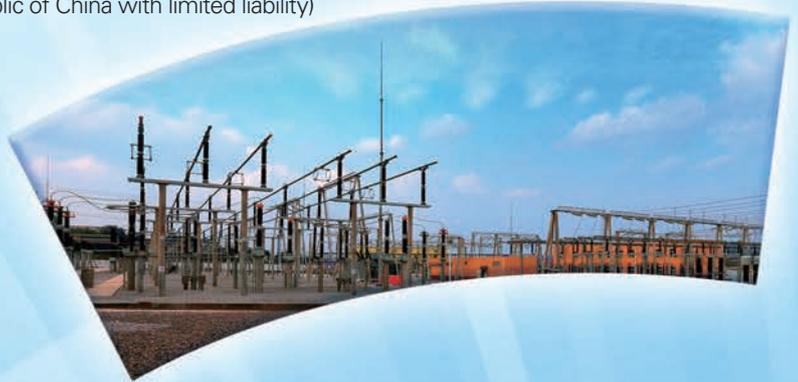




四川能投發展股份有限公司
Sichuan Energy Investment Development Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 1713

2021
Interim Report



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I. COMPANY PROFILE

1. CORPORATE INFORMATION

Chinese Name:

四川能投發展股份有限公司

English Name:

Sichuan Energy Investment Development Co., Ltd.*

Registered Address:

No. 789, Renhe Road
Wenjiang District, Chengdu City
Sichuan Province, the PRC

Headquarters/Principal Place of Business in the PRC:

No. 789, Renhe Road
Wenjiang District, Chengdu City
Sichuan Province, the PRC

Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

Company Website:

<http://www.scntgf.com>

Tel:

+86 (28) 86299666

Fax:

+86 (28) 86299666

E-mail:

db@scntgf.com

2. STOCK PROFILE OF THE COMPANY

Classes of Shares:

H Shares, Domestic Shares and Unlisted Foreign Shares

Stock Exchange of Shares:

Main Board of The Stock Exchange of Hong Kong Limited

Stock Abbreviation of H Shares:

SICHUAN EN INV

Stock Code of H Shares:

1713

3. EXECUTIVE DIRECTORS

Mr. Xiong Lin (*Chairman*)

Mr. Li Hui

Ms. Xie Peixi

4. NON-EXECUTIVE DIRECTORS

Ms. Han Chunhong

Ms. Li Yu

Ms. Liang Hong

Ms. Lv Yan

5. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kin Kwong Kwok Gary

Ms. He Zhen

Mr. Wang Peng

Prof. Li Jian

6. SUPERVISORS

Mr. Yan Yi (*Chairman*)

Mr. Tang Hong

Ms. Fu Ruoxue

Mr. Peng Yu

Ms. Li Jia

Mr. Liao Jun

7. AUTHORIZED REPRESENTATIVES

Mr. Xiong Lin

Mr. Li Hui

8. AUDIT COMMITTEE

Mr. Kin Kwong Kwok Gary (*Chairman*)

Ms. Han Chunhong

Prof. Li Jian

9. REMUNERATION COMMITTEE

Mr. Wang Peng (*Chairman*)

Ms. He Zhen

Ms. Lv Yan

10. NOMINATION COMMITTEE

Mr. Xiong Lin (*Chairman*)

Ms. He Zhen

Mr. Wang Peng

* For identification purpose only

I. COMPANY PROFILE

11. RISK CONTROL COMMITTEE

Prof. Li Jian (*Chairman*)
Ms. Li Yu
Mr. Kin Kwong Kwok Gary

12. JOINT COMPANY SECRETARIES

Mr. Li Hui
Ms. Wong Wai Ling

13. H SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

14. AUDITOR

KPMG Huazhen LLP
8/F, Block 2, Oriental Plaza
No. 1 East Chang'an Street
Dongcheng District, Beijing, the PRC

15. LEGAL ADVISORS

As to Hong Kong law:

Jingtian & Gongcheng LLP
Suites 3203–3207, 32/F
Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong

As to PRC law:

Beijing Zhong Yin (Chengdu) Law Firm
13/F, Block B, OCG International Center
No. 158 Tianfu 4th Avenue
Gaoxin District, Chengdu
Sichuan Province, the PRC

16. PRINCIPAL BANKS

Bank of Communications Co., Ltd.,
Chengdu Branch, Wenjiang Sub-branch
(交通銀行股份有限公司成都溫江支行)
Agricultural Bank of China Limited, Chengdu Branch,
Jincheng Sub-branch
(中國農業銀行股份有限公司成都錦城支行)
The Bank of East Asia, Limited, Chengdu Branch
(東亞銀行有限公司成都分行)
Industrial Bank Co., Ltd., Chengdu Branch,
Jinniu Sub-branch
(興業銀行股份有限公司成都金牛支行)
Bank of Chengdu Co., Ltd., Changshun Sub-branch
(成都銀行股份有限公司長順支行)
Bank of China Limited, Chengdu Branch, Development
Zone West Sub-branch
(中國銀行股份有限公司成都開發西區支行)
Industrial and Commercial Bank of China Limited,
Chengdu Branch, Hi-tech Industry Development Zone
Sub-branch
(中國工商銀行股份有限公司成都高新技術產業開發區支行)

II. INTERIM FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Restated)
Summary of Consolidated Income Statement		
Operating revenue	1,567,465	1,429,454
Total profit	165,908	154,429
Income tax expense	27,090	20,203
Net profit	138,818	134,226
Minority interests	623	(361)
	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Summary of Consolidated Balance Sheet		
Total non-current assets	3,275,281	3,289,669
Total current assets	1,118,348	1,201,949
Total assets	4,393,629	4,491,618
Total current liabilities	1,354,654	1,465,266
Total non-current liabilities	170,731	171,892
Total liabilities	1,525,385	1,637,158
Total shareholders' equity	2,868,244	2,854,460

III. MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY OVERVIEW

The value chain of the power industry in China is composed of power generation, power transmission and distribution, and sales of electricity. The power generation sector converts other types of energy into electricity, such as power generated by hydropower plants that use water flux energy. The core of the power supply sector is the transmission and distribution system of the power grid, which comprises electricity transmission networks that reach provinces and cities in China, electricity distribution networks that serve end uses, and step-up and step-down substations. Lastly, the electricity sales sector directly distributes electricity to end users.

During the first half of 2021, total power consumption in China reached 3.9339 trillion kWh, representing a year-on-year increase of 16.2%. In terms of industry sectors, power consumption in the primary sector reached 45.1 billion kWh, representing a year-on-year increase of 20.6%; power consumption in the secondary sector reached 2.6610 trillion kWh, representing a year-on-year increase of 16.6%; power consumption in the tertiary sector reached 671.0 billion kWh, representing a year-on-year increase of 25.8%; urban and rural household usage reached 556.8 billion kWh, a year-on-year growth of 4.5%.

2. BUSINESS OVERVIEW

2.1 Overview

We are a vertically integrated power supplier and service provider in Yibin City, Sichuan Province, with a full power supply value chain covering power generation and electricity distribution and sales. We have a stable user base and a comprehensive network of power supply in Yibin City, which allows us to optimize the balance usage of power resources within our power supply network through efficient allocation of electricity. Our business currently consists of (i) power business, which includes power production, distribution and sales, and is divided into general power supply business and incremental power transmission and distribution business; and (ii) EECS business, which consists of electrical engineering construction service and sales of electric equipment and materials.

During the first half of 2021, we realised revenue of RMB1,567.5 million, representing a year-on-year increase of 9.7%. Our profit before taxation was RMB165.9 million, representing a year-on-year increase of 7.4%. During the same period, we achieved a net profit of RMB138.8 million, representing a year-on-year increase of 3.4%, and net profit attributable to equity shareholders of the parent company of RMB138.2 million, representing a year-on-year increase of 2.7%.

As of 30 June 2021, we had an aggregate 35 hydropower plants with an aggregate installed capacity of 138,680 kW. We also had two units of 220kV substation with a capacity of 540,000 kVA, 19 units of 110 kV substations with an aggregate capacity of 942,000 kVA and 59 units of 35 kV substations with an aggregate capacity of 586,350 kVA.

III. MANAGEMENT DISCUSSION AND ANALYSIS

2.2 Operating Results

The following table sets forth the revenue, cost of sales, gross profit margin and percentage of changes by business segments for the six months ended 30 June 2020 and 2021.

Business	Six months ended 30 June								
	2021			2020			Change in percentage (%)/ percentage points		
	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit margin %	Revenue (RMB'000)	Cost of sales (RMB'000)	Gross profit margin %	Revenue	Cost of sales	Gross profit margin
General power supply business	1,100,420	889,501	19.2	1,020,628	806,696	21.0	7.8	10.3	(1.8)
Incremental power transmission and distribution business	255,445	249,992	2.1	182,845	181,707	0.6	39.7	37.6	1.5
EECS business ⁽¹⁾	211,600	175,072	17.3	225,981	195,039	13.7	(6.4)	(10.2)	3.6
Total	1,567,465	1,314,565	16.1	1,429,454	1,183,442	17.2	9.7	11.1	(0.8)

Note:

- (1) Includes revenue from the sales of electric equipment and materials of RMB6.04 million for the six months ended 30 June 2021.

General Power Supply Business

The following table sets forth the breakdown of revenue from our general power supply business by customer category for the periods indicated.

Customer	Six months ended 30 June					
	2021		2020		Change in percentage (%)/ percentage points	
	Electricity Sales (MWh)	Revenue (RMB'000)	Electricity Sales (MWh)	Revenue (RMB'000)	Electricity Sales	Revenue
Household	647,963	355,054	639,863	352,070	1.3	0.8
General industrial and commercial	494,939	293,559	460,490	272,203	7.5	7.8
Large industrial	812,934	428,620	667,908	362,041	21.7	18.4
State Grid	8,053	2,073	23,669	7,156	(66.0)	(71.0)
Others	48,746	21,114	54,245	27,158	(10.1)	(22.3)
Total	2,012,635	1,100,420	1,846,175	1,020,628	9.0	7.8

Most of our revenue for the six months ended 30 June 2021 was derived from our general power supply business generating RMB1,100.4 million of revenue, which accounted for 70.2% of our total revenue.

Incremental Power Transmission and Distribution Business

Our revenue from incremental power transmission and distribution business mainly consists of electricity retail business outside our normal power supply service area and other power distribution business related to new-energy vehicles. By implementing measures to diversify of the industry chain, we generated RMB255.4 million of revenue from incremental power transmission and distribution business for the six months ended 30 June 2021, which accounted for 16.3% of our total revenue.

III. MANAGEMENT DISCUSSION AND ANALYSIS

EECS Business

We also derived revenue from our EECS business, which mainly involves undertaking the engineering construction projects for, and selling electric equipment and materials to, the users and grid companies in our power supply area. For the six months ended 30 June 2021, we generated RMB211.6 million of revenue from our EECS business, which accounted for 13.5% of our total revenue.

2.3 Main Operational Measures

In 2021, in order to ensure the continuous stable increase of the Group's operating results, a number of effective measures were adopted by the Group, with the focus on: (1) Accelerating reform and development. We deployed and organized the implementation of the three-year action plan for state-owned enterprise reform in multiple dimensions, including strengthening party construction projects, improving corporate governance, optimizing industrial layout and structural adjustment, we were recognized by the State-owned Assets Supervision and Administration Commission of Sichuan Province as one of the 70 selected enterprises for the "Action of Comprehensive Reform of State-owned Enterprises in Tianfu" in the province. (2) Efficient implementation of key projects. We completed the preliminary work for Xingwen Lianhua and other 220 kV substation projects, commenced the operation of the Yibin centralized power dispatching center project, and continued to carry out power grid investment and technical reform projects as scheduled. (3) Continuously improving the quality of electricity services. The coverage rate of smart meters and collection terminals reached 99.1% and 100%, respectively, the development of basic functions of unified marketing management system was completed, which enabled multiple payment methods such as application (APP), WeChat official account, WeChat QR code scanning self-service terminals, entrusted payment and counter services, with the proportion of self-service and online payment reaching 89.0%. (4) Promoting the "Three Zeros and Three Savings" services in an orderly manner. We made reasonable arrangements for timely adjustment of grid operation and power station operation, with a year-on-year decrease of 41.9% in power outage from malfunction and a 17.9% year-on-year decrease in unplanned power outage in the first half of 2021. (5) Continuously strengthening basic management. We completed the special rectification of fire hazards in transmission and distribution facilities in forest and pastoral areas with a 100% rectification rate. (6) Continuous optimization of integrated energy business. We continued to carry out in-depth development in power trading, incremental power distribution and new energy business.

3. FINANCIAL REVIEW

Analysis of Key Items in the Consolidated Income Statement

Revenue

Business	Six months ended 30 June	
	2021 (RMB'000)	2020 (RMB'000)
General power supply business	1,100,420	1,020,628
Incremental power transmission and distribution business	255,445	182,845
EECS business ⁽¹⁾	211,600	225,981
Total	1,567,465	1,429,454

Note:

(1) Includes revenue from the sales of electric equipment and materials of RMB6.04 million for the six months ended 30 June 2021.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue increased by 9.7% from RMB1,429.5 million for the six months ended 30 June 2020 to RMB1,567.5 million for the six months ended 30 June 2021, primarily due to an increase of RMB79.8 million in revenue from our general power supply business as a result of an increase in the amount of electricity sales of 187,574.8 MWh made to our household use, general industrial and commercial use and large-sale industrial use in the first half of 2021, and an increase of RMB72.6 million in revenue from incremental power transmission and distribution business as a result of an increase in the amount of electricity sales of 187,736.1 MWh in the first half of 2021.

General Power Supply Business

Revenue generated from general power supply business increased by 7.8% from RMB1,020.6 million for the six months ended 30 June 2020 to RMB1,100.4 million for the six months ended 30 June 2021. The increase was primarily due to an increase in the number of our household, general industrial and commercial and large-scale industrial customers by over 11,606, 1,673 and 19 respectively, in the first half of 2021 compared to the corresponding period in 2020, resulting in an increase in the number of electricity sales of 187,574.8MWh made to such customers in the first half of 2021. Revenue generated from power business accounted for 71.4% and 70.2% of our total revenue for the six months ended 30 June 2020 and 2021, respectively.

Incremental Power Transmission and Distribution Business

Revenue generated from incremental power transmission and distribution business increased by 39.7% from RMB182.8 million for the six months ended 30 June 2020 to RMB255.4 million for the six months ended 30 June 2021. The increase was primarily due to an increasing scale of our incremental power distribution business in the first half of 2021.

EECS Business

Revenue generated from undertaking EECS business decreased by 6.4% from RMB226.0 million for the six months ended 30 June 2020 to RMB211.6 million for the six months ended 30 June 2021. The decrease was primarily due to decline in the scale of EECS business mainly affected by market conditions.

Cost of Sales

Business	Six months ended 30 June	
	2021 (RMB'000)	2020 (RMB'000)
General power supply business	889,501	806,696
Incremental power transmission and distribution business	249,992	181,707
EECS business	175,072	195,039
Total	1,314,565	1,183,442

Cost of sales increased by 11.1% from RMB1,183.4 million for the six months ended 30 June 2020 to RMB1,314.6 million for the six months ended 30 June 2021, mainly due to an increase in electricity purchase from third-party suppliers as a result of the expansion in the scale of general power supply business and incremental power transmission and distribution business.

General Power Supply Business

Cost of sales associated with our general power supply business increased by 10.3% from RMB806.7 million for the six months ended 30 June 2020 to RMB889.5 million for the six months ended 30 June 2021. The increase was primarily due to an increase in the scale of general power supply business in the first half year of 2021. Cost of sales of third-party power supply business accounted for 48.9% and 45.9% of our total cost of sales for the six months ended 30 June 2020 and 2021, respectively.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Incremental Power Transmission and Distribution Business

Cost of sales associated with the incremental power transmission and distribution business increased by 37.6% from RMB181.7 million for the six months ended 30 June 2020 to RMB250.0 million for the six months ended 30 June 2021. The increase was mainly due to an increasing scale of our incremental power transmission and distribution business in the first half of 2021.

EECS Business

Cost of sales associated with the EECS business decreased by 10.2% from RMB195.0 million for the six months ended 30 June 2020 to RMB175.1 million for the six months ended 30 June 2021. The decrease was primarily due to decline in the scale of EECS business mainly affected by market conditions.

Gross Profit and Gross Profit Margin

Business	Six months ended 30 June			
	2021 Gross Profit (RMB'000)	Gross Profit Margin %	2020 Gross Profit (RMB'000)	Gross Profit Margin %
General power supply business	210,919	19.2	213,932	21.0
Incremental power transmission and distribution business	5,453	2.1	1,138	0.6
EECS business	36,528	17.3	30,942	13.7
Total	252,900	16.1	246,012	17.2

As a result of above, our gross profit increased by 2.8% from RMB246.0 million for the six months ended 30 June 2020 to RMB252.9 million for the six months ended 30 June 2021. Gross profit margin decreased from 17.2% for the six months ended 30 June 2020 to 16.1% for the six months ended 30 June 2021, which was mainly due to the decrease in gross profit margin of general power supply business.

General Power Supply Business

The gross profit under general power supply business decreased by 1.4% from RMB213.9 million for the six months ended 30 June 2020 to RMB210.9 million for the six months ended 30 June 2021. Gross profit margin decreased from 21.0% for the six months ended 30 June 2020 to 19.2% for the six months ended 30 June 2021, which was mainly due to the reduced purchases from low-cost power sources in the first half of 2021 affected by the hydrological conditions and the implementation of new tariff standards for certain electricity sales prices of certain subsidiaries in the first half of 2021.

Incremental Power Transmission and Distribution Business

The gross profit of incremental power transmission and distribution business increased by 379.2% from RMB1.1 million for the six months ended 30 June 2020 to RMB5.5 million for the six months ended 30 June 2021. The increase was primarily due to relatively high gross profit of our new business during the first half of 2021.

EECS Business

The gross profit of EECS business increased by 18.1% from RMB30.9 million for the six months ended 30 June 2020 to RMB36.5 million for the six months ended 30 June 2021. The corresponding gross profit margin increased from 13.7% for the six months ended 30 June 2020 to 17.3% for the six months ended 30 June 2021. The increase was primarily due to the decrease in project cost with strengthened cost control and enhanced management skills.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Finance costs increased by 46.6% from RMB9.6 million for the six months ended 30 June 2020 to RMB14.1 million for the six months ended 30 June 2021, which was mainly due to foreign exchange losses arising from the purchase of foreign exchange forward financial products in 2020. However, the interest expense decreased by 58.7% from RMB11.2 million for the six months ended 30 June 2020 to RMB4.6 million for the six months ended 30 June 2021.

Share of Profits Less Losses of Associates

Share of profits less losses of associates decreased by 148.6% from loss of RMB1.42 million for the six months ended 30 June 2020 to profit of RMB0.7 million for the six months ended 30 June 2021, primarily due to the fact that except for one incremental power transmission company, the profits of all other associates were affected by the market to certain extent in the first half of 2021.

Income Tax

Income tax expenses were RMB20.2 million and RMB27.1 million for the six months ended 30 June 2020 and 2021, representing effective tax rates of 13.1% and 16.3%, respectively. The increase in income tax was caused by an increase in profit before taxation of our subsidiaries.

Profit for the Period

As a result of above, profit for the period increased by 3.4% from RMB134.2 million for the six months ended 30 June 2020 to RMB138.8 million for the six months ended 30 June 2021.

Analysis of Key Items of Consolidated Balance Sheet

Fixed Assets, Construction in Progress and Right-of-use Assets

	As at 30 June 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Fixed assets	2,507,124	2,555,212
Construction in progress	223,745	197,295
Right-of-use assets	5,482	5,274
Total	2,736,351	2,757,781

As at 31 December 2020 and 30 June 2021, our fixed assets, construction in progress and right-of-use assets were RMB2,757.8 million and RMB2,736.4 million, respectively, which mainly included plant and building, machinery, vehicles, office equipment, projects under construction and right-of-use assets. Fixed assets, construction in progress and right-of-use assets decreased from RMB2,757.8 million as of 31 December 2020 to RMB2,736.4 million as of 30 June 2021, mainly due to the depreciation of our fixed assets for the six months ended 30 June 2021.

Intangible Assets

Our intangible assets increased from RMB128.0 million as of 31 December 2020 to RMB129.0 million as of 30 June 2021, mainly due to the addition of new substation land during the Reporting Period.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Inventories

Our inventories primarily consisted of raw materials and spare parts and others, and were RMB64.2 million and RMB28.5 million as of 31 December 2020 and 30 June 2021, respectively. The following table sets forth a breakdown of our inventories at the indicated date:

	At 30 June 2021 (RMB'000)	At 31 December 2020 (RMB'000)
Raw materials	28,321	64,046
Spare parts and others	177	145
Total	28,498	64,191

Our inventories decreased from RMB64.2 million as of 31 December 2020 to RMB28.5 million as of 30 June 2021, mainly due to the decrease in balance of inventories resulted from our strengthened efforts in project management.

The average turnover days of our inventories (calculated by using the average value of the opening balance and closing balance of inventories of the relevant period divided by the costs for the period, and then multiplied by the number of days in the period) were 9.2 days and 6.3 days as of 30 June 2020 and 2021, respectively, and the decrease was mainly due to decrease in balance of inventories.

Receivables

Receivables include note receivables, accounts receivables, prepayment and other receivables. Our receivables increased from RMB420.1 million at 31 December 2020 to RMB501.4 million at 30 June 2021, respectively. The increase in our receivables was mainly due to the expansion of scale of our incremental power transmission and distribution business in the first half of 2021.

Payables

Payables include accounts payables, contract liabilities, employee remuneration payables, tax payables and other payables. Our payables remained relatively stable, and decreased from RMB1,070.7 million as of 31 December 2020 to RMB1,039.7 million as of 30 June 2021, primarily due to the payment of employee performance bonus of 2020 in the first half of 2021.

Our average payables turnover days (calculated by using the average of opening and closing balance of the payables for a period divided by the cost of the period and multiplied by the number days in the period) decreased from 155.3 days for six months ended 30 June 2020 to 144.5 days for the six months ended 30 June 2021, primarily due to a slight decrease in the balance of payables as a result of the decrease in the number of EEIS business projects we undertook in the first half of 2021, and an increase in operating costs for the period due to higher power purchase costs.

Liquidity and Financial Resources

The Group manages its capital to ensure that entities in the Group will be able to continue operating as going concern while maximizing the return to our shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year. The capital structure of the Group consists of net debts (which includes borrowings net of cash and cash equivalents) and total equity (comprising paid-in capital/share capital, capital reserve, statutory surplus reserve, retained profits and non-controlling interests). The Group is not subject to any externally imposed capital requirements.

As at 30 June 2021, the cash and cash equivalents amounted to RMB354.2 million (31 December 2020: RMB504.8 million).

As at 30 June 2021, the total borrowings of the Group amounted to RMB313.9 million (31 December 2020: RMB383.2 million), including bank and other borrowings. All of our bank and other borrowings bear interest at floating rate.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Exchange Risk

The Group carried out business in the PRC and receives revenue and pays its costs/expenses in RMB. The Group has unutilised proceeds from the Global Offering and distributed dividends in Hong Kong dollar, and recognises net foreign exchange loss of approximately RMB11,207 as at 30 June 2021. The Group currently does not engage in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to closely monitor foreign exchange movements to maximise the Group's cash value.

Gearing Ratio

As at 30 June 2021, the gearing ratio of our Group was 10.9% 31 December 2020: 13.1%. Gearing ratio is calculated based on our total interest-bearing liabilities divided by total equity on the same date.

Capital Commitments

We have certain capital commitments relating to the construction of our centralised power dispatching and control center. We will undertake those classified as authorised but not contracted for if our management has identified potential capital commitment and has determined that it is more likely to make the commitment.

The following table sets forth our capital commitments outstanding for the periods indicated:

	At 30 June 2021 (RMB'000)	At 31 December 2020 (RMB'000)
Contracted for	22,369	68,994

Pledges of Our Group's Assets

No property, plant and equipment was pledged to banks as of 30 June 2021 (31 December 2020: nil).

Contingent Liabilities

As at 30 June 2021, the Group did not have any contingent liabilities (31 December 2020: nil).

Significant Investments Held, Major Acquisitions and Disposals

During the six months ended 30 June 2021, the Group did not have any significant investments held, nor were there any major acquisitions or disposals of subsidiaries, associates or joint ventures.

The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities in order to broaden the revenue base of the Group, enhance its future financial performance and profitability. We are confident in the future and committed to bolstering the continuous growth of the Group.

Interim Dividend

The Board does not recommend the declaration of any interim dividend in respect of the six months ended 30 June 2021 (2020 interim dividend: nil).

III. MANAGEMENT DISCUSSION AND ANALYSIS

Global Offering and Use of Proceeds from Global Offering

The Company was listed on the Stock Exchange on 28 December 2018 and issued 268,800,000 H Shares with a nominal value of RMB1.00 each at HK\$1.77 per share (“**Global Offering**”). Net proceeds from the Global Offering was approximately RMB380.5 million. As at 30 June 2021, the Group has used the proceeds from the Global Offering of approximately RMB219.5 million in accordance with the relevant disclosure in the prospectus of the Company dated 13 December 2018 (the “**Prospectus**”) and the unused proceeds amount to approximately RMB161.0 million. Use of proceeds is as follows:

Use of Proceeds as disclosed in the Prospectus	Percentage of net proceeds from initial public offering (as set out in the Prospectus)	Planned use of net proceeds from initial public offering (as set out in the Prospectus) (RMB'000)	Amount unused as at 1 January 2021 (RMB'000)	Amount used for the Reporting Period (RMB'000)	Amount unused as at 30 June 2021 (RMB'000)	Estimated schedule ⁽¹⁾
Acquisition of power-related assets	40%	152,193	152,193	0	152,193	2022
Power grid construction and optimisation	30%	114,145	4,947	0	4,947	2021
Establishment of centralised power dispatching control center and promotion of intelligent power grid system	20%	76,097	0	0	0	N/A
Working capital	10%	38,048	3,907	0	3,907	2021
Total	100%	380,483	161,047		161,047	

Note:

- (1) The estimated schedule for utilizing the remaining proceeds is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.

As of 30 June 2021, the unused net proceeds from the global offering for each business strategy mentioned in the above table have been deposited as deposits in licensed banks in China and will be used in accordance with the progress of the Company’s investment projects. As disclosed in the Prospectus, the Company intended to use 40% of the unused net proceeds for the acquisition of power-related assets. However, due to the outbreak of the COVID-19 epidemic and the social restrictions caused by regional epidemic prevention and blockade measures, the intended investment project was not expected to complete as scheduled considering that both parties of the transaction have not reached an agreement on the transaction conditions as the progress of the investigation and research work related to the project failed to meet the expectation. It is expected to be postponed to the end of 2022 to complete the acquisition of power-related assets. The Company will accelerate the progress of the project and improve the efficiency of the use of proceeds.

The net proceeds from the Global Offering have been and are expected to be used as previously disclosed in the Prospectus. As of 30 June 2021, saved the delay in the acquisition of power-related assets, there have been no major changes or delays in the usage or use of the net proceeds of the Company.

Environmental Policies and Performance

For the six months ended 30 June 2021, the Company had not encountered any environmental pollution event; all operating power stations under our operation control were in compliance with the relevant domestic environmental protection regulations and we were not subject to any penalty or prosecution due to non-compliance incident.

Looking back the period, the Company had strictly complied with all national environmental laws and regulations, including the China Environmental Protection Law, the Environmental Impact Assessment Law and the Water Pollution Prevention and Control Law of the PRC. The Company, in accordance with the requirements of laws and regulations, guaranteed the investment of funds in environmental protection and complied with regulatory and industry standards set by central and local government departments and industry associations. The main environmental risks that arose in the course of production of the Company include: (1) the wastes that were drifted from the upstream of the hydropower station; and (2) a small amount of oily wastes generated during equipment maintenance. These two types of substances are not hazardous wastes, but we collected, stored and disposed them as hazardous wastes. We signed agreements with qualified entities to transport these wastes to landfills or handling areas designated by relevant government departments for standardized processing. During the Reporting Period, the Company’s production fulfilled environmental-friendly requirements without violation records.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Operation Safety

For the six months ended 30 June 2021, no accident had occurred involving employees, equipment or power grid of the Company. All operating power stations under our operation control were in compliance with the relevant domestic regulations relating to production safety, and we were not subject to any fine or prosecution due to non-compliance with the regulations.

Looking back the period, the Company conscientiously fulfilled the relevant performance requirements imposed by the competent government authorities, conducted stringent evaluation on production safety, enhanced the basic management of safety and environment, strengthened production safety and performed environmental protection responsibilities, conducted serious training and education on safety, carried out large-scale inspections to identify and control potential danger, and achieved the goal of production safety with superior performance.

Employees and Remuneration Policy

As at 30 June 2021, the Company had a total of 2,875 employees (30 June 2020: 2,964 employees).

The Company deepened the reform of the internal distribution system, established a sound distribution mechanism to determine the remuneration based on performance and contribution, built a scientific, reasonable, fair and just remuneration management system in order to align the income of employees with corporate benefits and performance assessment results, stimulate the motivation and creativity of employees, and give full play to the effectiveness of the remuneration incentive and restraint mechanism.

Looking back the Reporting Period, no labour disputes had occurred in the Company and its subsidiaries which would affect the operations of the Group.

Alignment in Preparation of Financial Statements in accordance with China Accounting Standards for Business Enterprises

In order to improve working efficiency, lower disclosure costs and audit costs, on 20 April 2021, the Board has resolved to propose to the Company to change the overseas financial report disclosure standards of the Company from the International Financial Reporting Standards to the China Accounting Standards for Business Enterprises. On the same day, the Board also propose to (i) cease the re-appointment of the Company's international auditor and (ii) to select an appropriate firm of practicing accountants which has been approved by the Ministry of Finance of the People's Republic of China and the China Securities Regulatory Commission and eligible to provide auditing services by using the China Standards on Auditing to the Mainland China incorporated issuers listed in Hong Kong to be the Company's auditor for 2021 to undertake other responsibilities of international auditor which are required by the Listing Rules. The above resolutions are proposed and approved at the annual general meeting of the Company held on 18 June 2021, and KPMG Huazhen LLP was appointed as the Company's auditor for 2021. The financial statements and interim results of the Company for the six months ended 30 June 2021 are prepared pursuant to the Accounting Standards for Business Enterprises and relevant regulations. The Company is of the view that the preparation of all of its financial statements in accordance with the Accounting Standards for Business Enterprises and relevant regulations will not have a significant impact on the financial position, operating results and cash flows of the Company in 2021 and in the future. For further details, please also refer to Note 3 to the unaudited interim financial statement.

Important Events Subsequent to the Reporting Period

On 20 August 2021, Hydropower Group, the Company and the six subsidiaries of the Company entered into the supplemental agreement to the rural grid upgrade and transformation projects construction agreement (農網改造升級項目代建協議之補充協議), pursuant to which each of the parties agreed that (i) phase III of the rural grid upgrade and transformation projects approved by the Sichuan Provincial Development and Reform Commission in 2020 and before will continue to be carried out under the construction management operation model pursuant to the terms of the construction management agreement; and (ii) for any new rural grid upgrade and transformation projects approved by the Sichuan Provincial Development and Reform Commission in 2021 and onwards, Hydropower Group will provide the relevant financial assistance to the Group, whereas the Group would lead the new projects and take the ownership of projects after completion. For details, please refer to the Company's inside information announcement dated 20 August 2021.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Outlook

During the first half of 2021, the Group saw an increasing trend in its electricity sales and the continuous improvement in its operating results. According to the decisions and plans of the state, the Group implemented the three-year action of state-owned enterprise reform, studied and formulated the strategic goals under the 14th Five-Year Plan, consolidated the foundation of operation and management, promoted the construction of key projects and improved the quality of electricity services, with the focus of the Group's work in the second half of the year as follows:

- (1) Fully promoting the Company's three-year reform action plan and the "14th Five-Year" development plan. Firstly, in accordance with the "14th Five-Year" strategic plan and power grid development plan, we will initiate relevant work to ensure the detailed implementation of all tasks. Secondly, in accordance with the reform task plan, we will firmly assume our responsibilities, strengthen our efforts in assessment and carry out relevant tasks in an orderly manner to ensure that the overall goal of the reform task is fully achieved on time.
- (2) Full completion of annual operating targets. Firstly, we will put more efforts in operation analysis, predict the load in a scientific manner, strive to enable economical dispatch, and enhance the operating efficiency of main business. Secondly, we will strengthen the assessment on electricity fee collection, and improve the line loss management system in four aspects to further reduce loss and increase efficiency. Thirdly, we will summarize and analyze the overall business conditions, formulate relevant measures to rectify the problems, and pay close attention to "electricity leakage". Fourthly, we will vigorously expand market-oriented business and enhance the profitability of comprehensive energy services.
- (3) Fully ensuring the effective implementation of the production safety responsibility system. Firstly, we will summarize the experience of rectification of fire hazards in transmission and distribution facilities in forest and pastoral areas and form a regular working mechanism. Secondly, based on the requirements of list-based management upgrade, we will further enhance the management effectiveness. Thirdly, we will continue to carry out the task of combating "three non-compliances", strengthen the daily management of operation team, ensure the implementation of safety measures during operation, and effectively control operational risks to prevent the occurrence of safety accidents.
- (4) Fully promoting the further upgrade of electricity services. Firstly, we will continue to improve the power supply reliability management system, formulate scientific outage plans, and facilitate the construction of the "two rates" management system. Secondly, we will vigorously promote online bill payment and electricity business processing, standardize the installation and connection of electricity, and unify the public information materials to enhance the level of convenience and image of electricity services. Thirdly, we will implement the "acquisition of electricity" policy, carry out comprehensive internal training and education, strengthen the management of the 96598 service hotline, thereby enabling fully centralized management and control of the whole process. Fourthly, we will deeply explore the potential of power supply, promote implementation of multiple tasks in one power outage, further reduce the number of planned and faulty outages, and strengthen our efforts in equipment maintenance and renovation. Fifthly, we will increase capital investment, strengthening the rectification of low-voltage station areas.
- (5) Fully constructing a high-quality development and operation system. Firstly, we will continue to carry out the special task of reduction of receivables and inventories, strengthen the management of receivables and inventories, improve the fee collection measures, promote business source management and control, and strive to ensure that the growth of receivables and inventories do not outpace the operating revenue. Secondly, we will optimize the top-level design and coordinate the organizational restructuring of all departments and units. Thirdly, we will strengthen the construction of a young talent team, establish a multi-sequence talent promotion channel, optimize the salary structure, and broaden the career development space and promotion channel for employees. We will also further strengthen the development of key workforce, implement the cadres and talents training program in an orderly manner, and create a strong atmosphere of employment and promotion based on merit and competence. Fourthly, we will accelerate the construction of the compliance management system, streamline the management structure in accordance with relevant laws, regulate connected transactions, and firmly promote the lawful and compliance development.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

1. ACQUISITION OF INTEREST IN SHARES OR DEBENTURES BY DIRECTORS AND SUPERVISORS

During the six months ended 30 June 2021, no rights were granted to any Directors nor Supervisors nor their respective spouses or children aged below 18 to derive gains by purchasing the shares or debentures of the Company and they did not exercise any such rights; the Company or any of its subsidiaries did not enter into any arrangements that enabled the Directors or Supervisors to purchase such rights of any other legal entities.

2. CHANGES IN THE INFORMATION OF DIRECTORS AND SUPERVISORS

According to Rule 13.51B(1) of the Listing Rules, changes in information about Directors and Supervisors are as follows:

The term of office of the Directors of the third session of the Board expired at the third extraordinary general meeting of 2021 held on 18 August 2021 (the “**2021 Third EGM**”). Mr. Xiong Lin, Mr. Li Hui and Ms. Xie Peixi were re-elected as executive Directors of the fourth session of the Board at the 2021 Third EGM. Ms. Han Chunhong and Ms. Li Yu were re-elected as non-executive Directors of the fourth session of the Board at the 2021 Third EGM. Ms. Lv Yan and Ms. Liang Hong were elected as non-executive Directors of the fourth session of the Board at the 2021 Third EGM. Mr. Kin Kwong Kwok Gary, Mr. Wang Peng and Ms. He Zhen were re-elected as independent non-executive Directors of the fourth session of the Board at the 2021 Third EGM. Professor Li Jian was elected as an independent non-executive Director of the fourth session of the Board at the 2021 Third EGM. Mr. Zhou Yanbin and Mr. Xu Zhenhua retired as Directors upon expiry of their terms of office at the 2021 Third EGM due to work commitments.

The term of office of the Supervisors of the third session of the Supervisory Committee expired at the 2021 Third EGM held on 18 August 2021. Mr. Yan Yi, Mr. Tang Hong and Ms. Fu Ruoxue were re-elected as the shareholder representative Supervisors of the fourth session of the Supervisory Committee at the 2021 Third EGM. Mr. Peng Yu was elected as a shareholder representative Supervisor of the fourth session of the Supervisory Committee at the 2021 Third EGM. Meanwhile, Ms. Li Jia and Mr. Liao Jun were re-elected and elected as the employee representative Supervisors of the fourth session of the Supervisory Committee at the staff and workers’ congress of the Company. Ms. Chen Yingchun and Mr. Hu Changxian retired as Supervisors upon expiry of their terms of office at the 2021 Third EGM due to work commitments.

Details of the changes in the biographical details of the Directors and Supervisors since the date of the Company’s 2020 annual report are as follows:

Since 19 April 2021, Mr. Li Hui ceased to act as a member of the remuneration committee of the Company, and Mr. Xu Zhenhua was appointed as a member of the remuneration committee of the Company. For more details, please refer to the announcement of the Company dated 19 April 2021.

Since May 2021, Ms. He Zhen was appointed as an independent non-executive director by Sichuan Languang Development Co., Ltd. (stock code: 600466.SH).

Since 18 June 2021, Mr. Xie Jun resigned as a Supervisor due to work adjustment, and Mr. Tang Hong was appointed as a Supervisor. For more details, please refer to the announcements of the Company dated 19 April 2021 and 18 June 2021.

Since 16 July 2021, Mr. Kin Kwong Kwok Gary was appointed as an independent non-executive director and the chairman of audit committee by Ronshine Service Holding Co., Ltd (stock code: 02207.HK).

After making specific enquiries by the Company and confirmed by the Directors and Supervisors, save as disclosed as above, no other changes in the information of any Directors and Supervisors that are required to be disclosed pursuant to paragraphs (a) to (e) and paragraph (g) of Rule 13.51(2) of the Listing Rules have to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

3. COMPLIANCE WITH CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high-quality corporate governance. The Company believes that corporate governance practices are essential to the stability, efficiency and transparency of the Company's operation, as well as its ability to attract investment, and can protect the rights of shareholders and enhance the value of shares held by Shareholders.

During the six months ended 30 June 2021, the Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and had adopted most of the recommended best practice as set out in Appendix 14 to the Listing Rules.

4. COMPLIANCE WITH CODE PROVISIONS OF THE MODEL CODE BY DIRECTORS AND SUPERVISORS

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors and the Supervisors. Having made specific enquiries with all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions of directors and supervisors during the six months ended 30 June 2021.

5. RISK MANAGEMENT AND INTERNAL CONTROL

5.1 Risk management

(1) Operating risk

1. With the implementation of the national "cost and fees reduction" policy to promote economic development and the imminent implementation of Sichuan's "double-parity" policy, the Company's operating model and profitability will be profoundly affected and changed, which will bring great effects to the Company's principal business with high profits.
2. The power generation of the Company depends on hydrological conditions and may face seasonal business risk. As the power generation of the hydropower plant relies on the ever-changing hydrological conditions in the area where the hydropower plant is located, when the hydrological, climatic, or environmental conditions change, the Company's power generation will change accordingly, which will affect the Company's profitability.
3. The rapid growth of power supply load creates great pressure on ensuring power supply. In 2020, the Company's maximum load was 930,000 kWh and the power supply exceeded 4 billion kWh with a growth rate of 12.75%, which was higher than the growth rate of the overall electricity consumption of China and Sichuan Province. The maximum load is expected to be 1 million kWh in 2021. Restricted by the bottleneck of the higher-level power grid gateway, power supply may be limited in certain areas in the second half of 2021 at the peak of electricity consumption.

(2) Significant Investment Risk

The Company is currently in the phase of accelerated development, various types of significant investment projects and constructions will commence and proceed successively. If the State Grid still refuses to open the 220 kV grid interface, or if the load development is slow, the investment income will not reach expectation, which will have an impact on the future development of the Company.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

5.2 Internal control

The Company strictly rectifies the problems identified in audits and special inspections, and strengthens the Company's internal control supervision and prevention of major risks from the management system, decision-making procedures and operational supervision mechanism.

6. INVESTOR RELATIONS

The Company values investor relations, cordially provides accurate and timely information to shareholders and investors, and strives to maintain efficient communication with Shareholders and investors by establishing various channels, in order to facilitate their understanding of our latest business development and financial performance and improve transparency on disclosure of information by the Company.

The Company welcomes the attendance of shareholders at the shareholders' general meeting and the Directors have been making every effort to respond to any questions raised by shareholders at the annual and extraordinary general meetings of the Company.

The contact information of the Company is set out below for making enquiries on matters concerned by Shareholders, and the Company will reply the enquiries in an appropriate and timely manner:

Address: No. 789 Renhe Road, Wenjiang District, Chengdu City, Sichuan Province, the PRC
Telephone: +86 (28) 86299666
Fax: +86 (28) 86299666
Email: db@sctngf.com
Company website: <http://www.sctngf.com>

The Company will release information timely, investors may obtain information about the latest development, announcements and press releases of the Company through the Stock Exchange website (www.hkex.com.hk) and the Company's website (www.sctngf.com).

In future, the Company will further develop activities on investor relations to provide better services for investors.

7. SHARE OPTION SCHEME

For the six months ended 30 June 2021, the Company did not have any share option scheme.

8. INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES HELD BY DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2021, according to the information obtained by the Company and to the best knowledge of the Company, none of the Directors, Supervisors and chief executives of the Company has any interest and short positions (including those deemed or considered as interests or short positions held pursuant to Divisions 7 and 8 of the SFO) in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or any interest or short positions which have to be recorded in the equity register to be kept pursuant to section 352 of the SFO or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

9. INTEREST IN SECURITIES HELD BY SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, to the best knowledge of the Directors, the following persons (other than the Directors, Supervisors or chief executives of the Company) have interest or short positions in Shares or underlying shares required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or interest or short positions required to be recorded in the register to be kept pursuant to section 336 of the SFO:

Name of shareholder	Capacity	Class of shares	Number of Shares (Note 1)	Long position/ short position	Percentage of total shares (%)	Percentage of issued shares of the same class (%)
Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司)(Note 2)	Beneficial owner and interest of controlled corporations	Domestic Shares	419,336,000	Long	39.03	59.27
Sichuan Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司)(Note 2)	Interest of controlled corporations	Domestic Shares	394,398,400	Long	36.71	55.74
Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司)	Beneficial owner	Domestic Shares	394,398,400	Long	36.71	55.74
China Power International Development Limited (中國電力國際發展有限公司)	Beneficial owner	Unlisted Foreign Shares	98,039,200	Long	9.13	100
China Three Gorges Corporation* (中國長江三峽集團有限公司) (Note 3)	Interest of controlled corporations	Domestic Shares	98,039,200	Long	9.13	13.86
Three Gorges Capital Holdings Company Limited * (三峽資本控股有限責任公司)	Beneficial owner	Domestic Shares	98,039,200	Long	9.13	13.86
Gao County State-owned Assets Operation Co., Ltd.* (高縣國有資產經營管理有限責任公司)	Beneficial owner	Domestic Shares	92,406,000	Long	8.60	13.06
Yibin Development Holding Group Co., Ltd.* (宜賓發展控股集團有限公司)	Beneficial owner	Domestic Shares	65,359,500	Long	6.08	9.24
Tian Qiu (田秋)(Note 4)	Interest of controlled corporations and interest of spouse	H Shares	62,146,000	Long	5.78	23.12
Wang Wenxiang (Note 4)	Interest of controlled corporations and interest of spouse	H Shares	62,146,000	Long	5.78	23.12
Sichuan Jinneng Energy Group Co., Ltd.* (四川金能能源集團有限公司)(Note 4)	Interest of controlled corporations	H Shares	62,146,000	Long	5.78	23.12
Jinneng Holding (Hong Kong) Limited	Beneficial owner	H Shares	62,146,000	Long	5.78	23.12
Beijing Forever Technology Company Limited* (北京恒華偉業科技股份有限公司)	Beneficial owner	H Shares	55,366,000	Long	5.15	20.60
Sichuan Provincial Investment Group Company Limited* (四川省投資集團有限責任公司)(Note 5)	Interest of controlled corporations	H Shares	46,326,000	Long	4.31	17.23
SCIG International Limited	Beneficial owner	H Shares	46,326,000	Long	4.31	17.23
Sichuan Furun Enterprise Reorganization Investment Co., Ltd.* (四川富潤企業重組投資有限責任公司)	Beneficial owner	H Shares	31,072,000	Long	2.89	11.56

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. As at 30 June 2021, the Company had issued 707,518,500 Domestic Shares, 98,039,200 Unlisted Foreign Shares and 268,800,000 H Shares. The total number of issued Shares was 1,074,357,700 Shares.
2. As at 30 June 2021, Hydropower Group held 394,398,400 Domestic Shares. Hydropower Group is held as to 77.74% of equity interest by Energy Investment Group which is in turn held by Sichuan Development as to 67.80%. Therefore, Energy Investment Group is deemed to be interested in 394,398,400 Domestic Shares held by Hydropower Group pursuant to Part XV of the SFO. Sichuan Development is also deemed to be interested in the said 394,398,400 Domestic Shares. In addition, Sichuan Development directly held 24,937,600 Domestic Shares of the Company, thus Sichuan Development was deemed to hold a total of 419,336,000 Domestic Shares.
3. As at 30 June 2021, Three Gorges Capital Holdings Company Limited held 98,039,200 Domestic Shares. Three Gorges Capital Holdings Company Limited is directly wholly-owned by China Three Gorges Corporation. Therefore, according to Part XV of the SFO, China Three Gorges Corporation is deemed to be interested in 98,039,200 Domestic Shares.
4. As at 30 June 2021, Jinneng Holding (Hong Kong) Limited held 62,146,000 H Shares. Jinneng Holding (Hong Kong) Limited is directly wholly-owned by Sichuan Jinneng Energy Group Co., Ltd., which was owned as to 70% and 30% by Mr. Tian Qiu and Ms. Wang Wenxiang, respectively. In addition, Mr. Tian Qiu and Ms. Wang Wenxiang are couples. Therefore, according to Part XV of the SFO, Sichuan Jinneng Energy Group Co., Ltd. is deemed to be interested in 62,146,000 H Shares held by Jinneng Holding (Hong Kong) Limited. Mr. Tian Qiu and Ms. Wang Wenxiang are also deemed to be interested in the 62,146,000 H Shares above.
5. As at 30 June 2021, SCIG International Limited held 46,326,000 H Shares. SCIG International Limited is directly wholly-owned by Sichuan Provincial Investment Group Company Limited. Therefore, pursuant to Part XV of the SFO, Sichuan Provincial Investment Group Company Limited is deemed to be interested in 46,326,000 H Shares held by SCIG International Limited.

Save as disclosed above, as of 30 June 2021, the Company was not aware of any other persons (other than the Directors, Supervisors or chief executive of the Company) have an interest or a short position in the shares or underlying shares that would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

10. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY BY THE LISTED ISSUER OR SUBSIDIARIES

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

11. PUBLIC FLOAT

During the six months ended 30 June 2021, based on the information that was publicly available to the Company and to the best knowledge of the Board, the Company has maintained the minimum public float required by the Listing Rules.

12. REVIEW OF INTERIM REPORT

The Audit Committee under the Board of the Company had reviewed the Company's interim report including the unaudited financial statements of the Group for the six months ended 30 June 2021.

13. MATERIAL LITIGATION

During six months ended 30 June 2021, the Company had not been involved in any material legal proceedings nor arbitration.

V. CONSOLIDATED BALANCE SHEET

As at 30 June 2021 – unaudited
(Expressed in RMB'000)

	Notes	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Assets			
Current assets			
Cash and cash equivalents	6	354,214	504,799
Financial assets held for trading		171,000	160,000
Note receivables	7	33,340	30,647
Accounts receivables	8	372,049	343,710
Prepayments	9	57,645	13,533
Other receivables	10	38,318	32,186
Inventories	11	28,498	64,191
Contract assets	12	46,020	48,639
Other current assets		17,264	4,244
Total current assets		1,118,348	1,201,949
Non-current assets			
Long-term equity investment		269,667	268,976
Other non-current financial assets		108,224	100,240
Fixed assets	13	2,507,124	2,555,212
Construction in progress		223,745	197,295
Right-of-use assets		5,482	5,274
Intangible assets		128,978	128,008
Long-term prepaid expenses		1,120	1,001
Deferred income tax assets		30,941	33,663
Total non-current assets		3,275,281	3,289,669
Total assets		4,393,629	4,491,618

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

V. CONSOLIDATED BALANCE SHEET

As at 30 June 2021 – unaudited (continued)
(Expressed in RMB'000)

	Notes	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings	14	300,000	367,448
Derivative financial liabilities		1,129	11,379
Accounts payables	15	424,395	565,204
Contract liabilities	16	293,060	236,140
Employee benefits payable	17	62,706	101,861
Tax payables		26,381	50,344
Other payables		233,115	117,169
Non-current liabilities due within one year		13,868	15,721
Total current liabilities		1,354,654	1,465,266
Non-current liabilities			
Lease liabilities		3,670	3,555
Deferred income		147,902	149,178
Deferred income tax liabilities		19,159	19,159
Total non-current liabilities		170,731	171,892
Total liabilities		1,525,385	1,637,158

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

V. CONSOLIDATED BALANCE SHEET

As at 30 June 2021 – unaudited (continued)
(Expressed in RMB'000)

	Notes	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Shareholders' equity			
Share capital	18	1,074,358	1,074,358
Capital reserve	19	1,081,448	1,081,448
Other comprehensive income		–	–
Special reserve		24,368	20,480
Surplus reserve		78,070	78,070
Undistributed profit	20	594,497	585,224
Total equity attributable to shareholders of the parent company		2,852,741	2,839,580
Non-controlling interests		15,503	14,880
Total shareholders' equity		2,868,244	2,854,460
Total liabilities and shareholders' equity		4,393,629	4,491,618

This financial statements have been approved by the Board of Directors.

Xiong Lin
Legal representative

(Signature and seal)

Li Bi
Person in charge of accounting of the Company
and head of the accounting department
(Signature and seal)

(Company seal)

Date:

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

VI. CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2021 – unaudited
(Expressed in RMB'000)

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 (Restated)
Operating revenue	21	1,567,465	1,429,454
Less: Operating cost		1,314,565	1,183,442
Tax and surcharge	22	7,561	7,484
Administrative expenses		83,521	74,540
Finance costs/(net income)	23	14,100	9,617
Including: Interest expenses		4,637	11,240
Interest income		2,466	2,071
Add: Investment gains	24	21,419	7,297
Including: (Loss)/gain on investment in associates		691	(1,422)
(Loss)/gain on fair value changes		(1,129)	(1,138)
Credit impairment loss	25	(2,909)	(8,861)
Asset impairment loss	26	(3,114)	(431)
(Loss)/gain on asset disposal		3	–
Other income		23	–
Operating profit		162,011	151,238
Add: Non-operating income	27(1)	4,241	4,463
Less: Non-operating expense	27(2)	344	1,272
Total profit		165,908	154,429
Less: Income tax expense	28	27,090	20,203
Net profit		138,818	134,226

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

VI. CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2021 – unaudited (continued)
(Expressed in RMB'000)

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 (Restated)
(i) Breakdown by continuity of operation:			
1. Net profit from continuing operations		138,818	134,226
2. Net profit from discontinued operations		–	–
(ii) Breakdown by attributable interests:			
1. Net profit attributable to shareholders of the parent company		138,195	134,588
2. Minority interests		623	(361)
Other comprehensive income, after tax		–	–
Total comprehensive income		138,818	134,226
Total comprehensive income attributable to shareholders of the parent company		138,195	134,587
Total comprehensive income attributable to non-controlling interests		623	(361)
Earnings per share			
Basic and diluted	29	0.13	0.13

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

VII. CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021 – unaudited
(Expressed in RMB'000)

	Notes	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000 (Restated)
Cash flows from operating activities:			
Cash received from the sale of goods and provision of services		1,629,887	1,343,396
Cash received from other operating activities		27,034	49,471
Subtotal of cash inflow from operating activities		1,656,921	1,392,867
Cash paid for goods and services		1,279,354	1,042,568
Cash paid to and for employees		237,689	198,633
Taxes paid		107,216	97,758
Cash paid for other operating activities		38,485	49,149
Subtotal of cash outflow from operating activities		1,662,744	1,388,108
Net cash flows from operating activities		(5,823)	4,759
Cash flows from investing activities.			
Cash received from the recovery of investments		160,000	–
Cash received from investment income		–	22
Net cash received from disposal of fixed assets		91	154
Cash received from other investing activities		730	19
Subtotal of cash inflows from investing activities		160,821	195
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		49,162	43,481
Cash paid for investments		171,000	–
Cash paid for other investing activities		63	1,214
Subtotal of cash outflow from investing activities		220,225	44,695
Net cash flows from investing activities		(59,404)	(44,500)

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

VII. CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021 – unaudited (continued)
(Expressed in RMB'000)

Notes	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000 (Restated)
Cash flows from financing activities:		
Cash received from capital contribution	–	–
Cash received from borrowings	300,000	597,285
Subtotal of cash inflow from financing activities	300,000	597,285
Cash paid for debt repayment	380,639	578,147
Cash paid for dividend distribution or interest payment Including: Profit paid by subsidiaries to non-controlling interests	4,758	11,316
Repayment of principal of lease liabilities	–	–
Repayment of interest on lease liabilities	–	–
Subtotal of cash outflow from financing activities	385,397	589,463
Net cash flows from financing activities	(85,397)	7,822
Effect of foreign exchange rate changes on cash and cash equivalents	39	176
Net (decrease)/increase in cash and cash equivalents	(150,585)	(31,743)
Add: Balance of cash and cash equivalents at the beginning of the year	504,799	784,496
Balance of cash and cash equivalents at the end of the year	354,214	752,753

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

VIII. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the six months ended 30 June 2021 – unaudited
(Expressed in RMB'000)

Notes	Attributable to shareholders of the parent company						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Subtotal		
Balance at 1 January 2021	1,074,358	1,081,448	20,480	78,070	585,224	2,839,580	14,880	2,854,460
Change during the year								
1. Total comprehensive income					138,195	138,195	623	138,818
2. Profit distribution						-		-
– Appropriation of surplus reserve	30					-		-
– Distribution to shareholders					(128,922)	(128,922)		(128,922)
– Distribution to non-controlling interests						-		-
3. Special reserve						-		-
– Appropriation of special reserve			9,532			9,532		9,532
– Use of special reserve			(5,644)			(5,644)		(5,644)
Subtotal of items 1 to 3 above	-	-	3,888	-	9,273	13,161	623	13,784
Balance at 30 June 2021	1,074,358	1,081,448	24,368	78,070	594,497	2,852,741	15,503	2,868,244

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

VIII. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the six months ended 30 June 2021 – unaudited (continued)
(Expressed in RMB'000)

	Attributable to shareholders of the parent company						Non-controlling interests	Total shareholders' equity	
	Notes	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits			Subtotal
Balance at 1 January 2020		1,074,358	1,081,448	7,548	61,420	453,282	2,678,056	13,979	2,692,035
Change during the year									
1. Total comprehensive income		-	-	-	-	256,028	256,028	1,174	257,202
2. Contribution from non-controlling interests		-	-	-	-	-	-	-	-
3. Profit distribution									
- Appropriation of surplus reserve		-	-	-	16,650	(16,650)	-	-	-
- Distribution to shareholders		-	-	-	-	(107,436)	(107,436)	-	(107,436)
- Distribution to non-controlling interests		-	-	-	-	-	-	(273)	(273)
4. Special reserve		-	-	-	-	-	-	-	-
- Appropriation of special reserve		-	-	22,958	-	-	22,958	-	22,958
- Use of special reserve		-	-	(10,026)	-	-	(10,026)	-	(10,026)
Subtotal of items 1 to 4 above		-	-	12,932	16,650	131,942	161,524	901	162,425
Balance at 31 December 2020		1,074,358	1,081,448	20,480	78,070	585,224	2,839,580	14,880	2,854,460

The notes to the financial statements on pages 30 to 47 form part of these financial statements.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

(Expressed in Renminbi unless otherwise indicated)

1 BASIC INFORMATION OF THE COMPANY

Sichuan Energy Investment Development Co., Ltd.* (the “Company”) is a joint stock limited liability company established in Chengdu, Sichuan Province and headquartered in Wenjiang District, Chengdu, Sichuan Province. The Company’s legal representative is Xiong Lin, its parent company is Sichuan Province Hydropower Investment and Management Group Co., Ltd., and the ultimate controlling company is Sichuan Development (Holding) Co., Ltd.

The Company and its subsidiaries (collectively, the “Group”) operate in the electric power industry with main business scope including development, construction and operation management of power projects; development, construction and operation management of power distribution network and power plants; production and sale of power products; new energy technology research, development and advisory services; installation, commissioning and repair of power facilities and inspection of electrical equipment, sale of material (excluding commodities subject to state-run trade management, and for commodities subject to quota and permit management, application shall be made in accordance with relevant national regulations; projects subject to approval as required by the law shall be carried out after approval by relevant authorities). The operating term of the Company is perpetual.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Company prepares its financial statements on a going concern basis.

As at 30 June 2021, the Group’s current liabilities exceeded its current assets by RMB236,306 thousand. As the Group’s cash flow from operating activities continues to be a net cash inflow, the balance of undrawn bank credit facilities as at 30 June 2021 was RMB2,025 million, and based on the communication with banks, the Group believes that it can renew or extend the term of short-term borrowings (if necessary) based on its good credit history, the Board of Directors considers that the Group has sufficient funds to meet its working capital commitments and debt obligations, and therefore these financial statements have been prepared on a going concern basis.

(1) Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China (“**MOF**”) and give a true and complete view of the consolidated financial position and financial position as of 30 June 2021, the consolidated operating results and operating results and the consolidated cash flows and cash flows for the period from January to June 2021 of the Company.

(2) Accounting Year

The Group’s accounting year begins on 1 January and ends on 31 December of a calendar year.

(3) Functional Currency and Presentation Currency

The Company’s functional currency is RMB and the currency used in preparing the financial statements is RMB. The Company and its subsidiaries have selected the functional currency based on the currency of denomination and settlement of major business income and expenditures.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

3 ACCOUNTING POLICIES AND CHANGES

The Group's current accounting period has no material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Supplemental information: Differences in data under domestic and international accounting standards

Differences in net profit and net assets in the consolidated financial statements set out in the financial reports prepared under the International Financial Reporting Standards and the Accounting Standards for Business Enterprises:

	Six months ended 30 June 2021 Net profit RMB'000	As at 30 June 2021 Net assets RMB'000
Under the Accounting Standards for Business Enterprises	138,818	2,868,244
Adjustment of provision for unused production safety funds under the International Financial Reporting Standards	3,888	–
	142,706	2,868,244

4 TAXATION

- (1) The taxes applicable to the Group in relation to the sales of products and provision of services include value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and housing property tax.

Tax	Calculation and payment standards
Value-added tax	The output tax is calculated at 3% to 16% of the taxable revenue from electricity sales and taxable revenue from electricity installation engineering service calculated according to the tax law, and after deducting the input tax deductible for the current period, the difference is the value-added tax payable.
Urban maintenance and construction tax	5% or 7% of the actual value-added tax paid.
Education surcharge	3% of the actual value-added tax paid.
Local education surcharge	2% of the actual value-added tax paid.
Housing property tax	12% of the taxable rental income or 1.2% of the residual value of the taxable property.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

4 TAXATION (CONTINUED)

(2) Income tax

The Company is subject to statutory tax rate of 25% during the Reporting Period (30 June 2020: 25%).

Information related to the income tax of each of the Company's subsidiaries is set out as follows:

Company name	Preferential tax rate	Reason for preferential treatment
Sichuan Energy Yibin City Xuzhou Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Yibin Electricity Engineering Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Gong County Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Gao County Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Gao County Yuejiang Power Generation Co., Ltd.	25%	Not applicable
Sichuan Energy Power Investment Pingshan Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Xingwen Electricity Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Junlian Electricity Co., Ltd.	15%	Preferential tax rate for western development
Shuifu Yangliutan Power Generation Co., Ltd.	15%	Preferential tax rate for western development
Sichuan Energy Investment Electricity Energy Co., Ltd.	25%	Not applicable

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

5 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2021, the subsidiaries included in the scope of the Company's consolidated financial statements were as follows:

Name of company	Place of registration and principal place of business	Business nature	Registered capital (RMB)	Percentage of direct and indirect shareholding by the Company	Percentage of voting rights directly and indirectly held by the Company
Sichuan Energy Yibin City Xuzhou Electricity Co., Ltd.	Yibin, Sichuan Province	Electricity sale	60,000,000.00	100%	100%
Sichuan Energy Yibin Electricity Engineering Co., Ltd.	Yibin, Sichuan Province	Electrical installation	20,300,000.00	100%	100%
Sichuan Province Yibin County Xuzhou District Changyuan Infrastructure Co., Ltd.	Yibin, Sichuan Province	Electrical installation	5,000,000.00	100%	100%
Sichuan Energy Investment Gong County Electricity Co., Ltd.	Gong County, Yibin, Sichuan Province	Electricity sale	11,960,000.00	100%	100%
Sichuan Energy Investment Gao County Electricity Co., Ltd.	Gao County, Yibin, Sichuan Province	Electricity sale	78,100,000.00	100%	100%
Sichuan Energy Investment Gao County Yuejiang Power Generation Co., Ltd.	Gao County, Yibin, Sichuan Province	Power generation	3,000,000.00	100%	100%
Sichuan Energy Power Investment Pingshan Electricity Co., Ltd.	Pingshan County, Yibin, Sichuan Province	Electricity sale	111,111,400.00	100%	100%
Sichuan Energy Investment Xingwen Electricity Co., Ltd.	Xingwen County, Yibin, Sichuan Province	Electricity sale	32,020,000.00	100%	100%
Sichuan Energy Investment Junlian Electricity Co., Ltd.	Junlian County, Yibin, Sichuan Province	Electricity sale	40,000,000.00	100%	100%
Shuifu Yangliutan Power Generation Co., Ltd.	Shuifu, Yunnan Province	Power generation	10,000,000.00	100%	100%
Sichuan Energy Investment Electricity Energy Co., Ltd.	Yibin, Sichuan Province	Electricity sale	50,000,000.00	74%	74%

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

6 CASH AND CASH EQUIVALENTS

	Note	30 June 2021 RMB'000	31 December 2020 RMB'000
Cash		7	0
Bank deposit		347,075	500,799
Other cash and cash equivalents	(1)	7,132	4,000
Total		354,214	504,799

(1) Other cash and cash equivalents at the end of the year represent the deposits for letter of guarantee deposited by the Company and Sichuan Energy Investment Electricity Energy Co., Ltd. in its bank deposit account.

7 NOTE RECEIVABLES

Breakdown of note receivables

	30 June 2021 RMB'000	31 December 2020 RMB'000
Bank acceptance notes	33,340	30,647
Total	33,340	30,647

All note receivables above are due within one year.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

8 ACCOUNTS RECEIVABLES

(1) Analysis of accounts receivables by customer type is as follows:

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Receivable from subsidiaries	–	–
Receivable from related companies	17,319	77,029
Other customers	468,903	377,179
Subtotal	486,222	454,208
Less: Allowance for doubtful debts	114,173	110,498
Total	372,049	343,710

(2) Ageing analysis of accounts receivables are as follows:

As at the end of the Reporting Period, the ageing analysis of accounts receivables of the Group, based on the invoice date and net of allowance for doubtful debts, is as follows:

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Within 1 year (inclusive)	384,826	325,529
1 to 2 years (inclusive)	32,034	33,583
2 to 3 years (inclusive)	14,763	15,905
Over 3 years	54,599	79,191
Subtotal	486,222	454,208
Less: Allowance for doubtful debts	114,173	110,498
Total	372,049	343,710

The ageing of accounts receivables is calculated from the date of recognition.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

8 ACCOUNTS RECEIVABLE (CONTINUED)

(3) Assessment of expected credit loss on accounts receivables:

The Group measures loss allowance for accounts receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer segments, the loss allowance based on past due status is further distinguished between electricity fee receivables and receivables for construction work. The Group considers that the counterparties of receivables from related companies have a strong ability to meet their contractual cash flow obligations in the short term with a lower risk of default, and such receivables are expected to be recovered within one year, so no provision for bad debts is required. For customers that have become bankrupt or ceased operations, the Company considers that the counterparties' ability to meet contractual cash flow obligations is weak and the risk of default is high, so a full provision for bad debts is provided. As of 30 June 2021, the balance of the Group's full provision for bad debts on accounts receivables was RMB114,173 thousand (31 December 2020: RMB110,498 thousand).

9 PREPAYMENTS

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Construction cost	5,409	3,476
Electricity bill	26,135	4,090
Payment for materials and equipment	6,410	2,402
Others	19,691	3,565
Total	57,645	13,533

10 OTHER RECEIVABLES

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Dividend receivable	-	-
Others	38,318	32,186
Total	38,318	32,186

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

11 INVENTORIES

Type of inventories	30 June 2021			31 December 2020		
	Book balance RMB'000	Provision for impairment of inventories RMB'000	Carry amount RMB'000	Book balance RMB'000	Provision for impairment of inventories RMB'000	Carry amount RMB'000
Raw materials	29,598	(1,277)	28,321	64,119	(73)	64,046
Low-value consumables	177	-	177	145	-	145
Total	29,775	(1,277)	28,498	64,264	(73)	64,191

The Group had no inventories for guarantee as at 30 June 2021 (31 December 2020: Nil).

Analysis of the Group's provision for impairment of inventories is as follows:

	As at 1 January 2021	Provision for the year	Decrease during the year		As at 30 June 2021
	Balance		Reversal	Write-off	Balance
Raw materials	73	1,204	-	-	1,277
Low-value consumables	-	-	-	-	-
Total	73	1,204	-	-	1,277

	As at 1 January 2020	Provision for the year	Decrease during the year		As at 31 December 2020
	Balance		Reversal	Write-off	Balance
Raw materials	72	73	-	72	73
Low-value consumables	-	-	-	-	-
Total	72	73	-	72	73

12 CONTRACT ASSETS

Breakdown of contract assets by nature is as follows:

Type of inventories	30 June 2021			31 December 2020		
	Book balance RMB'000	Provision for impairment RMB'000	Carrying amount RMB'000	Book balance RMB'000	Provision for impairment RMB'000	Carrying amount RMB'000
Unsettled electrical installation projects under construction	47,600	(1,580)	46,020	50,219	(1,580)	48,639

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

13 FIXED ASSETS

	Buildings <i>RMB'000</i>	Machinery equipment <i>RMB'000</i>	Transportation equipment <i>RMB'000</i>	Office and other equipment <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
Balance as at 1 January 2020	1,124,400	2,781,443	42,715	67,952	4,016,510
Addition during the year	11,928	36,188	3,638	6,303	58,057
Transferred from construction in progress	4,304	137,140	–	1,336	142,780
Decrease during the year	(103)	(1,695)	(3,118)	(187)	(5,103)
Balance as at 31 December 2020	1,140,529	2,953,076	43,235	75,404	4,212,244
Addition during the year	54,248	4,132	664	10,974	70,018
Transferred from construction in progress	–	30,204	–	–	30,204
Decrease during the year	–	(74,385)	(2,379)	(754)	(77,518)
Balance as at 30 June 2021	1,194,777	2,913,027	41,520	85,624	4,234,948
Less: Accumulated depreciation					
Balance as at 1 January 2020	370,514	1,053,342	29,261	43,762	1,496,879
Depreciation charged during the year	26,888	99,792	3,071	6,626	136,377
Depreciation write-off	(78)	(1,038)	(2,913)	(178)	(4,207)
Balance as at 31 December 2020	397,324	1,152,096	29,419	50,210	1,629,049
Depreciation charged during the year	23,480	56,166	1,387	4,436	85,469
Depreciation write-off	(335)	(17,161)	(2,240)	3,164	(16,572)
Balance as at 30 June 2021	420,469	1,191,101	28,566	57,810	1,697,946
Less: Impairment provisions					
Balance as at 1 January 2020	5,147	20,050	–	80	25,277
Charge for the year	1,112	1,538	21	35	2,706
Written off on disposal	–	–	–	–	–
Balance as at 31 December 2020	6,259	21,588	21	115	27,983
Charge for the year	–	1,901	9	–	1,910
Written off on disposal	–	–	(15)	–	(15)
Balance as at 30 June 2021	6,259	23,489	15	115	29,878
Carrying amount					
30 June 2021	768,049	1,698,437	12,939	27,699	2,507,124
31 December 2020	736,946	1,779,392	13,795	25,079	2,555,212

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

14 SHORT-TERM BORROWINGS

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Unsecured borrowings		
Unsecured bank borrowings	300,000	367,448
Total	300,000	367,448

15 ACCOUNTS PAYABLES

	At 30 June 2021	At 31 December 2020
Accounts payables	424,395	565,204

(1) Ageing analysis of accounts payables

As at the end of the reporting period, the ageing analysis of the accounts payables of the Group, based on the invoice date, is as follow:

	At 30 June 2021	At 31 December 2020
Within 1 year (inclusive)	404,870	526,673
1 to 2 years (inclusive)	10,475	23,112
2 to 3 years (inclusive)	877	9,324
Over 3 years	8,173	6,095
	424,395	565,204

16 CONTRACT LIABILITIES

The balance of contract liabilities by nature is as follows:

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Electricity payment received in advance	220,640	187,232
Electricity project payment	72,420	48,908
Total	293,060	236,140

The Group normally receives prepayment for electricity from customers. Prior to selling electricity to these customers, the Group will recognize contract liability for the prepaid amount. If the Group receives advance payments from customers before construction begins or if the amount settled exceeds the progress of the project, contract liability will be recognized until the progress of the project recognized exceeds the amount of advance payments received. All contract liabilities at the end of the current year are expected to be recognized as revenue within one year.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

17 EMPLOYEE BENEFITS PAYABLE

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Short-term benefits	62,704	101,859
Post-employment benefits – defined contribution plans	2	2
Total	62,706	101,861

18 SHARE CAPITAL

The Group's share capital structure as at 30 June 2021 and 31 December 2020 is as follows:

	<i>At the beginning and end of the period</i>	
	<i>Number of shares</i>	<i>RMB'000</i>
Ordinary shares in issue	1,074,357,700	1,074,357,700
		<i>At the beginning and end of the period</i>
		<i>Number of shares</i>
Ordinary shares of RMB1 each		
– Domestic shares		707,518,500
– Unlisted foreign shares		98,039,200
– H shares		268,800,000
Total		1,074,357,700

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

19 CAPITAL RESERVE

The Group

	30 June 2021 <i>RMB'000</i>	31 December 2020 <i>RMB'000</i>
Share premium	203,429	203,429
State capital reserve benefits	878,019	878,019
Total	1,081,448	1,081,448

20 RETAINED PROFITS AS AT 30 JUNE 2021

As of 30 June 2021, the Group's retained profits attributable to the parent company include RMB103,737 (2020: RMB103,737) of surplus reserve appropriated by the Company's subsidiaries.

21 OPERATING REVENUE

(1) Operating revenue

Item	January to June 2021 <i>RMB'000</i>	January to June 2020 <i>RMB'000</i>
Revenue from principal business	1,564,349	1,425,628
Revenue from other business ⁽¹⁾	3,116	3,826
Total	1,567,465	1,429,454
Including: Revenue from contracts	1,566,372	1,427,396

Note:

- (1) The difference from the disclosure in the 2020 interim report is due to the presentation of the statement, and revenue from other business is presented as other income.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

21 OPERATING REVENUE (CONTINUED)

(2) Revenue from contracts of the Group

Type of contracts	January to June 2021 RMB'000	January to June 2020 RMB'000
Classified by contract type		
Power supply contracts	1,354,773	1,207,223
Contracts of power installation projects	205,557	214,628
Material sales contracts	6,042	5,530
Others	-	15
Total	1,566,372	1,427,396
Classified by time of revenue recognition		
Revenue recognized at a point in time	1,360,815	1,212,768
Revenue recognized over time	205,557	214,628
Total	1,566,372	1,427,396

22 TAX AND SURCHARGE

	January to June 2021 RMB'000	January to June 2020 RMB'000
City maintenance and construction tax	2,254	2,436
Education surcharge	1,300	1,368
Housing property tax	1,372	1,238
Others	2,635	2,442
Total	7,561	7,484

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

23 FINANCE COSTS/(NET INCOME)

	January to June 2021 RMB'000	January to June 2020 RMB'000
Interest expense on loans and payables	4,637	11,240
Interest expense on lease liabilities	128	162
Interest income on deposits	(2,466)	(2,071)
Foreign exchange losses/(gains)	11,207	(176)
Other finance costs	594	462
Total	14,100	9,617

24 INVESTMENT GAINS

Item	January to June 2021 RMB'000	January to June 2020 RMB'000
Gain on long-term equity investments accounted for under cost method	-	-
Gain on long-term equity investments accounted for under equity method	691	(1,422)
Gain on investment in financial assets at fair value through profit or loss	20,728	8,719
Total	21,419	7,297

25 CREDIT IMPAIRMENT LOSS

Item	January to June 2021 RMB'000	January to June 2020 RMB'000
Accounts receivables	(3,675)	(9,154)
Other receivables	766	293
Contract assets	-	-
Total	(2,909)	(8,861)

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

26 ASSET IMPAIRMENT LOSS

Item	January to June 2021 RMB'000	January to June 2020 RMB'000
Fixed assets	(3,114)	(431)
Intangible assets	-	-
Inventories	-	-
Total	(3,114)	(431)

27 NON-OPERATING INCOME AND EXPENSE

(1) Non-operating income

Item	January to June 2021 RMB'000	January to June 2020 RMB'000
Government grants	3,529	3,729
Others	712	734
Total	4,241	4,463

(2) Non-operating expense

Item	January to June 2021 RMB'000	January to June 2020 RMB'000
Donation expense	-	18
Others	344	1,254
Total	344	1,272

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

28 INCOME TAX EXPENSE

	January to June 2021 RMB'000	January to June 2020 RMB'000
Income tax	26,728	20,203
Change in deferred income tax	362	–
Total	27,090	20,203

29 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB138,195 thousand (six months ended 30 June 2020: RMB134,587 thousand) and the weighted average of 1,074,357,700 ordinary shares (six months ended 30 June 2020: 1,074,357,700 shares) in issue during the interim period. There were no dilutive potential ordinary shares for the six months ended 30 June 2021, and therefore, diluted earnings per share are the same as the basic earnings per share.

30 INTERIM DIVIDEND

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

No interim dividend is declared for the six months ended 30 June 2021 (2020 interim dividend: Nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Final dividend approved in respect of previous financial year of RMB0.12 (2020: RMB0.1) per share	128,923	107,436

31 CAPITAL MANAGEMENT

The Group's primary objectives of capital management are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for owners by pricing products and services commensurately with the level of risk and by ensuring access to finance at reasonable financial costs.

The Group defines "capital" as shareholders' equity less unrecognized profits proposed for distribution. The Group's capital excludes balances of related party transactions.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and returns to owners. The factors considered by the Group include: the Group's capital requirements in the future, capital efficiency, actual and expected profitability, expected cash flow, and estimated capital expenditures. If any change of the economic conditions affects the Group, the Group will adjust its capital structure.

The Group monitors its capital structure through adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes short-term loans, long-term loans and lease liabilities) plus unrecognized profits proposed for distribution and net of cash.

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

31 CAPITAL MANAGEMENT (CONTINUED)

The adjusted net debt-to-capital ratio is as follows:

Item	The Group	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Current liabilities		
Short-term borrowings	313,753	381,317
Long-term borrowings due within one year	–	–
Lease liabilities due within one year	116	1,852
Non-current liabilities		
Long-term borrowings	–	–
Lease liabilities	3,670	3,555
Total debt	317,539	386,724
Add: Profit proposed for distribution		128,923
Less: Cash and cash equivalents	(347,082)	(500,799)
Adjusted net debt	(43,296)	14,848
Shareholders' equity	2,868,244	2,854,460
Less: Profit proposed for distribution		(128,923)
Adjusted capital	2,868,244	2,725,537
Adjusted net debt-to-capital ratio	(1.03%)	0.54%

Neither the Company nor any of the Company's subsidiaries are subject to external mandatory capital requirements.

32 CAPITAL COMMITMENTS

As at 30 June 2021 and 31 December 2020, the Group's capital commitments are as follows:

Item	The Group	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Contracted	22,369	68,994

IX. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENT

33 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

(a) The amounts of transactions with related parties are as follows:

Item	The Group	
	January to June 2021 RMB'000	January to June 2020 RMB'000
Purchase of goods	1,827	7,898
Provision of services		14,285
Receiving services	13,035	28,336
Sales of goods	3,786	119,703
Maintenance of rural power grid assets	713	5,822
Use of rural power grid assets	1,235	8,291
Provision of borrowings	6,200	8,500
Receipt of repayment of borrowings	8,500	–
Interest income	92	93

(b) The balances of transactions with related parties as of 30 June 2021 and 31 December 2020 are as follows:

	The Group	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Account receivables	17,319	77,029
Other receivables	9,545	12,409
Account payables	18,413	27,209
Other payables	80	41,039
Contract liabilities	–	8,868

X. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this report, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual General Meeting” or “AGM”	the annual general meeting to be convened by the Company on 18 June 2021
“Articles of Association” or “Articles”	the articles of association of the Company adopted by the written resolution of the Shareholders on 16 May 2017 and as amended, supplemented and otherwise modified from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Sichuan Energy Investment Development Co., Ltd.* (四川能投發展股份有限公司) (stock code: 1713), a company established in the PRC as a joint stock company with limited liability on 29 September 2011
“Company Law”	the Company Law of the PRC (中華人民共和國公司法), as amended or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	code on corporate governance practices contained in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Shares”	domestic ordinary shares in the Company’s registered capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and held by PRC nationals or PRC-incorporated entities, and are not listed or traded on any stock exchange
“EECS business”	electrical engineering construction service and related business, which includes the construction, installation, testing and maintenance of power facilities and related sales of electric equipment and materials
“Energy Investment Group”	Sichuan Energy Investment Group Co., Ltd.* (四川省能源投資集團有限責任公司), a company established in China on 21 February 2011 with limited liability, one of our Controlling Shareholders
“Group”	the Company and its subsidiaries
“H Share(s)”	the ordinary share(s) issued of RMB1.00 each in the share capital of the Company, which are listed on the Main Board of the Stock Exchange

X. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“HK\$” and “HK cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower Group”	Sichuan Province Hydropower Investment and Management Group Co., Ltd.* (四川省水電投資經營集團有限公司), a company established in China on 17 December 2004 with limited liability, one of our Controlling Shareholders
“kV”	kilovolt, a unit of voltage, which is equal to one thousand volts
“kVA”	kilovolt-ampere, the standard for measuring power
“kW”	kilowatt, which is equal to one thousand watts
“Listing”	listing of the H Shares of the Company on the main board of the Stock Exchange
“Listing Date”	28 December 2019, on which the H Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules
“MWh”	megawatt-hour, which is equal to one thousand kilowatt hours
“Reporting Period”	the period from 1 January 2021 to 30 June 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, including H Shares, Domestic Shares and Unlisted Foreign Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Sichuan Development”	Sichuan Development (Holding) Co., Ltd.* (四川發展(控股)有限責任公司), a wholly state-owned company established on 24 December 2008 under the laws of the PRC with limited liability, one of our Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

X. DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Unlisted Foreign Shares”	ordinary shares issued by the Company that are not listed on any stock exchange, with a nominal value of RMB1.0 each
“%”	per cent.