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CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 611)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2022	2021	Change
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	1,224,210	1,043,304	17.3
Profit before income tax expense	58,728	51,975	13.0
Profit for the period	47,250	39,770	18.8
Basic earnings per share <i>(HK cents per share)</i>	3.07	2.76	11.2
	30 June	31 December	Change
	2022	2021	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	%
Total assets	9,385,012	7,983,587	17.6
Net assets	1,729,045	1,277,657	35.3

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF INDUSTRY DEVELOPMENT STATUS

In 2022, the National Development and Reform Commission of the PRC (“NDRC”) and the National Energy Administration of the PRC (“NEA”) issued the “Plan for Modern Energy System in the 14th Five-Year Plan period” (《“十四五”現代能源體系規劃》) and the “Implementation Plan for the Development of New Energy Storage in the 14th Five-Year Plan period” (《“十四五”新型儲能發展實施方案》), which drove forward the large-scale and high-quality development of wind and solar power generation in full force, prioritised local development and use of wind and solar power, expedited the construction of distributed wind power and distributed Photovoltaic (PV) facilities in power load centre and surrounding areas, and promoted the application of wind power technology with low wind speed. With the continual promulgation of various policies, the research on key and core technologies and equipment in the energy field was speeded up, and major breakthroughs in green and low-carbon technology was promoted, which accelerated the digital and intelligent upgrading of the energy industry chain.

REVIEW OF MAJOR POLICIES IN RELATION TO CHINA’S NEW ENERGY INDUSTRY

- In March 2022, the NEA issued the “Guiding Opinions on Energy Work in 2022” (《2022年能源工作指導意見》), which sets a target: with respect to energy structure, wind power and PV power generation account for about 12% of total electricity consumption in the society, indicating that new energy development will be further expedited in 2022.
- In May 2022, the NDRC and the NEA issued the “Implementation Plan for Promoting the High-Quality Development of New Energy in the New Era” (《關於促進新時代新能源高品質發展的實施方案》), which specifies the acceleration of the construction of large-scale wind power and PV power generation bases with focus on the desert, Gobi, and barren areas, promotion of the integration between development and utilisation of new energy and the revitalisation of the rural areas, as well as the promotion of the application of new energy in industry and construction sectors.
- Relevant policies for the tariff and subsidies: In June 2022, the Ministry of Finance issued the “Notice Regarding the Renewable Energy Electricity Tariff Surcharge Subsidy Local Budget in 2022” (Caijian 2022 No. 170) (《2022年可再生能源電價附加補助地方資金預算的通知》) (財建〔2022〕170號), stipulating that the projects included in the batch 1 to batch 3 of Catalogue of Photovoltaic Poverty Alleviation (poverty alleviation capacity part) shall be paid in priority and in full till the end of 2022; distributed projects owned by natural persons with the installed capacity of 50kW and below shall be paid in

priority and in full till the end of 2022; the PV projects determined by bidding in 2019 and new projects determined with the principle of “determining expenditure by the revenue” in 2020 and qualified for the funding shall be paid in priority and in full till the end of 2021; as to the “Top Runner” photovoltaic projects determined by the country and the village-level photovoltaic poverty alleviation projects constructed according to local and central policy reference and recognised by the country, 50% of the subsidy funds payable for the project till the end of 2021 shall be ensured to be paid in priority.

REVIEW OF DEVELOPMENT STATUS OF THE PV POWER GENERATION INDUSTRY

According to the statistics from the NEA, newly installed PV power generation capacity in China amounted to 30.88 million kW in the first half of 2022, representing a year-on-year increase of 17.87 million kW, of which newly installed capacity of distributed power stations were 19.65 million kW. As of the end of June 2022, China’s accumulative installed PV power generation capacity reached 336.77 million kW.

REVIEW OF DEVELOPMENT STATUS OF THE WIND POWER GENERATION INDUSTRY

According to the statistics from the NEA, the newly installed wind power capacity in China amounted to 12.94 million kW in the first half of 2022, representing a year-on-year increase of 2.1 million kW. As of the end of June 2022, China’s accumulative installed wind power capacity reached 342.24 million kW.

BUSINESS REVIEW

During 2022, the ongoing COVID-19 pandemic has caused increasing challenges and complexity to the global macroeconomic environment. Despite various external pressure, the Group kept on expanding the market, while paying attention to internal management, as well as adhering to the principles of regular epidemic prevention and control and ensuring that the alarm bells of safe production are heard. Meanwhile, the Group closely monitored operational risks to make sure the Company’s economic conditions was stable and improving.

As affected by factors such as the shortage of available land resources and the imbalance of electricity consumption among regions, the existing and future wind power and photovoltaic projects which are available for development become scarce resources. The competitions among the wind power and photovoltaic development market become increasingly intense, the Group thus has to seize every opportunity to expedite its expansion and to equip itself with the scale and conditions to participate in the competitions for major bases in the Mainland as soon as practicable. Under the co-existence environment of opportunities and challenges, the Group will overcome any difficulties and put up with the pressure so as to ensure grid connection and construction projects are completed as scheduled, while further expanding to new markets.

During the six months ended 30 June 2022, revenue increased by approximately 17.3% year-on-year to HK\$1,224,210,000; earnings attributable to owners of the Group amounted to HK\$45,100,000, representing an increase of approximately 24.5% over the same period of last year; The basic earnings per share was HK3.07 cents, indicating an increase of HK0.31 cents or approximately 11.2% from HK2.76 cents in the same period of last year.

EPC AND CONSULTANCY AND GENERAL CONSTRUCTION

During the six months ended 30 June 2022, EPC and consultancy and general construction segment recorded segment revenue from external customers of HK\$975,456,000 (2021: HK\$816,476,000) and segment loss (before deducting tax and finance cost) of HK\$8,511,000 (2021: segment loss (before deducting tax and finance cost) of HK\$3,841,000), representing an increase of approximately 19.5% and approximately 121.6%, respectively, as compared with the interim period of last year. Revenue of EPC and consultancy and general construction segment was recognised based on stage of completion of the projects. The increase in segment revenue was primarily attributable to the increase in the newly-undertaken EPC projects, driving an increase in segment revenue. The increase in segment loss (before deducting tax and finance cost) was due to the increase in staff costs and operating expenses.

In the first half of 2022, the Group undertook 4 EPC projects and 1 operation maintenance contract, with a total recorded scale of 330 MW and a contract sum of approximately RMB444 million. The Group completed new energy projects with recorded capacity of 2,230 MW in total, while the recorded capacity for newly-commenced projects amounted to 113 MW. The Group will closely monitor the policy development of the new energy industry, actively collect information on EPC projects, as well as enhance its efforts in market development. Meanwhile, the Group will pay close attention to the declared projects and pursue specifications in construction scale, while ensuring qualified construction starts on time. The Group promoted the development of new businesses such as energy storage, new energy hydrogen production and offshore wind power.

In the first half of 2022, the Group was granted 1 patent and launched 3 new technology research and development projects. The Group completed its application for the Top 100 Enterprises of the Services Industry in Nanjing and obtained the incentive subsidies for soliciting talents and attracting new entrants in Xuanwu District, Nanjing. The Group is applying for the status as headquarter enterprise in Jiangsu Province.

POWER GENERATION BUSINESS

As of 30 June 2022, the Group owned and operated solar photovoltaic power stations and rooftop distributed solar photovoltaic power generation facilities in Jiangsu, Hebei, Anhui, Guangdong, Liaoning and Yunnan Provinces, with a total recorded scale of 345 MW, representing an increase of 135 MW (64.3%) as compared to the same period last year. The total recorded scale of wind power plants was 140 MW. In the first half of 2022, the Group completed 164 million kilowatt-hour photovoltaic power generation output, representing an increase of 41 million kilowatt-hour (33.3%) as compared to the same period last year. In the first half of 2022, the weighted average utilisation hours of the Group's invested photovoltaic plants were 595 hours, representing an increase of 2 hours as compared to the same period last year. In the first half of 2022, the Group completed 192 million kilowatt-hour wind power generation output, representing an increase of 20 million kilowatt-hour (11.6%) as compared to the same period last year. In the first half of 2022, the weighted average utilisation hours of the Group's invested wind power plants were 1,371 hours, representing an increase of 149 hours as compared to the same period last year. Photovoltaic power plants and wind power plants contributed steady power generation income to the Group.

As of 30 June 2022, the accumulated approved capacity of solar photovoltaic and wind power plants owned and operated by the Group was 485MW, of which 272 MW were eligible for subsidies under the Feed-in Tariff Policy for a period of 20 years.

In May 2022, the Group independently developed 80 MW agricultural and photovoltaic complementary power generation project in Yunnan Zhenkang County and successfully went on-grid. This was the first batch of new energy major projects in Yunnan in 2021 for “ensuring supply and promoting investment”. It was also the first on-grid project of that batch and was highly recognised by the provincial development and reform commission, the energy administration and the local county officials and departments.

The Group is developing photovoltaic power station projects such as the second phase of Yunnan Zhenkang and the second phase of Guangdong Yangjiang. Meanwhile, the Group is focusing on the planning in Qinghai, Shanxi and the northeastern regions, with a view to working out a breakthrough in the development of photovoltaics and wind power.

The experience of large-scale advanced group enterprises serves as the standard for the operation and maintenance of power stations, in which classified management is adopted for the major equipment of power stations and the major components for generating wind power. The operation, inspection and maintenance procedures of the respective equipment and components at the enterprise level are ameliorated in a targeted manner. The training of our staff is reinforced to improve their ability in preventing faults, ensuring the reliable operation of machine units. At the same time, there are strengthening of each photovoltaic power station power generation last unit hour unit management, the investigation of the causes for units generating a lower amount of power as well as the improvement in automated cleaning of components and removal of blocking substance. Specific safety inspections for freezing weather, flood season and thunderstorm period are carried out in addition to rolling-out potential safety hazard check, any problem identified is immediately rectified. In the first half of 2022, the generation capacity of power stations increased by approximately 3% as compared to same period of last year.

Power station design optimisation work is strengthened continuously, saving project cost from the basics of the project; unmanned aerial vehicles are introduced for project surveying to halve the labour hours and to refine the information accuracy of the terrain of sites. Unmanned aerial vehicles are also utilised for power station inspection such that potential faults of power stations can be accurately discovered on time, to avoid loss of power generation capacity of the power station.

During the six months ended 30 June 2022, the power generation segment recorded segment revenue from external customers of HK\$237,705,000 (2021: HK\$212,007,000), and segment profit (before deducting tax and finance cost) of HK\$133,033,000 (2021: segment profit (before deducting tax and finance cost) of HK\$119,870,000), representing an increase of 12.1% and 11.0% respectively as compared to the interim period of last year. The increase in segment revenue and profit (before deducting tax and finance cost) was mainly attributable to the upsizing of power generation project which drives the increase in segment revenue and profit.

FINANCING BUSINESS

During the six months ended 30 June 2022, the Group's finance leasing business recorded segment revenue from external customers of HK\$11,049,000 (2021: HK\$14,821,000), representing a decrease of approximately 25.5% as compared to the same period of last year, and the segment loss (before deducting tax and finance cost) amounted to HK\$40,000 (2021: segment profit (before deducting tax and finance cost) of HK\$5,170,000). The decrease in revenue and turnaround from profit (before deducting tax and finance cost) to loss (before deducting tax and finance cost) was due to the effect of the pandemic, the intense competition from financing business, and thus expansion of projects become difficult and as a result there was less contribution from external revenue.

In the first half of 2022, the country was affected by the pandemic with every industry being hit to varying degrees. Large-scale financial institutions laid out in the photovoltaic industry and projects of high quality were sought after by each financial institution, thus intensifying horizontal competition. The Group targeted to expand and promote in areas of photovoltaics and energy storage, with a scale of 119 MW in aggregate and the project amount being approximately RMB380 million; progress will be made in due course in the second half of the year in accordance with the feedback from the risk management department.

In the second half of 2022, the Group will explore external projects. On the other hand, there will be an active expansion on the core businesses of the new shareholder 深圳市新南山控股(集團)股份有限公司 (transliterated as Shenzhen New Nanshan Holdings (Group) Co., Ltd). Joining forces with the Group's new shareholder, the Group will make an all-out effort to carry out the high priority tasks.

A risk evaluation and review committee has been newly formed. Our department for risk and compliance took the lead to formulate 《風險評審決策委員會議事規則》(translated as the Rules of Procedure for the Risk Evaluation and Review Committee) and 《光伏行業(外部)業務開發指導意見》(translated as the Directive Opinion on the Development of Photovoltaic Industry (External) Business), which clearly establish the procedures for project review and approval and promotion criteria, whereby the guides and plans for projects' early phase development, risk management and security delivery are established.

SAFE PRODUCTION

In view of the nationwide multi-spots outburst of the pandemic in the first half of 2022, the Group prepared preventive plans for production and operation amid the prevention and control of the pandemic. The respective preventive measures were formulated in regards of construction projects, power station operation and maintenance and market development. During the period when the Group's Zhenkang project was in progress, there was a local outbreak of the pandemic. Our project department seriously followed the local pandemic preventive policies to strictly manage external personnel. Factories were coordinated to provide drivers in accordance with the local requirements of Zhenkang in terms of equipment supply; re-transportation was actively organised for equipment that arrived only at the checkpoint. Under the stringent preventive measures for the pandemic, there was no occurrence of problems of the pandemic and the project was on-grid as scheduled.

There were more serious pandemic situations in Jiangsu including Suzhou, Wuxi, Zhenjiang and Suining, in which projects such as the local photovoltaic power station and Suining wind power station were affected to a certain degree. Emergency plans were launched by the Company. In order to prevent the shutdown of the power station, our power station on-duty personnel were on duty consecutively and, in case of emergency, were to coordinate with the local government to deal with the situation. For the remotely monitored distributed photovoltaics, local station electricians were contacted to deal with faults in case of emergency to prevent the occurrence of accidents.

BUSINESS PROSPECTS

On 10 May 2022, the Company has completed the additional issuance of 538,942,750 shares to Yahgee International (Hong Kong) Co., Limited, which is a wholly-owned subsidiary of 深圳市新南山控股(集團)股份有限公司 (transliterated and translated as Shenzhen New Nanshan Holdings Group Co. Ltd) (“**Nanshan Holdings**”). There is potential synergy between the business of Nanshan Holdings with business segments of the Group requiring logistical support and warehousing services, such as the engineering, procurement and construction business of the Group. In addition, there can be a share of commercial resources in the cooperative development of rooftop distributed photovoltaic business to realise increase in value. The Group believes that bringing in strategic investors with state-owned background will definitely increase the Group’s market competitiveness in the new energy industry in a quick and effective manner.

In 2021, the solar PV sector in the PRC has achieved a new record in terms of the energy generation capacity, despite the increase in the raw material prices and the delays to the supply chain amid the COVID-19 pandemic. Also, the geopolitical issues in Europe during the first half of 2022 led to a global energy crisis and required governments around the world to be cautiously aware of the importance of the transitioning from the traditional fossil energy to the renewable energy.

During the first half of 2022, the COVID-19 pandemic raged across the PRC. General economic activities were disrupted by the intermittent lockdown measures to prevent the spread of the COVID-19 cases. The solar PV industry was also affected to a certain extent, with the construction progress of solar farm projects slowing down by the delayed production process of certain key construction materials. It is expected that in the second half of 2022, the COVID-19 epidemic would generally be brought under control in the PRC, enabling the control measures to be relaxed and the economic performance will be recovered.

According to the latest forecast made by the International Energy Agency (the “IEA”), the total global renewable energy installations will increase by more than 8% year-on-year in 2022, mainly driven by the growth in PRC and Europe. The solar PV sector is forecasted to account for 60% of the increase in the global renewable capacity this year, with the commissioning of 190 gigawatts (“GW”). It is expected that utility-scale solar farm projects will account for two-thirds of the solar PV sector’s overall expansion in the PRC. Also, the Ministry of Finance announced that the issue on the outstanding subsidy payments would be addressed in 2022, which would enhance the liquidity and the cash flows of solar farm project developers and new funding available for new projects will also be unlocked. In the absence of subsidies, many provincial governments are providing tax incentives or low-interest financing for new renewable energy projects. Those government policies are also beneficial to the solar PV sector.

The Group seeks to complete in the second half of 2022 all pre-work formalities including electricity connection for the 500 MW new energy project. Meanwhile, it continuously fosters the development of new business including the research and development of energy storage, hydrogen production from new energy, and offshore wind power, striving to store a batch of project resources for next year.

FINANCIAL REVIEW

The Group’s consolidated revenue increased by approximately 17.3% from HK\$1,043,304,000 for the six months ended 30 June 2021 to HK\$1,224,210,000 for the six months ended 30 June 2022. The increase in revenue was mainly attributable to the increase of revenue from the power generation segment and EPC and consultancy and general construction during the period. Profit attributable to owners of the Company amounted to HK\$45,100,000 (2021: HK\$36,213,000) which represented an increase of approximately 24.5% when compared with that for the same period last year. Basic earnings per share for the period was HK\$3.07 cents when compared with HK\$2.76 cents for the six months ended 30 June 2021.

REVENUE

During the period under review, the Group’s revenue was HK\$1,224,210,000 (2021: HK\$1,043,304,000), representing an increase of approximately 17.3% as compared to that of the same period last year.

Composition of revenue for the six months ended 30 June 2022 and 2021 is shown in the following table:

	For the six months ended 30 June 2022		For the six months ended 30 June 2021		% Change
	(Unaudited)		(Unaudited)		
	HK\$'000	%	HK\$'000	%	
Continuing operations					
EPC and consultancy and general construction	975,456	79.7	816,476	78.3	19.5
Power generation	237,705	19.4	212,007	20.3	12.1
Financing	11,049	0.9	14,821	1.4	-25.5
	<u>1,224,210</u>	<u>100.0</u>	<u>1,043,304</u>	<u>100.0</u>	<u>17.3</u>
Discontinued operations					
Manufacturing and trading	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u>1,224,210</u>	<u>100.0</u>	<u>1,043,304</u>	<u>100.0</u>	<u>17.3</u>

EPC and consultancy and general construction segment remained the major source of revenue for the Group which contributed HK\$975,456,000 for the period ended 30 June 2022, representing an increase of approximately 19.5% as compared with the same period last year.

Benefited from the increase in the scale of self-owned solar power stations, revenue derived from power generation segment recorded an increase of approximately 12.1% to HK\$237,705,000 (2021: HK\$212,007,000).

Revenue from financing segment recorded a decrease of approximately 25.5% to HK\$11,049,000 (2021: HK\$14,821,000) as the Group received less interest income and handling fee from certain financial leasing projects as compared to those of the same period last year.

Manufacturing and trading segment (discontinued operations) did not record any revenue (2021: HK\$Nil) during the period as the module plant of the Group in Peixian of Xuzhou has ceased production since the second half of 2020.

PROFIT

Profit for the period ended 30 June 2022 amounted to HK\$47,250,000 (2021: HK\$39,770,000), representing an increase of approximately 18.8% compared to that for the period ended 30 June 2021. The increase in profit was mainly caused by the contribution of the operation profit for power generation segment due to increase in the scale of power stations. The net profit margin of the Group increased to 3.9% (2021: 3.8%). Net profit margin of the Group varied in different segments depending on its business nature. For the period ended 30 June 2022, profit attributable to owners of the Company increased by approximately 24.5% to HK\$45,100,000 (2021: HK\$36,213,000), while the basic earnings per share was HK\$3.07 cents (2021: HK\$2.76 cents).

OTHER REVENUE AND GAINS

Other revenue and gains of HK\$28,911,000 (2021: HK\$15,471,000 (including HK\$185,000 from discontinued operations)) was mainly derived from interest income, dividend income and sundry income. The increase was due to recognition of gain on disposal of an associate amounting to HK\$17,725,000.

COST OF SALES

The Group's cost of sales increased by approximately 18.4% to HK\$1,030,777,000 during the first half of 2022 from HK\$870,641,000 (including HK\$498,000 from discontinued operations) during the first half of 2021. The increase was mainly due to (i) upsizing of power generation project which drives the depreciation of property, plant and equipment and right-of-use assets; and (ii) increase in EPC equipment cost which is in line with increase in revenue in EPC and consultancy and general construction segment.

OTHER OPERATING EXPENSES

Other operating expenses mainly included staff costs, depreciation, exchange differences, bank charges, professional fees, administrative expenses, research and development fees etc., it increased by approximately 40.0% to HK\$75,656,000 (2021: HK\$54,028,000 (including HK\$3,570,000 from discontinued operations)) as compared to that of the same period last year, which was mainly due to increase in research and development expenses during the interim period.

FINANCE COSTS

Finance costs for the interim period increased approximately 4.7% to HK\$79,642,000 (2021: HK\$76,043,000) as compared to that of the same period last year. Taking into account the capital intensive nature of the energy industry whereby the Group expands its investment in owned wind power stations and power stations and facilities for power generation income, as a result, the bank and other borrowings obtained by the Group increased for the expansion of power generation business.

INCOME TAX EXPENSE

For the period ended 30 June 2022, income tax expense of the Group decreased by approximately 6% to HK\$11,478,000 (2021: HK\$12,205,000) which was mainly due to the decrease in profit from financing segment.

FINANCIAL POSITION

As at 30 June 2022, total assets of the Group were HK\$9,385,012,000 (31 December 2021: HK\$7,983,587,000), representing an increase of approximately 17.6%. In particular, current assets increased by approximately 19.0% to HK\$6,327,554,000 (31 December 2021: HK\$5,318,900,000) and non-current assets increased by approximately 14.7% to HK\$3,057,458,000 (31 December 2021: HK\$2,664,687,000). The increase in total assets was due to the increase in solar power plant equipment during the period.

Total liabilities as at 30 June 2022 were HK\$7,655,967,000 (31 December 2021: HK\$6,705,930,000), representing an increase of approximately 14.2% as compared to that of 31 December 2021. In particular, current liabilities as at 30 June 2022 were HK\$5,230,664,000 (31 December 2021: HK\$4,706,360,000), representing an increase of approximately 11.1% as compared to that of 31 December 2021, which was mainly due to the increase in contract liabilities. Non-current liabilities were HK\$2,425,303,000 (31 December 2021: HK\$1,999,570,000), representing an increase of approximately 21.3% as compared to that of 31 December 2021, which was mainly due to the increase in long-term bank and other borrowings.

Total equity attributable to owners of the Company as at 30 June 2022 was HK\$1,683,393,000 (31 December 2021: HK\$1,234,760,000), representing an increase of approximately 36.3% as compared to that of 31 December 2021, which was mainly due to the contribution of the new shares subscription which led to increase in share premium for the period ended 30 June 2022.

CAPITAL RAISING EXERCISE AND USE OF PROCEEDS

On 14 November 2021, the Company entered into the subscription agreement with Yahgee International (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability (“the Subscriber”), pursuant to which the Subscriber has conditionally agreed to subscribe for 538,942,750 subscription shares at the subscription price of HK\$0.882 per subscription share. The shares subscription was completed on 10 May 2022. The gross proceeds of the subscription is HK\$475,347,506. After deduction of relevant expenses in connection with the subscription, the net aggregate proceeds from the subscription were approximately HK\$468,981,000. The details of intended application of net aggregate proceeds from the subscription shares are set out as follows:

Item	Approximate %	Net proceeds	Utilised up to	Unutilised as at	Expected timeline of
	of total net				
	proceeds	(HK\$ million)	(HK\$ million)	(HK\$ million)	the unutilised proceeds
	(%)				
General working capital	8.5	40	4.28	35.72	By the first quarter of 2023
Repayment of bank loans	17.1	80	80	–	–
Capital injection of the Group’s wholly-owned subsidiary 中核(南京)能源發展有限公司 (transliterated as CNI (Nanjing) Energy Development Company Limited) for the development of three power generation projects	74.4	348.98	–	348.98	By the end of 2022
	100.0	468.98	84.28	384.7	

The unutilised net proceeds are placed in licensed banks in Hong Kong as at 30 June 2022.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 June 2022, net current assets of the Group were HK\$1,096,890,000 (31 December 2021: HK\$612,540,000). Besides, the Group had cash and cash equivalents of HK\$920,527,000 (31 December 2021: HK\$741,318,000), of which approximately 43% was in Hong Kong dollars, 54% was in Renminbi (“RMB”), 2% was in United States dollars (“USD”) and 1% was in Euro (“EUR”) (31 December 2021: approximately 2% was in Hong Kong dollars, 95% was in RMB, 2% was in USD and 1% was in EUR).

As at 30 June 2022, the Group had outstanding bank and other borrowings of HK\$4,714,944,000 (31 December 2021: HK\$3,611,570,000), of which approximately 6% was in Hong Kong dollars, 89% was in RMB and 5% was in USD (31 December 2021: approximately 11% was in Hong Kong dollars, 82% was in RMB and 7% was in USD). All of the Group's borrowings as at 30 June 2022 were arranged on floating rate basis with effective interest rates ranged from 1.0% to 5.2% per annum (31 December 2021: ranged from 2.0% to 6.8% per annum). Except for certain bank and other borrowings which were committed loan facilities with specific maturity dates, the Group's borrowings contained repayment on demand clause at any time at the discretion of the banks. Under Hong Kong Accounting Standards, the Group separated and classified the bank and other borrowings as current and non-current liabilities in the condensed consolidated statement of financial position as at 30 June 2022 in accordance with the settlement term. Included in the total bank and other borrowings as at 30 June 2022, HK\$2,315,109,000 (31 December 2021: HK\$1,617,754,000) was loans repayable within one year and the balance of HK\$2,399,885,000 (31 December 2021: HK\$1,993,816,000) was repayable more than one year.

As at 30 June 2022, the Group's gearing ratio was 2.75 (31 December 2021: 2.84), which was calculated on the basis of total debt over total equity of the Company. Total debt comprises bank and other borrowings and lease liabilities.

The Group's debt to asset ratio was 0.82 (31 December 2021: 0.84), which was calculated on the basis of total liabilities over total assets of the Company.

CHARGE ON ASSETS

As at 30 June 2022, the Group had finance lease receivables, pledged bank deposits and power plants amounting to HK\$128,359,000 (31 December 2021: HK\$155,880,000), HK\$1,324,148,000 (31 December 2021: HK\$229,184,000) and HK\$1,625,409,000 (31 December 2021: HK\$1,608,246,000) respectively which have been pledged to secure the bank and other facilities granted to the Group.

Save as disclosed above, the Group had no other charges on its assets as at 30 June 2022 (31 December 2021: Nil).

CAPITAL STRUCTURE

The Group generally finances its operations with internally generated resources, bank and other borrowings and capital raising activities. The liquidity and financing requirements of the Group are reviewed regularly.

As the Group's bank balances and cash are mainly denominated in Hong Kong dollars, RMB and USD, the Directors considered the Group was exposed to limited exchange risk. During the period ended 30 June 2022, the Group did not use any financial instruments for hedging purpose and the Group did not have any hedging instruments outstanding as at 30 June 2022 (31 December 2021: Nil).

The Group will monitor closely the exchange rate risk arising from the Group's existing operations and any new investments in future and will implement necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

CAPITAL EXPENDITURE AND COMMITMENTS

During the six months ended 30 June 2022, the Group had capital expenditure of HK\$743,790,000 (2021: HK\$4,391,000) which was used for the acquisition of property, plant and equipment.

As at 30 June 2022, the Group did not have any capital commitments (31 December 2021: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2022, total number of employees of the Group was 263. During the six months ended 30 June 2022, staff costs (including Directors' emoluments) amounted to HK\$27,525,000 (30 June 2021: HK\$23,921,000 (including HK\$132,000 from discontinued operations)). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to qualified personnel.

The board of directors (the “**Board**”) of China Nuclear Energy Technology Corporation Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022, together with the comparative figures for the six months ended 30 June 2021. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		For the six months ended	
		30 June 2022	30 June 2021
		(Unaudited)	(Unaudited)
			(Represented)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations			
Revenue	4	1,224,210	1,043,304
Cost of sales		(1,030,777)	(870,143)
Gross Profit		193,433	173,161
Other income and gains		28,911	15,286
Other operating expenses		(75,656)	(50,458)
Expected credit losses on trade and bills receivables and contract assets		(8,687)	(19,928)
Finance costs	5	(79,642)	(76,043)
Share of results of associates, net		369	13,840
Profit before income tax expense	6	58,728	55,858
Income tax expense	7	(11,478)	(12,205)
Profit for the period from continuing operations		47,250	43,653
Discontinued operations			
Loss for the period from discontinued operations	18	–	(3,883)
Profit for the period		47,250	39,770
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising during the period		(64,124)	14,134
Exchange differences reclassified to profit or loss upon disposal of an associate		(668)	–
Share of other comprehensive income of associates		(51)	1,173
		(64,843)	15,307
Total comprehensive income for the period		(17,593)	55,077

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2022

		For the six months ended	
		30 June	30 June
		2022	2021
		(Unaudited)	(Unaudited)
			(Represented)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to:			
Owners of the Company			
Profit for the period from continuing operations		45,100	40,096
Loss for the period from discontinued operations		–	(3,883)
		<u>45,100</u>	<u>36,213</u>
Non-controlling interests			
Profit for the period from continuing operations		<u>2,150</u>	3,557
		<u>47,250</u>	<u>39,770</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		(20,348)	51,284
Non-controlling interests		<u>2,755</u>	3,793
		<u>(17,593)</u>	<u>55,077</u>
Earnings per share from continuing and discontinued operations			
– basic and diluted (HK cents per share)	8	<u>3.07</u>	<u>2.76</u>
Earnings per share from continuing operations			
– basic and diluted (HK cents per share)	8	<u>3.07</u>	<u>3.05</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		30 June 2022 (Unaudited) <i>HK\$'000</i>	31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>10</i>	2,838,243	2,298,730
Right-of-use assets		49,707	19,856
Financial an assets at fair value through profit or loss		28,953	27,941
Interest in an associate	<i>11</i>	7,911	7,593
Finance lease receivables		118,587	142,636
Loan receivables		14,057	14,694
Prepayments for property, plant and equipment		–	153,237
		3,057,458	2,664,687
Current assets			
Trade and bills receivables	<i>12</i>	2,198,217	2,181,398
Loan receivables		170,556	161,805
Prepayments, deposits and other receivables		736,082	785,012
Contract assets		940,651	1,025,220
Finance lease receivables		37,373	45,975
Pledged bank deposits	<i>13</i>	1,324,148	229,184
Cash and cash equivalents		920,527	741,318
		6,327,554	5,169,912
Non-current asset classified as hold for sale	<i>17</i>	–	148,988
		6,327,554	5,318,900
Less: Current liabilities			
Trade and bills payables	<i>14</i>	2,305,542	2,651,114
Other payables and accruals		269,152	302,487
Contract liabilities		325,384	114,801
Bank and other borrowings	<i>15</i>	2,315,109	1,617,754
Lease liabilities		7,195	5,046
Tax payable		8,282	15,158
		5,230,664	4,706,360

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

As at 30 June 2022

		30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
	<i>Notes</i>		
Net current assets		1,096,890	612,540
Total assets less current liabilities		4,154,348	3,277,227
Less: Non-current liabilities			
Bank and other borrowings	<i>15</i>	2,399,885	1,993,816
Lease liabilities		25,418	5,754
		2,425,303	1,999,570
Net assets		1,729,045	1,277,657
Capital and reserves			
Share capital	<i>16</i>	185,204	131,309
Reserves		1,498,189	1,103,451
Equity attributable to owners of the Company		1,683,393	1,234,760
Non-controlling interests		45,652	42,897
Total equity		1,729,045	1,277,657

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION

China Nuclear Energy Technology Corporation Limited (the “**Company**”) is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal place of business of the Company is located at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the six months ended 30 June 2022, the Company and its subsidiaries (collectively referred to as the “**Group**”) were engaged in the following principal activities:

- the engineering, procurement and construction (“**EPC**”) and consultancy and general construction segment comprises the Group’s EPC and consulting services operations relating to construction of photovoltaic power plant and general construction services;
- the power generation segment comprises the Group’s power generation operations;
- the financing segment comprises the Group’s financing operations; and
- the all other segments comprise the Group’s corporate management, investment and treasury services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting ” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The accounting policies applied and the significant judgements made by the management are consistent with those described in the annual financial statements for the year ended 31 December 2021, except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2022 as described below.

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the accounting period beginning on 1 January 2022.

All new or amended HKFRSs that are effective from 1 January 2022 did not have any material impact on the Group’s accounting policies. The Group has not early adopted any new standard, interpretation or amendment that has been issued but is not yet effective for the current accounting period.

3. FINANCIAL INSTRUMENTS

A number of assets and liabilities included in the Group's Interim Financial Statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

There were no transfers between levels for the six months ended 30 June 2022 and 2021.

The directors of the Company consider that except for financial assets at fair value through profit or loss ("FVTPL"), the carrying amounts of financial and non-financial assets and financial liabilities recognised in the Interim Financial Statements approximate to their fair values.

The following table presents the fair value of the Group's financial instruments that are measured at fair value at the end of the reporting period:

	30 June 2022 Level 3 (Unaudited) HK\$'000	31 December 2021 Level 3 (Audited) HK\$'000
Financial assets at FVTPL		
– Unlisted equity investments	28,953	27,941

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

The fair value of unlisted equity investments classified as FVTPL has been estimated by using income approach. Under the income approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investees, based on an appropriate discount rate and long-term pre-tax operating margins, taking into account management's experience and knowledge of market conditions of the specific industries and the discount rates of 15.91% (2021: 15.91%) were adopted, determined using a Capital Asset Pricing Model.

4. SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in these Interim Financial Statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities.

The Group has four (six months ended 30 June 2021: five) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

	Continuing operations				Total HK\$'000
	EPC and consultancy and general construction HK\$'000	Power generation HK\$'000	Financing HK\$'000	All other segments HK\$'000	
For the six months ended 30 June 2022 (Unaudited)					
Segment revenue:					
Sales to external customers	975,456	237,705	11,049	–	1,224,210
Intersegment sales	–	–	19,898	–	19,898
	<u>975,456</u>	<u>237,705</u>	<u>30,947</u>	<u>–</u>	<u>1,224,108</u>
Reportable segment revenue					
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(19,898)</u>
Consolidated revenue					1,224,210
Segment results	(8,511)	133,033	(40)	(21,262)	103,220
<i>Reconciliation:</i>					
Interest income					7,050
Finance costs					(79,642)
Dividend income from an associate					10,006
Gain on disposal of an associate					17,725
Share of result of an associate, net					<u>369</u>
Profit before income tax expense					58,728
Income tax expense					<u>(11,478)</u>
Profit for the period					<u>47,250</u>

4. SEGMENT REPORTING (Continued)

	Continuing operations						
	EPC and consultancy and general construction HK\$'000	Power generation HK\$'000	Financing HK\$'000	All other segments HK\$'000	Total HK\$'000		
At 30 June 2022 (Unaudited)							
Segment assets	4,702,082	3,698,459	470,003	506,557	9,377,101		
<i>Reconciliation:</i>							
Unallocated assets					<u>7,911</u>		
Total assets					<u>9,385,012</u>		
Segment liabilities	4,332,108	2,233,676	704,864	385,348	7,655,996		
<i>Reconciliation:</i>							
Unallocated liabilities					<u>–</u>		
Total liabilities					<u>7,655,996</u>		
	Continuing operations				Discontinued operations		
	EPC and consultancy and general construction HK\$'000	Power generation HK\$'000	Financing HK\$'000	All other segments HK\$'000	Subtotal HK\$'000	Manufacturing and trading HK\$'000	Total HK\$'000
For the six months ended 30 June 2021 (Unaudited)							
Segment revenue:							
Sales to external customers	816,476	212,007	14,821	–	1,043,304	–	1,043,304
Intersegment sales	–	–	13,359	–	13,359	–	13,359
Reportable segment revenue	<u>816,476</u>	<u>212,007</u>	<u>28,180</u>	<u>–</u>	<u>1,056,663</u>	<u>–</u>	<u>1,056,663</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales					<u>(13,359)</u>	<u>–</u>	<u>(13,359)</u>
Consolidated revenue					1,043,304	–	1,043,304
Segment results	(3,841)	119,870	5,170	(10,383)	110,816	(3,888)	106,928
<i>Reconciliation:</i>							
Interest income					7,245	5	7,250
Finance costs					(76,043)	–	(76,043)
Share of results of associates, net					<u>13,840</u>	<u>–</u>	<u>13,840</u>
Profit before income tax expense					55,858	(3,883)	51,975
Income tax expense					<u>(12,205)</u>	<u>–</u>	<u>(12,205)</u>
Profit for the period					43,653	(3,883)	<u>39,770</u>

4. SEGMENT REPORTING (Continued)

	Continuing operations				Discontinued operations		Total HK\$'000
	EPC and consultancy and general construction HK\$'000	Power generation HK\$'000	Financing HK\$'000	All other segments HK\$'000	Subtotal HK\$'000	Manufacturing and trading HK\$'000	
At 30 June 2021 (Unaudited)							
Segment assets	3,259,338	3,213,324	595,753	145,225	7,213,640	93,402	7,307,042
<i>Reconciliation:</i>							
Unallocated assets					140,896	-	140,896
Total assets					7,354,536	93,402	<u>7,447,938</u>
Segment liabilities	3,036,645	1,811,099	742,608	664,601	6,254,953	11,083	6,266,036
<i>Reconciliation:</i>							
Unallocated liabilities					-	-	-
Total liabilities					6,254,953	11,083	<u>6,266,036</u>

5. FINANCE COSTS

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Continuing operations		
Interest on bank and other borrowings	79,125	75,838
Interest on lease liabilities	517	205
	<u>79,642</u>	<u>76,043</u>

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Continuing operations		
Auditor's remuneration	990	990
Bank charges	11,384	5,075
Legal and professional fee	4,406	2,837
Short-term and low-value lease expenses	903	1,172
Research and development	16,286	3,592
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	26,682	22,978
Pension scheme contributions	843	811
Total staff costs	<u>27,525</u>	<u>23,789</u>
Depreciation of property, plant and equipment	86,545	73,676
Depreciation of right-of-use assets	<u>6,627</u>	<u>4,792</u>
	<u>93,172</u>	<u>78,468</u>

Included in cost of sales are depreciation of property, plant and equipment and right-of-use assets of HK\$83,129,000 (six months ended 30 June 2021: HK\$73,229,000) and HK\$2,144,000 (six months ended 30 June 2021: HK\$1,440,000) respectively for the six months ended 30 June 2022.

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (for the six months ended 30 June 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Under the Law of People's Republics of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (for the six months ended 30 June 2021: 25%), except for those subsidiaries described below.

Certain subsidiaries operating in the PRC were accredited as "Advanced Technology Enterprise" by the Science and Technology Bureau of relevant provinces and other authorities for a term of three years, and were registered with the local tax authorities to be eligible to the reduced 15% enterprise income tax rate in the periods from 2020-2022.

	For the six months ended	
	30 June	30 June
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax for the period		
Hong Kong	–	–
Other than Hong Kong	<u>11,478</u>	<u>12,205</u>
Income tax expense	<u>11,478</u>	<u>12,205</u>

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	For the six months ended	
	30 June	30 June
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>45,100</u>	<u>36,213</u>

8. EARNINGS PER SHARE (Continued)

Number of shares

	For the six months ended	
	30 June 2022 (Unaudited) '000	30 June 2021 (Unaudited) '000
Issued share capital at beginning of the period	1,313,095	1,313,095
Subscription of new shares	<u>538,943</u>	<u>–</u>
Issued share capital at end of the period	<u>1,852,038</u>	<u>1,313,095</u>
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	<u>1,467,929</u>	<u>1,313,095</u>

9. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$Nil).

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of approximately HK\$743,790,000 (six months ended 30 June 2021: HK\$4,391,000).

11. INTEREST IN AN ASSOCIATE

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Share of net assets (including goodwill)	<u>7,911</u>	<u>7,593</u>

11. INTEREST IN AN ASSOCIATE (Continued)

Details of the associate as at 30 June 2022 are as follows:

Name		Place of incorporation, operation and principal activity	Percentage of equity attributable to the Group
中核齊齊哈爾太陽能發電有限公司 (transliterated as Zhong He Qiqihar Solar Power Generation Company Limited)	<i>Note</i>	PRC. Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC.	49.00%

Note: The primary business of Zhong He Qiqihar Solar Power Generation Company Limited is solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC. This is in alignment with the Group's power generation segment.

12. TRADE AND BILLS RECEIVABLES

The Group normally allows credit period of 30-180 days with its customers for EPC and consultancy services and general construction services depending on the customers' creditworthiness and the length of business relationship with the customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company. Trade receivables are non-interest bearing.

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Trade receivables	1,292,343	1,190,901
Bills receivables	952,732	1,028,415
	<u>2,245,075</u>	<u>2,219,316</u>
Less: Impairment losses	(46,858)	(37,918)
	<u>2,198,217</u>	<u>2,181,398</u>

12. TRADE AND BILLS RECEIVABLES (Continued)

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

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
0–90 days	1,290,046	1,483,264
91–180 days	224,921	263,419
181–365 days	358,105	134,361
More than 365 days	372,003	338,272
	<u>2,245,075</u>	<u>2,219,316</u>

Trade receivables are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances. Bills receivables are due within six months from date of billing.

13. PLEDGED BANK DEPOSITS

Pledged bank deposits represents deposits pledged to banks to secure general banking facilities granted to the Group. Deposits amounting to HK\$1,324,148,000 (31 December 2021: HK\$229,184,000) have been pledged to secure general banking facilities and are classified as current assets.

The pledged bank deposits carry interest at fixed rates ranging from 0.3% to 3% (31 December 2021: 0.3% to 3%) per annum. The pledged bank deposits will be released upon settlement of relevant bank borrowings.

Pledged bank deposits denominated in Renminbi (“RMB”) amounted to approximately HK\$1,324,148,000 (31 December 2021: approximately HK\$229,184,000) as at 30 June 2022. Remittance of funds out of the PRC is subject to exchange restriction imposed by the PRC government.

14. TRADE AND BILLS PAYABLES

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

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
0–90 days	765,265	791,470
91–180 days	780,231	681,724
181–365 days	527,788	860,031
More than 365 days	232,258	317,889
	<u>2,305,542</u>	<u>2,651,114</u>

The trade payables are non-interest bearing and are normally settled on 30-day term.

15. BANK AND OTHER BORROWINGS

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
Current		
Short-term bank borrowings, secured	1,290,401	20,817
Short-term bank borrowings, unsecured	512,534	979,644
Long-term bank borrowings, secured, current portion	458,157	63,747
Long-term bank borrowings, unsecured, current portion	–	471,489
Other borrowings, secured, current portion	18,931	46,258
Other borrowings, unsecured, current portion	35,086	35,799
	<u>2,315,109</u>	<u>1,617,754</u>
Non-current		
Long-term bank borrowings, secured	2,129,205	247,049
Long-term bank borrowings, unsecured	–	1,360,592
Other borrowings, secured	177,950	269,274
Other borrowings, unsecured	92,730	116,901
	<u>2,399,885</u>	<u>1,993,816</u>
Total bank and other borrowings	<u>4,714,994</u>	<u>3,611,570</u>

- (i) The bank and other borrowings were secured by (i) corporate guarantee provided by the Company and subsidiaries of the Company (31 December 2021: subsidiaries of the Company); (ii) finance lease receivables amounted to HK\$128,359,000 (31 December 2021: HK\$155,880,000); (iii) pledged bank deposits amounted to HK\$1,324,148,000 (31 December 2021: HK\$229,184,000); (iv) power plants amounted to HK\$1,625,409,000 (31 December 2021: HK\$1,608,246,000) and (v) the share capital of certain subsidiaries (31 December 2021: the share capital of certain subsidiaries).
- (ii) All bank and other borrowings bear interest at floating rates, with effective interest rates ranging from 1.0% to 5.2% per annum (31 December 2021: 2.0% to 6.8% per annum). The interest rates are adjusted and reset based on changes in the prevailing benchmark lending interest rates promulgated by the People's Bank of China ("PBOC"). The carrying amounts of bank and other borrowings approximate their fair values.

15. BANK AND OTHER BORROWINGS (Continued)

The carrying amounts of bank and other borrowings at the reporting date are denominated in the followings currencies:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
HK\$	280,000	375,000
RMB	4,202,454	2,970,528
United States dollar (“USD”)	232,540	266,042
	<u>4,714,994</u>	<u>3,611,570</u>

At 30 June 2022, the Group had undrawn bank borrowings facilities of approximately HK\$889,504,000 (31 December 2021: HK\$36,466,000).

At 30 June 2022, total current and non-current bank and other borrowings were scheduled to repay as follows:

	30 June 2022 (Unaudited) HK\$'000	31 December 2021 (Audited) HK\$'000
On demand or within one year	2,315,109	1,617,754
More than one year, but not exceeding two years	467,647	658,844
More than two years, but not exceeding five years	840,482	755,139
After five years	1,091,756	579,833
	<u>4,714,994</u>	<u>3,611,570</u>

16. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Issued and fully paid:		
At 31 December 2021 (Audited)	1,313,095	131,309
Subscription of new shares (<i>Note</i>)	<u>538,943</u>	<u>53,895</u>
At 30 June 2022 (Unaudited)	<u>1,852,038</u>	<u>185,204</u>

Note:

On 10 May 2022, 538,942,750 new shares have been allotted and issued to Yaghee International (Hong Kong) Co., Limited, pursuant to the terms of the subscription agreement, at the subscription price of HK\$0.882 per share. The net proceeds from the subscription, after deduction of relevant expenses in connection with the subscription, amounted to approximately HK\$468,981,000.

17. DISPOSAL OF AN ASSOCIATE

On 18 November 2021, the Group entered into an equity transfer agreement with a fellow subsidiary of a substantial shareholder of the Company holding approximately 21.6% of the total issued shares of the Company, 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited) (the “**Purchaser**”), a company established of the PRC with limited liability, pursuant to which the Purchaser conditionally agreed to purchase 14.43% of equity interest in 中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd. (“**CNI Maintenance Co.,**”)) at a consideration of RMB141,111,000 (equivalent to HK\$166,045,000). The interest in CNI Maintenance Co. was previously classified as interests in associates and reclassified as non-current asset held for sale as at 31 December 2021. The disposal was completed on 31 May 2022.

	HK\$'000
Consideration receivable	166,045
Add: Cumulative exchange reserve reclassified to profit or loss upon disposal	668
Less: Interest in an associate	<u>(148,988)</u>
Gain on disposal of an associate	<u>17,725</u>

18. DISCONTINUED OPERATIONS

On 29 December 2021, a subsidiary incorporated in the PRC with limited liability, 徐州核潤光能有限公司 was deregistered by the Group. Its principal activities were manufacturing and trading of solar power related products and it represented the manufacturing and trading business segment of the Group. Prior to the deregistration, the Group has discontinued the operations in manufacturing and trading business segment. The results of the discontinued operations for the six months ended 30 June 2021, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	For the six months ended 30 June 2021 (Unaudited) <i>HK\$'000</i>
Revenue	–
Cost of sales	<u>(498)</u>
Gross loss	(498)
Other income and gains	185
Other operating expenses	<u>(3,570)</u>
Loss before income tax expense	(3,883)
Income tax expense	<u>–</u>
Loss for the period from discontinued operations, attributable to owners of the Company	<u>(3,883)</u>

For the purpose of presenting the above discontinued operations, the comparative figures in the consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operations discontinued during the period had been discontinued at the beginning of the comparative period.

19. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 June 2022 and 31 December 2021.

20. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Transaction with a related company		
– Interest on lease liabilities (<i>note (i)</i>)	<u>18</u>	<u>–</u>
Transaction with a fellow subsidiary		
– Loan interest expense (<i>note (ii)</i>)	<u>–</u>	<u>642</u>

Notes:

- (i) On 14 June 2022, an indirect wholly-owned subsidiary of the Company (as a lessee) entered into a lease contract with 中國南山開發(集團)股份有限公司 (transliterated as China Nanshan Development Group Co. Limited) (as a lessor), a holding company of a substantial shareholder of the Company holding approximately 29.1% of the total issued shares of the Company. Interest on lease liabilities of HK\$18,000 and payments of lease liabilities of HK\$129,000 were recognised for this lease during the six months ended 30 June 2022.
- (ii) In 2021, the Group had borrowing from China Nuclear Engineering and Construction Financial Leasing Co., Ltd, a fellow subsidiary of the Company, with the sum of approximately HK\$256,259,000 (RMB215,000,000) which was secured, bearing interest at 5.8% per annum and repayable on demand. The loan was fully repaid during the year ended 31 December 2021.

(b) Compensation of key management personnel of the Group:

	For the six months ended	
	30 June 2022 (Unaudited) HK\$'000	30 June 2021 (Unaudited) HK\$'000
Short term employee benefits	4,679	5,110
Pension scheme contributions	<u>95</u>	<u>95</u>
Total compensation paid to key management personnel	<u>4,774</u>	<u>5,205</u>

21. CHANGE IN PRESENTATION OF THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The presentation of the consolidated statement of profit or loss and other comprehensive income was changed from by nature to by function as the directors of the Company consider that such presentation would more appropriate and consistent with the prevailing industry practice.

22. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the board of directors of the Company on 19 August 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Practices

The Company has applied the principles of Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and has complied with all applicable code provisions of the CG Code throughout the six months ended 30 June 2022.

Audit Committee

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal control. The Audit Committee comprises three members, namely, Dr. Su Lixin, Mr. Kang Xinquan and Dr. Xu Shiqing, all of which are independent non-executive Directors. The Audit Committee has reviewed with the management of the Company, the accounting principles and practices adopted by the Group and also discussed the financial reporting matters including the review of the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2022.

Model Code For Securities Transactions by the Directors

The Company has adopted its own code of conduct regarding directors’ dealings in the Company’s securities (the “**Code of Conduct**”) on terms no less exacting than 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, all Directors confirmed that they complied with the required standard of dealings as set out in the Code of Conduct and Model Code throughout the six months ended 30 June 2022.

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

On 10 May 2022, the Company has completed the additional issuance of 538,942,750 shares to Yahgee International (Hongkong) Co., Limited, which is a wholly-owned subsidiary of Nanshan Holdings.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

EVENT AFTER REPORTING PERIOD

There were no major subsequent events occurred since 30 June 2022 and up to the date of this announcement.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2022 (2021: Nil).

On behalf of the Board
China Nuclear Energy Technology Corporation Limited
Chairman
Shu Qian

Hong Kong, 19 August 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Shu Qian (Chairman), Mr. Wu Yuanchen (Vice Chairman), Mr. Li Hongwei (Vice Chairman), Mr. Liu Genyu (Co-Chief Executive Officer), Ms. Huang Yan, Ms. Liu Jianrong; and the independent non-executive Directors of the Company are Dr. Xu Shiqing, Mr. Kang Xinquan and Dr. Su Lixin.