in Australia from an independent third party at a total consideration of AUD22.4 million (equivalent to approximately RMB112 million). WSD has been consolidated into the condensed consolidated financial statements of the Group. The acquisition is considered as an acquisition of assets.

The following table summarises the consideration paid, the fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests as at the respective acquisition dates:

| | | Unaudited | |
|---|---|---|---|
| | **Business Combination** | **Acquisition of Assets** | **Total** |
| | *RMB'million* | *RMB'million* | *RMB'million* |
| **Consideration** | | | |
| Cash | **1,751** | **112** | **1,863** |
| **Recognised amounts of fair value of identifiable assets acquired, liabilities assumed and non-controlling interests** | | | |
| Property, plant and equipment | **4,556** | **115** | **4,671** |
| Right-of-use assets | **77** | **–** | **77** |
| Value-added tax recoverable | **281** | **–** | **281** |
| Trade and tariff adjustment receivables | **1,291** | **–** | **1,291** |
| Other receivables, deposits and prepayments | **306** | **–** | **306** |
| Cash and cash equivalents | **119** | **7** | **126** |
| Pledged deposits | **177** | **–** | **177** |
| Other payables and accruals | **(598)** | **(10)** | **(608)** |
| Bank and other borrowings | **(4,199)** | **–** | **(4,199)** |
| Deferred tax liabilities | **(38)** | **–** | **(38)** |
| Income tax payable | **(3)** | **–** | **(3)** |
| Total identifiable net assets | **1,969** | **112** | **2,081** |
| Non-controlling interests | **(10)** | **–** | **(10)** |
| Bargain purchase recognised in the condensed consolidated statement of profit or loss | **(208)** | **–** | **(208)** |
| | **1,751** | **112** | **1,863** |
| **Net cash outflow arising from the acquisitions** | | | |
| Other payables (including consideration payables in relation to acquisitions) | **764** | **7** | **771** |
| Cash and cash equivalents acquired | **119** | **7** | **126** |
| *Less:* Cash consideration | **(1,751)** | **(112)** | **(1,863)** |
| | **(868)** | **(98)** | **(966)** |

## 13 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

On 17 August 2021, the Company entered into the commercial factoring business framework agreement (the "**Factoring Agreement**") with Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司) ("**Shenzhen Jingneng Leasing**", a subsidiary of a controlling shareholder of the Company). Pursuant to the Factoring Agreement, Shenzhen Jingneng Leasing agreed to provide factoring business services to the Group with respect of the tariff adjustment receivables arising from the sale of electricity under the Group's electricity sale agreements of its renewable energy projects, for a term from the effective date of the Factoring Agreement to 31 December 2023. The Factoring Agreement is subject to the approval by the independent shareholders of the Company at the general meeting. Management of the Company is of the view that entering into the Factoring Agreement would optimise the Group's asset structure, accelerate the efficiency of asset turnover, improve the efficiency of capital utilisation, broaden its financing channels and reduce its financing costs. Under Chapter 14A of the Listing Rules, the Factoring Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company. Please refer to the Company's announcement dated 17 August 2021 for further details.

On 30 August 2021, Yulin City Jiangshan Yongchen New Energy Limited* (榆林市江山永宸新能源有限公司) ("**Jiangshan Yongchen**", an indirect wholly-owned subsidiary of the Company) entered into an agreement (the "**Finance Lease Agreement**") with China Development Bank Financial Leasing Co., Ltd.* (國銀金融租賃股份有限公司) ("**CDB Financial Leasing**"). Pursuant to the Finance Lease Agreement, CDB Financial Leasing agreed to purchase various photovoltaic power generation equipments in relation to a photovoltaic power project in Yulin City, Shaanxi Province (the "**Leased Assets**") from Jiangshan Yongchen, which shall then be leased back to Jiangshan Yongchen for a total consideration of RMB500 million. The Finance Lease Agreement and the transactions contemplated thereunder not only provide the Group with more financial resources for development of projects and working capital of Jiangshan Yongchen, but also allow the Group to make more efficient utilisation of internal resources. Please refer to the Company's announcement dated 30 August 2021 for further details.

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

In February 2021, the Company repurchased certain senior notes, which would be due in 2022, in the aggregate principal amount of US$33 million at a total consideration of approximately US$34 million (including accrued and unpaid interest) in the open market. Please refer to the Company's announcement dated 26 February 2021 for further details.

During the Period, save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standard of corporate governance to protect the interests of the Company and its shareholders as a whole. Throughout the Period, the Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry to each Director, all of them confirmed that they have complied with the required standard set out in the Model Code and our own code throughout the Period.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the annual report of the Company for the year ended 31 December 2020 are set out below:

Mr. Zhu Jianbiao, an independent non-executive Director, was appointed as a non-executive director of China Shandong Hi-Speed Financial Group Limited*（中國山東高速金融集團有限公司）, the shares of which are listed on the Stock Exchange (stock code: 412), with effect from 28 July 2021.

Save as disclosed above, 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.

## AUDIT COMMITTEE

The interim results of the Group for the Period have been reviewed by the Company's audit committee comprising three members, including two independent non-executive Directors, namely Ms. Li Hongwei (Chairman) and Mr. Zhu Jianbiao, and one non-executive Director, namely Mr. Zhao Bing.

## INTERIM DIVIDEND

No interim dividend for the Period has been declared by the Board, and the register of members of the Company will not be closed for that purpose.

## APPRECIATION

The Board would like to take this opportunity to thank every stakeholder of the Company for their contributions to the Group during the Period.

For and on behalf of
**Beijing Energy International Holding Co., Ltd.**
**Zhang Ping**
*Chairman of the Board*

Hong Kong, 30 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Zhao Bing and Mr. Li Hao; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.*

* *For identification purposes only*