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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- The Group recorded revenue of approximately HK\$5,551.8 million (2019: approximately HK\$6,335.6 million), representing a decrease of approximately 12% as compared to the corresponding period of last year as a result of the change in the Group's revenue and business structure carried out since 2018.
- Profit for the year of the Group was approximately HK\$886.4 million (2019: approximately HK\$842.1 million), representing an increase of approximately 5% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$660.0 million (2019: approximately HK\$682.9 million), representing a decrease of approximately 3% as compared to the corresponding period of last year.
- EBITDA amounted to approximately HK\$3,523.4 million (2019: approximately HK\$3,281.2 million), representing an increase of approximately 7% as compared to the corresponding period of last year.
- Basic and diluted earnings per share for the year were HK0.92 cent (2019: HK0.96 cent) and HK0.92 cent (2019: HK0.96 cent) respectively.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Enterprises Clean Energy Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 and the consolidated statement of financial position of the Group as at 31 December 2020, together with comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
REVENUE	2	5,551,791	6,335,620
Cost of sales		<u>(2,888,927)</u>	<u>(3,438,865)</u>
Gross profit		2,662,864	2,896,755
Other income and gains, net	2	206,346	278,333
Selling and distribution expenses		(21)	(3,566)
Administrative expenses		(388,578)	(557,573)
Other operating expenses, net		(157,076)	(315,421)
Finance costs	4	(1,323,729)	(1,210,215)
Share of profits and losses of:			
Joint ventures		16,450	(5,434)
Associates		<u>2,154</u>	<u>(51,248)</u>
PROFIT BEFORE TAX	3	1,018,410	1,031,631
Income tax expense	5	<u>(131,970)</u>	<u>(189,545)</u>
PROFIT FOR THE YEAR		<u>886,440</u>	<u>842,086</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		659,983	682,864
Non-controlling interests		<u>226,457</u>	<u>159,222</u>
		<u>886,440</u>	<u>842,086</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>HK0.92 cent</u>	<u>HK0.96 cent</u>
Diluted		<u>HK0.92 cent</u>	<u>HK0.96 cent</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
PROFIT FOR THE YEAR	886,440	842,086
OTHER COMPREHENSIVE INCOME/(LOSS) <i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange fluctuation reserve:		
Translation of foreign operations	1,444,978	(649,215)
Release upon disposal of subsidiaries	3,626	3,080
Share of other comprehensive income/(loss) of joint ventures	25,166	(2,130)
Share of other comprehensive income/(loss) of associates	<u>54,456</u>	<u>(11,454)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>1,528,226</u>	<u>(659,719)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>2,414,666</u></u>	<u><u>182,367</u></u>
ATTRIBUTABLE TO:		
Equity holders of the Company	2,080,798	48,267
Non-controlling interests	<u>333,868</u>	<u>134,100</u>
	<u><u>2,414,666</u></u>	<u><u>182,367</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		26,347,029	22,383,901
Investment properties		162,000	170,000
Goodwill		490,682	495,556
Operating concessions		2,288,353	1,970,397
Operating rights		989,405	934,507
Other intangible assets		19,661	20,270
Investments in joint ventures		447,881	133,395
Investments in associates		953,201	723,799
Financial assets at fair value through profit or loss		813,145	262,072
Financial asset at fair value through other comprehensive income		–	7,092
Prepayments, deposits and other receivables		4,849,561	4,631,754
Other tax recoverables		1,206,929	1,291,040
Other non-current assets		812,690	649,896
Deferred tax assets		108,578	97,726
		<hr/>	<hr/>
Total non-current assets		39,489,115	33,771,405
CURRENT ASSETS			
Inventories		169,425	245,519
Contract assets	<i>8</i>	3,477,559	5,376,387
Trade and bills receivables	<i>9</i>	7,057,897	4,203,537
Prepayments, deposits and other receivables		3,018,267	3,236,699
Other tax recoverables		1,000,249	1,182,167
Restricted cash and pledged deposits		393,199	323,627
Cash and cash equivalents		2,521,536	3,698,835
		<hr/>	<hr/>
		17,638,132	18,266,771
Assets of a disposal group classified as held for sale		–	154,106
		<hr/>	<hr/>
Total current assets		17,638,132	18,420,877

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and bills payables	<i>10</i>	5,898,149	5,563,504
Other payables and accruals		4,208,246	5,107,637
Interest-bearing bank loans and other borrowings		5,645,498	5,874,969
Corporate bond	<i>11</i>	592,124	–
Income tax payables		244,790	149,564
		16,588,807	16,695,674
Liabilities directly associated with the assets classified as held for sale		–	118,758
Total current liabilities		16,588,807	16,814,432
NET CURRENT ASSETS		1,049,325	1,606,445
TOTAL ASSETS LESS CURRENT LIABILITIES		40,538,440	35,377,850
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		23,365,271	21,926,154
Corporate bond	<i>11</i>	1,104,199	557,047
Other non-current liabilities		2,347,752	1,412,218
Deferred income		260,910	129,261
Deferred tax liabilities		335,418	347,401
Total non-current liabilities		27,413,550	24,372,081
Net assets		13,124,890	11,005,769
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	<i>12</i>	63,525	63,525
Perpetual capital instrument	<i>13</i>	1,143,587	1,139,106
Reserves		9,537,254	8,103,134
Non-controlling interests		10,744,366	9,305,765
		2,380,524	1,700,004
Total equity		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 P.O. Box 1350, Windward 3, Regatta Office Park, 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, financial asset at fair value through other comprehensive income and financial guarantee contracts which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. This financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a 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. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2. REVENUE, OTHER INCOME AND GAINS, NET

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers		
Sale of electricity with tariff adjustment*		
Photovoltaic Power Business	2,846,277	2,884,919
Wind Power Business	322,092	238,441
Construction services	1,048,597	1,948,826
Technical consultancy services	172,881	221,139
Entrusted operations	201,483	247,575
Provision of clean heat supply services	960,461	794,720
	<u>5,551,791</u>	<u>6,335,620</u>
Other income and gains, net		
Bank interest income	17,205	14,144
Other interest income	25,952	98,832
Government grants	108,422	135,619
Gains on bargain purchase of subsidiaries	–	9,432
Gain on disposal of interest in a joint venture	22,025	–
Gains on disposal of subsidiaries	3,827	–
Others	28,915	20,306
	<u>206,346</u>	<u>278,333</u>

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

3. PROFIT BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cost of sales of electricity	1,014,459	1,053,192
Cost of construction services	810,700	1,679,655
Cost of technical consultancy services	67,857	64,758
Cost of services in relation to entrusted operations	124,431	45,371
Cost of clean heat supply services	871,480	595,889
Depreciation of property, plant and equipment	1,069,673	904,868
Amortisation of operating concessions	60,566	82,510
Amortisation of operating rights	48,206	49,019
Amortisation of other intangible assets	2,866	2,976
	<u>2,866</u>	<u>2,976</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank loans and other borrowings	1,390,061	1,360,733
Interest on corporate bonds	<u>69,238</u>	<u>2,377</u>
Total interest expenses	1,459,299	1,363,110
Less: Interest capitalised	<u>(135,570)</u>	<u>(152,895)</u>
	<u><u>1,323,729</u></u>	<u><u>1,210,215</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 (2019: 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current – Mainland China		
Charge for the year	200,872	235,638
(Overprovision)/underprovision in prior years	(31,633)	30,002
Deferred	<u>(37,269)</u>	<u>(76,095)</u>
Total tax expense for the year	<u><u>131,970</u></u>	<u><u>189,545</u></u>

6. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2020 (2019: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the 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 2020 and 2019, and the number of ordinary shares in issue during the year.

The calculation of the diluted earnings per share amounts for the years is based on the profit attributable to the equity holders of the Company, adjusted for the distribution related to the perpetual capital instrument, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to equity holders of the Company	659,983	682,864
Distribution related to the perpetual capital instrument	<u>(77,192)</u>	<u>(75,194)</u>
Profit used in the basic and diluted earnings per share calculations	<u>582,791</u>	<u>607,670</u>
	2020	2019
Number of ordinary shares		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	<u>63,525,397,057</u>	<u>63,525,397,057</u>
Basic earnings per share	<u>HK0.92 cent</u>	<u>HK0.96 cent</u>
Diluted earnings per share	<u>HK0.92 cent</u>	<u>HK0.96 cent</u>

8. CONTRACT ASSETS

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Tariff adjustment receivables	<i>(a)</i>	2,243,990	3,923,741
Construction contracts	<i>(b)</i>	992,062	1,248,392
Retention money	<i>(b)</i>	<u>278,435</u>	<u>234,509</u>
		3,514,487	5,406,642
Less: Impairment		<u>(36,928)</u>	<u>(30,255)</u>
Total		<u>3,477,559</u>	<u>5,376,387</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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	2,209,810	2,574,967
Bills receivable	<u>462,106</u>	<u>862,312</u>
	2,671,916	3,437,279
Tariff adjustment receivables	<u>4,421,733</u>	<u>805,617</u>
	7,093,649	4,242,896
Less: Impairment	<u>(35,752)</u>	<u>(39,359)</u>
Total	<u><u>7,057,897</u></u>	<u><u>4,203,537</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) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follow:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 3 months	1,216,996	1,036,224
4 to 6 months	154,612	453,802
7 to 12 months	236,671	723,672
1 to 2 years	733,308	712,064
Over 2 years	301,589	472,158
	<u>2,643,176</u>	<u>3,397,920</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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 3 months	534,373	92,167
4 to 6 months	366,141	112,637
7 to 12 months	716,250	189,227
1 to 2 years	1,306,300	333,549
Over 2 years	1,491,657	78,037
	<u>4,414,721</u>	<u>805,617</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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 3 months	2,012,517	3,302,265
4 to 6 months	538,250	258,449
7 to 12 months	586,921	674,826
1 to 2 years	2,265,638	1,214,488
2 to 3 years	494,823	113,476
	<u>5,898,149</u>	<u>5,563,504</u>

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

Included in the trade and bills payables are trade payables of Nil (2019: HK\$13,218,000) due to an associate which are generally repayable within 30 to 90 days, which represents credit terms similar to those offered by the associate to their major customers.

The Group's bills payable amounting to HK\$151,370,000 (2019: HK\$112,169,000) were secured by the pledged bank deposits as at 31 December 2020.

11. CORPORATE BONDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Unsecured corporate bonds, repayable:		
Within one year	592,124	–
In the second year	<u>1,104,199</u>	<u>557,047</u>
 Total corporate bonds	 1,696,323	 557,047
Portion classified as current liabilities	<u>(592,124)</u>	<u>–</u>
 Non-current portion	 <u><u>1,104,199</u></u>	 <u><u>557,047</u></u>

Corporate bonds of the Group as at 31 December 2020 and 31 December 2019 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; 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Authorised:		
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><u>500,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:		
Ordinary shares:		
63,525,397,057 shares of HK\$0.001 each	<u><u>63,525</u></u>	<u><u>63,525</u></u>

13. PERPETUAL CAPITAL INSTRUMENT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of the year	1,139,106	1,137,776
Share of profit for the year	77,192	75,194
Distribution for the year	<u>(72,711)</u>	<u>(73,864)</u>
At end of the year	<u><u>1,143,587</u></u>	<u><u>1,139,106</u></u>

The perpetual capital instrument issued during the year ended 31 December 2018 (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 ended 31 December 2020, distributions of RMB65,000,000 (2019: RMB65,000,000) was declared and paid to the holders of the Perpetual Capital Instrument.

14. EVENT AFTER THE REPORTING PERIOD

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

On 15 March 2021, 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, entered into the Agreement of Intent on Material Asset Reorganisation with 中電電機股份有限公司 (SEC Electric Machinery Co., Ltd.*) (“**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 天津富清投資有限公司 (Tianjin Fuqing Investment Co., Ltd.*), 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.

15. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year’s presentation and accounting treatments.

MANAGEMENT DISCUSSION AND ANALYSIS

1. BUSINESS REVIEW

During the year ended 31 December 2020, the Group was 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 PRC.

Financial highlights:

	2020	2019	Change
	HK\$'000	HK\$'000	%
Revenue	5,551,791	6,335,620	(12)
Gross profit	2,662,864	2,896,755	(8)
Gross profit ratio (%)	48.0	45.7	2.3
Profit for the year	886,440	842,086	5
Profit attributable to the equity holders of the Company	659,983	682,864	(3)
Basic EPS (<i>in HK cent(s)</i>)	0.92	0.96	(4)
EBITDA	3,523,450	3,281,219	7
Total assets	57,127,247	52,192,282	9
Equity	13,124,890	11,005,769	19
Cash and cash equivalents	2,521,536	3,698,835	(32)

Amidst the severe and complex domestic and international environment, especially the rampancy of the novel coronavirus pneumonia (COVID-19) pandemic, under the strong leadership of the CCP Central Committee with General Secretary Xi Jinping as the core, major strategic results have been achieved in the prevention and control of the pandemic. The economic and social development goals and tasks have been completed in a better-than-expected progress. While taking the pandemic prevention and control as part of new normal, China continued to introduce various energy-related favourable policies 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 pandemic had a relatively minor impact on the industries of the Group compared to other industries. Due to the COVID-19 outbreak and partial or complete lockdowns during the first half of 2020, the development and construction works of certain new power plant projects were delayed in the first quarter of 2020, but have gradually resumed since the second quarter of 2020 after the lifting of the movement and quarantine restrictions in the PRC. As a clean energy project owner and operator, however, the Group was not affected by the economic adversity caused by the pandemic. The revenue contribution from the sale of electricity and entrusted operations business remained stable. Generally speaking, the pandemic had no material impact on the business operations of the Group in 2020. In 2020, the power generation of the Group on a consolidated basis amounted to approximately 3.8 million megawatt-hour (“MWh”) (2019: approximately 3.6 million MWh), representing an increase of approximately 6% compared with the corresponding period of 2019. The aggregate operating power generation[#] of the projects held and/or managed by the Group, the associates and the joint ventures of the Group for 2020 was approximately 4.8 million MWh (2019: approximately 4.6 million MWh), representing an increase of approximately 4% compared with the corresponding period of 2019.

The Group’s revenue and business structure has been continuously optimised by focusing on the power generation business with stronger sustainability, driving quality and efficiency enhancement of its existing projects, implementing cost reduction and efficiency enhancement by seeking further optimisation of its business mix in an active move to advance business transformation with an objective to improve the Group’s overall performance. Although the revenue of the Group decreased by approximately 12% as compared to the corresponding period of last year, the gross profit margin increased from 45.7% to 48.0% as compared to the corresponding period of last year.

Profit for the year of the Group was approximately HK\$886.4 million (2019: approximately HK\$842.1 million), representing an increase of approximately 5% as compared to the corresponding period of last year. Profit attributable to the equity holders of the Company was approximately HK\$660.0 million (2019: approximately HK\$682.9 million), representing a decrease of approximately 3% as compared to the corresponding period of last year.

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.

[#] 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\$3,369.8 million (2019: approximately HK\$3,370.9 million), which was comparable to the corresponding period of last year.

Pursuant to the “Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Power Generation*” (《關於促進非水可再生能源發電健康發展的若干意見》) and the revised “Administrative Measures for the Additional Subsidies for Renewable Energy Electricity Prices*” (《可再生能源電價附加補助資金管理辦法》) jointly announced by the Ministry of Finance, the National Development and Reform Commission of the PRC (the “NDRC”) and the National Energy Administration, and also 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 quarter 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 National Renewable Energy Power Generation Subsidies (the “**Project List**”) for the renewable energy power generation projects 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》) issued by the Ministry of Finance in November 2020, emphasises acceleration of review on existing renewable energy power generation projects, make sure that those projects should enter the Project List in batches as soon as possible. It also clarifies that all qualified renewable energy power generation projects which have already completed the approval procedures as required in or after 2006 could enter the Project List. Those photovoltaic and wind power plants projects registered into the first to seventh batches of the Renewable Energy Tariff Subsidy Catalogues (the “**Subsidy Catalogues**”) will be enlisted in the Project List automatically.

As at 31 December 2020, the Group has several photovoltaic and wind power plants with aggregated capacity of 1,800MW successfully enlisted on 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 2021. The above opinion and 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 follow up 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.

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\$2,390.9 million (2019: approximately HK\$2,494.9 million) from the sale of electricity from the Group's centralised photovoltaic power plants, representing 43% (2019: 39%) of the Group's total revenue during the year.

As at 31 December 2020, 50 (2019: 52) centralised photovoltaic power plants covering 12 provinces, 1 municipality and 2 autonomous regions in the PRC and 1 (2019: 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 2,239MW (2019: 2,256MW), details of which are set forth below:

Location	Photovoltaic resource area	2020			2019		
		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	16	572	671,863	16	469	605,520
Henan Province	III	3	264	333,254	3	264	339,488
Shandong Province	III	5	248	308,996	5	248	329,223
Guizhou Province	III	4	211	211,666	4	211	223,675
Anhui Province	III	6	191	202,544	6	191	220,366
Shaanxi Province	II	2	160	249,703	2	160	245,944
Jiangxi Province	III	3	125	125,212	3	125	133,048
Jiangsu Province (note 2)	III	1	100	177,879	3	220	204,884
The Ningxia Hui Autonomous Region	I	1	100	145,809	1	100	143,418
Hubei Province	III	2	43	41,063	2	43	45,247
Jilin Province	II	1	30	46,791	1	30	49,637
The Tibet Autonomous Region	III	1	30	40,524	1	30	41,218
Tianjin Municipality	II	1	30	44,772	1	30	46,630
Yunnan Province	II	1	22	30,794	1	22	33,279
Shanxi Province	III	1	20	28,373	1	20	28,362
		48	2,146	2,659,243	50	2,163	2,689,939
PRC-Joint ventures:							
Anhui Province	III	1	60	74,825	1	60	79,847
Hubei Province	III	1	27	27,095	1	27	26,551
		2	87	101,920	2	87	106,398
PRC-Sub-total		50	2,233	2,761,163	52	2,250	2,796,337
Overseas-Subsidiary:							
Whyalla, Southern Australia, Australia	N/A	1	6	6,450	1	6	9,666
Total		51	2,239	2,767,613	53	2,256	2,806,003

Most of the Group’s centralised photovoltaic power plant projects in the PRC 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	2020			2019		
	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	145,809	1	100	143,418
II	12	448	689,725	12	448	677,492
III	35	1,598	1,823,709	37	1,615	1,869,029
	48	2,146	2,659,243	50	2,163	2,689,939
PRC – Joint ventures:						
III	2	87	101,920	2	87	106,398
Total	50	2,233	2,761,163	52	2,250	2,796,337

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 period performance of these operations.

Note 2: On 8 May 2020, (i) an equity transfer agreement was entered into by and among 天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited*) (the “Vendor” or “TJCE”), 國投電力控股股份有限公司 (SDIC Power Holdings Co., Ltd.*) (the “Purchaser” or “SDIC Power”) and 響水恒能太陽能發電有限公司 (Xiangshui Hengneng Photovoltaic Power Co., Ltd.*) (“XSHN”), in relation to the disposal of the entire equity interest of XSHN at a total consideration of RMB438,000,000; and (ii) an equity transfer agreement was entered into by and among the Vendor, the Purchaser and 響水永能太陽能發電有限公司 (Xiangshui Yongneng Photovoltaic Power Co., Ltd.*) (“XSYN”), in relation to the disposal of the entire equity interest of XSYN at a total consideration of RMB100,000,000 (the “Disposals”).

Upon completion of the Disposals on 28 May 2020, XSHN and XSYN ceased to be subsidiaries of the Group. Further details of the Disposals are set out in the Company’s announcement dated 8 May 2020 and the Company’s circular dated 24 July 2020. As a result, the financial results of XSHN and XSYN from the beginning of the year and up to the completion date of the Disposals were consolidated into the Group’s results during the year.

Note 3: During the year ended 31 December 2020, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects located in the PRC was approximately RMB0.80.

(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\$630.4 million were received. As at 31 December 2020, the Group's aggregate installed capacity of the centralised photovoltaic power plants registered into the Project List reached 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 2021.

(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*

	2020	2019	Changes
Weighted average curtailment ratio (%)	2.37	1.69	0.68
Weighted average utilisation hours (hours)	1,280	1,295	(15)

During the year, the weighted average utilisation hours reached 1,280 hours, which was higher than the national average utilisation hours of photovoltaic power in the PRC of 1,160 hours. The Group's centralised photovoltaic power plant projects are mainly located in photovoltaic resource areas II and III as promulgated by the NDRC and therefore a relatively low weighted average curtailment ratio was achieved. The increase of weighted average curtailment ratio during the year as compared to the corresponding period of last year was mainly attributable to the decrease in demand for electricity due to the COVID-19 outbreak in the first quarter of 2020, and the situation has gradually improved since the second quarter of 2020.

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

In respect of the distributed photovoltaic power business, as at 31 December 2020, the total installed capacity of the distributed photovoltaic power plants held and/or managed by the Group and in operation reached approximately 700MW, mainly located in photovoltaic resource area III as promulgated by the NDRC such as Henan Province, Anhui Province, Shandong Province, Jiangsu Province and Hebei Province, which included the distributed photovoltaic power plants 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 from the Group's distributed photovoltaic power plants reached approximately HK\$455.3 million during the year (2019: approximately HK\$390.0 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 distributed photovoltaic power plants in the amount of approximately HK\$57.9 million were received. As at 31 December 2020, the Group's aggregate installed capacity of the distributed photovoltaic power plants registered into the Project List reached 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 2021.

(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\$90.0 million (2019: approximately HK\$168.6 million) was recognised during the year.

1.1.2 Wind Power Plant Projects

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 “CO2 Emissions Peak” and “Carbon Neutrality” goals, wind power as a green and clean energy, will become the main strategic energy 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\$322.1 million (2019: approximately HK\$238.4 million) from the sale of electricity from the Group’s wind power plants.

As at 31 December 2020, through self-development, joint development, 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, Shandong Province and the Inner Mongolia Autonomous Region and mainly situated in resource area IV as promulgated by the NDRC. Among which, 11 projects (2019: 7 projects) with an aggregate on-grid capacity of 438MW (2019: 190MW) were held by the Group and in operation as at 31 December 2020, which is analysed below:

Location	Wind resource area	Number of plants	2020		2019		Approximate aggregate power generation (note 1) (MWh)
			Approximate total on-grid capacity (MW)	Approximate aggregate power generation (note 1) (MWh)	Number of plants	Approximate total on-grid capacity (MW)	
PRC – Subsidiaries:							
The Inner Mongolia Autonomous Region							
	I	4	119	378,415	4	119	340,120
	IV	5	171	135,214	2	23	19,837
	IV	1	100	37,712	–	–	–
	IV	1	48	98,988	1	48	106,113
Total		11	438	650,329	7	190	466,070

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. Set out below the projects analysis by wind resource areas:

Wind resource area	2020			2019		
	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	378,415	4	119	340,120
IV	7	319	271,914	3	71	125,950
Total	11	438	650,329	7	190	466,070

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 ended 31 December 2020, the average unit selling price (excluding value-added tax) per kilowatt-hour of the above projects was approximately RMB0.45.

(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 in the amount of approximately HK\$37.6 million were received. As at 31 December 2020, the Group's aggregate installed capacity of the wind power plants registered into the Project List reached 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 2021.

- (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*

	2020	2019	Changes
Weighted average curtailment ratio (%)	3.00	0.05	2.95
Weighted average utilisation hours (hours)	2,955	2,810	145

During the year, the weighted average utilisation hours reached 2,955 hours, which was higher than the national average utilisation hours of wind power in the PRC of 2,097 hours. The increase of weighted average curtailment ratio during the year as compared to the corresponding period of last year was mainly attributable to the decrease in demand for electricity due to the COVID-19 outbreak in the first quarter of 2020, and the situation has gradually improved since the second quarter of 2020.

- (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\$111.5 million (2019: HK\$79.0 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\$802.0 million (2019: approximately HK\$1,759.4 million) in aggregate arising from provision of engineering, procurement and construction services was recognised during the year, representing 15% (2019: 29%) of the Group's total revenue during the year and a decrease of 54% 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\$246.6 million (2019: approximately HK\$189.5 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, the Group successfully marketed the aforementioned qualification and experience to other industry participants. Revenue of approximately HK\$172.9 million (2019: approximately HK\$221.1 million) was recognised during the year.

1.3 Provision of Clean Heat Supply Services

Clean heat supply represents the production of low emission heat through the utilisation of clean energies and the supply of such heat to end users. With various supportive government policies issued including but not limited to the issuance of the “Notice on the Winter Clean Heat Plan (2017 to 2021) of the Northern China*” (《關於印發北方地區冬季清潔取暖規劃(2017-2021年)的通知》) jointly by ten government authorities in December 2017 and the “Notice on the Budget for Air Pollution Prevention and Control in 2019*” (《關於下達2019年度大氣污染防治資金預算的通知》) by the Ministry of Finance in June 2019, the Clean Heat Supply Business shall have a favourable business prospects.

As at 31 December 2020, through development and business acquisition, 15 projects (2019: 17 projects) in operation with an aggregate actual clean heat supply area reached 29.0 million square meters (“**sq.m.**”) (2019: 27.4 million sq.m.) and the number of heat supply services users of approximately 238,198 households (2019: approximately 231,657 households), representing a year-on-year increase of 3%, with its projects locating in Henan, Hebei, Shanxi, Shaanxi, the Ningxia Hui Autonomous Region, Liaoning and other provinces and autonomous regions were held and/or managed by the Group, the associates 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) energy, river water source, etc. Revenue of approximately HK\$960.5 million (2019: approximately HK\$794.7 million) arising from the provision of clean heat supply services was recognised by the Group during the year, representing an increase of approximately 21% as compared to the corresponding period of last year.

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

Location	Approximate actual clean heat supply area			Approximate heat supply services users		
	31 December	31 December	Change	31 December	31 December	Change
	2020	2019		2020	2019	
	(<i>'000 sq.m.</i>)	(<i>'000 sq.m.</i>)	(%)	(<i>households</i>)	(<i>households</i>)	(%)
North region, China	13,684	12,954	5.6	108,936	108,403	0.5
Northeast region, China	7,694	7,337	4.9	76,999	72,935	5.6
Northwest region, China	5,871	5,465	7.4	37,773	36,309	4.0
East and Central regions, China	1,792	1,642	9.1	14,490	14,010	3.4
Total	29,041	27,398	6.0	238,198	231,657	2.8

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 strategic cooperation agreements with 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.

In 2020, the Group continued to proactively explore development opportunities for investment, construction and operation in the hydropower sector. As a new strategic business of the Group, the hydropower business is coordinated with other segments. Relying on hydropower, the Group may establish energy bases which integrate the storage and transmission of wind power, photovoltaic power and hydropower, so as to deliver greater scale advantages and operating benefits, which is expected to contribute more stable income and cash flow to the Group in the future, optimises the Group's clean energy power station asset portfolio and ultimately deliver greater returns to shareholders.

2. FINANCIAL PERFORMANCE

2.1 Revenue and gross profit margin

The Group recorded revenue of approximately HK\$5,551.8 million (2019: approximately HK\$6,335.6 million) during the year ended 31 December 2020, representing a decrease of approximately 12% as compared to the corresponding period of last year. For the year ended 31 December 2020 (i) revenue from the sale of electricity and entrusted management services reached approximately HK\$3,369.8 million (2019: approximately HK\$3,370.9 million) in aggregate, which was comparable to the corresponding period of last year; and (ii) revenue from construction services was approximately HK\$1,048.6 million (2019: approximately HK\$1,948.9 million), representing a decrease of 46% as compared to the corresponding period of last year.

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

	2020			2019		
	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	2,846.2	68.6	1,953.5	2,884.9	66.2	1,910.9
Wind Power Business	322.1	62.2	200.3	238.4	66.8	159.2
Construction services	1,048.6	22.7	237.9	1,948.9	13.8	269.3
Technical consultancy services	172.9	60.7	105.0	221.1	70.7	156.3
Entrusted operations	201.5	38.3	77.1	247.6	81.7	202.2
Provision of clean heat supply services	960.5	9.3	89.0	794.7	25.0	198.8
Total	5,551.8	48.0	2,662.8	6,335.6	45.7	2,896.7

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\$2,070.1 million for the year ended 31 December 2019 to approximately HK\$2,153.8 million during the year ended 31 December 2020, representing 81% (2019: 71%) 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 9% (2019: 9%) during the year. The overall gross profit ratio increased from 45.7% during the year ended 31 December 2019 to 48.0% during the year ended 31 December 2020.

2.2 Other income and gains, net

The Group's other income and gains, net achieved approximately HK\$206.3 million (2019: approximately HK\$278.3 million) during the year, which mainly comprised (i) interest income of approximately HK\$43.1 million (2019: approximately HK\$113.0 million); (ii) government grants of approximately HK\$108.4 million (2019: approximately HK\$135.6 million) and (iii) gains on disposal of interest in a joint venture of HK\$22.0 million (2019: Nil).

2.3 Administrative expenses

The decrease in administrative expenses to approximately HK\$388.6 million (2019: approximately HK\$557.6 million) was mainly attributable to the decreases in rental expenses, business travelling expenses and staff costs as a result of implementing cost reduction and efficiency enhancement by the Group.

2.4 Other operating expenses, net

The decrease in other operating expenses from HK\$315.4 million in 2019 to HK\$157.1 million during the year was mainly due to certain one-off impairments were provided in 2019 while no such items incurred during the year.

2.5 Finance costs

The increase in finance costs of the Group by approximately HK\$113.5 million to approximately HK\$1,323.7 million (2019: approximately HK\$1,210.2 million) was mainly attributable to the increase in the average balances of corporate bonds, bank loans and other borrowings of the Group as compared to the corresponding period of last year.

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.

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) the disposals of clean energy projects 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 increase in operating concessions was mainly attributable to the construction of certain clean energy projects on a BOT Basis, 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, the increase was mainly attributable to the capital contributions made to joint ventures.

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 24.72% 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% by the Group and was principally engaged in the investment, development and operation of infrastructural and properties-related businesses in the PRC.

2.13 Other non-current assets

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

2.14 Contract assets

Contract assets as at 31 December 2020 of approximately HK\$3,477.6 million (2019: approximately HK\$5,376.2 million) represented (i) gross receivables of approximately HK\$1,270.5 million (2019: approximately HK\$1,482.9 million) mainly arising from the provision of engineering, procurement and construction services for clean energy projects; (ii) gross receivables of approximately HK\$2,244.0 million (2019: approximately HK\$3,923.6 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\$36.9 million (2019: approximately HK\$30.3 million). The decrease in contract assets was mainly attributable to the increase in the clean energy projects registered into the Project List during the year.

2.15 Trade and bills receivables

Trade and bills receivables of approximately HK\$7,057.9 million (2019: approximately HK\$4,203.5 million) as at 31 December 2020 were mainly comprised (i) gross receivables from the sale of electricity of the photovoltaic and wind power plant projects of approximately HK\$4,851.7 million (2019: approximately HK\$1,260.7 million); (ii) gross receivables from the provision of engineering, procurement and construction services for clean energy businesses of approximately HK\$1,460.0 million (2019: approximately HK\$2,307.6 million); and (iii) loss allowances of trade and bills receivables of approximately HK\$35.8 million (2019: approximately HK\$39.4 million).

As at 31 December 2020, gross trade receivables for the sale of electricity of the photovoltaic and wind power plant projects mainly comprised (i) receivables of approximately HK\$380.7 million (2019: approximately HK\$345.3 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\$4,421.7 million (2019: approximately HK\$805.6 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\$266.8 million in aggregate (non-current portion increased by approximately HK\$133.7 million and current portion decreased by approximately HK\$400.5 million in aggregate respectively) to approximately HK\$10,074.9 million (2019: approximately HK\$10,341.7 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; and (ii) the decrease in the input value-added-tax recoverables arising from the acquisition and development of clean energy projects.

2.17 Cash and cash equivalents

The decrease in cash and cash equivalents by approximately HK\$1,177.3 million to approximately HK\$2,521.5 million (2019: approximately HK\$3,698.8 million) was mainly attributable to net effect of (i) net increase in the corporate bonds and bank borrowings; (ii) cash outflow on developing, acquiring and operating clean energy projects; and (iii) receipts of trade and bills receivables during the year.

2.18 Trade and bills payables

Trade and bills payables of approximately HK\$5,898.1 million (2019: approximately HK\$5,563.5 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\$4,208.2 million (2019: approximately HK\$5,107.6 million) decreased by approximately HK\$899.4 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 non-current liabilities

Other non-current liabilities comprised (a) deferred income of approximately HK\$943.5 million (2019: approximately HK\$741.1 million) arising from the materials and equipment sold and delivered to independent third parties for the development of photovoltaic and wind power plant projects; and (b) a financial liability of approximately HK\$1,404.3 million (2019: HK\$671.1 million) mainly arising from an option granted to the Ping An Entities and the Second Investors (as hereinafter defined under the section headed “2.23 Liquidity and financial resources – (d) 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 and the circular dated 24 December 2020.

2.21 Interest-bearing bank loans and other borrowings and corporate bonds excluding operating lease

Interest-bearing bank loans and other borrowings and corporate bonds, of approximately HK\$29,661.3 million (2019: approximately HK\$27,599.8 million) in aggregate increased by approximately HK\$2,061.5 million in aggregate (non-current portion and current portion increased by approximately HK\$1,692.1 million and approximately HK\$369.4 million in aggregate respectively), which was mainly attributable to the net effect of (i) the drawdown of bank borrowings for the development of the clean energy businesses; (ii) the issue of the Second Corporate Bond (as hereinafter defined); and (iii) the repayment of bank loans and other borrowings during the year.

2.22 Capital expenditures

During the year ended 31 December 2020, the Group's total capital expenditures amounted to approximately HK\$5,088.5 million (2019: approximately HK\$4,077.4 million), comprising (i) development of photovoltaic and wind power plant projects, clean heat supply projects, and other property, plant and equipment of approximately HK\$2,490.5 million (2019: approximately HK\$3,423.1 million) in aggregate; (ii) acquisition of other intangible assets of approximately HK\$1.1 million (2019: approximately HK\$1.5 million); and (iii) investments in and acquisition of equity interests in subsidiaries, joint ventures and associates of approximately HK\$2,596.9 million (2019: approximately HK\$652.8 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 2020, the Group's cash and cash equivalents amounted to approximately HK\$2,521.5 million (2019: approximately HK\$3,698.8 million).

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

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

As at 31 December 2020, the Group's total borrowings of approximately HK\$29,661.3 million (2019: approximately HK\$27,599.8 million) comprised (i) bank borrowings of approximately HK\$13,527.8 million (2019: approximately HK\$12,167.9 million); (ii) corporate bonds of approximately HK\$1,696.3 million (2019: HK\$557.0 million) and (iii) lease liabilities under finance lease arrangements and other loans of approximately HK\$14,437.2 million (2019: approximately HK\$14,874.9 million). 79% (2019: 79%) of the Group's borrowings are long-term borrowings.

(b) *Perpetual capital instrument*

On 27 November 2018, the Company issued perpetual capital instrument (the "**Perpetual Capital Instrument**") with an aggregate principal amount of RMB1,000,000,000 for the purposes of repaying certain of the Group's indebtedness and the Group's general working capital. It was the first corporate green panda perpetual capital instrument issued in the PRC and the first perpetual capital instrument issued by the Group. In January 2019, the Company was awarded as one of the "Outstanding Fixed Income Product Issuers" by the Shenzhen Stock Exchange. Net proceeds after deducting issue expenses amounted to RMB997,000,000. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of the Company subject to certain conditions. The Perpetual Capital Instrument is classified as equity instruments. During the year ended 31 December 2020, distributions of RMB65,000,000 (2019: RMB65,000,000) was declared and paid to the holders of the Perpetual Capital Instrument.

(c) *Corporate bonds*

During the year ended 31 December 2020, 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.

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, for the purposes of capital injections to the project companies and repaying certain of the Group’s indebtedness. 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 First Corporate Bond are set out in the Company’s announcement dated 6 December 2019.

(d) *Capital contribution*

Subsequent to the capital contribution in 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*)) (the “**Target Company**” or “**Beiqing Smart**”) in the aggregate amount of RMB600 million (the “**First 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 referred to as the “**Ping An Entities**”) 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 Investors**”), pursuant to which the Second 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 Target Company (the “**Second Capital Increase**”).

Completion of the Second Capital Increase took place on 11 September 2020. Immediately following the completion of Second Capital Increase, Beiqing Smart was held as to approximately 89.25% by Harvest Sunny and would continue to be accounted as a subsidiary of the Company. Both the First Capital Increase and the Second 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 and 15 September 2020 and the circular dated 24 December 2020.

As majority of the funding derives from equity fundings from shareholders in prior years, long-term borrowings, the Perpetual Capital Instrument and the corporate bonds, the Group recorded net current assets position of approximately HK\$1,049.3 million (2019: approximately HK\$1,606.4 million) as at 31 December 2020.

The Group obtains certain unutilised banking facilities to enable higher flexibility and stability on capital management. As at the date of this announcement, the Group had unutilised banking facilities of approximately HK\$5,929.8 million (2019: approximately HK\$2,429.0 million) in aggregate with terms ranging from repayable on demand to 15 years (2019: 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) by the sum of net debt and total equity, was 67% (2019: 68%) as at 31 December 2020. The decrease in net gearing ratio was mainly due to the net effect of (i) the issue of the Second Corporate Bond for the purpose of funding the development of the clean energy businesses; (ii) the increase in bank borrowings for the purpose of funding the development of the clean energy businesses; and (iii) the profit attributable to the equity holders of the Company during the year.

FUTURE OUTLOOK

The year of 2021 marks the first year of China's implementation of the "14th Five-Year Plan" and the beginning of China's new journey to build a modern socialist country in a comprehensive manner. In the context of the new domestic and international environment and situation, China faces both opportunities and challenges. The Group will stay committed to its mission of "promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system", make overall plans for "CO2 Emissions Peak" and "Carbon Neutrality", contribute to China's accomplishment of "CO2 Emissions Peak" and "Carbon Neutrality" goals with enhanced determination, increased efforts and more pragmatic measures.

We shall forge ahead together through the journey. All of the Group's business partners are endeavouring to move forward steadily with macro development of the clean energy industry. We shall continue to strive in the new development stage by firmly implementing new development concepts and actively adapting ourselves to the new development pattern, always in the spirit of dedication. In 2021, the Group will continue to strengthen project development capabilities, aggressively expand professional entrusted services for operation and maintenance, ensure the safe operation of funds, deepen strategic transformation, optimise operation management, implement safety responsibility and build up high-performing teams to overcome difficulties, secure steady growth and help to achieve performance goals. The Group will also continue to push ahead with the high-quality development of clean energy in the new era with firm beliefs and solid actions, and promote the construction of a community with shared future for mankind in the global village so as to benefit all mankind and future generations.

CHARGE ON THE GROUP'S ASSETS

The secured bank loans and other borrowings and bills payables of the Group as at 31 December 2020 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;
- (iii) pledges over the Group's equity interests in certain subsidiaries;
- (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 2020, 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 (2019: 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 ended 31 December 2020, the Group has not used derivative financial instruments to hedge against its foreign currency risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group employed 2,041 employees (2019: 2,059 employees) with total staff cost of approximately HK\$221.4 million incurred for the year ended 31 December 2020 (2019: approximately HK\$369.5 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 22 January 2020, Beiqing Smart, a non-wholly owned subsidiary of the Company, and 江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.*) (as limited partners) and 西藏禹澤投資管理有限公司 (Tibet Yuze Investment Management Co., Limited*), a joint venture of the Company (as general partner and executive partner) entered into a partnership agreement in respect of the formation of a limited partnership, namely 江陰北控禹澄環境產業投資合夥企業(有限合夥)(Jiangyin Beikong Yucheng Environmental Industry Investment Partnership Enterprise (Limited Partnership)*) at the total maximum capital contribution of RMB400,100,000. Among which, the maximum capital contribution of Beiqing Smart in this limited partnership is RMB200,000,000 (representing approximately 49.99% interest in the limited partnership). Further details of the formation of the limited partnership are set out in the Company's announcement dated 22 January 2020.
- (b) On 8 May 2020, TJCE, a non-wholly owned subsidiary of the Company (as vendor) and SDIC Power (as purchaser) entered into two equity transfer agreements with XSHN and XSYN, respectively, pursuant to which TJCE agreed to sell, and SDIC Power agreed to acquire, the entire equity interest of XSHN and XSYN at a total consideration of RMB438,000,000 and RMB100,000,000, respectively. The completion took place on 28 May 2020. Upon completion of the Disposals, XSHN and XSYN ceased to be non-wholly owned subsidiaries of the Company and their financial results are no longer consolidated in the Group's financial statements. Further details of the Disposals are set out in the Company's announcement dated 8 May 2020 and the circular dated 24 July 2020.
- (c) On 16 July 2020, (i) 信達資本管理有限公司 (Cinda Capital Management Co., Ltd.*) and 延安振興發展產業投資基金管理有限公司 (Yanan Zhenxing Development Industry Investment Fund Management Co., Ltd.*) (collectively, the “**General Partners**”) and Beiqing Smart and 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.*) (collectively, the “**Limited Partners**”) entered into the partnership agreement (the “**Partnership Agreement**”) in respect of, among other things, the formation and management of 延發北控信能(天津)股權投資合夥企業(有限合夥)(Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)*) (the “**Fund**”); and (ii) the General Partners and the Limited Partners entered into the supplemental agreement to the Partnership Agreement in relation to, among other things, the proposed investment of the Fund. Further details of the formation of the Fund are set out in the Company's announcement dated 16 July 2020.
- (d) On 30 July 2020, the Company, Harvest Sunny and Beiqing Smart, both being subsidiaries of the Company, entered into a capital contribution agreement with the Second Investors, pursuant to which the Second Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of Beiqing Smart.

Immediately following the completion of Second Capital Increase, Beiqing Smart was held as to approximately 89.25% by Harvest Sunny. Beiqing Smart would continue to be accounted as a subsidiary of the Company. The Second Capital Increase constitutes a deemed disposal by the Company of its interests in Beiqing Smart. Further details are set out in the Company's announcement dated 30 July 2020 and the circular dated 24 December 2020.

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 ended 31 December 2020.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event after the reporting period are set out in page 14 of this annual results announcement.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: 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, 8 June 2021 (the "AGM"), the register of members of the Company will be closed from Wednesday, 2 June 2021 to Tuesday, 8 June 2021 (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 Tuesday, 1 June 2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2020.

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 Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the year ended 31 December 2020.

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 ended 31 December 2020.

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 ended 31 December 2020 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 ended 31 December 2020 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 ended 31 December 2020 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 reporting year.

By Order of the Board
Beijing Enterprises Clean Energy Group Limited
Hu Xiaoyong
Chairman

Hong Kong, 29 March 2021

As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, 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*