China Shuifa Singyes Energy Holdings Limited
中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the "Director") of China Shuifa Singyes Energy Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Revenue	**6,503,428**	5,578,524
Profit before tax	**290,104**	215,023
Income tax expense	**(54,311)**	117,351
Profit attributable to owners of the Company	**221,410**	310,632
Profit per share attributable to ordinary equity holders		
— Basic	**RMB0.088**	RMB0.132
— Diluted	**RMB0.088**	RMB0.132
Final dividend per share proposed	**HK$0.020**	HK$0.028

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Revenue	*5*	**6,503,428**	5,578,524
Cost of sales		**(5,428,452)**	(4,664,116)
Gross profit		**1,074,976**	914,408
Other income	*6*	**51,862**	37,562
Other gains — net	*6*	**11,400**	259,796
Selling and distribution expenses		**(86,819)**	(78,926)
Administrative expenses		**(408,515)**	(415,076)
Net impairment loss on financial and contract assets		**(63,244)**	(262,965)
Operating profit		**579,660**	454,799
Finance income	*7*	**3,926**	3,042
Finance costs	*7*	**(292,947)**	(230,198)
Finance costs — net	*7*	**(289,021)**	(227,156)
Share of results of joint ventures and associates accounted for using the equity method		**(535)**	(12,620)
Profit before income tax	*8*	**290,104**	215,023
Income tax expense	*10*	**(54,311)**	117,351
Profit for the year		**235,793**	332,374
Other comprehensive income:			
Item that may be reclassified to profit or loss			
Currency translation differences		**70,904**	139,935
Item that will not be reclassified to profit or loss			
Current translation differences		**(48,369)**	(58,319)
Change in fair value of equity instruments at fair value through other comprehensive income		**(28)**	(519)
Other comprehensive income for the year		**22,507**	81,097
Total comprehensive income for the year		**258,300**	413,471

		Year ended 31 December	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Profit attributable to:			
Owners of the Company		**221,410**	310,632
Non-controlling interests		**14,383**	21,742
		235,793	332,374
Total comprehensive income attributable to:			
Owners of the Company		**243,937**	393,044
Non-controlling interests		**14,363**	20,427
		258,300	413,471
Earnings per share for profit attributable to owners of the Company during the year (expressed in RMB cents per share)			
— basic and diluted	*12*	**0.088**	0.132

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	Notes	***RMB'000***	*RMB'000*
			(Restated)
Non-current assets			
Property, plant and equipment		**4,971,792**	4,328,702
Right-of-use assets	*13*	**261,049**	222,734
Investment properties	*14*	**340,590**	333,141
Intangible assets		**106,331**	102,978
Payments in advance		**10,120**	23,486
Investments in associates		**1,438**	1,973
Deferred tax assets		**303,499**	241,047
Equity investments designated at fair value through other comprehensive income		**10,503**	10,531
Total non-current assets		**6,005,322**	5,264,592
Current assets			
Inventories		**67,433**	55,765
Contract assets	*16*	**3,694,860**	2,903,957
Trade and bills receivables	*15*	**3,398,449**	4,178,348
Prepayments, deposits and other receivables	*17*	**750,977**	370,043
Pledged deposits		**21,820**	47,170
Cash and cash equivalents		**659,123**	903,463
Total current assets		**8,592,662**	8,458,746

	Notes	As at 31 December 2021 *RMB'000*	 2020 *RMB'000* (Restated)
Current liabilities			
Senior notes	*20*	**1,468,208**	—
Borrowings	*19*	**799,667**	1,199,922
Trade and bills payables	*18*	**2,180,962**	1,923,871
Other payables and accruals		**1,686,262**	2,147,228
Contract liabilities		**192,319**	131,361
Tax payable		**161,998**	116,050
Lease liabilities	*13*	**2,006**	3,506
Total current liabilities		**6,491,422**	5,521,938
Net current assets		**2,101,240**	2,936,808
Total assets less current liabilities		**8,106,562**	8,201,400
Non-current liabilities			
Senior notes	*20*	—	1,488,096
Borrowings	*19*	**3,118,040**	1,848,727
Lease liabilities	*13*	**16,254**	22,694
Deferred tax liabilities		**110,302**	110,381
Deferred income		**179,967**	143,033
Total non-current liabilities		**3,424,563**	3,612,931
Net assets		**4,681,999**	4,588,469
Equity attributable to owners of the Company			
Issued capital	*21*	**174,333**	174,333
Reserves		**2,417,957**	2,483,395
Retain earnings		**1,785,081**	1,637,631
		4,377,371	4,295,359
Non-controlling interests		**304,628**	293,110
Total equity		**4,681,999**	4,588,469

1. GENERAL INFORMATION

China Shuifa Singyes Energy Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda on 24 October 2003. The registered office of the Company is located at 4th Floor, North Cedar House, 41 Cedar Avenue, Hamilton, HM12, Bermuda. The principal place of business of the Company is located at Unit 3108, 31st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the design, manufacture, supply and installation of conventional curtain walls, wind farm construction and building integrated solar photovoltaic systems, as well as the manufacture and sale of solar power products. There were no significant changes in the nature of the Group's principal activities during the year.

In the opinion of the directors of the Company (the "Directors"), the immediate holding company, the intermediate holding company and the ultimate holding company of the Company are Water Development (HK) Holding Co., Ltd., which is incorporated in Hong Kong, Shuifa Energy Group Limited (水發能源集團有限公司, "Shuifa Energy") and Shuifa Group Co., Ltd. (水發集團有限公司, "Shuifa Group"), respectively, which are incorporated in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 24 March 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements have been prepared under the historical cost convention, as modified by certain equity investments which have been measured at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

During the year ended 31 December 2021, Hunan Shuifa Singyes Green Energy Co., Ltd. ("Hunan Green Energy"), an indirect non-wholly owned subsidiary of the Company, entered into an equity transfer agreement with Shuifa Clean Energy Technology Co., Ltd ("Shuifa Clean Energy"), pursuant to which Hunan Green Energy agreed to acquire 86% equity interests in in Xintai Zhongmu New Energy Technology Co., Ltd. ("Xintai Zhongmu"), 100% equity interest in Heze Development Zone Shuifa Guangyao New Energy Co., Ltd. ("Heze Guangyao") and 68% equity interests in Dongying Tianze New Energy Technology Co., Ltd. ("Dongying Tianze") held by Shuifa Group at considerations of RMB49.02 million, RMB3.16 million and RMB51.00 million respectively. Hunan Green Energy and Shuifa Clean Energy are under the common control of the ultimate holding company, Shuifa Group.

The acquisitions represents business combinations under common control as Shuifa Clean Energy and the Company were ultimately controlled by Shuifa Group both before and after the acquisition, and that control is not transitory. The financial statements of Zhongmu Energy, Guangyao Energy and Tianze Energy are included in the Group's consolidated financial statements as if the combination had occurred from the date when the ultimate controlling shareholder now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the date when the combining companies first came under the control of the controlling shareholder, whichever is a shorter period. Therefore, the opening balances and the comparative figures of the consolidated financial statements are restated.

2.1.1 Changes in accounting policy and disclosures

(a) A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		Effective for annual periods beginning on or after
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2	1 January 2021

(b) Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2021 and have not been early adopted by the Group. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective except for IAS 16 (Amendments).

		Effective for annual periods beginning on or after
IAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
IAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IFRS 17	Insurance contracts	1 January 2023
IFRS 10 and IAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
Annual Improvements to IFRS Standards 2018-2020		1 January 2022

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including a structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations not under common control by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the comprehensive income of the investee after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the consolidated statement of comprehensive income where appropriate.

The Group's share of post-acquisition comprehensive income is recognised in consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in an associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of post-tax profit/(loss) of an associate' in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

2.3 Consolidation

2.3.1 Business combination

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisitions failed to meet the definition of business combination are treated as acquisitions of assets and liabilities instead of business combination.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly consolidated statement of profit or loss and other comprehensive income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.3.2 Common control combinations

For common control combinations, the consolidated financial statements incorporate the financial entities of the combining entities or businesses as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration of goodwill or excess of acquirer's interest in the net fair value of acquirer's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combinations, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The consolidated financial statements are presented as if the entities or business had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

Transaction costs, including professional fees, registration fees, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the year in which it is incurred

2.3.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial market and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC with functional currency as RMB. Foreign exchange risk arises from commercial transactions and recognised assets and liabilities including cash and cash equivalents, borrowings, and other payables and accruals denominated in USD which is not the functional currency of the relevant group entities. The Group entered in cross currency swap to hedge the foreign exchange risk.

As at 31 December 2021, if USD has strengthened/weakened by 5% against RMB, with all other variables held constant, the profit before income tax for the year would have been approximately RMB54,284,000 (2020: RMB73,220,000) higher/lower.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Details of the Group's borrowings have been disclosed in Note 19.

As at 31 December 2021 and 2020, if interest rates on borrowings at variable rates had been 10 basis points higher/lower with all other variables held constant, the profit before income tax for each year would have changed mainly as a result of higher/lower interest expense on floating rate borrowings. Details of the changes are as follows:

	2021	2020
	RMB'000	*RMB'000*
For the year ended:		
The profit before income tax (decrease)/increase		
— 10 basis points higher	**(3,155)**	(1,700)
— 10 basis points lower	**3,155**	1,700

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, financial assets at fair value through other comprehensive income, contract assets, trade receivables and other receivables. The carrying amounts of cash and cash equivalents, contract assets, trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk on trade debtors is managed by the management of the individual business units and monitored by the Group's management on a group basis. Most customers are sizable and renowned. Management assesses the credit quality of smaller customers by considering their financial position, past experience therewith and other relevant factors. The utilisation of credit limits is regularly monitored.

(i) Credit risk of cash and cash equivalents

To manage this risk arising from bank balances, the Group primarily transacts with reputable banks which are all high-credit-quality financial institutions. There has no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(ii) Credit risk of financial assets at fair value through other comprehensive income

All of the Group's financial assets at fair value through other comprehensive income are considered to have low credit risk because they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(iii) Credit risk of trade receivables and contract assets

The Group has trade receivables and contract assets for provision of services or sales of goods subject to the expected credit loss model on adoption of IFRS 9.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the CPI and GDP to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As at 31 December 2021, the Group had receivables of RMB892,443,000 relating to unpaid tariff adjustments. The expected credit loss of these receivables is insignificant as continuous settlements were noted and there was no history of default. The settlement of these subsidies are paid by the State Grid Corporation of China and funded by the Ministry of Finance of China.

As at 31 December 2021, the Group had trade receivables (excluding unpaid tariff adjustments) and contract assets amounting to RMB3,325,585,000 and RMB3,893,432,000, respectively. Provisions for impairment of approximately RMB839,310,000 and RMB198,573,000 were set aside by management against the trade receivables (excluding unpaid tariff adjustments) and contract assets, respectively.

On that basis, the loss allowance as at 31 December 2021 and 2020 was determined as follows for both trade receivables excluding unpaid tariff adjustments and contract assets:

31 December 2021	**Within 180 days**	**181 to 365 days**	**1 to 2 year**	**2 to 3 year**	**Over 3 year**	**Total**
Expected loss rate	**3.93%**	**7.73%**	**7.84%**	**27.66%**	**51.38%**	**25.24%**
Gross carrying amount — trade receivables *(RMB'000)*	**728,087**	**217,403**	**696,054**	**531,071**	**1,152,971**	**3,325,585**
Loss allowance *(RMB'000)*	**(28,645)**	**(16,801)**	**(54,547)**	**(146,911)**	**(592,406)**	**(839,310)**

31 December 2020	Within 180 days	181 to 365 days	1 to 2 year	2 to 3 year	Over 3 year	Total
Expected loss rate	6.08%	14.60%	16.19%	18.76%	19.74%	15.36%
Gross carrying amount — trade receivables *(RMB'000)*	937,616	302,925	862,520	656,444	1,363,891	4,123,396
Loss allowance *(RMB'000)*	(57,044)	(44,228)	(139,637)	(123,150)	(269,245)	(633,304)

31 December 2021	**Within credit terms**
Expected loss rate	**5.10%**
Gross carrying amount — contract assets *(RMB'000)*	**3,893,432**
Loss allowance *(RMB'000)*	**(198,572)**

31 December 2020	Within credit terms
Expected loss rate	10.51%
Gross carrying amount — contract assets *(RMB'000)*	3,245,141
Loss allowance *(RMB'000)*	(341,184)

The loss allowances for trade receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	Trade receivables and Contract assets	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Opening loss allowance at 1 January	**974,488**	793,671
Provision for previous impairment losses	**63,394**	180,817
Closing loss allowance at 31 December	**1,037,882**	974,488

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery.

(iv) *Credit risk of other receivables*

Other financial assets at amortised cost

The loss allowance for other financial assets at amortised cost as at 31 December reconciles to the opening loss allowance as follows:

	Other receivables	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Opening loss allowance at 1 January	**109,488**	27,342
(Decrease)/Increase in the allowance recognised in profit or loss during the year	**(150)**	82,148
Closing loss allowance at 31 December	**109,338**	109,490

(c) ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021					
Senior notes	**1,551,266**	**—**	**—**	**—**	**1,551,266**
Borrowings	**823,630**	**398,842**	**1,798,714**	**1,776,054**	**4,797,240**
Lease liabilities	**2,981**	**12,347**	**2,195**	**7,521**	**25,044**
Trade and bills payables	**2,180,962**	**—**	**—**	**—**	**2,180,962**
Other payables and accruals	**1,572,038**	**—**	**—**	**—**	**1,572,038**
Total	**6,130,877**	**411,189**	**1,800,909**	**1,783,575**	**10,126,550**
At 31 December 2020 (Restated)					
Senior notes	89,969	1,551,266	—	—	1,641,235
Borrowings	1,351,253	393,350	933,721	1,008,233	3,686,557
Lease liabilities	2,268	5,191	4,766	32,839	45,064
Trade and bills payables	1,923,871	—	—	—	1,923,871
Other payables and accruals	1,747,478	—	—	—	1,747,478
Total	5,114,839	1,949,807	938,487	1,041,072	9,044,205

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities less cash and cash equivalents. Total capital is calculated as 'total equity' as shown in the consolidated statements of financial position plus net debt.

The gearing ratios at 31 December 2021 and 2020 were as follows:

	At 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Net debt	**5,951,966**	5,141,299
Total equity	**4,681,999**	4,588,469
Total capital	**10,633,965**	9,729,768
The net debt to total capital ratio	**56%**	53%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value measurements by level of the fair value measurement hierarchy were as follows:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021				
Financial assets at fair value through other comprehensive income				
— Equity securities	**—**	**—**	**10,503**	**10,503**
At 31 December 2020				
Financial assets at fair value through other comprehensive income				
— Equity securities	—	—	10,530	10,530

During the year ended 31 December 2021, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets.

The carrying amounts of equity securities approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Constructions service

The Group applies input method to measure the progress of constructions service provided by the Group, which is based on the entity's inputs to the satisfaction of constructions service relative to the total expected inputs to the satisfaction of constructions service. Because of the nature of the activity undertaken in constructions, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. In the contract progress, the management of the Group regularly reviews the transaction price and contract modification, contract costs in the budget prepared for each contract, the progress of the contract performance and the accumulatively actual cost. If there are circumstances that there are changes in the transaction price, the contract costs in the budget or the progress of the contract performance, estimates are revised. These revisions may result in increasing or decreasing in estimated revenues or costs and are reflected in consolidated statements of comprehensive income in the current period. Where the actual contract revenue is less than expected or actual contract costs are more than expected, an expected loss may arise.

(ii) Provision for impairment of receivables and contract assets

The Group's management determines the provision for impairment of receivables and contract assets based on the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in note 3.1(b).

(iii) Impairment assessments of goodwill with indefinite useful lives

The Group tests annually whether goodwill with indefinite useful lives have suffered any impairment, in accordance with the accounting policy stated in annual report. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(iv) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(v) Impairment of property, plant and equipment

Property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related assets values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.

(vi) Impairment of the Group's assets

The Group follows the guidance of HKAS 36 to determine whether the Group's assets are impaired. As stated in HKAS 36, the equity attributable to owners of an entity that exceeds its market capitalisation is an impairment indicator which would require an estimate of the recoverable amount to be performed. As at 31 December 2021, the Group's market capitalisation of approximately RMB3,628 million, which is lower than the equity attributable to owners of the Company of RMB4,377 million. The Group needs to assess whether its assets are impaired. This assessment requires significant judgments and estimations. In making these judgments and estimations, the Group evaluates and considers both qualitative and quantitative factors that will affect the value-in-use of an asset or a cash-generating unit ("CGU") such as the extent of difference between the equity attributable to owners of the Company and market capitalisation, composition of the Group's assets, results and timing of previous impairment tests.

(vii) Income taxes and deferred income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

5 SEGMENT INFORMATION

The Board of Directors of the Group has been identified as the chief operating decision-maker. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these internal reports.

The Board of Directors assesses the performance according to four main business segments as follows:

(i) Construction services: Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(ii) Sale of products: Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(iii) Sale of electricity and related tariff adjustments: Revenue from the sale of electricity is recognised in the accounting period when electricity is generated and transmitted. Revenue from the subsidy payments represents subsidies received and receivable from the government authorities in respect of the Group's solar power plant business. Subsidy payments are recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

(iv) Others: The other remaining segments includes the thermal supply and the rendering of design as well as consultation service. Revenue from the thermal supply is recognised at the point in time when the steam is transmitted. Revenue from the design and consultation service is recognised, when the services are rendered.

The Board of Directors assesses the performance of the operating segments based on profit for the year.

(a) Segment revenue

	Year ended 31 December 2021		**Year ended 31 December 2020**	
	RMB'000	***%***	*RMB'000* (Restated)	*%*
Revenue from contracts with customers				
Construction services	**5,105,877**	**78.51**	3,705,739	66.43
Sale of products	**610,234**	**9.38**	1,289,487	23.12
Sale of electricity	**455,618**	**7.01**	374,597	6.71
Others	**331,699**	**5.10**	208,701	3.74
Revenue	**6,503,428**	**100.00**	5,578,524	100.00

(b) Other segment information

The segment results for the year ended 31 December 2021 are as follows:

	Construction contracts *RMB'000*	**Sale of products** *RMB'000*	**Sale of electricity** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**The Group** *RMB'000*
Revenue from contracts with customers:						
— Recognised at a point of time	**—**	**610,234**	**455,618**	**268,602**	**—**	**1,334,454**
— Recognised over time	**5,105,877**	**—**	**—**	**63,097**	**—**	**5,168,974**
Total revenue from external customers	**5,105,877**	**610,234**	**455,618**	**331,699**	**—**	**6,503,428**
Inter-segment revenue	**—**	**217,183**	**—**	**—**	**(217,183)**	**—**
Segment revenue	**5,105,877**	**827,417**	**455,618**	**331,698**	**(217,183)**	**6,503,428**
Gross profit	**631,452**	**83,252**	**270,460**	**89,812**	**—**	**1,074,976**

The segment results for the year ended 31 December 2020 are as follows:

	Construction contracts *RMB'000*	Sale of products *RMB'000*	Sale of electricity *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	The Group *RMB'000*
Revenue from contracts with customers:						
— Recognised at a point of time	—	1,289,487	374,597	188,709	—	1,852,793
— Recognised over time	3,705,739	—	—	19,992	—	3,725,731
Total revenue from external customers	3,705,739	1,289,487	374,597	208,701	—	5,578,524
Inter-segment revenue	—	241,271	—	—	(241,271)	—
Segment revenue	3,750,739	1,530,758	374,597	208,701	(241,271)	5,578,524
Gross profit	549,921	100,042	197,934	66,511	—	914,408

Segment assets/liabilities

The segment Assets/liabilities for the year ended 31 December 2021 and 2020 are as follows:

As at 31 December 2021	Construction Services	Sale of products	Sale of electricity	Others	Unallocated	The Group
Total assets	**6,709,672**	**1,425,672**	**5,743,974**	**403,225**	**315,441**	**14,597,984**
Total liabilities	**2,190,719**	**395,075**	**303,374**	**39,508**	**6,987,309**	**9,915,985**

As at 31 December 2020	Construction Services	Sale of products	Sale of electricity and tariff adjustment	Others	Unallocated	The Group
Total assets	6,728,633	1,529,243	4,826,291	385,620	253,551	13,723,338
Total liabilities	2,000,076	437,795	351,536	34,765	6,310,697	9,134,869

Revenue generated by regions, based on the locations of the business is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Domestic — Mainland China	**6,221,445**	5,385,649
Overseas	**281,983**	192,875
	6,503,428	5,578,524

The total of non-current assets other than financial instruments and deferred income tax assets located in different regions is as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
The total of non-current assets other than financial instruments and deferred income tax assets		
Domestic — Mainland China	**5,646,882**	4,973,744
Overseas	**25,248**	26,755
	5,672,130	5,000,499

(c) Liabilities related to contracts with customers

(i) The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Construction services	**59,772**	87,743
Sale of products	**132,547**	43,618
Total contract liabilities	**192,319**	131,361

(ii) The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Construction contracts	**76,687**	32,118
Sale of products	**43,618**	13,976
	120,305	46,094

6. OTHER INCOME AND GAINS

Other income

An analysis of other income is as follows:

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Operating lease rental income from investment properties and others	**23,493**	13,891
Amortisation of deferred government grants	**14,662**	13,856
Service income	**7,348**	–
Other government grant income	**6,359**	9,815
	51,862	37,562

Other Gains/(Losses)-Net

An analysis of other gains/(losses) is as follows:

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Foreign exchange gain, net	**14,421**	297
Gains on debt restructuring	**1,589**	1,780
Disposal loss of property, plant and equipment	**(3,692)**	(197)
Gain on disposal of associates	**–**	31,768
Waiver of interest on other loan	**–**	13,087
Gain on repurchase of senior notes	**–**	209,444
Gain on cancellation of senior notes	**–**	1,655
Others	**(918)**	1,962
	11,400	259,796

7. FINANCE COSTS, NET

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Finance cost:		
— Interest on bank and other loans	**169,805**	195,703
— Interest on senior notes	**91,573**	146,660
— Interest on amounts due to related parties	**78,312**	38,903
— Interest on lease liabilities	**835**	726
— Others	**1,317**	11,110
	341,842	393,102
Less: Foreign exchange gain, net	**(34,068)**	(142,863)
Interest capitalised	**(14,827)**	(20,041)
	(48,895)	(162,904)
Total finance costs	**292,947**	230,198
Finance income:		
— Bank interest income	**(3,926)**	(2,396)
— Interest income on amounts due from related parties	**—**	(646)
Total finance income	**(3,926)**	(3,042)
Finance costs — net	**289,021**	227,156

The capitalisation rates used to determine the amount of borrowing costs are 4.90% to 6.32% for year 2021(2020: 4.90% to 6.32%).

8. EXPENSE BY NATURE

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Raw materials consumed	**3,604,434**	3,339,649
Labor cost	**1,478,831**	1,056,217
Employee benefit expenses	**246,413**	163,487
Depreciation of property, plant and equipment	**200,976**	203,802
Impairment loss on property, plant and equipment	**45,628**	94,889
Travel and office expenses	**35,956**	28,165
Consulting services expenses	**26,747**	31,580
Rental expenses	**8,287**	3,832
Design expenses	**11,652**	15,602
Depreciation of right-of-use assets	**11,499**	7,618
Auditor's remuneration	**8,157**	9,930
Audit service	**7,986**	9,930
Others	**171**	—
Amortization of intangible assets	**5,841**	5,305
Repair expenses	**3,084**	6,206
Others	**236,281**	191,836
	5,923,786	5,158,118

9. EMPLOYEE BENEFIT EXPENSE

The aggregate amounts of staff costs including directors' emoluments are as follows:

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries and relevant benefits	**233,656**	159,370
Pension scheme contributions	**12,757**	3,769
Equity-settled share option expense	**—**	348
Total	**246,413**	163,487

10. INCOME TAX

The amount of income tax charged to the consolidated statement of profit or loss and other comprehensive income represents:

	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Current income tax	**114,467**	116,807
Deferred income tax credit	**(60,156)**	(234,158)
Income tax charge/(credit)	**54,311**	(117,351)

The applicable corporate income tax ("CIT") rate for Mainland China subsidiaries is 25% except for certain subsidiaries that are entitled to preferential tax rates as discussed below:

For Mainland China subsidiaries which are qualified as High and New Technology Enterprises, they are entitled to a preferential tax rate of 15%. For subsidiaries engaging in encouraged industries in Western China, they are entitled to a preferential tax rate of 15% for the period from 1 January 2011 to 31 December 2030. For subsidiaries engaging in the approved projects of solar power station construction, they are exempted from CIT for the first three years and are entitled to a 50% tax reduction for the subsequent three years ("三免三減半") since their respective first revenue-generating years. Thereafter, they are subject to CIT at a rate of 25% or 15%.

The Group's subsidiaries registered in Hong Kong are subject to a rate of 16.5% on the estimated assessable profits for the year ended 31 December 2021 (2020: 16.5%). For the year ended 31 December 2021, the Group's subsidiaries incorporated in Hong Kong did not have assessable profit and therefore have not provided for any Hong Kong profits tax.

11. DIVIDENDS

At a meeting of the Directors held on 24 March 2022, the Directors recommend a final dividend for the year ended 31 December 2021 of HK$0.020 per share (2020 final dividend: HK$0.028 per share).

12. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,521,081,780 (2020: 2,521,081,780) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the exercise prices of the Company's outstanding share options were higher than the average market prices for the Company's shares during the current and prior year.

13. LEASES

(i) Amounts recognised in the consolidated statements of financial position

The consolidated statements of financial position show the following amounts relating to leases:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Right-of-use assets		
Land use right	**251,380**	219,112
Plant and office premises	**9,669**	3,622
	261,049	222,734
Lease liabilities		
Current	**2,006**	3,506
Non-current	**16,254**	22,694
	18,260	26,200

Movements in right-of-use assets are analysed as follows:

	Leased plant and office premises *RMB'000*	Land use right *RMB'000*	Total *RMB'000*
Year end 31 December 2021			
Net book amount as at 1 January 2021	3,622	219,112	222,734
Additions	5,846	58,858	64,704
Acquisition of subsidiaries	2,568	—	2,568
Disposal of subsidiaries	—	(17,506)	(17,506)
Depreciation *(note 8)*	(2,415)	(9,084)	(11,499)
Exchange differences	48	—	48
Net book amount as at 31 December 2021	9,669	251,380	261,049
Year end 31 December 2020			
Net book amount as at 1 January 2020	4,978	204,110	209,088
Additions	1,727	23,892	25,619
Acquisition of subsidiaries	1,294	105	1,399
Lease modification and termination	(652)	—	(652)
Transfer to investment properties	—	(3,511)	(3,511)
Depreciation *(note 8)*	(2,134)	(5,484)	(7,618)
Exchange differences	(9)	—	(9)
Impairment	(1,582)	—	(1,582)
Net book amount as at 31 December 2020	3,622	219,112	222,734

(ii) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of comprehensive income show the following amounts relating to leases:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Depreciation charge of right-of-use assets		
Land use right	**9,084**	5,484
Plant and office premises	**2,415**	2,134
	11,499	7,618
Interest expense (included in finance costs)	**835**	726
Expense relating to short-term leases and low value leases	**8,287**	3,832

The total cash outflow for leases of the years ended 31 December 2021 were RMB12,181,000 (2020: RMB12,717,000).

14 INVESTMENT PROPERTIES

	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Carrying amount at 1 January	**333,141**	293,247
Additions	**38,220**	—
Transfers from property,plant and equipment	—	50,037
Transfers to property,plant and equipment	**(22,615)**	—
Transfers from right-of-use assets	—	3,511
Depreciation for the year *(note 8)*	**(8,156)**	(9,453)
Impairment	—	(4,201)
Carrying amount at 31 December	**340,590**	333,141

Notes:

(a) As at 31 December 2021, the fair values of the investment properties were estimated to be approximately RMB400,873,000 (31 December 2020: RMB420,845,000). The valuation was performed by Zhuhai Dewei Real Estate and Land Appraisal Company Limited. The valuation was estimated using discounted cash flow projections based on reliable estimates of future rental income or market rents for similar properties in the same location and condition, where appropriate. The fair value measurement hierarchy of the investment properties requires certain significant unobservable inputs (Level 3).

(b) As at 31 December 2021, the investment properties were leased to the third parties, except for certain investment properties with an aggregate net carrying amount of RMB28,243,300 (31 December 2020: RMB23,020,000) which were leased to an associate under operating leases.

15. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Trade and bills receivables		
Other trade receivables from contracts with customers	**3,325,585**	4,123,396
Tariff subsidy receivables	**892,443**	638,912
Bills receivable	**19,731**	49,344
	4,237,759	4,811,652
Loss allowance	**(839,310)**	(633,304)
	3,398,449	4,178,348

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the billing date and net of loss allowance, is as follows:

	Trade receivables		**Tariff subsidy receivables**	
	31 December 2021	31 December 2020	**31 December 2021**	31 December 2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Restated)		*(Restated)*
Within 180 days	**728,086**	937,616	**312,274**	118,577
181 days to 365 days	**217,403**	302,925	**118,577**	88,564
1 to 2 years	**696,054**	862,520	**88,564**	177,266
2 to 3 years	**531,071**	656,444	**177,266**	148,555
Over 3 years	**1,152,971**	1,363,891	**195,762**	105,950
	3,325,585	4,123,396	**892,443**	638,912

* The Group's income from the sale of electricity are mainly receivables from the State Grid. Tariff adjustments represented the government subsidies on renewable energy for solar photovoltaic power stations to be received from the State Grid based on the prevailing government policies.

As at 31 December 2021, the Group has pledged unpaid tariff adjustments receivables of approximately RMB707,203,000 (31 December 2020: RMB490,982,000) to secure bank and other loans granted to the Group (note 19).

The Group's trade receivables were denominated in the following currency:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
RMB	**4,108,450**	4,661,393
HKD	**82,822**	89,078
MOP	**17,649**	738
Others	**9,107**	11,099
	4,218,028	4,762,308

16. CONTRACT ASSETS

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Contract assets	**3,893,432**	3,245,141
Loss allowance	**(198,572)**	(341,184)
Total contract assets	**3,694,860**	2,903,957

(1) Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

(2) Management expected that the majority of the above disclosed contract assets as at 31 December 2021 will be recovered or settled in two to five years.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Prepayments to subcontractors and suppliers	**296,165**	174,291
Deposits	**220,592**	99,797
Amounts due from related parties	**11,687**	29,270
Others	**331,871**	176,175
	860,315	479,533
Less: impairment	**(109,338)**	(109,490)
	750,977	370,043

The carrying amounts of other receivables approximate their fair values.

18. TRADE AND BILLS PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restate)
Accounts payable	**2,053,390**	1,885,064
Bills payable	**127,572**	38,807
	2,180,962	1,923,871

As at 31 December 2021 and 2020, the aging analyses of the trade payables based on transaction date were as follows:

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restate)
Within 3 months	**1,184,288**	1,206,057
Between 3 months and 6 months	**303,368**	131,167
Between 6 months and 1 year	**221,657**	292,760
Between 1 year and 2 years	**342,738**	203,540
Between 2 years and 3 years	**83,318**	39,503
Over 3 years	**45,593**	50,844
	2,180,962	1,923,871

The trade and bills payables are non-interest-bearing and are normally settled within one to six months.

The carrying amounts of trade and bills payables approximate their fair values.

19. BORROWING

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Non-current		
Bank borrowings — Secured	**1,389,571**	1,190,683
Bank borrowings — Unsecured	**150,835**	—
Other borrowings — Secured	**1,577,634**	658,044
Other borrowings — Unsecured	**—**	—
	3,118,040	1,848,727
Current		
Bank borrowings — Secured	**336,237**	185,665
Bank borrowings — Unsecured	**167,610**	894,381
Other borrowings — Secured	**295,820**	115,876
Other borrowings — Unsecured	**—**	4,000
	799,667	1,199,922
Total borrowings	**3,917,707**	3,048,649

The fair values of the borrowings of the Group are approximate to their carrying amounts, since either the interest rates of those loans are close to current market rates or the loans are of a short-term nature.

(1) As at 31 December 2021, the bank borrowings were secured by the pledge of property, plant and equipment, trade receivables, and equity shares of the subsidiaries. The bank borrowings were also guaranteed by Shuifa Energy, Shuifa Group, Shandong Shuifa Holdings and the certain subsidiaries, and several senior management personnel of the Group.

(2) As at 31 December 2021, the other loans are borrowed from finance lease companies, by way of equipment sale-leaseback arrangements, and Shuifa Energy and Shuifa Group provided guarantee for these other loans. The other loans are secured by the property, plant and equipment, trade receivables, the right on the annual return of its certain solar photovoltaic power station and equity shares of the certain subsidiaries.

The Group's borrowings are repayable as follows:

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
Analysed into:		
Bank loans repayable		
Within one year	**503,847**	1,080,046
In the second year	**171,110**	146,257
In the third to fifth years, inclusive	**980,796**	444,846
Beyond five years	**388,500**	599,580
	2,044,253	2,270,729
Other loans repayable		
Within one year	**295,820**	119,876
In the second year	**194,231**	141,739
In the third to fifth years, inclusive	**444,313**	265,345
Beyond five years	**939,090**	250,960
	1,873,454	777,920
	3,917,707	3,048,649

As at 31 December 2021, except for those bank loans which are denominated in USD$2,900,000 (equivalent to RMB18,489,000), all bank and other loans were denominated in RMB.

20. SENIOR NOTES

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
2022 Senior Notes		
Current	**1,468,208**	—
Non-current	**—**	1,488,096
	1,468,208	1,488,096

The 2022 Senior Notes recognised in the condensed consolidated statement of financial position as at 31 December 2021 are calculated as follows:

	31 December 2021 *RMB'000*	31 December 2020 *RMB'000*
At beginning of year	**1,488,096**	2,815,135
Effective interest recognised for the year	**91,573**	146,660
Interest paid during the year	**(89,969)**	(40,031)
Repurchase of senior notes*	—	(1,321,065)
Acceleration of unwinding interest	—	8,856
Cancellation of senior notes	—	(1,655)
Exchange differences	**(21,492)**	(119,804)
At end of year	**1,468,208**	1,488,096
Fair value of the 2022 Senior Notes	**1,405,319**	1,431,125

On 19 December 2019, the Company issued guaranteed senior notes with an aggregate nominal value of US$414,932,000 (equivalent to approximately RMB2,815 million), that were initially offered to eligible Scheme Creditors and the Holding Period Trustee (as defined in the announcement of the company dated 19 December 2019). The senior notes carry early redemption options and will be fully repayable by 19 December 2022 (the "2022 Senior Notes"). The 2022 Senior Notes are only offered outside the United States in accordance with Regulation S under the United States Securities Act of 1933, as amended, have been listed on the Singapore Exchange Securities Trading Limited (the "SGX") since December 2019.

21. SHARE CAPITAL

	2021	2020
	US$'000	*US$'000*
Authorised:		
3,200,000,000 ordinary shares of USD0.01 each	**32,000**	32,000
Issued and fully paid:		
2,521,081,780 ordinary share of USD0.01 each	**25,211**	25,211
Equivalent to RMB'000	**174,333**	174,333

22. COMMITMENTS

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

	2021	2020
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Construction of buildings and solar photovoltaic power stations	**213,806**	93,535
Purchase of office properties	**11,820**	16,820
Capital contributions to be injected into associates	**—**	26,500
	225,626	136,855

23. BUSINESS COMBINATIONS

(a) Business Combination Under Common Control

Acquisition of 100% equity interests in Heze Development Zone Shuifa Guangyao New Energy Co., Ltd. ("Heze Guangyao"), 86% equity interests in Xintai Zhongmu New Energy Technology Co., Ltd. ("Xintai Zhongmu"), 68% equity interests in Dongying Tianze New Energy Technology Co., Ltd. ("Dongying Tianze") (collectively the "Acquisitions").

On 30 September 2021, Shuifa Clean Energy Co., Ltd. ("Shuifa Clean Energy"), a 98.5499%-owned subsidiary of Shuifa Energy Group Co., Ltd., entered into the Asset and Equity Transaction Contract with Hunan Shuifa Xingye Green Energy Co., Ltd., pursuant to which Shuifa Clean Energy agreed to dispose and Hunan Green Energy agreed to acquire 100% equity interest in Heze Guangyao, 86% equity interest in Xintai Zhongmu, 68% equity interest in Dongying Tianze for a cash consideration of RMB3,160,000, RMB49,020,000 and RMB51,000,000 respectively. The transaction was completed on 7 December 2021.

Before the Acquisitions, Heze Guangyao was wholly owned subsidiaries of Shuifa Energy Group, Xintai Zhongmu and Dongying Tianze were a non-wholly owned subsidiaries of Shuifa Group. Upon the completion of the Acquisition, Heze Guangyao became a wholly subsidiary of Hunan Green Energy, Xintai Zhongmu and Dongying Tianze become non-wholly owned subsidiaries of the Hunan Green Energy. Hunan Green Energy is a wholly owned subsidiary of the Company.

The Company, Heze Guangyao, Xintai Zhongmu and Dongying Tianze are under common control of Shuifa Group both before and after above transaction. Therefore it was regarded as a common control combination and accounted for using the principles of merger accounting in accordance with the Accounting Guideline No. 5 — "Merger Accounting for Common Control Combination" issued by the HKICPA. Comparative figures as at 31 December 2020 and for the year ended 31 December 2020 were also represented on the same basis.

Reconciliation of the results of operations for the year ended 31 December 2020 and the financial position as at 31 December 2020 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	As at 31 December 2020			**As at 31 December 2021**
	The Group (as previously reported)	The Acquisition	The Group (restated)	The Group
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
Financial position				
Current assets	8,329,152	129,594	8,458,746	**8,592,662**
Total assets	13,330,360	392,978	13,723,338	**14,597,984**
Current liabilities	5,448,592	73,346	5,521,938	**6,491,422**
Total liabilities	8,846,481	288,388	9,134,869	**9,915,985**
Equity attributable to the equity holders of the Company	4,214,557	80,802	4,295,359	**4,377,371**
Non-controlling interests	269,322	23,788	293,110	**304,628**

	For the year ended 31 December 2020			**For the year ended 31 December 2021**
	The Group (as previously reported)	The Acquisition	The Group (restated)	The Group
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
Results of operations				
Revenue	5,597,551	48,905	5,578,524	**6,503,428**
Operating profit	568,585	32,207	454,799	**579,660**
Profit for the year	321,146	11,228	332,374	**235,793**
Profit attributable to the equity holders of the Company	301,418	9,214	310,632	**221,410**
Profit attributable to the non-controlling interests	19,728	2,014	21,742	**14,383**
Basic earnings per share *(RMB)*	0.120	0.107	0.132	**0.088**
Diluted earnings per share *(RMB)*	0.120	0.107	0.132	**0.088**

(b) Acquisition of controlling interests

On 14 January 2021, Hunan Singyes Green Energy Co., Ltd. ("Hunan Singyes") completed the acquisition of 100% equity interests in Dunhuang Anjie Renewable Energy Technology Co., Ltd. ("Dunhuang Anjie"). Dunhuang Anjie is engaged in the operation of solar energy, wind energy, hydropower, geothermal power project investment, development, sales and provision of corresponding technical services. The purchase consideration for the acquisition was in the form of cash, with RMB9,600,000 paid at the acquisition date.

On 2 February 2021, Zhuhai Singyes Green Building Technology Co., Ltd ("Zhuhai Singyes") completed the acquisition of 60% equity interests in Shuifa Green Construction (Beijing) Urban Technology Development Co., Ltd. ("Shuifa Green Construction"). Shuifa Green Construction is engaged in the operation of engineering survey and design, consulting on real estate management and development, technical development of electronic computer software, technical consulting, and urban planning. The purchase consideration for the acquisition was in the form of cash, with RMB19,800,000 paid at the acquisition date.

On 2 April 2021, Zhuhai Singyes New Materials Technology Co., Ltd ("Zhuhai New Materials") completed the acquisition of 60% equity interests in Sishui Yixin Renewable Resources Co., Ltd. ("Sishui Yixin"). Sishui Yixin is engaged in the provision of construction waste treatment, environmental engineering, land consolidation. The purchase consideration for the acquisition was in the form of cash, with RMB6,000,000 paid at the acquisition date.

The following table summarises the consideration paid for the acquisition and the fair value of the identifiable assets acquired and liabilities assumed at the respective acquisition dates:

	Dunhuang Anjie	**Shuifa Green Construction**	**Sishui Yixin**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Property, plant and equipment	84,460	891	5,682	91,033
Deferred tax assets	–	672	–	672
Inventory	–	–	564	564
Trade and bills receivables	30,073	8,642	321	39,036
Prepayments, deposits and other receivables	24	7,682	–	7,706
Cash and cash equivalents	147	9,537	87	9,771
Trade payables	(2,841)	(1,068)	–	(3,909)
Other payables and accruals	(108,913)	(6,761)	(1,009)	(116,683)
Total identifiable net assets/(liabilities) at fair value	2,950	19,595	5,645	28,190
Goodwill on acquisition	6,650	205	355	7,210
Satisfied by cash	9,600	19,800	6,000	35,400

24. RELATED PARTY TRANSACTION

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transaction or balances with the Group during the financial years

Name of related parties	Relationship with the Company
Shuifa Group Co., Ltd ("Shuifa Group")	Ultimate parent company
Shandong Shuifa Minsheng Commercial Operation Management Co., Ltd.	Controlled by Shuifa Group
Shandong Herun Real Estate Co., Ltd.	Controlled by Shuifa Group
Dun'an (Tianjin) Energy Saving System Co., Ltd.	Controlled by Shuifa Group
Shandong Shuifa Comprehensive Energy Co., Ltd.	Controlled by Shuifa Group
Shuifa Clean Energy Co., Ltd.	Controlled by Shuifa Group
Qingdao Neng'an Hengxin Technology Co., Ltd.	Controlled by Shuifa Group
Shuifa Clean Energy Co., Ltd.	Controlled by Shuifa Group
Shandong Shuifa Mingde Property Management Co., Ltd.	Controlled by Shuifa Group
Shuifa Zhuoheng Engineering Management Co., Ltd.	Controlled by Shuifa Group
Shuifa Energy Group Co., Ltd.	Controlled by Shuifa Group
Shuifa Lucong Environmental Protection Technology (Suzhou) Co., Ltd.	Controlled by Shuifa Group
Heze Zhongxing Water Environment Co., Ltd.	Controlled by Shuifa Group
Shandong Shuifa Shengjing Real Estate Co., Ltd.	Controlled by Shuifa Group
Zhuhai Xingye Education Technology Co., Ltd.	Controlled by Shuifa Group
Lianyuan Tongxing New Energy Technology Co., Ltd.	Controlled by Shuifa Group
Shandong Shuifa Minsheng Commercial Operation Management Co., Ltd.	Associate
Shandong Herun Real Estate Co., Ltd.	Associate

(b) Transactions with related parties

In 2021, a loan with a principal of USD 164,969,707, equivalent to RMB1,051,797,000 (2020: USD281,252,000, equivalent to RMB1,938,920,000) was borrowed from the Shuifa Group, with an interest rate of 6% per annum. An amount of the principal of USD 233,154,863, equivalent to RMB1,486,525,000 (2020: USD 61,304,000, equivalent to RMB400,000,000) were repaid before the year end. As at 31 December 2021, the outstanding amount of the loan was USD 151,763,699, equivalent to RMB1,079,815,000 (2020: USD225,591,000, equivalent to RMB1,471,961,000).

(c) Outstanding balances with related parties

	As at 31 December	
	2021	2020
	RMB'000	*RMB'000*
Due from associates:		
Trade receivables	**444**	378
Due from fellow subsidiaries:		
Prepayments, and receivables and other assets *(note 17)*	**11,687**	29,270
Prepayments in advance	**—**	17,555
Contract assets	**8,229**	2,156
Due to the Ultimate holding company:		
Other payables and accruals	**1,094,815**	1,486,961
Due to fellow subsidiaries:		
Other payables and accruals	**184,099**	42,026
Due to associates:		
Other payables and accruals	**—**	1,000

(d) Compensation of key management personnel of the Group

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Salaries, allowances and benefits	**14,585**	4,225
Pension scheme contributions	**534**	104
	15,119	4,329

25. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, the Group has no significant event after the reporting period that needs to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Business overview

We are a professional renewable energy solution provider and building contractor. Our main businesses are design, fabrication and installation of curtain wall, green building and solar projects. Solar projects included Building Integrated Photovoltaic System ("BIPV") system, roof top solar system and ground mounted solar system (collectively "Solar EPC"); we also engaged in the manufacturing and sale of renewable energy goods. Our BIPV system involves (i) the integration of photovoltaic technology into the architectural design of buildings and structures and (ii) conversion of solar energy into electricity for use. Our system allows the electricity generated from solar panels to be connected to the power grid of a building and the electricity generated from sun power will be consumed simultaneously. No extra electricity storage cost is required. Apart from the above, we also provide engineering design services and engage in the sale of curtain wall materials. Leveraging on our track record and extensive experience in our curtain wall business, we will further strengthen and develop our renewable energy business in respect of BIPV systems and renewable energy products. In 2020, the Group further diversified its business into Wind Power EPC, in November 2021, our Group acquired approximately 45 MW of solar power stations from Shuifa Group, details of which has been set out in the circular of the Company on 19 November 2021. In the long run, we will aspire and strive to grow into an enterprise with a focus on renewable energy business.

	2021 **RMB'000**	2020 RMB'000 (Restated)
Profit attributable to equity owners of the Company	**221,410**	310,632
Profit before gain on repurchase of senior notes	**235,793**	122,930
EBITDA*	**786,476**	663,903

Profit attributable to equity owners of the Company dropped by RMB89.2 million or 28.7%, such decrease was mainly caused by a one-off gain of approximately RMB209.4 million arising from the repurchase and cancellation of US$193 million of senior notes by the Company in 2020.

In 2021, due to the strong growth in Wind EPC, the repaid recover in curtain walls and green building EPC business and the increase in income from sale of electricity, a substantial improvement is recorded in both the EBITDA and the profit before gain on repurchase of senior notes. EBITDA grew by RMB122.6 million or 18.5%, and the profit before gain on repurchase of senior notes grew by RMB112.9 million or 91.8%

**Earning before interest, tax, depreciation and amortization.*

Curtain wall and green building business

In 2021, our curtain wall and green building construction business amounted to RMB1,662.5 million, increased by RMB526.2 million or 46.3% as compared to RMB1,136.3 million in 2020.

The economy inside Mainland China recovered rapidly in 2021, China is one of the countries which the fastest recovery rate after the COVID-19 pandemic. A strong growth has been recorded in three major main business areas — Public work, commercial & industrial and high-end residential.

Solar EPC business

Solar EPC business dropped from RMB1,192 million in 2020 to RMB357.2 million in 2021. The material costs for solar EPC remained high in year 2021, such increase was mainly due to price hikes in solar modules in response to the material shortages and high transportation costs. The selling price for polysilicon, increased substantially during 2021 as its supply could not keep up with the downstream installation demand growth, moreover, the prices for materials used in supporting structure for solar farm, such as aluminum, were also on upward trends. Solar EPC business is not as profitable as what the Group made before year 2018, we therefore squeezed our Solar EPC business and shift our focus to Wind Power EPC in 2021.

Wind power EPC

In 2021, the Group involved in a number of sizable Wind Power EPC projects, revenue in 2021 was approximately RMB3,086.2 million. Revenue from Wind Power EPC increased by RMB1,708.8 million or 124.1%, such increase was mainly because the Group won a mega size project in North-east part of China during the year.

Renewable energy goods

Apart from Solar EPC, we also produce different kind of renewable energy goods. Renewable energy goods include wind power materials, solar photovoltaic materials and solar thermal products. Solar thermal products include air-source heat pump, solar heat collectors and solar heating system. The increase the revenue from sale of renewable energy goods were mainly came from the sale in wind EPC related products.

Conventional materials

The drop in sale in conventional materials in 2021 was mainly caused by the drop in business in overseas market since majority of our Group's target markets were still in different level of lock-down because of the COVID-19 pandemic.

Thermal Supply

As announced by the Company on 11 September 2020, our Group also acquired Zibo Qilu Chemical Industry Zone Thermal Co., from the controlling shareholder of the Company, its main business is the supply of pipeline steam inside a industrial zone. Total revenue recognized during the year was approximately RMB268.6 million (2020: RMB188.7 million).

Self-develop solar and wing projects

At 31 December 2021, the Group had around 588.6 MW of grid connected solar projects and 42.9 MW projects awaiting for grid connection.

As announced by the Company on 19 November 2021, our Group acquired approximately 45MW of on-grid solar farm from Shandong Shuifa Clean Energy Technology Co., Ltd, which is a fellow subsidiaries of our Company under Shuifa Group.

The following table sets out the Group's self-invested solar and wind power stations as at 31 December 2021.

Location	On-grid	Pending grid connection	Under Construction	Total
	MW	*MW*	*MW*	*MW*
Solar power stations				
Guangdong province	243	7	—	250
Northwest China	152.6	35.9	—	188.5
Shandong province	45	—	—	45
Golden Sun/Distributed Power	146	—	—	146
Overseas	2	—	—	2
	588.6	42.9	—	631.5
Wind power stations				
Northeast China	—	—	100	100
	588.6	42.9	100	731.5

The Group's accumulated on-grid capacity was 588.6 megawatts ("MW") at 31 December 2021, which comprised of 146 MW Golden Sun or distributed power stations, and 440.6 MW ground-mounted solar farms inside Mainland China and a 2 MW solar farm located overseas. The sale of electricity, including tariff adjustment, amounted to RMB455.6 million in the year 2021 (2020: RMB374.6 million).

In second half of 2021, the Group started to build a 100MW wind farm in Tongyu county in Jilin province, this project is expected to complete in 2022.

BUSINESS AND FINANCIAL REVIEW

Revenue

The following table set out the breakdown of revenue:

	2021 *RMB million*	2020 *RMB million* (Restated)
Curtain walls and green buildings		
— Public work	**240.3**	162.4
— Commercial and industrial	**937.6**	646.0
— High-end residential	**484.6**	327.9
	1,662.5	1,136.3
Solar EPC		
— Public work	**—**	24.8
— Commercial and industrial	**357.2**	1,167.2
	357.2	1,192.0
Wind Power EPC		
— industrial and commercial	**3,086.2**	1,377.4
Total construction contracts	**5,105.9**	3,705.7
Sale of goods		
— Conventional materials	**171.3**	213.4
— Renewable energy goods	**272.8**	120.0
— New materials	**131.1**	99.0
— Energy related products	**35.0**	857.1
Total sale of goods	**610.2**	1,289.5
Sale of electricity	**455.6**	374.6
Thermal supply	**268.6**	188.7
Rendering of design and other services	**63.1**	20.0
	6,503.4	5,578.5

Gross profit and gross profit margin

	2021		2020	
	RMB million	*%*	*RMB million* (Restated)	*%*
Construction contracts				
— Curtain walls and green buildings	**142.0**	**8.5**	138.0	12.1
— Solar EPC	**8.2**	**2.3**	151.7	12.7
— Wind EPC	**481.3**	**15.6**	260.3	18.9
	631.5	**12.4**	550.0	14.8
Sale of goods				
— Conventional materials	**27.8**	**16.2**	53.1	24.9
— Renewable energy goods	**16.7**	**6.1**	13.8	11.5
— New materials	**24.8**	**18.9**	23.6	23.9
— Energy related products	**13.9**	**39.7**	9.5	1.1
	83.2	**13.6**	100.0	7.8
Sale of electricity	**270.5**	**59.4**	197.8	52.8
Rendering of design and other services	**35.0**	**55.5**	7.9	39.3
Thermal supply	**54.8**	**20.4**	58.7	31.1
Total gross profit and gross profit margin	**1,075.0**	**16.5**	914.4	16.4

The Group's revenue increased by RMB924.9 million or 16.6%, from RMB5,578.5 million in 2020 to RMB6,503.4 million in 2021. Gross profit increased by RMB160.6 million or 17.6%, from RMB914.4 million in 2020 to RMB1,075 million in 2021.

Revenue and gross profit contribution from different business sectors:

Revenue split

	2021		2020	
	RMB million	%	RMB million (Restated)	%
Conventional business[1]	**1,896.9**	**29.2**	1,369.7	24.6
Energy business[2]	**4,475.4**	**68.8**	4,109.8	73.6
New material business	**131.1**	**2.0**	99.0	1.8
	6,503.4	**100.0**	5,578.5	100.0

Gross profit split

	2021		2020	
	RMB million	%	RMB million (Restated)	%
Conventional business[1]	**204.8**	**19.1**	199.0	21.8
Energy business[2]	**845.4**	**78.6**	691.8	75.6
New material business	**24.8**	**2.3**	23.6	2.6
	1,075.0	**100.0**	914.4	100.0

1. Included curtain wall and green building construction contracts, sale of conventional materials and rendering of design and other services.

2. Included solar EPC construction contracts, sale of renewable energy goods, sale of energy related products, sale of electricity and tariff adjustment, wind power EPC and thermal supply.

Other income/other gain (losses)

Other income/other gain(losses) during the year mainly came from deferred income and operating lease rental income; while other income and gain in 2020 mainly came from the gain on repurchase and cancellation of senior notes.

Administrative, selling and distribution expenses

Selling and distribution expenses increased by RMB7.9 million or 10%, the increase in selling and distribution expense is in line with the increase in revenue of the Group.

Administrative expenses slightly decreased by RMB6.6 million of 1.6% as compared with the year 2020.

Finance costs

The finance costs of the Group in 2021 and 2020 are summerised as per below:

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
		(Restated)
Finance cost:		
— Interest on bank and other loans	**169,805**	195,703
— Interest on senior notes	**91,573**	146,660
— Interest on amounts due to related parties	**78,312**	38,903
— Interest on lease liabilities	**835**	726
— Others	**1,317**	11,110
	341,842	393,102
Less: Foreign exchange gain, net	**(34,068)**	(142,863)
Interest capitalised	**(14,827)**	(20,041)
	(48,895)	(162,904)
Total finance costs	**292,947**	230,198

Total finance costs before foreign exchange gain and interest capitalized in 2021 amounted to RMB341.8 million, representing a drop of RMB51.3 million or 13.0%. Such decrease mainly came from the drop in interest on senior notes, which was mainly because our Group repurchased and cancelled approximately US$191.6 million of senior notes in first half of year 2020; interest on bank and other loan dropped from RMB195.7 million in 2020 to RMB169.8 million in 2021, this was mainly due to the decrease in average loan balance during the year.

Income tax expense

Income tax expense during the year included RMB114.5 million of taxation charge (2020: RMB116.8 million) and RMB60.2 million of deferred tax credit (2020: RMB234.2 million).

The taxation charges mainly represented the income tax provision for subsidiaries inside Mainland China. No deferred tax charges on dividend withholding tax based on 5% of the net profits in the operating subsidiaries located inside Mainland China were provided for both years.

Current ratio

The current ratio, being current assets over current liabilities as at 31 December 2021 was 1.32 (31 December 2020: 1.53). This is our Group's strategy to maintain a health current ratio in order to meet short term obligations of the Group.

Trade receivables/trade and bills payables turnover days

Turnover days	**At 31 December 2021** ***Days***	At 31 December 2020 *Days*
Trade receivables	**213**	270
Trade and bills payables	**138**	150

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables for the year divided by the revenue during the year and multiplied by the number of days during the year. Trade receivables turnover days at 31 December 2021 was 213 days. Trade and bills payables turnover days is calculated based on the average of the beginning and ending balance of trade and bills payables for the year divided by the cost of sales during the year. Trade and bills payables turnover days at 31 December 2021 was 138 days.

Liquidity and financial resources

The Group's primary source of funding included receives from construction contacts, product sale as well as income from electricity sale.

When the management access the future recoverability of the receivables of the Group, they apply IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The assessment of the recoverability of the receivables is important for the management to forecast the available liquid resources of the Group.

Management assessed the impairment of trade receivables and contract assets based on expected credit losses methodology. The impairment of individually significant trade receivables and contract assets were assessed on an individual basis based on management's estimates of the discounted future cash flows. Individual insignificant trade receivables and contract assets balances were grouped based on their credit risk characteristics for overall evaluation. The collective impairment provision was determined by management based on historical loss experience, taking into considerations of forward-looking macroeconomic data, industry risk and other circumstances.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the CPI and GDP to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Apart from that, the Group also get liquid fundings through bank borrowings, senior notes and advances from holding company. The repayment schedules of the above borrowings are also being closely monitored by the management of the Group.

Liquidity risk and borrowings

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalent and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021					
Senior notes	**1,551,266**	**–**	**–**	**–**	**1,551,266**
Borrowings	**823,630**	**398,842**	**1,798,714**	**1,776,054**	**4,797,240**
Lease liabilities	**2,981**	**12,347**	**2,195**	**7,521**	**25,044**
Trade and bills payables	**2,180,962**	**–**	**–**	**–**	**2,180,962**
Other payables and accruals	**1,572,038**	**–**	**–**	**–**	**1,572,038**

	Within 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2020 (Restated)					
Senior notes	89,969	1,551,266	–	–	1,641,235
Borrowings	1,351,253	393,350	933,721	1,008,233	3,686,557
Lease liabilities	2,268	5,191	4,766	32,839	45,064
Trade and bills payables	1,923,871	—	—	—	1,923,871
Other payables and accruals	1,747,478	—	—	—	1,747,478

Capital expenditures

Capital expenditures of the Group amounted to RMB948.9 million for the year (2020: RMB593.0 million), it mainly included the capital expenditure incurred in wind power and solar photovoltaic power stations, as well as the acquisition of subsidiaries and investment properties.

Dividend

The Directors of the Company recommend payment of a final dividend of HK$0.020 per share (2020: HK$0.028 per share). The actual dividend payout ratio in each year will depend on the actual performance of the Group, the general industry and economic environment.

HUMAN RESOURCES

As at 31 December 2021, the Group had about 1,700 employees. Employee salary and other benefit expenses increased to RMB246.4 million in the year 2021 compared with RMB163.5 million in the year 2020. It was generally because of the drop in number of employees, average salary and bonus. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed regularly every year. Apart from provident fund scheme (according to the provisions of Mandatory Provident Fund Schemes for Hong Kong employees) or the state-managed retirement pension scheme (for Mainland China employees) and medical insurance, discretionary bonus are also awarded to employees according to the assessment of individual performance.

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Company and its subsidiaries (the "Group") so as to achieve effective accountability. The Directors consider that for the year ended 31 December 2021, the Company has applied the principles and complied with the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they had complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2021.

Audit Committee

The Company has established an audit committee in compliance with Rules 3.21 to 3.23 of the Listing Rules and paragraph C.3 of the Code. The primary duties of the audit committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditor. The audit committee consists of the three independent non-executive directors, Mr. Yick Wing Fat, Simon is the chairman of the audit committee. The Audit Committee has reviewed the Group's consolidated financial results for the year ended 31 December 2021.

PURCHASE, SALES AND REDEMPTION OF COMPANY'S LISTED SECURITIES

There were no purchase, sale or redemption by the Company and any of its subsidiaries, of the Company's listed securities during the year ended 31 December 2021.

Publication of Results Announcement

This annual results announcement is available for viewing on the websites of the Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and the Company's website at http://www.sfsyenergy.com and the 2021 annual report of the Company containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Company and the Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
China Singyes Solar Technologies Holdings Limited
Zheng Qingtao
Chairman

Hong Kong, 24 March 2022

As at the date of this announcement, the executive Directors are Mr. Zheng Qingtao (Chairman), Mr. Liu Hongwei (Vice Chairman), Mr. Chen Fushan and Mr. Wang Dongwei, the non-executive Directors are Mr. Xie Wen and Ms. Li Li, and the independent non-executive Directors are Dr. Wang Ching, Mr. Yick Wing Fat, Simon and Dr. Tan Hongwei.