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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01250)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

### **HIGHLIGHTS**

- The Group recorded revenue of approximately HK\$6,023.4 million (2020: approximately HK\$5,551.8 million), representing an increase of approximately 8% as compared to the corresponding period of last year. The increase of revenue is mainly due to a significant increase of sales of electricity in the Wind Power Business, which representing an increase of approximately 153% as compared with the corresponding period of last year. The Group's total gross profit for the Year was comparable to the corresponding period of last year.
- Loss for the Year of the Group was approximately HK\$288.8 million (2020: profit of approximately HK\$886.4 million). Loss attributable to the equity holders of the Company for the Year was approximately HK\$321.3 million (2020: profit attributable to the equity holders of the Company of approximately HK\$763.7 million (restated)).
- Excluding (i) the impairments for the Group's property, plant and equipment, operating concessions and financial assets and contract assets, net, which are one-off and non-cash items; and (ii) the recognition of the interest on options granted to non-controlling interests during the Year, which is one-off item, of approximately HK\$1,127.9 million in aggregate (2020: approximately HK\$75.9 million), profit for the year of the Group was approximately HK\$839.1 million, compared with that of approximately HK\$962.3 million (after excluding non-recurring items) in last year. It can be seen that the Group continues to maintain a steady development for its operating activities.
- EBITDA amounted to approximately HK\$2,941.9 million (2020: approximately HK\$3,523.4 million), representing a decrease of approximately 17% as compared to the corresponding period of last year.
- Basic and diluted loss per share for the Year were HK0.62 cent (2020: earnings per share: HK1.08 cents (restated)) and HK0.62 cent (2020: earnings per share: HK1.08 cents (restated)) respectively.
- The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Enterprises Clean Energy Group Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021 (the “**Year**”) and the consolidated statement of financial position of the Group as at 31 December 2021, together with comparative figures for the year ended 31 December 2020, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000 (Restated)
REVENUE	2	6,023,419	5,551,791
Cost of sales		<u>(3,446,896)</u>	<u>(2,888,927)</u>
Gross profit		2,576,523	2,662,864
Other income and gains, net	2	216,894	206,346
Selling and distribution expenses		(286)	(21)
Administrative expenses		(512,073)	(388,578)
Other operating expenses, net		(1,081,914)	(157,076)
Finance costs	4	(1,518,742)	(1,323,729)
Share of profits of:			
Joint ventures		17,815	16,450
Associates		<u>36,909</u>	<u>2,154</u>
(LOSS)/PROFIT BEFORE TAX	3	(264,874)	1,018,410
Income tax expense	5	<u>(23,960)</u>	<u>(131,970)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(288,834)</u></u>	<u><u>886,440</u></u>
ATTRIBUTABLE TO:			
Equity holders of the Company		(321,312)	763,694
Non-controlling interests		<u>32,478</u>	<u>122,746</u>
		<u><u>(288,834)</u></u>	<u><u>886,440</u></u>
(LOSS)/EARNINGS PER SHARE			
ATTRIBUTABLE TO EQUITY HOLDERS			
OF THE COMPANY	7		
Basic		<u><u>HK(0.62) cent</u></u>	<u><u>HK1.08 cents</u></u>
Diluted		<u><u>HK(0.62) cent</u></u>	<u><u>HK1.08 cents</u></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i> (Restated)
(LOSS)/PROFIT FOR THE YEAR	<b>(288,834)</b>	886,440
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	<b>726,229</b>	1,444,978
Release upon disposal of subsidiaries	–	3,626
Share of other comprehensive income of joint ventures	<b>15,039</b>	25,166
Share of other comprehensive income of associates	<b>33,238</b>	54,456
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<b>774,506</b>	1,528,226
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<b>485,672</b>	2,414,666
	<hr/> <hr/>	<hr/> <hr/>
ATTRIBUTABLE TO:		
Equity holders of the Company	<b>372,642</b>	2,184,509
Non-controlling interests	<b>113,030</b>	230,157
	<hr/>	<hr/>
	<b>485,672</b>	2,414,666
	<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<b>31 December</b>	31 December	1 January
	<b>2021</b>	2020	2020
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)	(Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<b>27,732,405</b>	26,347,029	22,383,901
Investment properties	<b>162,000</b>	162,000	170,000
Goodwill	<b>547,837</b>	490,682	495,556
Operating concessions	<b>2,138,011</b>	2,288,353	1,970,397
Operating rights	<b>1,020,748</b>	989,405	934,507
Other intangible assets	<b>20,001</b>	19,661	20,270
Investments in joint ventures	<b>497,159</b>	447,881	133,395
Investments in associates	<b>1,129,425</b>	953,201	723,799
Financial assets at fair value through profit or loss	–	813,145	262,072
Financial assets at fair value through other comprehensive income	–	–	7,092
Prepayments, deposits and other receivables	<b>3,291,428</b>	4,849,561	4,631,754
Other tax recoverables	<b>585,233</b>	1,206,929	1,291,040
Other non-current assets	<b>1,332,003</b>	812,690	649,896
Deferred tax assets	<b>285,508</b>	108,578	97,726
	<hr/>	<hr/>	<hr/>
Total non-current assets	<b>38,741,758</b>	39,489,115	33,771,405
<b>CURRENT ASSETS</b>			
Inventories	<b>126,520</b>	169,425	245,519
Contract assets	<b>1,353,953</b>	3,477,559	5,376,387
Trade and bills receivables	<b>10,006,793</b>	7,057,897	4,203,537
Financial assets at fair value through profit or loss	<b>581,123</b>	–	–
Prepayments, deposits and other receivables	<b>2,343,586</b>	3,018,267	3,236,699
Other tax recoverables	<b>352,472</b>	1,000,249	1,182,167
Restricted cash and pledged deposits	<b>227,200</b>	393,199	323,627
Cash and cash equivalents	<b>1,140,832</b>	2,521,536	3,698,835
	<hr/>	<hr/>	<hr/>
	<b>16,132,479</b>	17,638,132	18,266,771
Assets of a disposal group classified as held for sale	–	–	154,106
	<hr/>	<hr/>	<hr/>
Total current assets	<b>16,132,479</b>	17,638,132	18,420,877

		<b>31 December 2021</b>	31 December 2020	1 January 2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	<i>10</i>	<b>3,296,057</b>	5,898,149	5,563,504
Other payables and accruals		<b>2,363,821</b>	4,208,246	5,107,637
Lease liabilities		<b>1,009,155</b>	831,716	2,645,344
Interest-bearing bank loans and other borrowings		<b>9,041,677</b>	4,813,782	3,229,625
Corporate bonds	<i>11</i>	<b>1,188,385</b>	592,124	–
Other current liabilities		<b>1,577,945</b>	–	–
Income tax payables		<b>225,795</b>	244,790	149,564
		<b>18,702,835</b>	16,588,807	16,695,674
Liabilities directly associated with the assets classified as held for sale		–	–	118,758
Total current liabilities		<b>18,702,835</b>	16,588,807	16,814,432
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(2,570,356)</b>	1,049,325	1,606,445
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
		<b>36,171,402</b>	40,538,440	35,377,850
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities		<b>3,531,063</b>	6,208,490	12,987,864
Interest-bearing bank loans and other borrowings		<b>17,399,202</b>	17,156,781	8,938,290
Corporate bonds	<i>11</i>	–	1,104,199	557,047
Other non-current liabilities		<b>2,781,734</b>	2,347,752	1,412,218
Deferred income		<b>50,517</b>	260,910	129,261
Deferred tax liabilities		<b>326,832</b>	335,418	347,401
Total non-current liabilities		<b>24,089,348</b>	27,413,550	24,372,081
Net assets		<b>12,082,054</b>	13,124,890	11,005,769
<b>EQUITY</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	<i>12</i>	<b>63,525</b>	63,525	63,525
Perpetual capital instrument	<i>13</i>	–	1,143,587	1,139,106
Reserves		<b>11,186,898</b>	10,861,351	8,807,331
		<b>11,250,423</b>	12,068,463	10,009,962
<b>Non-controlling interests</b>		<b>831,631</b>	1,056,427	995,807
Total equity		<b>12,082,054</b>	13,124,890	11,005,769

## NOTES:

### 1.1 CORPORATE AND GROUP INFORMATION

Beijing Enterprises Clean Energy Group Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the Year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses (the “**Photovoltaic Power Business**”), wind power businesses (the “**Wind Power Business**”) and clean heat supply businesses (the “**Clean Heat Supply Business**”) in the mainland (“**Mainland China**”) in the People’s Republic of China (the “**PRC**”).

### 1.2 BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and financial guarantee contracts which have been measured at fair value. This financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Going concern

As at 31 December 2021, the Group’s current liabilities exceeded its current assets by approximately HK\$2,570,356,000. The Directors have considered the Group’s available sources of funds as at the date of approval of these consolidated financial statements, which are as follows:

- (a) Unutilised banking facilities available to the Group that the Directors are confident of them being able to be continuously renewed upon their respective expirations in the foreseeable future based on the Group’s past experiences and good credit standing;
- (b) An indirect shareholder of the Company has committed to provide continuous financial support to the Group if need; and
- (c) Other available sources of financing from banks, financial institutions and other institutions, in consideration of the Group’s credit history.

In light of the available funding as mentioned above, and after taking into account the operating performance of the Group and cash flow projection prepared by the Directors, the Directors are confident that the Group will have sufficient working capital to meet with its financial obligations and operation requirements as and when they fall due. Hence the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements under the going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their net realisable values and to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in these financial statements.

### 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16  
Amendments to HKFRS 16

*Interest Rate Benchmark Reform – Phase 2*

*Covid-19-Related Rent Concessions beyond 30 June  
2021 (early adopted)*

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate, the London Interbank Offered Rate and Loan Prime Rate from the People's Bank of China as at 31 December 2021. Since the interest rates of these borrowings were not replaced by RFRs during the Year, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. The amendment did not have any impact on the financial position and performance of the Group, as the Group does not have rent concessions arising as a direct consequence of the COVID-19 pandemic for the year ended.

During the years ended 31 December 2019 and 2020, as a result of the three rounds of capital increase by the non-controlling interests into 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.\*) (“**Beiqing Smart**”), an indirect non-wholly owned subsidiary of the Company, an option (the “**NCI Put Option**”) was granted to the non-controlling interests under which the non-controlling interests shall have the right to request certain subsidiaries of the Group to repurchase the equity interests in Beiqing Smart held by the non-controlling interests at any time after the occurrence of certain events. The Group adopted the accounting policy to account for the NCI Put Option to fully recognise the non-controlling interests.

During the Year, the Company changed its accounting policy for the NCI Put Option from full recognition of the non-controlling interests arising from the three rounds of capital increase to no recognition of the non-controlling interests arising from the three rounds of capital increase.

In the opinion of the Directors, the change in accounting policy provides more reliable and relevant information to the users of the financial statements to understand the financial performance and the financial position of the Group.

The change in accounting policy has been applied retrospectively and the comparative figures for the corresponding comparative prior periods have been restated. This change in accounting policy has had no impact on the cash flows for the year ended 31 December 2020.

The table below illustrates the measurement of the NCI Put Option from full recognition of the non-controlling interests arising from the three rounds of capital increase to no recognition of the non-controlling interests arising from the three rounds of capital increase as at 31 December 2020 and 1 January 2020.

	2020 HK\$'000 <b>Increase/ (Decrease)</b>		
<b><i>Consolidated Statement of Profit or Loss</i></b>			
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the Company	103,711		
Non-controlling interests	(103,711)		
	-		
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>			
Basic	HK0.16 cent		
	-		
Diluted	HK0.16 cent		
	-		
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: right;"><b>31 December 2020 HK\$'000 Increase/ (Decrease)</b></td> <td style="width: 50%; text-align: right;">1 January 2020 HK\$'000 Increase/ (Decrease)</td> </tr> </table>	<b>31 December 2020 HK\$'000 Increase/ (Decrease)</b>	1 January 2020 HK\$'000 Increase/ (Decrease)
<b>31 December 2020 HK\$'000 Increase/ (Decrease)</b>	1 January 2020 HK\$'000 Increase/ (Decrease)		

***Consolidated Statement of Financial Position***

**EQUITY**

**Equity attributable to equity holders of the Company**

Reserves	1,324,097	704,197
Non-controlling interests	(1,324,097)	(704,197)
	-	-

## 2. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue, other income and gains, net is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	3,125,977	2,846,277
Wind Power Business	815,895	322,092
Construction services	725,418	1,048,597
Technical consultancy services	68,963	172,881
Entrusted operations	194,734	201,483
Provision of clean heat supply services	1,092,432	960,461
	<u>6,023,419</u>	<u>5,551,791</u>
<b>Other income and gains, net</b>		
Bank interest income	6,928	17,205
Other interest income	9,687	25,952
Government grants	57,203	108,422
Gains on bargain purchase of subsidiaries	13,922	–
Gains on disposal of interest in joint ventures	3,178	22,025
Gain on remeasurement from step acquisition of a former joint venture to a subsidiary	18,855	–
Gains on disposal of subsidiaries	782	3,827
Fair value gain on financial assets at fair value through profit or loss	21,528	20,722
Reversal of impairment of interest in an associate	53,551	–
Others	31,260	8,193
	<u>216,894</u>	<u>206,346</u>

\* *Tariff adjustment represents subsidies from the government authorities in respect of the Group's photovoltaic and wind power businesses.*

## 3. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of sales of electricity	1,594,950	1,014,459
Cost of construction services	688,013	810,700
Cost of technical consultancy services	41,996	67,857
Cost of services in relation to entrusted operations	125,395	124,431
Cost of clean heat supply services	996,542	871,480
Depreciation of property, plant and equipment	1,159,238	660,305
Depreciation of right-of-use assets recognised under property, plant and equipment	340,230	409,368
Amortisation of operating concessions	127,748	60,566
Amortisation of operating rights	56,973	48,206
Amortisation of other intangible assets	3,796	2,866
	<u>1,594,950</u>	<u>1,014,459</u>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on interest-bearing bank loans and other borrowings	819,297	889,314
Interest on lease liabilities	418,009	413,858
Interest on options granted to non-controlling interests	205,849	86,889
Interest on corporate bonds	99,563	69,238
	<u>1,542,718</u>	<u>1,459,299</u>
Total interest expenses	1,542,718	1,459,299
Less: Interest capitalised	(23,976)	(135,570)
	<u><u>1,518,742</u></u>	<u><u>1,323,729</u></u>

#### 5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the Year (2020: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the Year based on the prevailing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Mainland China, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operation of photovoltaic and wind power plants; and (ii) they have operations in certain regions of the PRC that are qualified for certain concessionary corporate income tax rates for a prescribed period of time.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Mainland China		
Charge for the Year	217,448	200,872
Underprovision/(overprovision) in prior years	4,058	(31,633)
Deferred	(197,546)	(37,269)
	<u>23,960</u>	<u>131,970</u>
Total tax expense for the Year	<u><u>23,960</u></u>	<u><u>131,970</u></u>

#### 6. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2020: Nil).

## 7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, for the years ended 31 December 2021 and 2020, and the number of ordinary shares in issue during the years.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic (loss)/earnings per share amounts presented.

The calculations of the basic and diluted (loss)/earnings per share amounts are based on the following data:

	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000 (Restated)
<b>(Loss)/earnings</b>		
(Loss)/profit for the Year attributable to equity holders of the Company	<b>(321,312)</b>	763,694
Distribution related to the perpetual capital instrument	<b>(70,267)</b>	(77,192)
	<u><b>(391,579)</b></u>	<u>686,502</u>
	<b>2021</b>	2020
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares, used in the basic and diluted (loss)/earnings per share calculations	<b>63,525,397,057</b>	63,525,397,057
	<u><b>HK(0.62) cent</b></u>	<u>HK1.08 cents</u>
	<u><b>HK(0.62) cent</b></u>	<u>HK1.08 cents</u>

## 8. CONTRACT ASSETS

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Tariff adjustment receivables	<i>(a)</i>	<b>839,064</b>	2,243,990
Construction contracts	<i>(b)</i>	<b>458,853</b>	992,062
Retention money	<i>(b)</i>	<b>113,638</b>	278,435
		<u>1,411,555</u>	<u>3,514,487</u>
<i>Less: Impairment</i>		<u>(57,602)</u>	<u>(36,928)</u>
Total		<u><b>1,353,953</b></u>	<u><b>3,477,559</b></u>

### *Notes:*

- (a) Tariff adjustment receivables included in contract assets represented the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that are to be billed and settled upon registering into the national renewable energy power generation subsidies (the "Project List"). In the opinion of the Directors, the registration procedures of the Project List for the Group's photovoltaic and wind power plant projects are of administrative in nature and the Group will comply with the related procedures stipulated by the current government policy in Mainland China and all other attaching conditions, if any.
- (b) Contract assets are initially recognised for revenue earned from construction services as the receipt of consideration is conditional on construction progress. Included in contract assets for construction services are retention receivables. Upon completion of certain milestones as agreed with customers and such being accepted by them, the amounts recognised as contract assets are reclassified to trade receivables.

## 9. TRADE AND BILLS RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	2,261,296	2,209,810
Bills receivable	<u>172,654</u>	<u>462,106</u>
	2,433,950	2,671,916
Tariff adjustment receivables ( <i>Note</i> )	<u>7,646,618</u>	<u>4,421,733</u>
	10,080,568	7,093,649
<i>Less: Impairment</i>	<u>(73,775)</u>	<u>(35,752)</u>
Total	<u><u>10,006,793</u></u>	<u><u>7,057,897</u></u>

*Note:* Tariff adjustment receivables included in trade receivables represent the central government renewable energy subsidy for the Group's photovoltaic and wind power plant projects that have been registered into the Project List.

The Group's trading terms with its customers are mainly on credit, except for certain new customers where payment in advance is normally required. The Group generally allows credit periods of 30 days to 90 days to its customers, and generally accepts settlement of certain trade receivables by bank and commercial bills with maturity periods ranging from 90 days to 180 days.

Management seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade receivables are non-interest bearing.

The ageing analysis of trade and bills receivables (excluding tariff adjustment receivables, net of loss allowance) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	934,851	1,216,996
4 to 6 months	127,366	154,612
7 to 12 months	239,909	236,671
1 to 2 years	528,315	733,308
Over 2 years	<u>535,936</u>	<u>301,589</u>
	<u><u>2,366,377</u></u>	<u><u>2,643,176</u></u>

The ageing analysis of the tariff adjustment receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	1,497,335	534,373
4 to 6 months	804,237	366,141
7 to 12 months	1,270,687	716,250
1 to 2 years	1,503,687	1,306,300
Over 2 years	2,564,470	1,491,657
	<u>7,640,416</u>	<u>4,414,721</u>

## 10. TRADE AND BILLS PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 3 months	92,689	2,012,517
4 to 6 months	329,994	538,250
7 to 12 months	407,888	586,921
1 to 2 years	639,273	2,265,638
2 to 3 years	1,826,213	494,823
	<u>3,296,057</u>	<u>5,898,149</u>

The trade payables are non-interest bearing. Trade and bills payables are normally settled on terms of 30 days to 180 days.

The Group's bills payable amounting to approximately HK\$65,358,000 (2020: approximately HK\$19,879,000) were secured by the pledged bank deposits as at 31 December 2021.

## 11. CORPORATE BONDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Unsecured corporate bonds, repayable:</b>		
Within one year	1,188,385	592,124
In the second year	–	1,104,199
	<u>1,188,385</u>	<u>1,696,323</u>
Total corporate bonds	1,188,385	1,696,323
Portion classified as current liabilities	<u>(1,188,385)</u>	<u>(592,124)</u>
Non-current portion	<u>–</u>	<u>1,104,199</u>

Corporate bonds of the Group as at 31 December 2021 and 31 December 2020 comprised:

- (i) a corporate bond with an aggregate principal amount of RMB500,000,000 was issued by the Company to certain institutional investors on 6 December 2019, bearing interest at a rate of 5.99% per annum. The corporate bond is unsecured and repayable on 6 December 2022. One year prior to the maturity pursuant to the terms and conditions in the bond subscription agreement, the Company shall be entitled to adjust the coupon rate of the corporate bond and the bond holders shall be entitled to sell back the corporate bond to the Company. Further details of the corporate bond are set out in the Company's announcement dated 6 December 2019. In December 2021, the Company redeemed the principal amount of RMB460,000,000 from the bond holders, the remaining portion of the principal amount of RMB40,000,000 will be repayable on 6 December 2022 and classified as current liabilities as at 31 December 2021. Further details of the corporate bond are set out in the Company's announcement dated 2 December 2021; and
- (ii) a corporate bond with an aggregate principal amount of RMB900,000,000 was issued by the Company to certain institutional investors on 29 April 2020, bearing interest at a rate of 5.50% per annum. The corporate bond is unsecured and repayable on 29 April 2023. One year prior to the maturity pursuant to the terms and conditions in the bond subscription agreement, the Company shall be entitled to adjust the coupon rate of the corporate bond and the bond holders shall be entitled to sell back the corporate bond to the Company. Further details of the corporate bond are set out in the Company's announcement dated 30 April 2020.

## 12. SHARE CAPITAL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Authorised:</b>		
Ordinary shares:		
466,637,115,100 shares of HK\$0.001 each	<u>466,637</u>	<u>466,637</u>
Convertible preference shares:		
33,362,884,900 shares of HK\$0.001 each	<u>33,363</u>	<u>33,363</u>
	<u><b>500,000</b></u>	<u><b>500,000</b></u>
<b>Issued and fully paid:</b>		
Ordinary shares:		
63,525,397,057 shares of HK\$0.001 each	<u><b>63,525</b></u>	<u><b>63,525</b></u>

## 13. PERPETUAL CAPITAL INSTRUMENT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At beginning of the Year	1,143,587	1,139,106
Share of profit for the Year	70,267	77,192
Distribution for the Year	(79,345)	(72,711)
Redemption of perpetual capital instrument during the Year	<u>(1,134,509)</u>	<u>–</u>
At end of the Year	<u><b>–</b></u>	<u><b>1,143,587</b></u>

During the year ended 31 December 2018, the Company issued a perpetual capital instrument (the “**Perpetual Capital Instrument**”) with an aggregate principal amount of RMB1,000,000,000. Net proceeds after deducting issue expenses amounted to RMB997,000,000.

The Perpetual Capital Instrument confers the holders a right to receive distributions at the applicable distribution rate of 6.5% per annum, payable annually on 27 November. The distribution rate is subject to review in accordance with the terms thereof at each of the third anniversary from the date of issuance of the Perpetual Capital Instrument. The Company may, at its sole discretion, elect to defer a distribution. In the event when the Company elects to defer a distribution, the Company shall not declare or pay any dividends or reduce its share capital until the distribution deferred is fully settled. The Perpetual Capital Instrument may be redeemed at the option of the Company in whole but not in part, subject to certain conditions under the terms of the Perpetual Capital Instrument. The Perpetual Capital Instrument has no maturity and is classified as equity instruments. During the Year, distributions of RMB64,730,000 (2020: RMB65,000,000) was declared and paid to the holders of the Perpetual Capital Instrument.

The Perpetual Capital Instrument was fully redeemed during the Year. Further details are set out in the Company’s announcement dated 25 November 2021.

#### 14. EVENTS AFTER THE REPORTING PERIOD

Set out below are details of the significant events after the Group’s reporting period:

- (a) On 25 February 2022, 天津富清投資有限公司 (Tianjin Fuqing Investment Co., Ltd.\*) (“**Tianjin Fuqing**”), 天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.\*) (formerly known as 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited\*)) (“**Beiqing Smart**”), all the shareholders of Beiqing Smart (other than Tianjin Fuqing) (the “**Other Beiqing Smart Shareholders**”), Mr. Wang Jianyu\* (王建裕先生) and Mr. Wang Jiankai\* (王建凱先生) (the “**Existing SEC Electric Shareholders**”) and 中電電機股份有限公司 (SEC Electric Machinery Co., Ltd.\*) (“**SEC Electric**”) entered into a termination agreement (the “**Termination Agreement**”) in relation to the proposed material asset reorganisation involving Tianjin Fuqing, the Other Beiqing Smart Shareholders, the Existing SEC Electric Shareholders and SEC Electric, pursuant to which SEC Electric will acquire from the shareholders of Beiqing Smart the entire equity interests in Beiqing Smart and issue the consideration shares to satisfy the consideration for the acquisition (the “**Proposed Reorganisation**”). Under the Termination Agreement, the parties have mutually agreed to terminate the Proposed Reorganisation. Upon the entering into of the Termination Agreement and save as agreed among the parties on the responsibilities for the payment of the expenses for professional services in relation to the Proposed Reorganisation incurred, the parties will be released from any rights and obligations under the agreements and documents entered into in relation to the Proposed Reorganisation.

As at the date of this announcement, the business operations of the Company remain normal. The Company will further evaluate its financial positions and future development plan of the Group. For further information in relation to the Proposed Reorganisation, please refer to the announcements of the Company dated 15 October 2021, 25 January 2022, 26 January 2022, 17 February 2022 and 25 February 2022.

- (b) On 4 March 2022, the Company entered into the subscription agreement (the “**Subscription Agreement**”) with Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司) (the “**Subscriber**”), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 48,804,039,247 new shares (the “**Subscription Shares**”) to be issued and allotted by the Company at the subscription price of HK\$0.096 per Subscription Share for the total consideration of HK\$4,685,187,768 (the “**Subscription**”).

The Subscription Shares represent: (i) approximately 76.83% of the existing total number of shares of the Company in issue; and (ii) approximately 43.45% of the total number of shares of the Company in issue as enlarged by the allotment and issuance of the Subscription Shares upon the completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement (assuming that there will be no other change in the total number of shares of the Company). Under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), the Subscriber would be obliged to make a mandatory general offer to the shareholders of the Company for all the issued shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless, among others, the whitewash waiver is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the “**Executive**”).

An application has been made by the Subscriber to the Executive for the whitewash waiver in respect of the allotment and issuance of the Subscription Shares. The whitewash waiver, if granted by the Executive, will be subject to, among other things, the approval of at least 75% votes by the independent shareholders of the Company present and voting (either in person or by proxy) in respect of the whitewash waiver and more than 50% votes of the independent shareholders of the Company present and voting (either in person or by proxy) in respect of the Subscription (including the specific mandate) at the extraordinary general meeting of the Company by way of poll. Completion is conditional upon, among other things, the whitewash waiver being granted by the Executive and approved by the independent shareholders of the Company. If the whitewash waiver is not granted by the Executive or not approved by the independent shareholders of the Company, the Subscription will not proceed. Further details of the Subscription and the whitewash waiver are set out in the Company’s announcement dated 14 March 2022.

As of the date of this announcement, the whitewash waiver has yet to be granted by the Executive. The Company will publish further announcement(s) and/or circular in respect of the Subscription and the whitewash waiver in accordance with the Rules Governing the Listing of Securities (the “**Listing Rules**”) and the Takeovers Code in due course.

## 15. COMPARATIVE AMOUNTS

As further explained in “Note 1.3 Changes in accounting policies and disclosures”, due to the changes in accounting policies during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised. Accordingly, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year’s presentation and accounting treatment, and a third statement of financial position as at 1 January 2020 has been presented.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS REVIEW

During the Year, the Group was principally engaged in the investment, development, construction, operation and management of Photovoltaic Power Business, Wind Power Business and Clean Heat Supply Business in the PRC.

Financial highlights:

	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i> (Restated)	Change %
Revenue	<b>6,023,419</b>	5,551,791	8
Gross profit	<b>2,576,523</b>	2,662,864	(3)
Gross profit ratio (%)	<b>42.8</b>	48.0	(5.2)
(Loss)/profit for the Year	<b>(288,834)</b>	886,440	(133)
(Loss)/profit attributable to the equity holders of the Company	<b>(321,312)</b>	763,694	(142)
Basic (loss)/earnings per share <i>(in HK cent(s))</i>	<b>(0.62)</b>	1.08	(157)
EBITDA	<b>2,941,853</b>	3,523,450	(17)
Total assets	<b>54,874,237</b>	57,127,247	(4)
Total equity	<b>12,082,054</b>	13,124,890	(8)
Cash and cash equivalents	<b>1,140,832</b>	2,521,536	(55)

The coronavirus disease 2019 (COVID-19) pandemic continued to affect the global economies during the Year. Under the strong leadership of the CCP Central Committee with General Secretary Xi Jinping at its core, major strategic results have been achieved in the prevention and control of the pandemic, and thus China was not severely affected by the COVID-19 pandemic. While taking the pandemic prevention and control as part of new normal, more industry-related favourable policies continued to be introduced in China to accelerate the clean and efficient use of fossil energy, and vigorously promoted non-fossil energy to continuously increase the proportion of clean energy consumption and to promote the transformation of environmentally friendly and low-carbon production of energy.

The impact from the pandemic for the industries of the Group are relatively minor compared to other industries. As a clean energy project owner and operator, the Group was not affected by the economic adversity caused by the pandemic. The revenue contribution from the sale of electricity and entrusted operations businesses increased steadily. For the Year, the power generation of the Group on a consolidated basis amounted to approximately 4.8 million megawatt-hour (“MWh”) (2020: approximately 3.8 million MWh), representing an increase of approximately 26% as compared with the corresponding period of last year. The aggregate operating power generation<sup>#</sup> of the projects held and/or managed by the Group, the associates and the joint ventures of the Group for 2021 was approximately 5.8 million MWh (2020: approximately 4.8 million MWh), representing an increase of approximately 19.5% as compared with the corresponding period of last year.

The Group’s revenue and business structure have been successfully optimised by focusing on the power generation business with stronger sustainability, driving quality and efficiency enhancement of its existing projects, implementing cost control and efficiency enhancement by achieving further optimisation of its business mix in an active move to advance business structure with an objective to improve the Group’s overall performance.

Loss for the Year of the Group was approximately HK\$288.8 million (2020: profit of approximately HK\$886.4 million). Loss attributable to the equity holders of the Company for the Year was approximately HK\$321.3 million (2020: profit attributable to the equity holders of the Company of approximately HK\$763.7 million (restated)). The decrease is mainly due to the following reasons: (i) the recognition of the impairments for the Group’s property, plant and equipment, operating concessions and prepayments, deposits and other receivables, such impairments are only one-off and non-cash items during the Year; and (ii) the increase of interest on options granted to non-controlling interests recognised during the Year resulting the increase in finance cost and deemed as one-off nature as the Group has previously obtained several rounds of capital contributions from certain strategic investors.

Excluding (i) the impairments for the Group’s property, plant and equipment, operating concessions and financial assets and contract assets, net, which are one-off and non-cash items; and (ii) the recognition of the interest on options granted to non-controlling interests during the Year, which is one-off item, of approximately HK\$1,127.9 million in aggregate (2020: approximately HK\$75.9 million), profit for the Year of the Group was approximately HK\$839.1 million, compared with that of approximately HK\$962.3 million (after excluding non-recurring items) in last year. It can be seen that the Group continues to maintain a steady development for its operating activities.

Further details of the discussion of financial performance are set out in the section headed “**2. Financial Performance**” in “**Management Discussion and Analysis**”. Analysis of the business performance is set out below.

<sup>#</sup> *The operating power generation included (i) the power generation of the projects held by the Group, the associates and the joint ventures of the Group; and (ii) the power generation of the projects managed by the Group through the provision of entrusted management services.*

## 1.1 Sale of Electricity and Entrusted Operations

During the Year, the Group steadily developed its operating capacity through the investment, development, construction, operation and management of clean energy power plant projects, and the aggregate revenue in respect of the sale of electricity and the provision of entrusted management services amounted to approximately HK\$4,136.6 million (2020: approximately HK\$3,369.8 million), representing an increase of approximately 23% compared to the corresponding period of last year.

Pursuant to the “Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies\*” (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance in the first half of 2020, the rules for settlement of additional subsidies for renewable energy electricity prices as well as the conditions and application procedures for entering the list of national renewable energy power generation subsidies for the renewable energy power generation projects (the “**Project List**”) were further clarified. In addition, the “Notice on the Acceleration of Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies\*” (《關於加快推進可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance in the second half of 2020, which emphasised acceleration of review on existing renewable energy power generation projects, and made sure that those projects should enter the Project List in batches as soon as possible.

As at 31 December 2021, the Group has several photovoltaic and wind power plants with aggregated capacity of approximately 2,900 megawatt (“**MW**”) (2020: approximately 1,800MW) successfully enlisted in the Project List, representing over 80% (2020: over 50%) of the Group’s current on-grid capacity. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and coming future. The above notices show that the government is doing its best to solve the problem of arrears in subsidies for renewable energy power generation projects, which is beneficial to the betterment of the Group’s cash flow. The Group will closely monitor and implement remaining project inventory declaration and national subsidies related works and will proactively promote the implementation of relevant strategies to improve the receipt of national subsidies.

During the Year, settlements of the renewable energy subsidies of those photovoltaic power plants and wind power plants held by the Group's subsidiaries in the amount of approximately HK\$869.7 million (2020: approximately HK\$725.9 million) were received.

In May 2021, the National Energy Administration (the "NEA") issued the "Notice on Relevant Matters of the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021\*" (《關於2021年風電、光伏發電開發建設有關事項的通知》), which clarified that the national wind power and photovoltaic power generation as a percentage to the total electricity consumption of the society will reach approximately 11% in 2021, and will increase year by year thereafter to ensure that non-fossil energy consumption as a percentage to primary energy consumption will reach approximately 20% in 2025. Newly guaranteed on-grid capacity shall not be lower than 90 million kilowatt in 2021.

In June 2021, the National Development and Reform Commission of the PRC (the "NDRC") issued the "Notice on Matters Relating to the New Energy On-grid Tariff Policy in 2021\*" (《關於2021年新能源上網電價政策有關事項的通知》), which explicitly stated that starting from 2021, for newly filed centralised photovoltaic power plants, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects, the central government will no longer provide subsidies and implement grid parity. A new energy grid parity era of the PRC has arrived, and the value of green power including photovoltaic power generation and wind power generation will gain a better response. The Directors believe that the wind power and photovoltaic power industries have entered into a marketised stage free of reliance on tariff adjustments, and the stability and predictability of the cash flow of the wind power and photovoltaic power projects in the future will be greatly enhanced. During the Year, the construction of the first grid parity project of the Group has been officially commenced. As at 31 December 2021, the Group's aggregate capacity of the grid-connected, under-construction and approved-to-construct grid parity projects reached over 500MW. Going forward, the Group will continue to actively promote the development of photovoltaic power and wind power grid parity projects.

In May 2021, the Ministry of Ecology and Environment promulgated several administrative rules (trial) relating to the carbon emissions rights, in order to promote the official launch of the national carbon emissions trading market in July 2021. The Group seizes the opportunity to participate in carbon emissions trading market. The Group is engaged in clean energy power generation and achieves low carbon emissions during the power generation process. The Group considers implementing effective carbon asset management with an aim of taking the lead in energy conservation and emissions reduction and maximising the carbon assets in hand to enhance corporate benefits.

### 1.1.1 Photovoltaic Power Plant Projects

#### (a) Scale and performance of the centralised photovoltaic power plant projects

During the Year, the Group's centralised photovoltaic power business operated steadily. The Group recorded revenue of approximately HK\$2,503.7 million (2020: approximately HK\$2,390.9 million) from the sale of electricity of the Group's centralised photovoltaic power plants, representing approximately 42% (2020: approximately 43%) of the Group's total revenue during the Year.

As at 31 December 2021, 52 (2020: 50) centralised photovoltaic power plants covering 13 provinces, 2 autonomous regions and 1 municipality in the PRC and 1 (2020: 1) centralised photovoltaic power plant in Whyalla, Southern Australia, Australia were held by the Group and in operation, and the aggregate on-grid capacity of these photovoltaic power plants reached 2,252MW (2020: 2,239MW), details of which are set forth below:

Location	Photovoltaic resource area	2021			2020		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:							
Hebei Province	II/III	17	575	742,465	16	572	671,863
Henan Province	III	3	264	330,230	3	264	333,254
Shandong Province	III	5	248	306,197	5	248	308,996
Guizhou Province	III	4	211	204,160	4	211	211,666
Anhui Province	III	6	191	224,340	6	191	202,544
Shaanxi Province	II	2	160	241,563	2	160	249,703
Jiangxi Province	III	3	125	131,131	3	125	125,212
Jiangsu Province	III	1	100	138,004	1	100	177,879
The Ningxia Hui Autonomous Region	I	1	100	146,924	1	100	145,809
Hubei Province (note 2)	III	3	70	49,270	2	43	41,063
Jilin Province	II	1	30	45,040	1	30	46,791
The Tibet Autonomous Region	III	1	30	43,811	1	30	40,524
Tianjin Municipality	II	1	30	40,231	1	30	44,772
Yunnan Province	II	1	22	32,026	1	22	30,794
Shanxi Province	III	1	20	29,322	1	20	28,373
Guangdong Province	III	1	10	843	-	-	-
		<b>51</b>	<b>2,186</b>	<b>2,705,557</b>	<b>48</b>	<b>2,146</b>	<b>2,659,243</b>
PRC-Joint ventures:							
Anhui Province	III	1	60	79,816	1	60	74,825
Hubei Province (note 2)	III	-	-	19,199	1	27	27,095
		<b>1</b>	<b>60</b>	<b>99,015</b>	<b>2</b>	<b>87</b>	<b>101,920</b>
PRC-Sub-total		<b>52</b>	<b>2,246</b>	<b>2,804,572</b>	<b>50</b>	<b>2,233</b>	<b>2,761,163</b>
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	7,572	1	6	6,450
Total		<b>53</b>	<b>2,252</b>	<b>2,812,144</b>	<b>51</b>	<b>2,239</b>	<b>2,767,613</b>

Most of the Group’s centralised photovoltaic power plant projects in the PRC were located in the east and central regions of the PRC; and were situated in photovoltaic resource areas II and III as promulgated by the NDRC, locations considered by the management to be favourable for the development of the Group’s Photovoltaic Power Business. Set out below the projects analysis by photovoltaic resource areas:

Photovoltaic resource area	2021			2020		
	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:						
I	1	100	146,924	1	100	145,809
II	12	448	656,404	12	448	689,725
III	38	1,638	1,902,229	35	1,598	1,823,709
	51	2,186	2,705,557	48	2,146	2,659,243
PRC-Joint ventures:						
III	1	60	99,015	2	87	101,920
Total	52	2,246	2,804,572	50	2,233	2,761,163

**Note 1:** It represented the approximate aggregate power generation of the projects from the later of (i) the dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods, to the end of the respective reporting periods. Therefore, the above aggregate power generation may not reflect a full year performance of these operations.

**Note 2:** The project (the “**Hubei Project**”) was jointly held by TJCE and 北京北控蘇銀股權投資管理中心(有限合夥)(Beijing BE Suyin Equity Investment Management Centre (Limited Partnership)\*), (“**BE Suyin**”), a limited partnership established in August 2017 which was classified as a joint venture of the Group since 2017, and the power generation of the Hubei Project had been classified as the power generation of joint venture since 2017. The Group owned 65% subordinated interest in BE Suyin. Further details of the establishment of BE Suyin are set out in the Company’s announcement dated 9 August 2017.

In the second half of 2021, pursuant to certain equity transfer agreements entered into between the Group and two partners of BE Suyin respectively, two partners of BE Suyin disposed of their entire equity interests in BE Suyin to the Group and the equity transfer (the “**BE Suyin Transaction**”) was completed in September 2021. The Group owned 99.99% equity interest in BE Suyin upon the BE Suyin Transaction completed, and the power generation of the Hubei Project had been classified as the power generation of subsidiary since September 2021.

**Note 3:** During the Year, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.77.

(b) *Scale of the centralised photovoltaic power plant projects registered in the Project List*

During the Year, settlements of the renewable energy subsidies of these centralised photovoltaic power plants held by the Group's subsidiaries in the amount of approximately HK\$651.0 million (2020: approximately HK\$630.4 million) were received. As at 31 December 2021, the Group's aggregate installed capacity of the centralised photovoltaic power plants registered into the Project List reached approximately 1,950MW (2020: approximately 1,300MW). The remaining centralised photovoltaic power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue its effort on enrolling the remaining centralised photovoltaic power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and coming future.

(c) *Key performance data of the centralised photovoltaic power plant projects held by the Group and in operation on or before the beginning of the reporting period*

	<b>2021</b>	2020	Changes
Weighted average utilisation ratio (%)	<b>97.32</b>	97.63	(0.31)
Weighted average utilisation hours ( <i>hours</i> )	<b>1,259</b>	1,280	(21)

During the Year, the weighted average utilisation hours of the Group reached 1,259 hours, which was higher than the national average utilisation hours of photovoltaic power of 1,163 hours in the PRC. The decrease of weighted average utilisation ratio noted during the Year as compared to the corresponding period of last year was mainly attributable to the lower utilisation ratio from the centralised photovoltaic power plant projects of the Group located in Guizhou Province and Shaanxi Province.

*(d) Scale and performance of the distributed photovoltaic power plant projects*

In respect of the distributed photovoltaic power business, as at 31 December 2021, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 700MW (2020: approximately 700MW), mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Jiangsu Province, Shandong Province, Hebei Province and Anhui Province, which included the distributed photovoltaic power stations constructed by the Group in certain water plants of Beijing Enterprises Water Group Limited of which the Group sold electricity to respective water plants. Revenue from the sale of electricity of the Group's distributed photovoltaic power plants reached approximately HK\$622.3 million during the Year (2020: approximately HK\$455.3 million).

*(e) Scale of the distributed photovoltaic power plant projects registered in the Project List*

During the Year, settlements of the renewable energy subsidies of these distributed photovoltaic power plants held by the Group's subsidiaries in the amount of approximately HK\$154.2 million (2020: approximately HK\$57.9 million) were received. As at 31 December 2021, the Group's aggregate installed capacity of the distributed photovoltaic power plants registered into the Project List reached approximately 550MW (2020: approximately 300MW). The remaining distributed photovoltaic power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue its effort on enrolling the remaining distributed photovoltaic power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and coming future.

*(f) Entrusted management services*

In addition to the above-mentioned sale of electricity from the Group's photovoltaic power plants, the Group provided entrusted management services for photovoltaic power plant projects in the PRC and revenue of approximately HK\$7.5 million (2020: approximately HK\$90.0 million) was recognised during the Year.

**1.1.2 Wind Power Plant Projects**

Reviewing the year of 2021, the central government unprecedentedly included “Carbon Dioxide Emissions Peak” and “Carbon Neutrality” in its overall planning for the construction of ecological civilisation and called for the accelerated establishment of an economic regime featuring low-carbon green recycling development. Under the situation and requirements of strictly controlling the total amount and intensity of traditional energy consumption and continuous improvement of the ecological environment, especially the announcement of accomplishment of the “double carbon” targets (“**Carbon Dioxide Emissions Peak**” and “**Carbon Neutrality**”), wind power as a green and clean energy, will become one of the main strategic energies in the PRC in the future.

With the Group's expertise and professional team in, among others, investing, developing and managing wind and other clean energy power businesses, the Group is optimistic on continuously developing its Wind Power Business to contribute effort in building up a green future of the PRC.

*(a) Scale and performance of the wind power plant projects*

During the Year, the Group's Wind Power Business expanded steadily. The Group recorded revenue of approximately HK\$815.9 million (2020: approximately HK\$322.1 million) from the sale of electricity of the Group's wind power plants, representing an increase of approximately 153% as compared with the corresponding period of last year.

As at 31 December 2021, through self-development, joint development and acquisitions, etc., the Group's aggregate capacity of the grid-connected, under-construction and approved-to-construct wind power projects reached over 1,400MW. These projects mainly located in Hebei Province, Henan Province and Shandong Province, and mainly situated in wind resource area IV as promulgated by the NDRC. Among which, 13 (2020: 11) wind power plants covering 4 provinces and 1 autonomous region in the PRC with an aggregate on-grid capacity of 588MW (2020: 438MW) were held by the Group and in operation as at 31 December 2021, which is analysed below:

Location	Wind resource area	2021			2020		
		Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:							
Henan Province	IV	5	171	421,101	5	171	135,214
Shandong Province	IV	2	148	213,560	1	48	98,988
The Inner Mongolia Autonomous Region	I	4	119	416,558	4	119	378,415
Hebei Province	IV	1	100	282,586	1	100	37,712
Shanxi Province	IV	1	50	87,684	-	-	-
Total		<b>13</b>	<b>588</b>	<b>1,421,489</b>	<b>11</b>	<b>438</b>	<b>650,329</b>

Most of the Group's wind power plant projects in the PRC were situated in wind resource area IV as promulgated by the NDRC, locations considered by the management to be favourable for the development of the Group's Wind Power Business.

During the Year, the wind power generation of the Group on a consolidated basis amounted to approximately 1.42 million MWh (2020: approximately 0.65 million MWh), representing an increase of approximately 118.6% as compared with the corresponding period of last year. Set out below the projects analysis by wind resource areas:

Wind resource area	2021			2020		
	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)
PRC-Subsidiaries:						
I	4	119	416,558	4	119	378,415
IV	9	469	1,004,931	7	319	271,914
Total	<b>13</b>	<b>588</b>	<b>1,421,489</b>	<b>11</b>	<b>438</b>	<b>650,329</b>

*Note 1:* It represented the approximate aggregate power generation of the projects from the later of (i) the dates of acquisition by the Group; (ii) the dates of commencement of operation; and (iii) the beginning of the respective reporting periods, to the end of the respective reporting periods. Therefore, the above aggregate power generation may not reflect a full year performance of these operations.

*Note 2:* During the Year, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects was approximately RMB0.48.

*(b) Scale of the wind power plant projects registered in the Project List*

During the Year, settlements of the renewable energy subsidies of these wind power plants held by the Group's subsidiaries in the amount of approximately HK\$64.5 million (2020: approximately HK\$37.6 million) were received. As at 31 December 2021, the Group's aggregate installed capacity of the wind power plants registered into the Project List reached approximately 400MW (2020: approximately 200MW). The remaining wind power plant projects of the Group are pending from the review approval to enroll in the Project List. The Group will continue its effort on enrolling the remaining wind power plant projects into the Project List. The Directors expect that the remaining projects of the Group will receive the review approval and be enrolled in the Project List within 2022 and coming future.

*(c) Key performance data of the wind power plant projects held by the Group and in operation on or before the beginning of the reporting period*

	<b>2021</b>	2020	Changes
Weighted average utilisation ratio (%)	<b>97.21</b>	97.00	0.21
Weighted average utilisation hours (hours)	<b>2,902</b>	2,955	(53)

During the Year, the weighted average utilisation hours of the Group reached 2,902 hours, which was higher than the national average utilisation hours of wind power of 2,246 hours in the PRC. The Group's wind power plant projects are mainly located in wind resource area IV as promulgated by the NDRC and therefore with a higher average utilisation hours. During the Year, the weighted average utilisation ratio of the Group was 97.21%, which was higher than the national average utilisation ratio of wind power of 96.9% in the PRC. The improvement of weighted average utilisation ratio during the Year as compared to the corresponding period of last year was mainly attributable to more wind power plant projects of the Group commenced to be operated in Henan Province and Hebei Province which are located in wind resource area IV.

(d) *Entrusted management services*

In addition to the above-mentioned sale of electricity from the Group's wind power plants, the Group provided entrusted management services for wind power plant projects in the PRC and revenue of approximately HK\$181.0 million (2020: approximately HK\$111.5 million) was recognised during the Year.

## 1.2 **Engineering, Procurement and Construction Services, and Technical Consultancy Services**

The Group is engaged in the provision of engineering, procurement and construction services for clean energy businesses including photovoltaic and wind power-related projects and clean heat supply projects in the PRC, and has couples of qualification and extensive experience in the design, engineering and construction of power-related projects. At the same time, the Group pays much attention to self-owned photovoltaic and wind power-related project construction, which can optimise the resource allocation during the Year. Therefore, revenue of approximately HK\$654.4 million (2020: approximately HK\$802.0 million) in aggregate arising from the provision of engineering, procurement and construction services was recognised during the Year, representing 11% (2020: 15%) of the Group's total revenue during the Year and a decrease of 18% as compared to the corresponding period of last year.

In addition, certain photovoltaic power plants and clean heat supply projects on a build-operate-transfer basis (the “**BOT Basis**”) were under construction during the Year. With reference to HK (IFRIC) Interpretation 12 *Service Concession Arrangements*, construction revenue of approximately HK\$71.0 million (2020: approximately HK\$246.6 million) was recognised during the Year with reference to the fair value of construction services delivered during the construction phase. The fair value of such services is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of the relevant service concession agreements.

In respect of the technical consultancy services, as a result from the optimisation of the resource allocation of the Group, less efforts spent by the Group during the Year to explore opportunities from other industry participants in this business sector. Revenue of approximately HK\$69.0 million (2020: approximately HK\$172.9 million) was recognised during the Year and a decrease of 60% as compared to the corresponding period of last year.

### 1.3 Provision of Clean Heat Supply Services

At the 75th session of the United Nations General Assembly, the General Secretary Xi Jinping pointed out that more forceful policies and measures to the fight against climate change will be adopted in the PRC. It aims to achieve the goal of “Carbon Dioxide Emissions Peak” by 2030 and the vision of “Carbon Neutrality” by 2060. This signifies that the central government is taking practical actions to enforce the United Nations Framework Convention on Climate Change and the Paris Agreement, and is determined to implement green, low-carbon, safe and efficient utilisation of energy, and emission-reducing production methods. With the introduction of the “14th Five-Year Plan”, China’s clean heat supply policy will continue to flourish, and heat supply methods that are environmentally friendly, energy efficient, appropriate and conducive to support urban development, which will become the future of the heat supply industry.

With existing supportive government policies issued, such as the “Notice on Improving the Work Related to Heating by Renewable Energy Based on Local Conditions\*” (《關於因地制宜做好可再生能源供暖相關工作的通知》) issued by the NEA in January 2021, which encouraged the local governments to actively support renewable energy heating projects; and the “China Energy Expected Goals in 2021\*” (《2021年能源工作指導意見》) issued by the NEA in April 2021, which stated to intensify the action on clean heat supply to achieve a clean heat supply rate of 70% in the northern region in the PRC. In addition, pursuant to the “Opinions on Complete and Accurate Implementation of the New Development Concept and Full Preparation on the Works of Carbon Dioxide Emissions Peak and Carbon Neutrality\*” (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) issued by the State Council of the PRC in October 2021, which steadily promoted clean and low-carbon heat supply methods, such as heat pumping, natural gas, biomass energy and geothermal energy based on local conditions. The Clean Heat Supply Business shall have a favourable business prospects.

The Group will actively respond to national policies, seize the opportunities arising from the new round of industrial revolution, vigorously develop our clean heat supply business, continuously increase our investments in technology research and development, actively explore green, low-carbon and environmentally friendly clean heat supply methods. As at 31 December 2021, through self-development and acquisitions, 14 projects (2020: 15 projects) in operation with an aggregate actual clean heat supply area reached approximately 49.7 million square meters (“**sq.m.**”) (2020: approximately 29.1 million sq.m.), representing a year-on-year increase of 70.4%; and the number of clean heat supply services users of approximately 310,478 households (2020: approximately 228,108 households), representing a year-on-year increase of 36.1%, with its projects locating in Henan Province, Jiangsu Province, Shanxi Province, Shaanxi Province, Liaoning Province, the Ningxia Hui Autonomous Region and other provinces and autonomous regions were held and/or managed by the Group and the joint ventures of the Group through the utilisation of clean energies such as natural gas, electricity, geothermal energy, biomass energy, photovoltaic power, industrial excess heat energy, clean coal (ultra-low emission), river water source, etc. Revenue of approximately HK\$1,092.4 million (2020: approximately HK\$960.5 million) arising from the provision of clean heat supply services was recognised by the Group during the Year, representing an increase of approximately 14% as compared to the corresponding period of last year.

Among them, details of actual clean heat supply area and number of clean heat supply services users of the projects in operation which were held and/or managed by the Group and the joint ventures of the Group are as follows:

Location	Approximate actual clean heat supply area			Approximate clean heat supply services users		
	31 December	31 December	Change	31 December	31 December	Change
	2021	2020		2021	2020	
	( <i>'000 sq.m.</i> )	( <i>'000 sq.m.</i> )	( <i>%</i> )	( <i>households</i> )	( <i>households</i> )	( <i>%</i> )
Northeast region, China	27,067	7,694	251.8	141,609	76,999	83.9
North region, China	13,991	13,684	2.2	107,611	108,936	(1.2)
Northwest region, China	6,627	5,977	10.9	48,519	27,683	75.3
East and Central regions, China	1,987	1,792	10.9	12,739	14,490	(12.1)
Total	<b>49,672</b>	<b>29,147</b>	<b>70.4</b>	<b>310,478</b>	<b>228,108</b>	<b>36.1</b>

#### 1.4 Other Clean Energy Businesses

The Group has been exploring other clean energy businesses such as multi-energy complement, hydropower, energy storage, distribution and sales of electricity, hydrogen production and other business lines, and exploring international opportunities for strategic development and diversification, with an aim to become a leading integrated clean energy service provider. During the Year, the Group has also entered into several strategic cooperation agreements with certain local governments and well-established enterprises, and proactively established integrated partnerships to seek joint development in the field of clean energy for the purpose of mutual benefits and complementarity.

## 2. FINANCIAL PERFORMANCE

### 2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK\$6,023.4 million (2020: approximately HK\$5,551.8 million) during the Year, representing an increase of approximately 8% as compared to the corresponding period of last year. For the Year (i) revenue from the sale of electricity and entrusted management services reached approximately HK\$4,136.6 million (2020: approximately HK\$3,369.8 million) in aggregate, representing an increase of approximately 23% as compared to the corresponding period of last year; and (ii) revenue from construction services was approximately HK\$725.4 million (2020: approximately HK\$1,048.6 million), representing a decrease of approximately 31% as compared to the corresponding period of last year.

The gross profit performance by business nature is set out below:

	2021			2020		
	Revenue (HK\$ million)	Gross profit ratio (%)	Gross profit (HK\$ million)	Revenue (HK\$ million)	Gross profit ratio (%)	Gross profit (HK\$ million)
Sale of electricity						
Photovoltaic Power Business	3,126.0	58.0	1,814.1	2,846.2	68.6	1,953.5
Wind Power Business	815.9	65.3	532.8	322.1	62.2	200.3
Construction services	725.4	5.2	37.4	1,048.6	22.7	237.9
Technical consultancy services	69.0	39.1	27.0	172.9	60.7	105.0
Entrusted operations	194.7	35.6	69.3	201.5	38.3	77.1
Provision of clean heat supply services	1,092.4	8.8	95.9	960.5	9.3	89.0
Total	<u>6,023.4</u>	<u>42.8</u>	<u>2,576.5</u>	<u>5,551.8</u>	<u>48.0</u>	<u>2,662.8</u>

Analysis of the above businesses are set out in the section headed “1. Business Review” in “Management Discussion and Analysis”.

Gross profit for the sale of electricity increased from approximately HK\$2,153.8 million for the year ended 31 December 2020 to approximately HK\$2,346.9 million during the Year, representing 91% (2020: 81%) to the total gross profit of the Group. The increase in contribution of sale of electricity to the Group’s total gross profit was mainly attributable to the steady development of the Group’s operating capacity of the photovoltaic and wind power plant projects. On the other hand, contribution of construction services to the Group’s total gross profit was 2% (2020: 9%) during the Year.

The overall gross profit ratio for the Year was 42.8% (2020: 48.0%). The decrease was mainly due to the decrease in gross profit from the non-core businesses such as construction services and technical consultancy services during the Year. The Group’s total gross profit for the Year was comparable to the corresponding period of last year.

## **2.2 Other income and gains, net**

The Group's other income and gains, net achieved approximately HK\$216.9 million (2020: approximately HK\$206.3 million) during the Year, which mainly comprised (i) interest income of approximately HK\$16.6 million (2020: approximately HK\$43.1 million); (ii) government grants of approximately HK\$57.2 million (2020: approximately HK\$108.4 million); and (iii) reversal of impairment of interest in an associate of approximately HK\$53.6 million (2020: Nil).

## **2.3 Administrative expenses**

The increase in administrative expenses for the Year to approximately HK\$512.1 million (2020: approximately HK\$388.6 million), which was mainly attributable to the increases in staff costs during the Year as a result of the expansion of the Photovoltaic Power Business, Wind Power Business and Clean Heat Supply Business.

## **2.4 Other operating expenses, net**

The increase in other operating expenses from HK\$157.1 million in 2020 to HK\$1,081.9 million during the Year was mainly due to the following reasons: (i) the recognition of the impairments for the Group's property, plant and equipment and operating concessions of approximately HK\$299.7 million (2020: Nil); and (ii) the recognition of the impairments for prepayments, deposits and other receivables of approximately HK\$561.4 million (2020: Nil). The above impairments are only the one-off and non-cash items during the Year.

## **2.5 Finance costs**

The increase in finance costs of the Group by approximately HK\$195.0 million to approximately HK\$1,518.7 million (2020: approximately HK\$1,323.7 million) was mainly attributable to (i) the decrease in interests capitalised during the Year; and (ii) the increase of interest on options granted to non-controlling interests recognised during the Year, which deemed as one-off nature as the Group has previously obtained several rounds of capital contributions from certain strategic investors.

## **2.6 Income tax expense**

The Group conducted its principal activities in the PRC and the relevant standard corporate income tax rate was 25%. The Group's effective tax rate was lower than the standard corporate income tax rate in the PRC as certain of the Group's operating subsidiaries enjoyed tax concession benefits during the corresponding years. The decrease in income tax expense during the Year was mainly due to deferred tax income provided for impairments for the Group's property, plant and equipment, operating concessions and prepayments, deposits and other receivables.

## **2.7 Property, plant and equipment**

Property, plant and equipment mainly represented the carrying amounts of clean energy projects held by the Group and in operation or under construction, and the increase was mainly attributable to the net effect of (i) the acquisition and development of clean energy projects; and (ii) depreciation provided during the Year.

## **2.8 Investment properties**

The Group's investment properties mainly represented the fair value of an office in Hong Kong and were leased to an independent third party.

## **2.9 Goodwill**

It was attributable to the acquisition of subsidiaries since 2016.

## **2.10 Operating concessions and operating rights**

Operating concessions represented the rights to operate certain photovoltaic power plants and clean heat supply projects under the BOT Basis, and operating rights represented the operating rights arising from the acquisition of clean energy businesses with reference to HKFRS 3 (Revised) Business Combinations. The decrease in operating concessions was mainly attributable to the impairment provided for a photovoltaic power plant during the Year, and the increase in operating rights was mainly attributable to the net effect of (i) the acquisition of clean energy businesses; and (ii) amortisation provided for during the Year.

## **2.11 Investments in joint ventures**

It mainly represented the capital contributions made by the Group to the limited partnerships established in the PRC and joint ventures established for conducting the clean energy businesses.

## **2.12 Investments in associates**

It mainly represented (i) the Group's investment in 北清環能集團股份有限公司 (BECE Legend Group Co., Ltd\*) (formerly known as 四川金宇汽車城(集團)股份有限公司 (Sichuan Jinyu Automobile City (Group) Co., Ltd.\*) (a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (Stock Code: SZ.000803)), an associate owned as to 19.45% interest by the Group and was principally engaged in the organic waste hazard-free treatment and high-value resource utilisation business, the clean heat supply business and the energy performance contracting business; and (ii) the Group's investment in 北控城投控股集團有限公司 (Beijing Enterprises City Investment Holdings Group Co., Ltd\*), an associate owned as to 15% interest by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC. The increase was mainly attributable to the net effect of (i) share of profit and losses of associates; and (ii) deemed disposal loss arisen from BECE Legend Group Co., Ltd during the Year.

## **2.13 Other non-current assets**

It represented materials and equipment sold and delivered to independent third parties for the development of wind power plant projects.

## **2.14 Contract assets**

Contract assets as at 31 December 2021 of approximately HK\$1,354.0 million (2020: approximately HK\$3,477.6 million) represented (i) gross receivables of approximately HK\$572.5 million (2020: approximately HK\$1,270.5 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$839.1 million (2020: approximately HK\$2,244.0 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that will be billed and settled upon registering into the Project List; and (iii) loss allowances of contract assets of approximately HK\$57.6 million (2020: approximately HK\$36.9 million). The decrease in contract assets was mainly attributable to net effect of (i) the increase in the clean energy projects registered into the Project List; and (ii) the decrease in the extent of construction services provided for and settlements from customers during the Year.

## **2.15 Trade and bills receivables**

Trade and bills receivables of approximately HK\$10,006.8 million (2020: approximately HK\$7,057.9 million) as at 31 December 2021 were mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK\$8,073.7 million (2020: approximately HK\$4,851.7 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK\$1,494.3 million (2020: approximately HK\$1,460.0 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$73.8 million (2020: approximately HK\$35.8 million).

As at 31 December 2021, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK\$380.8 million (2020: approximately HK\$380.7 million) from the sale of electricity mainly to State Grid Corporation, a state-owned enterprise principally engaged in the development and operation of nationwide power network; and (ii) receivables of approximately HK\$7,646.6 million (2020: approximately HK\$4,421.7 million) in relation to the central government renewable energy subsidy for photovoltaic and wind power plant projects that have been registered into the Project List.

## **2.16 Prepayments, deposits and other receivables, and other tax recoverables**

The decrease in prepayments, deposits and other receivables and other tax recoverables by approximately HK\$3,734.3 million in aggregate (non-current portion decreased by approximately HK\$2,993.0 million and current portion decreased by approximately HK\$741.3 million in aggregate respectively) to approximately HK\$7,153.8 million (2020: approximately HK\$10,888.1 million) in aggregate was mainly attributable to (i) the decreases in prepayments, deposits and other receivables for the acquisition and development of clean energy projects; (ii) the decrease in the input value-added-tax recoverables arising from the utilisation of input value-added-tax recoverables from sale of electricity; and (iii) impairments for prepayments, deposits and other receivables.

## **2.17 Cash and cash equivalents**

The decrease in cash and cash equivalents by approximately HK\$1,380.7 million to approximately HK\$1,140.8 million (2020: approximately HK\$2,521.5 million) was mainly attributable to net effect of (i) the redemption of corporate bonds and the Perpetual Capital Instrument; (ii) cash outflow on developing, acquiring and operating clean energy projects; and (iii) net cash inflow from daily operating activities during the Year.

## **2.18 Trade and bills payables**

Trade and bills payables of approximately HK\$3,296.1 million (2020: approximately HK\$5,898.1 million) mainly represented trade and bills payables in relation to the provision of engineering, procurement and construction services for the development of clean energy projects.

## **2.19 Other payables and accruals**

Other payables and accruals of approximately HK\$2,363.8 million (2020: approximately HK\$4,208.2 million) decreased by approximately HK\$1,844.4 million, which was mainly due to the net effect of (i) increase in construction and equipment payables to contractors and suppliers in relation to the projects held by the Group; and (ii) settlement of the construction and equipment payable of projects acquired or under development by the Group during the Year.

## **2.20 Other current liabilities and other non-current liabilities**

Other current liabilities represented a financial liability of approximately HK\$1,577.9 million (2020: Nil) mainly arising from an option granted to the First Round Investors, the Second Round Investors and the Third Round Investor (as hereinafter defined under the section headed “**2.23 Liquidity and financial resources – (c) Capital contribution**” in “**Management Discussion and Analysis**”). Other non-current liabilities mainly comprised (i) deferred income of approximately HK\$1,547.6 million (2020: approximately HK\$943.5 million) arising from the materials and equipment sold and delivered to independent third parties for the development of wind power plant projects; and (ii) a financial liability of approximately HK\$1,227.1 million (2020: approximately HK\$1,404.3 million) mainly arising from an option granted to the Fourth Round Investors (as hereinafter defined under the section headed “**2.23 Liquidity and financial resources - (c) Capital contribution**” in “**Management Discussion and Analysis**”). Further details of the option are set out in the Company’s announcements dated 27 December 2019, 30 July 2020, 26 March 2021 and 17 September 2021 and the Company’s circular dated 24 December 2020.

## **2.21 Interest-bearing bank loans and other borrowings, corporate bonds (excluding operating leases)**

Interest-bearing bank loans and other borrowings, corporate bonds and lease liabilities, of approximately HK\$31,216.9 million (2020: approximately HK\$29,661.3 million) in aggregate increased by approximately HK\$1,555.6 million in aggregate (non-current portion decreased by approximately HK\$3,441.4 million and current portion increased by approximately HK\$4,997.0), which was mainly attributable to the net effect of (i) the drawdown of bank loans and other borrowings for the development of the clean energy businesses; (ii) the repayment of bank loans and other borrowings; and (iii) the redemption of partial portions of corporates bonds during the Year.

## **2.22 Capital expenditures**

During the Year, the Group’s total capital expenditures amounted to approximately HK\$2,416.1 million (2020: approximately HK\$5,088.5 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK\$1,423.3 million (2020: approximately HK\$2,490.5 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$3.5 million (2020: approximately HK\$1.1 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$989.3 million (2020: approximately HK\$2,596.9 million).

## 2.23 Liquidity and financial resources

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars (“**HK\$**”) and Renminbi (“**RMB**”). Surplus cash is generally placed in short-term deposits denominated in HK\$ and RMB.

As at 31 December 2021, the Group's cash and cash equivalents amounted to approximately HK\$1,140.8 million (2020: approximately HK\$2,521.5 million).

Developments of the clean energy businesses require intensive initial capital investments and the Group funds such developments during the Year mainly by (i) long-term bank loans and other borrowings; (ii) corporate bonds; and (iii) capital contribution(s) as illustrated below.

### **(a) Long-term bank loans and other borrowings, corporate bonds (excluding operating leases)**

As at 31 December 2021, the Group's total borrowings of approximately HK\$31,216.9 million (2020: approximately HK\$29,661.3 million) comprised (i) bank loans of approximately HK\$15,462.0 million (2020: approximately HK\$13,527.8 million); (ii) corporate bonds of approximately HK\$1,188.4 million (2020: approximately HK\$1,696.3 million) and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK\$14,566.5 million (2020: approximately HK\$14,437.2 million). Approximately 64% (2020: approximately 79%) of the Group's borrowings are long-term borrowings.

### **(b) Corporate bonds**

A corporate bond (the “**First Corporate Bond**”) with an aggregate principal amount of RMB500,000,000 was issued by the Company to certain institutional investors on 6 December 2019, bearing interest at a rate of 5.99% per annum. The First Corporate Bond is unsecured and repayable on 6 December 2022. One year prior to the maturity pursuant to the terms and conditions in the subscription agreement of the First Corporate Bond, the Company shall be entitled to adjust the coupon rate of the First Corporate Bond and the bond holders shall be entitled to sell back the First Corporate Bond to the Company. Further details of the corporate bond are set out in the Company's announcement dated 6 December 2019. In December 2021, the Company redeemed the principal amount of RMB460,000,000 from the bond holder, the remaining portion of the principal amount of RMB40,000,000 will be repayable on 6 December 2022 and classified as current liabilities as at 31 December 2021. Further details of the First Corporate Bond are set out in the Company's announcement dated 2 December 2021.

A corporate bond (the “**Second Corporate Bond**”) with an aggregate principal amount of RMB900,000,000 was issued by the Company to certain institutional investors on 29 April 2020, bearing interest at a rate of 5.50% per annum. The Second Corporate Bond is unsecured and repayable on 29 April 2023. One year prior to the maturity pursuant to the terms and conditions in the bond subscription agreement, the Company shall be entitled to adjust the coupon rate of the Second Corporate Bond and the bond holders shall be entitled to sell back the Second Corporate Bond to the Company. Further details of the Second Corporate Bond are set out in the Company’s announcement dated 30 April 2020.

(c) **Capital contribution**

Subsequent to the capital contribution in Beiqing Smart in the aggregate amount of RMB600 million (the “**First Round Capital Increase**”) by 天津市平安消費科技投資合夥企業(有限合夥)(Tianjin Ping An Consumption Technology Investment Partnership Enterprise (Limited Partnership)\*), 嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)\*), 嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)\*) and 嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)\*) (collectively the “**First Round Investors**”) in December 2019, on 30 July 2020, the Company, Harvest Sunny International Limited (“**Harvest Sunny**”) and Beiqing Smart, both being subsidiaries of the Company, entered into a capital contribution agreement with 深圳市海匯全贏投資諮詢合夥企業(有限合夥)(Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership)\*) and 啟鷺(廈門)股權投資合夥企業(有限合夥)(Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)\*) (the “**Second Round Investors**”), pursuant to which the Second Round Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of the Beiqing Smart (the “**Second Round Capital Increase**”).

In December 2020, Beiqing Smart conducted a further round of capital increase where 橙葉智成(淄博)股權投資合夥企業(有限合夥)(Orange Leaf Zhicheng (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)\*) (the “**Third Round Investor**”) contributed new capital in the amount of RMB100 million to Beiqing Smart (the “**Third Round Capital Increase**”).

On 26 March 2021, the Company, Tianjin Fuqing and Beiqing Smart, both being subsidiaries of the Company, entered into nine capital contribution agreements with 蕪湖建信鼎信投資管理中心(有限合夥)(Wuhu CCB Trust Dingxin Investment Management Centre (Limited Partnership)\*), 譽華融投聯動(廈門)投資合夥企業(有限合夥)(Yuhua Rongtong Linkage (Xiamen) Investment Partnership Enterprise (Limited Partnership)\*), 南昌市紅穀灘新區航投譽華股權投資中心(有限合夥)(Nanchang Honggutuan New District Hangtong Yuhua Equity Investment Centre (Limited Partnership)\*), 橙葉志嘉(淄博)股權投資基金中心(有限合夥)(Orange Leaf Zhijia (Zibo) Equity Investment Fund Centre (Limited Partnership)\*), 橙葉智通(淄博)股權投資合夥企業(有限合夥)(Orange Leaf Zhitong (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)\*), 橙葉智鴻(淄博)股權投資合夥企業(有限合夥)(Orange Leaf Zhihong (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)\*), Great First (Hong Kong) Limited (“**Great First**”), 寧波梅山保稅港區鈞源三號股權投資合夥企業(有限合夥)(Ningbo Meishan Free Trade Zone Junyuan No. 3 Equity Investment Partnership Enterprise (Limited Partnership)\*) (“**Ningbo Junyuan**”), 寧波梅山保稅港區鈞源五號股權投資合夥企業(有限合夥)(Ningbo Meishan Free Trade Zone Junyuan No. 5 Equity Investment Partnership Enterprise (Limited Partnership)\*), and 天津富騰企業管理合夥企業(有限合夥)(Tianjin Futeng Enterprise Management Partnership (Limited Partnership)\*) (the “**Fourth Round Investors**”), pursuant to which the Fourth Round Investors agreed to contribute new capital in the aggregate amount of RMB1,076.17 million in return for approximately 9.14% of the enlarged capital of the Beiqing Smart (the “**Fourth Round Capital Increase**”).

The Fourth Round Capital Increase has been completed during the Year. Immediately following the completion of the Fourth Round Capital Increase, Beiqing Smart was held as to approximately 80.24% by Harvest Sunny and would continue to be accounted as a subsidiary of the Company. All of the First Round Capital Increase, the Second Round Capital Increase, the Third Round Capital Increase and the Fourth Round Capital Increase constitute deemed disposals by the Company of its interests in Beiqing Smart under Chapter 14 of the Listing Rules. Further details are set out in the Company’s announcements dated 27 December 2019, 30 July 2020, 26 March 2021 and 17 September 2021 and the Company’s circular dated 24 December 2020.

As majority of the funding derives from equity fundings from shareholders in prior years, long-term borrowings and the corporate bonds, the Group recorded net current liabilities position of approximately HK\$2,570.4 million (2020: net current assets position of approximately HK\$1,049.3 million) as at 31 December 2021.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at 31 December 2021, the Group had unutilised banking facilities of approximately HK\$3,772.0 million in aggregate with terms ranging from repayable on demand to 15 years.

The Group's net gearing ratio, which was calculated by dividing net debt (defined as the corporate bonds, bank loans and other borrowings, net of cash and cash equivalents and other lease liabilities) by the sum of net debt and total equity, was approximately 71% (2020: approximately 67%) as at 31 December 2021. The increase in net gearing ratio was mainly due to the increase in bank loans and other borrowings for the purpose of funding the development of the clean energy businesses.

## **FUTURE OUTLOOK**

Facing the development opportunities brought by the “double carbon” (“**Carbon Dioxide Emissions Peak** and **Carbon Neutrality**”) targets, the Group always keeps in mind the original aspiration of “promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system”, closely follows the “14th Five-Year” development plan of the industry, takes account of the development of each business, persistently promotes the clean energy development with photovoltaic power, wind power and smart energy management service as the business core, and stays committed to becoming an integrated operator and provider of efficient, green, low-carbon and smart energy solutions with cutting-edge technologies, cost advantage, high-quality assets and solid operation in China.

Going forward in 2022, for investment and development, the Group will closely monitor policy changes, review and adjust the business strategy in a timely manner, strengthen efforts in market development and acquire high-quality resources with differentiated competitiveness by employing all available means. For project construction, the Group will continue to develop the internal strength and further improve the standardisation, streamlining and informatisation of project construction management to improve the quality of project construction. In production and operation, the Group will persist in enhancing quality internally and building brand image externally, apply delicacy management to improve power generation and reduce energy consumption of heat supply, and build the livelihood brand and the entrusted power operation and maintenance service brand. In risk management and control, the Group will establish a specialised risk system, set the bottom line, strengthen employees' risk awareness, build the scientific decision-making mechanism and the standard operation mechanism, and allow the frontline to control risks with independent initiative. In safety management, the Group will further consolidate the foundation to achieve another progress in building the enterprise of inherent safety. In technology management, the Group will continue to improve the technical standard system, strengthen the technological innovation capability, application capability and service capacity, promote the technology-driven market development, advance projects with the "resource + technology" pattern that coordinates technology with investment and development. In the back-end support, the Group will enhance the materials management and reduce impairment and additional stock loss, and will benchmark against market prices and update the cost standard system in a timely manner to develop the cost advantage. It will establish the "management + professionalism" dual career development channel, launch the programmes of key position successor and reserve talent selection, and improve the remuneration review system, therefore strengthening the competitiveness in the industry. The Group will promote the high-quality development of the clean energy in the new era with firm belief and solid actions, and facilitate the country to achieve the goals of "Carbon Dioxide Emissions Peak and Carbon Neutrality" in all aspects.

## **MATERIAL ASSETS REORGANISATION**

On 15 March 2021, Beiqing Smart, an indirect non-wholly owned subsidiary of the Company, entered into an agreement of Intent on Material Assets Reorganisation with SEC Electric pursuant to which Beiqing Smart and SEC Electric proposed to undertake a material asset swap transaction, whereby SEC Electric will use all or part of its assets, liabilities and businesses to swap with the equivalent value of part of the equity interests of Beiqing Smart held by Tianjin Fuqing, an indirect wholly-owned subsidiary of the Company and one of the direct shareholders of Beiqing Smart (the "**Asset Swap**"). Upon completion of the Asset Swap, SEC Electric will acquire all the remaining equity interests of Beiqing Smart from all the shareholders of Beiqing Smart through the issuance of A-shares of SEC Electric. Further details are set out in the Company's announcement dated 15 March 2021.

On 26 March 2021, SEC Electric, Tianjin Fuqing, Other Beiqing Smart Shareholders and Existing SEC Electric Shareholders entered into the material asset framework agreement dated 26 March 2021 with, among others, Tianjin Fuqing, SEC Electric, the Existing SEC Electric Shareholders and the Other Beiqing Smart Shareholders in relation to, among others, the Asset Swap; the disposal of the all remaining equity interest of Beiqing Smart held by Tianjin Fuqing and the Other Beiqing Smart Shareholders to SEC Electric; and the new ordinary share(s) in the share capital of SEC Electric to be issued to Tianjin Fuqing and the Other Beiqing Smart Shareholders to satisfy the consideration payable by SEC Electric to Tianjin Fuqing and the Other Beiqing Smart Shareholders; and the proposed transfer of part of SEC Electric Shares from the Existing SEC Electric Shareholders to Tianjin Fuqing. Further details are set out in the Company's announcement dated 26 March 2021.

On 24 September 2021, Tianjin Fuqing, and the Other Beiqing Smart Shareholders entered into an agreement of reorganisation with SEC Electric and the Existing SEC Electric Shareholders under which:

- (i) SEC Electric will transfer all of its assets and liabilities (other than assets of SEC Electric that SEC Electric will not transfer to its subsidiary 無錫中電電機科技有限公司 (Wuxi SEC Electric Technology Co., Ltd.\*) (the “**Disposed SEC Electric Subsidiary**”) upon the completion of the Proposed Reorganisation (the “**Retained Assets of SEC Electric**”) to the Disposed SEC Electric Subsidiary, and will use 60% of the equity interests of the Disposed SEC Electric Subsidiary to exchange for 3.11% of the equity interests held by Tianjin Fuqing in Beiqing Smart. Tianjin Fuqing will purchase the remaining 40% equity interests in the Disposed SEC Electric Subsidiary for cash consideration of RMB254,400,000;
- (ii) Tianjin Fuqing and the Other Beiqing Smart Shareholders will sell the Other Beiqing Smart interest, representing 96.89% of the equity interests in Beiqing Smart, to SEC Electric for RMB11,876,598,100, which will be satisfied by SEC Electric by way of the issuance of an aggregate of 1,175,900,807 new SEC Electric shares at the issue price of RMB10.10 per SEC Electric share to each of Tianjin Fuqing and the Other Beiqing Smart Shareholders; and
- (iii) the Existing SEC Electric Shareholders, will transfer 31,304,347 existing SEC Electric shares which held by them at the consideration of RMB12.19 per SEC Electric share, representing the 13.31% of the equity interests in SEC Electric to Tianjin Fuqing for the aggregate consideration of approximately RMB381,600,000, which will be satisfied by Tianjin Fuqing procuring SEC Electric to transfer 60% of the equity interests in the Disposed SEC Electric Subsidiary to the Existing SEC Electric Shareholders or the nominee designated by the Existing SEC Electric Shareholders. The Existing SEC Electric Shareholders will also acquire the remaining 40% of the equity interests in the Disposed SEC Electric Subsidiary from Tianjin Fuqing for a cash consideration of RMB254,400,000.

Upon completion of the Proposed Reorganisation, Beiqing Smart will become a wholly-owned subsidiary of SEC Electric and Tianjin Fuqing will become the controlling shareholder of SEC Electric holding approximately 68.55% of the equity interests of SEC Electric as enlarged by the allotment and issuance of the Consideration Shares, and the Existing SEC Electric Shareholders will hold the entire equity interest in the Disposed SEC Electric Subsidiary. Accordingly, SEC Electric will become an indirect non-wholly owned subsidiary of the Company focusing on the businesses of investment and development of photovoltaic power plants and wind power plants in the PRC.

On 25 February 2022, Tianjin Fuqing, Beiqing Smart, the Other Beiqing Smart Shareholders, the Existing SEC Electric Shareholders and SEC Electric entered into the Termination Agreement in relation to the Proposed Reorganisation, pursuant to which the parties have mutually agreed to terminate the Proposed Reorganisation. Upon the entering into of the Termination Agreement and save as agreed among the parties on the responsibilities for the payment of the expenses for professional services in relation to the Proposed Reorganisation incurred, the parties will be released from any rights and obligations under the agreements and documents entered into in relation to the Proposed Reorganisation.

As at the date of this announcement, the business operations of the Company remain normal. The Company will further evaluate its financial positions and future development plan of the Group. Further details are set out in the Company's announcements dated 15 October 2021, 25 January 2022, 26 January 2022, 17 February 2022 and 25 February 2022.

## **CHARGE ON THE GROUP'S ASSETS**

The secured bank loans and other borrowings and bills payables of the Group as at 31 December 2021 are secured by:

- (i) pledges over certain of the Group's property, plant and equipment and operating concessions;
- (ii) pledges over certain of the Group's trade receivables and contract assets;
- (iii) pledges over the Group's equity interests in certain subsidiaries and an associate;
- (iv) guarantees given by the Company and/or its subsidiaries; and/or
- (v) pledges over certain of the Group's bank balances.

Save as disclosed above, at 31 December 2021, the Group did not have any charges on the Group's assets.

## **CONTINGENT LIABILITIES**

As at the end of the reporting period, the Group did not have any significant contingent liabilities (2020: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. Fluctuations of exchange rates would impact the Group's net asset value due to currency translation in the preparation of the Group's consolidated accounts. If RMB appreciates/depreciates against HK\$, the Group would record a(n) increase/decrease in the Group's net asset value. During the Year, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2021, the Group employed 2,283 employees (2020: 2,041 employees) with total staff cost of approximately HK\$226.3 million incurred for the Year (2020: approximately HK\$221.4 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES AND JOINT VENTURES**

- (a) On 26 March 2021, the Company, Tianjin Fuqing and Beiqing Smart, both being subsidiaries of the Company, entered into nine capital contribution agreements with the Fourth Round Investors, pursuant to which the Fourth Round Investors agreed to contribute new capital in the aggregate amount of RMB1,076.17 million in return for approximately 9.14% of the enlarged capital of Beiqing Smart. Immediately following the completion of the Fourth Round Capital Increase, Beiqing Smart will be held as to approximately 80.24% by Tianjin Fuqing. Beiqing Smart would continue to be accounted as a subsidiary of the Company. The Fourth Round Capital Increase constitutes a deemed disposal by the Company of its interests in Beiqing Smart. The Fourth Round Capital Increase has been completed during the Year.

On 17 September 2021, the Company, Tianjin Fuqing, 北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited\*) and Beiqing Smart entered into supplemental agreements with the First Round Investors, the Second Round Investors, the Third Round Investor and the Fourth Round Investors under which the respective parties agreed to amend certain terms of the capital contribution agreements.

Further details are set out in the Company's announcements dated 26 March 2021 and 17 September 2021.

- (b) On 16 April 2021, Beijing Smart entered into an operating rights agreement with 連州市嘉潤投資發展有限公司 (Lianzhou City Jiarun Investment Development Co., Ltd.\*) (the “**Lianzhou Company**”) in relation to the transfer of the operating rights of 連州市潭嶺水電廠 (Lianzhou City Tanling Hydropower Plant\*) (the “**Hydropower Plant**”) to Beijing Smart (the “**Operating Rights Agreement**”), pursuant to which the Lianzhou Company agreed to transfer the operating rights of the Hydropower Plant to Beijing Smart (or its holding company) for a term of 20 years (from the date of transfer of the operating rights of the Hydropower Plant), subject to the obtaining of approval of the pumped-storage project. The basic operating fees payable by Beijing Smart under the Operating Rights Agreement shall be approximately RMB41,020,000 per annum. Further details are set out in the Company’s announcements dated 16 April 2021 and 30 April 2021.
- (c) On 14 May 2021, 西藏多能共拓企業管理合夥企業(普通合夥)(Tibet Duoneng Gongtuo Enterprise Management Partnership Enterprise (General Partnership)\*) (as the “**Purchaser**”) (an indirect non-wholly owned subsidiary of the Company) and Great First entered into a target equity transfer agreement, pursuant to which the Purchaser agreed to acquire, and Great First agreed to dispose of, approximately 8.33% equity interest in 北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited\*) (as the “**Target Company**”) at a consideration of RMB33,222,712 (the “**Great First Target Equity Transfer**”). On 14 May 2021, the Purchaser also entered into a target equity transfer agreement with each of Ningbo Junyuan and Super Bright (Hong Kong) Limited, (“**Super Bright**”) respectively, pursuant to which the Purchaser agreed to acquire, and Ningbo Junyuan and Super Bright agreed to dispose of, an aggregate of approximately 11.88% equity interest in the Target Company at an aggregate of consideration of RMB47,520,726 (the “**Ningbo Junyuan and Super Bright Target Equity Transfer**”), (The Great First Target Equity Transfer and the Ningbo Junyuan and Super Bright Target Equity Transfer are collectively referred to as the “**Target Equity Transfer**”).

The Target Equity Transfer has been completed during the Year. Upon completion of the Target Equity Transfers, the Purchaser will hold an aggregate of approximately 95.76% equity interest in the Target Company. The Target Company will continue to be a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the financial results of the Group. Further details are set out in the Company’s announcement dated 14 May 2021.

- (d) For details of those acquisition and disposal transactions contemplated under material assets reorganisation are set out in the section headed “**Material Assets Reorganisation**”.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries, associated companies and joint ventures by the Group for the Year.

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the significant events after the reporting period are set out in pages 16 to 17 of this annual results announcement.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the Year (2020: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 7 June 2022 (the “AGM”), the register of members of the Company will be closed from Tuesday, 31 May 2022 to Tuesday, 7 June 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 May 2022.

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

### **Redemption of RMB500,000,000 Corporate Bond Due 2022**

For the Year, the Group redeemed the one year prior to the maturity date RMB460,000,000 from the outstanding principal amount of RMB500,000,000 corporate bond due 2022 issued by the Company at the redemption amount of RMB460,000,000 plus accrued interest which was paid. The amount of RMB40,000,000, being the outstanding amount of principal amount of the RMB Bonds, was scheduled to be redeemed on the maturity date in year 2022 as the bond holders did not register for the redemption within prescribed deadline.

### **Redemption of RMB1,000,000,000 Perpetual Capital Instrument**

For the Year, the Group redeemed all of the Perpetual Capital Instrument issued in 2018 by the Company with the amount of RMB1,000,000,000 plus accrued distributions payments which was paid.

Save as the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the Year.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company focuses on maintaining high standards of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board and the management of the Company strive for adhering to the principles of corporate governance and have adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, risk management, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Group. The Company believes that effective corporate governance is an essential factor to enhance shareholders value and safeguard shareholders' interests. In the opinion of the Board, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the Year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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 its own code of conduct for dealings in securities of the Company by the Directors. Having made specific enquiries to all the Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

## **AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS**

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. The Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and risk management and internal control systems of the Company. The annual results of the Group for the Year have been reviewed by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made.

## **SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Company's auditor on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Company (www.bece.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the abovementioned websites in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to our shareholders and business partners for their continuous support and our staff for their dedication and hard work throughout the Year.

By Order of the Board  
**Beijing Enterprises Clean Energy Group Limited**  
**Zhang Tiefu and Hu Xiaoyong**  
*Joint Chairmen*

Hong Kong, 29 March 2022

*As at the date of this announcement, the Board comprises nine Directors, namely Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang, Mr. Shi Xiaobei, Mr. Tan Zaixing and Ms. Huang Danxia as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.*

*\* for identification purpose only*