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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 2021

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2021	2020	Change
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	%
Revenue	1,043,304	966,788	8
Profit before income tax expense	51,975	41,012	27
Profit for the period	39,770	32,914	21
Basic earnings per share			
<i>(HK cents per share)</i>	2.76	2.16	28
	30 June	31 December	Change
	2021	2020	
	(Unaudited)	(Audited)	
	HK\$'000	HK\$'000	%
Total assets	7,447,938	7,272,572	2
Net assets	1,181,902	1,126,825	5

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2021, the consolidated revenue of the Group amounted to HK\$1,043,304,000, representing an increase of approximately 8% as compared with HK\$966,788,000 for the same period last year. The revenue was mainly attributed by the engineering, procurement and construction (the “EPC”) and consultancy and general construction segment, power generation segment and financing segment. Profit for the period increased by approximately 21% to HK\$39,770,000 as compared with HK\$32,914,000 for the same period last year. The increase in profit was mainly due to the operation of the wind power project in Suining County, Jiangsu Province during the interim period which contributed steady power generation income and profit to the power generation segment of the Group.

EPC and Consultancy and General Construction

During the six months ended 30 June 2021, EPC and consultancy and general construction segment recorded segment revenue to external customers of HK\$816,476,000 (2020: HK\$762,408,000) and segment loss (before deducting tax and finance cost) of HK\$3,841,000 (2020: segment profit (before deducting tax and finance cost) of HK\$56,574,000, representing an increase of approximately 7% and a decrease of approximately 107%, 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 COVID-19 pandemic which dragged on projects’ percentage of completion recognised in the same period last year, which caused the decrease in revenue during the same period last year. Segment loss (before deducting tax and finance cost) was mainly due to the increase in expected credit loss on trade receivables during the interim period and the increased market competition as a result of the decreasing total costs of photovoltaic projects.

During the first half of 2021, the Group stuck to the traditional EPC business and moderately diversified development. While taking precautionary measures against COVID-19 pandemic, stepping up efforts to facilitate the construction of photovoltaic and wind power projects distributed in Guangdong, Liaoning, Shandong, Hubei, Shanxi and Yunnan Provinces etc. The total installed capacity of the newly undertaken projects amounted to 430MW during the first half of 2021; for resettlement communities in Jiangsu Province and Anhui Province, new types of rural community construction and other projects have entered the final stage and other municipal engineering projects have progressed smoothly. Using 5G base stations as the entry point for the industry, the Group shall connect with provincial authorities and strive to lay out new infrastructure business.

During the first half of 2021, 5 new utility model patents were authorised, technology investment planning was completed and 5 new technology research and development projects were launched. The Group has been approved as a high-tech enterprise in Jiangsu Province and is applying for headquarter enterprise in Jiangsu Province. The Group has obtained 2020 Photovoltaic Brand Lab (“**PVBL**”), third place of the most valuable power stations and top 20 of the most valuable EPC brand value, which exhibited its professional excellence.

Manufacturing and Trading

Due to keen market competition, the business segment faced challenges during 2020 with significant decrease in orders. The module plant in Peixian of Xuzhou has ceased production since the second half of 2020, therefore no segment revenue to external customers was recorded during the first half of 2021 (2020: HK\$107,131,000) and segment loss (before deducting tax and finance cost) of HK\$3,888,000 (2020: segment loss (before deducting tax and finance cost) of HK\$6,714,000).

Power Generation

As at 30 June 2021, the Group owned and operated solar photovoltaic power stations and rooftop distributed solar photovoltaic power generation facilities in Jiangsu, Hebei and Yunnan Provinces with a total scale of 210MW; it also owned and operated wind power stations in Jiangsu Province with a total scale of 140MW. During the first half of 2021, the Group completed 295 million kilowatt-hour power generation which contributed steady power generation income accordingly.

During the six months ended 30 June 2021, the segment recorded segment revenue to external customers of HK\$212,007,000 (2020: HK\$89,293,000) and segment profit (before deducting tax and finance cost) of HK\$119,870,000 (2020: segment profit (before deducting tax and finance cost) of HK\$38,338,000). Segment revenue and segment profit (before deducting tax and finance cost) increased by approximately 137% and 213%, respectively, as compared with the same period last year. Segment revenue growth was mainly attributable to the commencement of operation of the wind power station in Suining County, Jiangsu Province during the period and recognised power generation income. The increase in segment profit (before deducting tax and finance cost) was contributed by the operating profit of the wind power station in Suining County, Jiangsu Province.

Relying on the Group's advantages in the development and operation of decentralised power sources in Jiangsu Province, the Group is actively studying the technical and economic feasibility of decentralised power generation with energy storage facilities and utilises the peak-load shifting capabilities of energy storage batteries to improve the flexibility and stability of power supply to promote decentralised power sources consumption.

The Group's solar power plants and facilities and wind power stations are located in the PRC with significant portion of the revenue contributed by the State Grid Corporation of China, which is a state-owned electric utility enterprise in the PRC and the default risk is low. Therefore, the Board considered that the credit risk was minimal. On the other hand, the results of the power generation segment were affected by the hours of daylight and the wind power during the interim period.

Financing

During the six months ended 30 June 2021, the Group's finance leasing business recorded segment revenue to external customers of HK\$14,821,000 (2020: HK\$7,956,000) representing an increase of approximately 86% as compared with same period last year and segment loss (before deducting tax and finance cost) of HK\$3,438,000 (2020: segment loss (before deducting tax and finance cost) of HK\$15,058,000) representing a decrease of approximately 77% as compared with the same period last year.

During the period, the Group focused on the development of external non-related projects in order to operate in compliance with regulations, diversify risks, enhance project quality and competitiveness of the business so as to increase the proportion of and revenue contribution from external business. The Group continuously formed differential competition with peers in terms of specialisation and differentiation, focusing on the new energy industry (including photovoltaic and energy storage), new infrastructure (including 5G base stations and data centers) and healthcare (rehabilitation medical treatment, epidemic prevention equipment) and other fields to expand finance leasing segment. Efforts were made to develop reverse factoring business with core enterprises as credit subjects, and to achieve the safety expansion of external customers based on the credit of related companies. The Qianhai Zejin supply chain platform was launched and the first online release was realised.

Production Safety

The Group fully implements the safety policy of “safety first, prevention as principle and comprehensive management”, and carries out various safety management measures and compiles, revises and updates various safety management systems to further expand the coverage of the system. On-site management has always adhered to the four measures of pre-job training, accident investigation and assessment control, safety analysis and plan drill.

Business Prospect

Following the promulgation of the Notice on Issues Concerning the “New Energy Feed-in Tariff Policy in 2021” in the first half of 2021, it clarified matters related to the 2021 feed-in tariff policy for new energy power generation, which is important for accelerating the construction of a new type of electricity with new energy as the main body in order to achieve China’s goal of “Carbon peaks by 2030 and Carbon neutrality by 2060”, and it is a new starting point for the wind and photovoltaic power industry to step into the market-oriented development of non-subsidy and parity with the support of subsidy policies. The Group will continue to increase market development, strengthen the general contracting capabilities of projects, continue to achieve high quality in the construction of projects that have been undertaken and to ensure that no safety, health and environmental protection accidents occur, and ensure that no quality accidents occur. The Group will strengthen new energy development investments, based on Yunnan, Guangdong, Qinghai, Jiangsu and Anhui Provinces with mature projects as the base point to expand the declared projects outwards. Also, the Group aims at developing high quality, fragmented and distributed projects with relatively high self-use ratio and good yield in places such as Guangdong and Fujian Provinces. The Group will keep exploring cooperation in offshore wind power and construction, locking project resources on the basis of reasonable income. The Group will increase the development of 5G base station resources and reserve project resources and actively expand the underpinning acquisition units, make preparations for completion and sales at the same time of investment and development to increase the rate of return.

The Group will continue to focus on the national industry-finance integration and technology finance policy, continue to improve the construction of the supply chain finance platform, research and develop business models such as green finance, new infrastructure, auto financing and emerging industries in the Guangdong-Hong Kong-Macao Greater Bay Area, and clarify business directions and standards for the Group to actively respond to and prepare for development and strategic changes.

FINANCIAL REVIEW

The Group's consolidated revenue increased by approximately 8% from HK\$966,788,000 for the six months ended 30 June 2020 to HK\$1,043,304,000 for the six months ended 30 June 2021. The increase in revenue was mainly attributable to the increase of revenue from the power generation segment during the period. Profit attributable to owners of the Company amounted to HK\$36,213,000 (2020: HK\$28,337,000) which represented an increase of approximately 28% when compared with that for the same period last year. Basic earnings per share for the period was HK\$2.76 cents when compared with HK\$2.16 cents for the six months ended 30 June 2020.

Revenue

During the period under review, the Group's revenue was HK\$1,043,304,000 (2020: HK\$966,788,000), representing an increase of approximately 8% as compared to that of the same period last year.

Composition of revenue for the six months ended 30 June 2021 and 2020 is shown in the following table:

	For the six months ended 30 June 2021 (Unaudited)		For the six months ended 30 June 2020 (Unaudited)		
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	% Change
EPC and consultancy and general construction	816,476	78	762,408	79	7
Power generation	212,007	20	89,293	9	137
Financing	14,821	2	7,956	1	86
Manufacturing and trading	<u>—</u>	<u>—</u>	<u>107,131</u>	<u>11</u>	<u>—100</u>
Total	<u>1,043,304</u>	<u>100</u>	<u>966,788</u>	<u>100</u>	<u>8</u>

EPC and consultancy and general construction segment remained the major source of revenue for the Group which contributed HK\$816,476,000 for the period ended 30 June 2021, representing an increase of approximately 7% as compared with the same period last year.

Benefited from an addition of 140MW self-owned and self-operated wind power station connected to the national grid in 2020 and the formation of certain scale of the existing solar power facilities, revenue derived from power generation segment recorded an increase of approximately 137% to HK\$212,007,000 (2020: HK\$89,293,000)

Revenue from financing segment recorded an increase of approximately 86% to HK\$14,821,000 (2020: HK\$7,956,000) as the Group received more interest income and handling fee from certain financial leasing projects as compared to those of the same period last year.

Manufacturing and trading segment did not record any revenue (2020: HK\$107,131,000) 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 2021 amounted to HK\$39,770,000 (2020: HK\$32,914,000), representing an increase of approximately 21% compared to that for the period ended 30 June 2020. The increase in profit was mainly caused by (i) the contribution of the operation profit for wind power station in Suining County, Jiangsu Province during the period in the Group's power generation segment, which recorded an increase of approximately 109% in net profit compared to that for the period ended 30 June 2020; (ii) the increase in interest income and handling fee from certain financial leasing projects during the period in the Group's financing segment caused the decrease of loss by approximately 72% as compared to that of the same period last year. The net profit margin of the Group increased to 3.8% (2020: 3.4%). Net profit margin of the Group varied in different segments depending on its business nature. For the period ended 30 June 2021, profit attributable to owners of the Company increased by approximately 28% to HK\$36,213,000 (2020: HK\$28,337,000), while the basic earnings per share was HK\$2.76 cents (2020: HK\$2.16 cents).

Other Revenue and Gains

Other revenue and gains of HK\$15,471,000 (2020: HK\$13,998,000) was mainly derived from interest income and sundry income.

Cost of Sales and Construction Costs

The cost of sales and the construction costs for the period under review were HK\$244,691,000 (2020: HK\$436,813,000) and HK\$559,889,000 (2020: HK\$389,699,000), representing corresponding decrease of approximately 44% and increase of approximately 44% respectively. Such changes were primarily due to increase in governmental housing and municipal engineering project in the EPC general construction segment which led to the increase in construction costs. The module plant in Peixian of Xuzhou has ceased production since the second half of 2020 which led to the decrease in cost of sales.

Staff Costs

The increase in staff costs by approximately 20% to HK\$23,921,000 (2020: HK\$19,974,000) was due to the effect of competitive conditions of labour force market.

Depreciation

The deprecation of the Group increased by approximately 94% to HK\$81,749,000 for the period ended 30 June 2021 (2020: HK\$42,074,000) was due to the commencement of the operation of the wind power station in Suining County, Jiangsu Province and the recognition of depreciation during the period.

Other Operating Expenses

Other operating expenses mainly included exchange differences, bank charges, professional fees, administrative expenses, research and development fees etc., it increased by approximately 64% to HK\$42,955,000 (2020: HK\$26,276,000) as compared to that of the same period last year, which was mainly due to recognition of expected credit losses on the trade and bill receivables and contract assets during the interim period.

Finance Costs

Finance costs for the interim period increased approximately 74% to HK\$67,435,000 (2020: HK\$38,707,000) 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 2021, income tax expense of the Group increased by approximately 51% to HK\$12,205,000 (2020: HK\$8,098,000) which was mainly due to the increase in profit for power generation segment.

Financial Position

As at 30 June 2021, total assets of the Group were HK\$7,447,938,000 (31 December 2020: HK\$7,272,572,000), representing an increase of approximately 2%. In particular, current assets increased by approximately 7% to HK\$4,700,402,000 (31 December 2020: HK\$4,402,151,000) and non-current assets decreased by approximately 4% to HK\$2,747,536,000 (31 December 2020: HK\$2,870,421,000). The increase in total assets was due to the increase in trade and bills receivables during the period.

Total liabilities as at 30 June 2021 were HK\$6,266,036,000 (31 December 2020: HK\$6,145,747,000), representing an increase of approximately 2% as compared to that of 31 December 2020. In particular, current liabilities as at 30 June 2021 were HK\$4,403,492,000 (31 December 2020: HK\$4,258,534,000), representing an increase of approximately 3% as compared to that of 31 December 2020, which was mainly due to the increase in bank and other borrowings. Non-current liabilities were HK\$1,862,544,000 (31 December 2020: HK\$1,887,213,000), representing a decrease of approximately 1% as compared to that of 31 December 2020, which was mainly due to the decrease in long-term bank and other borrowings.

Total equity attributable to owners of the Company as at 30 June 2021 was HK\$1,158,128,000 (31 December 2020: HK\$1,106,844,000), representing an increase of approximately 5% as compared to that of 31 December 2020, which was mainly due to the contribution of the total comprehensive income for the period ended 30 June 2021.

Capital Raising Exercise

The Company did not conduct a capital raising exercise during the period under review.

Liquidity, Financial Resources and Gearing

As at 30 June 2021, net current assets of the Group were HK\$296,910,000 (31 December 2020: HK\$143,617,000). Besides, the Group maintained cash and cash equivalents of HK\$596,977,000 (31 December 2020: HK\$386,473,000), of which approximately 21% was in Hong Kong dollars, 75% was in Renminbi (“RMB”), 3% was in United States dollars (“USD”) and 1% was in Eurodollars (“EUR”) (31 December 2020: approximately 6% was in Hong Kong dollars, 87% was in RMB, 6% was in USD and 1% was in EUR).

As at 30 June 2021, the Group had outstanding bank and other borrowings of HK\$3,646,641,000 (31 December 2020: HK\$3,494,561,000), of which approximately 12% was in Hong Kong dollars, 81% was in RMB and 7% was in USD (31 December 2020: approximately 9% was in Hong Kong dollars, 81% was in RMB and 10% was in USD). All of the Group’s borrowings as at 30 June 2021 were arranged on floating rate basis with effective interest rates ranged from 2.0% to 6.7% per annum (31 December 2020: ranged from 2.0% to 6.3% 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 2021 in accordance with the settlement term. Included in the total bank and other borrowings as at 30 June 2021, HK\$1,790,020,000 (31 December 2020: HK\$1,614,823,000) was loans repayable within one year and the balance of HK\$1,856,621,000 (31 December 2020: HK\$1,879,738,000) was repayable more than one year.

As at 30 June 2021 the Group’s gearing ratio was 3.09 (31 December 2020: 3.11), which was calculated on the basis of total debt over total equity of the Company. Total debt comprises bank and other borrowings, obligations under finance lease and lease liabilities.

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 2021, together with the comparative figures for the six months ended 30 June 2020. 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 2021

		For the six months ended	
		30 June 2021 (Unaudited) HK\$'000	30 June 2020 (Unaudited) HK\$'000
	Notes		
Revenue	4	1,043,304	966,788
Other revenue and gains		15,471	13,998
Cost of sales		(244,691)	(436,813)
Construction costs		(559,889)	(389,699)
Staff costs		(23,921)	(19,974)
Depreciation		(81,749)	(42,074)
Other operating expenses	6(b)	(42,955)	(26,276)
Gain on bargain purchases		–	3,531
Loss on disposal of financial assets at fair value through profit or loss (“FVTPL”)		–	(34)
Finance costs	5	(67,435)	(38,707)
Share of results of associates, net		13,840	10,272
Profit before income tax expense	6(a)	51,975	41,012
Income tax expense	7	(12,205)	(8,098)
Profit for the period		39,770	32,914
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		14,134	(24,200)
Share of other comprehensive income of associates		1,173	(1,903)
		15,307	(26,103)
Total comprehensive income for the period		55,077	6,811

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

For the six months ended 30 June 2021

		For the six months ended	
		30 June 2021 (Unaudited) HK\$'000	30 June 2020 (Unaudited) HK\$'000
Notes			
Profit for the period attributable to:			
	Owners of the Company	36,213	28,337
	Non-controlling interests	<u>3,557</u>	<u>4,577</u>
		<u>39,770</u>	<u>32,914</u>
Total comprehensive income attributable to:			
	Owners of the Company	51,284	2,415
	Non-controlling interests	<u>3,793</u>	<u>4,396</u>
		<u>55,077</u>	<u>6,811</u>
Earnings per share			
	– basic and diluted (HK cents per share)	8 <u>2.76</u>	<u>2.16</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	10	2,373,637	2,421,528
Right-of-use assets		28,036	29,464
Financial assets at FVTPL		26,756	26,756
Interest in associates	11	140,896	135,145
Finance lease receivables		160,166	239,097
Loan receivables		18,045	18,431
		<u>2,747,536</u>	<u>2,870,421</u>
Current assets			
Inventories		3,002	2,987
Trade and bills receivables	12	1,785,564	1,479,696
Loan receivables		158,927	101,471
Prepayments, deposits and other receivables		725,423	775,244
Contract assets		1,004,302	1,176,454
Finance lease receivables		43,520	61,643
Pledged bank deposits	13	382,687	418,183
Cash and cash equivalents		596,977	386,473
		<u>4,700,402</u>	<u>4,402,151</u>
Less: Current liabilities			
Trade and bills payables	14	2,284,088	2,295,124
Other payables and accruals		230,212	252,752
Contract liabilities		85,473	84,737
Bank and other borrowings	15	1,790,020	1,614,823
Lease liabilities		4,886	5,460
Tax payable		8,813	5,638
		<u>4,403,492</u>	<u>4,258,534</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	Notes		
Net current assets		<u>296,910</u>	<u>143,617</u>
Total assets less current liabilities		<u>3,044,446</u>	<u>3,014,038</u>
Less: Non-current liabilities			
Bank and other borrowings	15	1,856,621	1,879,738
Lease liabilities		176	1,781
Deferred tax liabilities		<u>5,747</u>	<u>5,694</u>
		<u>1,862,544</u>	<u>1,887,213</u>
Net assets		<u>1,181,902</u>	<u>1,126,825</u>
Capital and reserves			
Share capital	16	131,309	131,309
Reserves		<u>1,026,819</u>	<u>975,535</u>
Equity attributable to owners of the Company		1,158,128	1,106,844
Non-controlling interests		<u>23,774</u>	<u>19,981</u>
Total equity		<u>1,181,902</u>	<u>1,126,825</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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 2021, 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;
- the manufacturing and trading business segment comprises the Group’s manufacturing and trading of solar power related products; 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 2021 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 2020, 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 2020, except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2021 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 2021 and therefore relevant to these Interim Financial Statements.

- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

All new or amended HKFRSs that are effective from 1 January 2021 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 2021 and 2020.

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 2021 Level 3 (Unaudited) HK\$'000	31 December 2020 Level 3 (Audited) HK\$'000
Financial assets at FVTPL		
– Unlisted equity investments	26,756	26,756

3. FINANCIAL INSTRUMENTS (Continued)

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

The fair value of unlisted equity investments designated at FVTPL have been estimated by using a market based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation (“EV/EBITDA”) multiple, price to earnings (“P/E”) multiple and price to book (“P/B”) multiple for each comparable company identified. The multiples are calculated by dividing the enterprise value of the comparable company by earnings measure. The trading multiples are then discounted for considerations such as illiquidity and size differences between the comparable companies based on the company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair value resulting from the valuation technique, which are recorded in the condensed consolidated statement of financial position, and the related changes in fair value (if any), which are recorded in condensed consolidated profit or loss, are reasonable and were the most appropriate value at the end of the reporting period.

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 five (for the six months ended 30 June 2020: five) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies.

4. SEGMENT REPORTING (Continued)

	EPC and consultancy and general construction <i>HK\$'000</i>	Power generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and trading <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2021 (Unaudited)						
Segment revenue:						
Sales to external customers	816,476	212,007	14,821	–	–	1,043,304
Intersegment sales	–	–	13,359	–	–	13,359
Other revenue and gains	89	706	6,400	180	846	8,221
Reportable segment revenue	816,565	212,713	34,580	180	846	1,064,884
<i>Reconciliation:</i>						
Elimination of intersegment sales						(13,359)
Consolidated revenue						1,051,525
Segment results	(3,841)	119,870	(3,438)	(3,888)	(10,383)	98,320
<i>Reconciliation:</i>						
Interest income						7,250
Finance costs						(67,435)
Share of results of associates, net						13,840
Profit before income tax expense						51,975
Income tax expense						(12,205)
Profit for the period						39,770
	EPC and consultancy and general construction <i>HK\$'000</i>	Power generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and trading <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2021 (Unaudited)						
Segment assets	3,259,338	3,213,324	595,753	93,402	145,225	7,307,042
<i>Reconciliation:</i>						
Unallocated assets						140,896
Total assets						7,447,938
Segment liabilities	3,036,645	1,811,099	742,608	11,083	664,601	6,266,036
<i>Reconciliation:</i>						
Unallocated liabilities						–
Total liabilities						6,266,036

4. SEGMENT REPORTING (Continued)

	EPC and consultancy and general construction <i>HK\$'000</i>	Power generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and trading <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2020 (Unaudited)						
Segment revenue:						
Sales to external customers	762,408	89,293	7,956	107,131	–	966,788
Intersegment sales	–	–	29,554	–	–	29,554
Other revenue and gains	3,709	729	1,723	83	563	6,807
Reportable segment revenue	766,117	90,022	39,233	107,214	563	1,003,149
Reconciliation:						
Elimination of intersegment sales						(29,554)
Consolidated revenue						973,595
Segment results	56,574	38,338	(15,058)	(6,714)	(14,381)	58,759
Reconciliation:						
Interest income						7,191
Finance costs						(38,707)
Gain on bargain purchases						3,531
Loss on disposal of financial asset at FVTPL						(34)
Share of results of associates, net						10,272
Profit before income tax expense						41,012
Income tax expense						(8,098)
Profit for the period						32,914
	EPC and consultancy and general construction <i>HK\$'000</i>	Power generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and trading <i>HK\$'000</i>	All other segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2020 (Unaudited)						
Segment assets	3,124,107	2,192,811	490,994	85,010	183,968	6,076,890
Reconciliation:						
Unallocated assets						114,083
Total assets						6,190,973
Segment liabilities	2,812,127	579,309	913,769	98,659	843,420	5,247,284
Reconciliation:						
Unallocated liabilities						–
Total liabilities						5,247,284

5. FINANCE COSTS

	For the six months ended	
	30 June 2021	30 June 2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank and other borrowings	67,230	38,503
Interest on lease liabilities	205	204
	<u>67,435</u>	<u>38,707</u>

6. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the six months ended	
	30 June 2021	30 June 2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	23,110	19,373
Pension scheme contributions	811	601
Total staff costs	<u>23,921</u>	<u>19,974</u>
Depreciation of property, plant and equipment	76,760	37,310
Depreciation of right-of-use assets	4,989	4,764
	<u>81,749</u>	<u>42,074</u>

6. PROFIT BEFORE INCOME TAX EXPENSE (Continued)

(b) Other operating expenses

	For the six months ended	
	30 June 2021	30 June 2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Auditor's remuneration	990	990
Bank charges	5,075	5,787
Legal and professional fee	2,837	4,551
Short-term and low-value lease expenses	1,172	63
Research and development	3,592	6,964
Expected credit losses on the trade and bill receivables and contract assets	19,928	–
Others*	9,361	7,921
Total	42,955	26,276

* Others included business trips, exchange losses, motor vehicle expenses, utilities and sundries, which were individually not material to the Group.

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (for the six months ended 30 June 2020: 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 2020: 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.

7. INCOME TAX EXPENSE (Continued)

	For the six months ended	
	30 June 2021	30 June 2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current tax for the period		
Hong Kong	–	–
Other than Hong Kong	<u>12,205</u>	<u>8,098</u>
Income tax expense	<u><u>12,205</u></u>	<u><u>8,098</u></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 2021	30 June 2020
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u><u>36,213</u></u>	<u><u>28,337</u></u>

8. EARNINGS PER SHARE (Continued)

Number of shares

	For the six months ended	
	30 June 2021 (Unaudited) '000	30 June 2020 (Unaudited) '000
Issued share capital at beginning and at the end of the period	<u>1,313,095</u>	<u>1,313,095</u>
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	<u>1,313,095</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 2021 (for the six months ended 30 June 2020: HK\$Nil).

10. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost approximately HK\$4,391,000 (for the six months ended 30 June 2020: HK\$262,916,000).

The Group's buildings are measured at fair value.

The fair value of the buildings, which are classified as level 3 of the fair value hierarchy as at 30 June 2021 (31 December 2020: level 3 of the fair value hierarchy), was determined by reference to depreciated replacement cost of the properties less the fair value of leasehold land. Depreciated replacement cost reflects adjustments for percentage of completion (for construction in progress), age, physical deterioration as well as economic obsolescence. Key unobservable inputs used included replacement cost, economic obsolescence and physical deterioration. Key assumptions in determining economic obsolescence include the residue ratio of 20% adopted in the valuation. The fair value of buildings as at 30 June 2021 was HK\$42,823,000 (31 December 2020: HK\$42,967,000).

In estimating the fair value of the relevant properties, the highest and best use of the properties does not differ from their actual use.

Had the revalued properties been measured on cost model, their net book value as at 30 June 2021 would have been HK\$20,004,000 (31 December 2020: HK\$20,189,000). During the period ended 30 June 2021, there were no transfers into or out of Level 3 or any other Level. The Group's policy is to recognise transfers between Levels of the fair value hierarchy as at the end of the reporting period in which they occur.

There were no transfers into or out of level 3 during the six months ended 30 June 2021 and 2020.

11. INTEREST IN ASSOCIATES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Share of net assets (including goodwill)	140,896	135,145

Details of the material associates as at 30 June 2021 are as follows:

Name		Place of incorporation, operation and principal activity	Percentage of equity attributable to the Group
中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd "CNI Maintenance Co.")	Note (i)	PRC. Construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in the PRC; and businesses of maintenance of nuclear power plants and electrical equipments, technology consultancy and technical services.	14.43%
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)	Note (ii)	PRC. Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC.	47.13%

11. INTEREST IN ASSOCIATES (Continued)

Note (i): According to the articles of CNI Maintenance Co., the Company has a right to appoint a director who represents the Company in the board of directors' meeting of CNI Maintenance Co.. Although the Group's ownership in CNI Maintenance Co. is less than 20%, the Group has significant influence over CNI Maintenance Co..

The primary business of CNI Maintenance Co. is undertaking construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in the PRC; and businesses of maintenance of nuclear power plants and electrical equipment, technology consultancy and technical services. This is in alignment with the Group's EPC and consultancy and general construction segment.

Note (ii): 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 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade receivables	1,201,898	950,866
Bills receivables	631,186	555,059
	1,833,084	1,505,925
Less: Impairment losses	(47,520)	(26,229)
	1,785,564	1,479,696

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 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0–90 days	766,481	871,904
91–180 days	158,378	174,720
181–365 days	613,500	222,842
More than 365 days	294,725	236,459
	<u>1,833,084</u>	<u>1,505,925</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\$382,687,000 (31 December 2020: HK\$418,183,000) 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 2020: 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\$382,687,000 (31 December 2020: approximately HK\$418,183,000) as at 30 June 2021. 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	31 December
	2021	2020
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
0–90 days	1,130,943	987,512
91–180 days	456,393	336,535
181–365 days	365,105	854,330
More than 365 days	331,647	116,747
	2,284,088	2,295,124

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

15. BANK AND OTHER BORROWINGS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current		
Short-term bank borrowings, secured	158,795	95,352
Short-term bank borrowings, unsecured	976,517	908,488
Long-term bank borrowings, secured, current portion	108,642	156,723
Long-term bank borrowings, unsecured, current portion	225,037	86,275
Other borrowings, secured, current portion	198,993	304,633
Other borrowings, unsecured, current portion	122,036	63,352
	<u>1,790,020</u>	<u>1,614,823</u>
Non-current		
Long-term bank borrowings, secured	358,728	641,178
Long-term bank borrowings, unsecured	894,367	592,226
Other borrowings, secured	275,597	317,028
Other borrowings, unsecured	327,929	329,306
	<u>1,856,621</u>	<u>1,879,738</u>
Total bank and other borrowings	<u><u>3,646,641</u></u>	<u><u>3,494,561</u></u>

- (i) The bank and other borrowings were secured by (i) corporate guarantee provided by subsidiaries of the Company (31 December 2020: subsidiaries of the Company); (ii) finance lease receivables amounted to HK\$138,345,000 (31 December 2020: HK\$182,082,000); (iii) trade receivables amounted to HK\$Nil (31 December 2020: HK\$13,111,000); (iv) pledged bank deposits amounted to HK\$382,687,000 (31 December 2020: HK\$418,183,000); and (v) the share capital of a subsidiary (31 December 2020: the share capital of a subsidiary).
- (ii) All bank and other borrowings bear interest at floating rates, with effective interest rates ranging from 2.0% to 6.7% per annum (31 December 2020: 2.0% to 6.3% per annum). The carrying amounts of bank and other borrowings approximate their fair values.

15. BANK AND OTHER BORROWINGS (Continued)

- (iii) As at 30 June 2021, included in other borrowings of (i) approximately HK\$151,230,000 (RMB125,711,000) (31 December 2020: approximately HK\$256,259,000 (RMB215,000,000)) which represents secured interest bearing borrowing from 中核融資租賃股份有限公司 (transliterated as China Nuclear Financial Leasing Co., Limited (“CNFLC”)) a fellow subsidiary of the Company. The borrowing is secured by certain trade receivables of the Group amounting to HK\$Nil (31 December 2020: HK\$13,111,000), bearing interest at 5.8% per annum (31 December 2020: 5.8% per annum) and repayable on demand and (ii) HK\$Nil (RMBNil) (31 December 2020: approximately HK\$27,718,000 (RMB23,255,000)) which represents an unsecured interest bearing borrowing from CNFLC settled on 31 May 2021. The interest rate of the borrowing was 5.8% per annum (31 December 2020: 5.8% per annum) and repayable on 31 May 2021.

CNFLC is formerly known as 中核建融資租賃股份有限公司 (transliterated as China Nuclear Engineering and Construction Financial Leasing Co., Ltd. (“CNECFL”)). On 12 November 2020, China He Investment (Hong Kong) Company Limited, an immediate holding company, entered into merger agreement with CNFLC, pursuant to which CNECFL was merged with and into CNFLC. As a result of the merger, CNECFL will be dissolved and deregistered and CNFLC survived, and all of the assets, liabilities, businesses, contracts, qualifications and other rights and obligations of CNECFL vested in CNFLC. The merger was completed on 31 December 2020.

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
HK\$	430,000	330,000
RMB	2,944,620	2,829,289
United States dollar (“USD”)	272,021	335,272
	<u>3,646,641</u>	<u>3,494,561</u>

At 30 June 2021, the Group had undrawn bank borrowings facilities of approximately HK\$561,127,000 (RMB466,440,000) (31 December 2020: approximately HK\$293,864,000 (RMB246,551,000)).

15. BANK AND OTHER BORROWINGS (Continued)

At 30 June 2021, total current and non-current bank and other borrowings were scheduled to repay as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
On demand or within one year	1,790,020	1,614,823
More than one year, but not exceeding two years	544,582	416,922
More than two years, but not exceeding five years	670,759	840,630
After five years	641,280	622,186
	<u>3,646,641</u>	<u>3,494,561</u>

16. SHARE CAPITAL

	Number of ordinary shares '000	Amount HK\$'000
Issued and fully paid:		
As at 31 December 2020 (Audited) and 30 June 2021 (Unaudited)	<u>1,313,095</u>	<u>131,309</u>

17. CONTINGENT LIABILITIES

The Company and the Group had no contingent liabilities as at 30 June 2021 and 31 December 2020.

18. MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

	For the six months ended	
	30 June 2021 (Unaudited) HK\$'000	30 June 2020 (Unaudited) HK\$'000
Transaction with intermediate holding company		
– Loan interest expense (note (i))	<u>–</u>	<u>2,454</u>
Transaction with a fellow subsidiary		
– Loan interest expense (note (ii))	<u>5,787</u>	<u>8,621</u>

Notes:

- (i) The Group borrowed from CNICL with the sum of RMB90,000,000 which was unsecured, interest bearing at the prevailing benchmark lending interest rate to be promulgated by the PBOC multiplied by (1+20%) per annum and fully repaid in 2020.
- (ii) The Group borrowed from CNECFI with the sum of (i) approximately HK\$151,230,000 (RMB125,711,000) which was secured, interest bearing at 5.8% per annum and repayable on demand; and (ii) approximately HK\$27,976,000 (RMB23,255,000) which was unsecured, interest bearing at 5.8% per annum and fully repaid on 31 May 2021.

18. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

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

	For the six months ended	
	30 June 2021 (Unaudited) <i>HK\$'000</i>	30 June 2020 (Unaudited) <i>HK\$'000</i>
Short term employee benefits	5,110	4,572
Pension scheme contributions	<u>95</u>	<u>82</u>
Total compensation paid to key management personnel	<u><u>5,205</u></u>	<u><u>4,654</u></u>

19. 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 20 August 2021.

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 2021.

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 four members, namely, Mr. Chan Ka Ling Edmond, Mr. Kang Xinquan, Mr. Tian Aiping and Mr. Wang Jimin, 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 2021.

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 2021.

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

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 2021.

EVENT AFTER REPORTING PERIOD

There were no major subsequent event occurred since 30 June 2021 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 2021 (2020: Nil).

On behalf of the Board
China Nuclear Energy Technology Corporation Limited
Zhao Yixin
Chairman

Hong Kong, 20 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Zhao Yixin (Chairman), Mr. Liu Genyu (Vice Chairman), Mr. Chung Chi Shing, Mr. Fu Zhigang (Chief Executive Officer), Ms. Jian Qing, Mr. Li Jinying, Mr. Tang Jianhua (Chief Operation Officer), Mr. Wu Yuanchen; and the independent non-executive Directors of the Company are Mr. Chan Ka Ling Edmond, Mr. Kang Xinquan, Mr. Tian Aiping and Mr. Wang Jimin.