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CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

**ANNOUNCEMENT OF FINAL RESULTS FOR
THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL HIGHLIGHTS

	Financial year ended		
	2020	2019	Change
Year ended 31 December	HK\$'000	HK\$'000	
Revenue	2,171,194	2,892,578	-24.9%
Profit for the year	70,368	104,021	-32.4%
Basic and diluted earnings per share (HK cents per share)	4.35	7.37	-41.0%
As at 31 December	2020	2019	Change
	HK\$'000	HK\$'000	
Total assets	7,272,572	5,686,376	27.9%
Net assets	1,126,825	936,878	20.3%

BUSINESS REVIEW

For the year ended 31 December 2020, overall revenue decreased by approximately 24.9% to HK\$2,171,194,000 (2019: HK\$2,892,578,000), which was mainly attributed by the engineering, procurement and construction (the “EPC”) and consultancy and general construction segment. The Group’s profit for the year ended 31 December 2020 was HK\$70,368,000 (2019: HK\$104,021,000), representing a decrease of approximately 32.4% as compared to that for the year ended 31 December 2019. The decrease in profit was mainly due to the effect imposed by EPC and consultancy and general construction segment of the Group.

EPC and Consultancy and General Construction

Revenue of the EPC and consultancy and general construction segment was recognised based on stage of completion of the projects. Segment sales to external customers decreased by approximately 19.0% to HK\$1,867,569,000 (2019: HK\$2,306,824,000). The decline of segment revenue was primarily attributable to (i) the Coronavirus disease 2019 (“COVID-19”) pandemic which decreased the number of EPC projects and dragged on projects’ percentage of completion recognized during 2020 and also affected the photovoltaic EPC market development in 2020; and (ii) the grid-parity and competitive bidding system facilitates reduction in overall investment costs of photovoltaic projects, leading to lower bidding prices for EPC projects. The EPC and consultancy and general construction segment recorded segment result (before tax and finance cost) of HK\$70,283,000 (2019: segment result (before tax and finance cost) of HK\$139,795,000) for the year ended 31 December 2020, representing a year-on-year decrease of approximately 49.7%.

In 2020, the Group has obtained 10 authorized patents, completed technology investment planning and launched 3 new technology research and development projects. Simultaneously, the Group has obtained the third-level qualification for general contracting of communication engineering construction and the second-level qualification for the power industry (wind power generation), accreditations of Nanjing Specialized New Enterprise, Nanjing Top 100 Service Industry Enterprise, Jiangsu Province Headquarter Enterprise, 2020 Photovoltaic Brand Lab (“PVBL”) top ten ranking of the most valuable power station EPC brands, “Polaris Cup” Influential Photovoltaic EPC/Employer Unit in 2020, two awards on 2020 “Polaris Cup” Influential Photovoltaic Power Plant Operation and Maintenance Brands, which exhibited the Group’s professional excellence.

In spite of the impact of COVID-19 pandemic and grid-parity pressure, the Group took proactive initiative to respond, overcome challenges, and adopted various measures to minimize costs and enhance efficiency. Firstly, the Group strengthened the market development of photovoltaic EPC and project management. Secondly, all projects were completed on schedule with high quality. For example, Suining 230 megawatts (“MW”) wind power project was successfully connected to the grid. Inner Mongolia 100MW solar thermal project generated power at full capacity. Zhenjiang GCL 60MW project, Fengyang GCL 20MW project, Yunnan Jianchuan Poverty Alleviation Project, Luquan Poverty Alleviation Project and Yongping Poverty Alleviation Project were also connected to the grid on schedule. The Sanlihe resettlement community project in Baoyuan, Anhui and Liyuan’s main project had been completed. Outdoor supporting works are conducted for the Suqian resettlement housing and Suining resettlement community projects.

In 2020, the Group continues to actively diversify its EPC and consultancy and general construction segment to new business portfolios in other renewable energy segments such as wind power and other segments. The newly acquired construction and engineering company in 2018, by virtue of its numerous building and installation construction qualifications and specialization in conducting governmental housing projects and municipal engineering projects, also contributed significantly to this business segment in 2020 by generating revenue of HK\$685,638,000 (2019: HK\$568,916,000), representing an increase of 20.5% as compared to that for the year ended 31 December 2019.

Manufacturing and Trading

The module plant of the Group in Peixian of Xuzhou recorded segment sales to external customers of HK\$66,626,000 (2019: HK\$388,658,000), representing a decrease of approximately 82.9%, and segment loss (before tax and finance cost) of HK\$18,267,000 (2019: segment result (before tax and finance cost) of HK\$1,114,000), representing a significant increase of loss for the year ended 31 December 2020. The module plant was principally engaged in assembling silicon wafers and other components for the formation of solar photovoltaic modules. Due to keen market competition, this business segment faced challenges during 2020 with significant decrease in orders. The module plant has ceased production since the second half of 2020 to integrate the Group’s resources in an efficient manner.

Power Generation

As at 31 December 2020, the Group owned and operated 52 solar photovoltaic power stations and rooftop distributed solar photovoltaic power generation facilities in Jiangsu, Hebei and Yunnan Provinces, with a total scale of 210 megawatts. In 2020, the Group completed 263 million kilowatt-hour power generation output, which contributed steady power generation income accordingly. For the year ended 31 December 2020, the Group participated in the construction and development of wind power projects in Liangji Town and Weiji Town in Jiangsu Province, the PRC with a total capacity of 145MW. Details of the wind power projects were included in the circular of the Company dated 27 November 2019. As at 31 December 2020, the wind power projects were still under construction and development. In spite of the impact of COVID-19 pandemic which slowed down the progress, the Group still managed to complete connection of 140MW capacity to the grid during 2020 and started to generate revenue of HK\$21,420,000. The projects are expected to be completed in 2021 with further revenue contributing to the power generation segment continuously. For the year ended 31 December 2020, this segment recorded revenue growth of approximately 24.9%, contributing HK\$212,033,000 (2019: HK\$169,803,000) to the Group's revenue and segment result (before tax and finance cost) increased approximately 15.0% to HK\$85,091,000 (2019: segment result (before tax and finance cost) of HK\$74,008,000).

On 21 January 2020, 中核(南京)能源發展有限公司 (transliterated as CNI (Nanjing) Energy Development Company Limited (“**CNI Nanjing**”), an indirect wholly-owned subsidiary of the Company, entered into two sale and purchase agreements with independent third party vendors respectively to acquire the entire equity interests of 阜陽衡銘太陽能電力有限公司 (transliterated as Fuyang Hengming Solar Power Co., Ltd.) (“**Hengming**”) and 鎮江協鑫新能源有限公司 (transliterated as Zhenjiang GCL New Energy Co., Ltd.) (“**Zhenjiang**”). Completion of the aforesaid two acquisitions had taken place in March 2020 and June 2020 respectively, and accordingly both Hengming and Zhenjiang became wholly-owned subsidiaries of the Company and they started to contribute to the Group's power generation business.

Simultaneously, the Group continues to proactively research energy storage technologies and revenue models on the power generation, grid, and user perspectives, as well as national and local policies, and actively tracks the research, development and investigation on energy storage projects in Shandong and other places. For the year ended 31 December 2020, the Group completed the feasibility study of supporting energy storage for the Suining wind power project, which paved the way for the development of the energy storage projects in 2021.

The solar power plants and facilities of the Group are located in China with significant portion of the revenue contributed by the State Grid Corporation of China, which is a state-owned electric utility enterprise in China and the default risk is low. Therefore, the Board considered that the credit risk was minimal. On the other hand, the results of the power generation segment will also be affected by the hours of daylight during the year ended 31 December 2020.

Financing

For the year ended 31 December 2020, the Group's finance leasing business recorded segment sales to external customers of HK\$24,966,000 (2019: HK\$27,293,000), which decreased by approximately 8.5% and segment loss (before tax and finance cost) of HK\$30,611,000 (2019: segment loss (before tax and finance cost) of HK\$25,726,000) increased by approximately 19.0%. The increase in segment loss was mainly due to less finance lease interest income received during the year from certain financial leasing projects and the increase in finance costs for the year ended 31 December 2020 as compared with 2019, which is mainly due to the increase in average total bank and other borrowings as compared with 2019. For the year under review, the Group had put more focus on intragroup financial leasing projects to mitigate business risks.

Taking Precautionary Measures Against COVID-19 To Ensure Production Safety and Improve Project Management Level

Since the beginning of 2020, COVID-19 pandemic has swept the world. The Group drew up the "New Coronavirus Pneumonia Prevention and Control Work Plan", "New Coronavirus Pneumonia Emergency Plan", "Isolation Plan for the Prevention and Control of New Coronavirus Pneumonia" and other prevention and control guidance documents on a timely basis. In the face of epidemic, all employees and business associates of the Group are united to overcome adversities and persevere both epidemic prevention and production without procrastination. Under the circumstances of ascertaining production safety, all projects are fostered to resume work and production at the soonest possible, so as to minimize epidemic impact on certain EPC and fixed asset investment projects under construction.

The Group strengthens execution of project sites to ensure project safety, quality, progress, and cost control objectives, improves and strengthens job responsibilities, implements project economic responsibility system, strengthens supervision and assessment of professional positions such as project managers. It enhances construction site material management especially for storage and scientific use, reduces unreasonable consumption, strengthens construction safety management and safety production education, as well as ameliorates on-site safety measures to implement safety management goals. The Group also strengthens construction quality management and engages in high quality projects. It strengthens construction schedule management, performs well in management coordination and resource allocation, and earnestly fulfills the contract duration. It also wraps up project completion acceptance and settlement, and comprehensively improves project management.

The Group closely focuses on the safety and environmental protection management goals, strictly implements production safety and production responsibility, strengthens the construction of risk management and control mechanisms, enhances management of daily production safety hazards and seasonal safety hazards in spring and summer, and organizes safety production inspections. The “Production Safety Month” campaign has achieved the goal of zero production safety accidents and ensured the smooth operation of the Group’s production and business activities.

In order to minimize accounts receivable ageing balance, the Group implements the payment collection accountability system which directly links the performance and remuneration of the responsible persons. At the same time, the Group further improves the customer credit evaluation system and strengthens customer credit status and performance evaluation. It establishes a whitelist system for financial institutions to eliminate bill risks, speeds up the cleanup of abnormal accounts receivable, increases collection efforts through legal channels, and strives for favorable collection conditions through continuous communication with employers and creditors.

Each power station implements the trinity management of intelligent operation and maintenance system, video cloud platform and intelligent inspection. Through the implementation of 6S management standards (6S covers finishing (SEIRI), rectification (SEITON), cleaning (SEISO), cleaning (SEIKETSU), literacy (SHITSUKE), security (SECURITY)), it reduces hidden dangers, improves efficiency, ensures standardization and refinement of power station operation and maintenance, and achieves smooth and efficient operations. The Group follows up timely on the progress of state subsidies to ensure that all power stations are reflected in the subsidy list. The Group continues to carry out wind power project operation and maintenance management, accumulates relevant experience, and conducts industry benchmarking management.

Business Prospects

The global reduction of carbon emissions becomes prevalent with acceleration of replacement from renewable energy.

The current global reduction of carbon emissions progress is accelerating: 1) It currently announces that China will strive to reach the peak of carbon emissions by 2030, achieve carbon neutrality by 2060, and non-fossil energy will account for 25% of primary energy consumption in 2030; 2) The European Union budget will increase the expected target of reduction of carbon emissions for 2030 from 40% to 55% to achieve consensus. The new global carbon emission target is expected to accelerate the replacement of traditional energy by new energy sources, and the demand for photovoltaic market is expected to accelerate growth.

The Group actively enriches its corporate qualifications, and gradually expands the scope of general contracting to solar thermal power generation, wind power generation, municipal environmental protection, energy storage and other fields, and engages in more high quality projects.

The Group obtained Grade B qualification for wind power generation last year, and has equipped with the necessary qualification and ability to independently design small and medium wind farms. In the future, we will continue to increase the study and research on new technologies, new products, and new processes in the photovoltaic, wind power, and energy storage industries, and optimize the design schemes of photovoltaic, wind power, and energy storage. It will continue to increase the proportion of scientific research funding. The Group will deepen industry-university-research cooperation, promote systematic and in-depth research on photovoltaic, solar thermal, wind power, and energy storage technologies, reduce engineering costs, enhance efficiency and promote high-quality development with expertise and innovation.

The Group will proactively launch investment projects in new energy development, actively participate in bidding and parity projects in various regions, accelerate the development of existing projects. Relying on the Group's accumulated sophisticated experience in wind power and photovoltaic development, construction, operation and maintenance, it has gained a good market reputation and will fully expand the market. Market competitiveness is enhanced through striving to implement refinement management and stringent risk management measures. The Group will proactively explore investment opportunities in other new energy and EPC sectors in the PRC and overseas to achieve positive returns and enable sustainability.

The Group plans to adopt differentiated competitive strategy to expand its advantageous growth in emerging industries in the Guangdong-Hong Kong-Macao Greater Bay Area and the Hainan Free Trade Port. It will also seize opportunities on clean energy industry to cooperate with high-quality enterprises to achieve balanced and stable development. The Group will utilize capital strength, focus on promotion of investment-loan linkages and supply chain finance to expedite development of group companies, their upstream and downstream customers, realize closed-loop risks, ameliorate core competitiveness of the factoring business, create new sources of profits and attain synergistic effects with stakeholders.

FINANCIAL REVIEW

The Group's overall revenue decreased by 24.9% from HK\$2,892,578,000 for the year ended 31 December 2019 to HK\$2,171,194,000 for the year ended 31 December 2020. The decrease was mainly due to less revenue generated from the EPC and consultancy and general construction segment during the year ended 31 December 2020. Profit attributable to owners of the Company amounted to HK\$57,064,000 for the year ended 31 December 2020, which represented a year-on-year decrease of 41.1% when compared with that for the year ended 31 December 2019. Basic and diluted earnings per share for the year ended 31 December 2020 was HK4.35 cents when compared with HK7.37 cents recorded for the year ended 31 December 2019.

Revenue

During the year ended 31 December 2020, the Group achieved revenue of HK\$2,171,194,000 (2019: HK\$2,892,578,000), representing a decrease of 24.9% as compared to that of the year ended 31 December 2019. Composition of revenue for the years ended 31 December 2020 and 2019 is shown in the following table:

Year ended 31 December

	2020		2019	
		Percentage of the Group's		Percentage of the Group's
	<i>HK\$'000</i>	total revenue	<i>HK\$'000</i>	total revenue
EPC and consultancy and general construction	1,867,569	86.0%	2,306,824	79.8%
Power generation	212,033	9.8%	169,803	5.8%
Financing	24,966	1.1%	27,293	1.0%
Manufacturing and trading	66,626	3.1%	388,658	13.4%
Total	<u>2,171,194</u>	<u>100.0%</u>	<u>2,892,578</u>	<u>100.0%</u>

For the year ended 31 December 2020, EPC and consultancy and general construction segment remained the principal source of the Group's revenue which contributed HK\$1,867,569,000 (2019: HK\$2,306,824,000), representing a decrease of approximately 19.0% as compared to that for the year ended 31 December 2019. The decrease in revenue was attributable to (i) the decrease in number of EPC projects and current projects with lower percentage of completion recognised during the year ended 31 December 2020, which stemmed from COVID-19 pandemic imposing impact on the photovoltaic EPC market development in 2020; and (ii) the launch of grid-parity and competitive bidding system which reduced the overall investment costs of photovoltaic projects, leading to lower bidding prices for EPC projects.

Manufacturing and trading segment achieved a revenue of HK\$66,626,000 (2019: HK\$388,658,000), contributing to 3.1% (2019: 13.4%) of the Group's overall revenue for the year ended 31 December 2020. Due to keen market competition, this business segment faced challenges during 2020 with significant decrease in orders. The module plant has ceased production since the second half of 2020 to integrate the Group's resources in an efficient manner.

Benefited from (i) an addition of 47MW self-owned and self-operated solar power facilities connected to the national grid in 2020, (ii) formation of certain scale of the existing solar power facilities and (iii) the wind power projects in Liangji Town and Weiji Town in Jiangsu Province, the PRC with a total capacity of 145MW, of which 140MW was connected to the grid during 2020 and started to generate revenue of HK\$21,420,000. Revenue derived from power generation segment achieved a growth of approximately 24.9% to HK\$212,033,000 (2019: HK\$169,803,000).

Revenue from financing segment dropped approximately 8.5% to HK\$24,966,000 for the year ended 31 December 2020 (2019: HK\$27,293,000) as the Group received less finance lease interest income during the year from certain financial leasing projects.

Profit

Profit for the year ended 31 December 2020 amounted to HK\$70,368,000 (2019: HK\$104,021,000), representing a decrease of approximately 32.4% as compared to that for the year ended 31 December 2019. The decrease in profit was mainly due to the EPC and consultancy and general construction segment of the Group which was primarily due to the following reasons: (i) the COVID-19 pandemic that decreased the number of EPC projects, slowed down the progress of existing EPC projects and also affected the photovoltaic EPC market development in 2020; and (ii) the launch of grid-parity and competitive models have caused to the general decrease in the total investment costs of photovoltaic projects, leading to lower bidding prices for EPC projects.

The net profit margin of the Group decreased to 3.2% (2019: 3.6%). Net profit margin of the Group varied in different segments depending on its business nature. Profit attributable to owners of the Company for the year ended 31 December 2020 decreased by approximately 41.1% to HK\$57,064,000 (2019: HK\$96,820,000) and basic and diluted earnings per share was HK4.35 cents (2019: HK7.37 cents).

Other Income and Gains

Other income and gains for the year ended 31 December 2020 amounted to HK\$25,275,000 (2019: HK\$10,904,000) which was primarily derived from interest and sundry income. Details of other income and gains are set out in note 4 to the consolidated financial statements of this announcement.

Cost of Sales and Construction Costs

Cost of sales and construction costs for the year ended 31 December 2020 amounted to HK\$913,471,000 (2019: HK\$1,795,521,000) and HK\$962,849,000 (2019: HK\$741,299,000) respectively, representing corresponding decrease of 49.1% and increase of 29.9%. Such changes were primarily due to the increase in governmental housing and municipal engineering projects in the EPC general construction segment which led to the increase in construction costs, and the decrease in new energy projects in the EPC and consultancy segment and significant decrease in orders in manufacturing and trading segment which led to the decrease in cost of sales.

Staff Costs

The increase in staff costs by approximately 2.4% to HK\$49,811,000 (2019: HK\$48,651,000) was due to competitiveness of labour force market conditions.

Depreciation

Depreciation of the Group increased by approximately 14.0% to HK\$102,664,000 for the year ended 31 December 2020 (2019: HK\$90,071,000). It was mainly contributed by the increase in number of solar photovoltaic power plants, wind power plants and related facilities invested and constructed by the Group in recent years.

Other Operating Expenses

Included in other operating expenses are primarily exchange differences, bank charges, professional fees, administrative expenses, research and development fees and travelling expenses which amounted to HK\$60,755,000 for the year ended 31 December 2020 (2019: HK\$63,742,000), representing a decrease of approximately 4.7% as compared to that for the year ended 31 December 2019.

Finance Costs

Finance costs primarily represented interest expenses on bank and other borrowings. Finance costs for the year ended 31 December 2020 decreased by approximately 19.9% to HK\$42,601,000 (2019: HK\$53,169,000) which was mainly due to the capitalization of interest expenses of HK\$28,514,000 to wind power plants and related construction projects, despite the increase in average total bank and other borrowings during the year. Having considered the capital intensive nature of the energy industry whereby the Group enlarged its investment in possessing and operating power stations and facilities in PRC for power generation income, as a result, the bank and other borrowings secured by the Group increased for the expansion of power generation businesses.

Income Tax Expense

For the year ended 31 December 2020, income tax expense of the Group decreased by approximately 20.7% to HK\$19,443,000 (2019: HK\$24,507,000). The decrease is in line with a decline in revenue during the year. In 2020, a subsidiary of the Group was accredited as “Advanced Technology Enterprise” by the Science and Technology Bureau of relevant provinces and authorities in the PRC for a term of three years from 2020 to 2022 with the entitlement of applying a reduced 15% enterprise income tax rate. The Group has engaged a PRC tax adviser to determine the subsidiary’s eligibility for the reduced 15% enterprise income tax rate. According to the tax report, the subsidiary has fulfilled the basic annual requirement and it is eligible for the reduced 15% enterprise income tax rate for the year ended 31 December 2020. The effective tax rate applicable to the profit of the Group for the year ended 31 December 2020 was 21.6% (2019: 19.1%).

Financial Position

As at 31 December 2020, total assets of the Group were HK\$7,272,572,000 (2019: HK\$5,686,376,000), representing an increase of approximately 27.9% as compared to that for the year ended 31 December 2019. In particular, current assets increased by approximately 4.7% to HK\$4,402,151,000 (2019: HK\$4,206,117,000) and non-current assets increased by approximately 93.9% to HK\$2,870,421,000 (2019: HK\$1,480,259,000). The increase in total assets of the Group was mainly contributed by certain photovoltaic power stations acquired during the year and the construction and development of the wind power projects.

Total liabilities of the Group as at 31 December 2020 were HK\$6,145,747,000 (2019: HK\$4,749,498,000), an increase of approximately 29.4% as compared to that as at 31 December 2019. In particular, current liabilities as at 31 December 2020 were HK\$4,258,534,000 (2019: HK\$3,962,554,000), representing an increase of approximately 7.5% as compared to that as at 31 December 2019. It was principally due to the increase in trade and bills payables. Non-current liabilities as at 31 December 2020 were HK\$1,887,213,000 (2019: HK\$786,944,000), representing an increase of approximately 139.8% as compared to that as at 31 December 2019 as a result of the increase in long-term bank and other borrowings.

Total equity attributable to owners of the Company as at 31 December 2020 was HK\$1,106,844,000 (31 December 2019: HK\$928,762,000), representing an increase of 19.2% as compared with that as at 31 December 2019. It primarily resulted from the generation of profit from business operations and the exchange differences on translating foreign operations contributed by appreciation of Renminbi during 2020.

Liquidity, Financial Resources and Gearing

As at 31 December 2020, net current assets of the Group amounted to HK\$143,617,000 (2019: net current assets of HK\$243,563,000). Besides, the Group maintained cash and cash equivalents of HK\$386,473,000 as at 31 December 2020 (2019: HK\$448,553,000), of which approximately 6% was in Hong Kong dollars, 87% was in Renminbi (“**RMB**”), 6% was in United States dollars and 1% was in Eurodollars (2019: approximately 2% was in Hong Kong dollars, 75% was in RMB, 22% was in United States dollars and 1% was in Eurodollars).

As at 31 December 2020, the Group had outstanding bank and other borrowings of HK\$3,494,561,000 (2019: HK\$2,484,520,000), of which approximately 9% was in Hong Kong dollars, 81% was in RMB and 10% was in United States dollars (2019: approximately 18% was in Hong Kong dollars, 72% was in RMB, 8% was in United States dollars and 2% was in Eurodollars). All of the Group’s borrowings as at 31 December 2020 were arranged on floating rate basis with effective interest rates ranged from 2.0% to 6.3% per annum (2019: ranged from 2.0% to 6.3% per annum). Except for certain bank and other borrowings which were committed loan facilities with specific maturity dates, the Group’s borrowings contained repayment on demand clause at any time at the discretion of the banks. Under the Hong Kong Accounting Standards, the Group separated and classified the bank and other borrowings as current and non-current liabilities in the consolidated statement of financial position as at 31 December 2020 in accordance with terms of settlement. Of the total bank and other borrowings as at 31 December 2020, HK\$1,614,823,000 (2019: HK\$1,699,801,000) was loans repayable within one year and the balance of HK\$1,879,738,000 (2019: HK\$784,719,000) was repayable more than one year.

As at 31 December 2020, included in other payables of approximately HK\$Nil (equivalent to RMBNil) (2019: approximately HK\$100,575,000 (equivalent to RMB90,000,000)) which represents an unsecured interest bearing loan from 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited (“**CNICTL**”)), an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by The People’s Bank of China (“**PBOC**”) multiplied by (1+20%) per annum.

As at 31 December 2020, the Group’s gearing ratio was 3.11 (2019: 2.77), which was calculated on the basis of total debt over total equity. Total debt comprises loan amounts included in other payables and accruals, bank and other borrowings, obligations under finance lease and lease liabilities.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	2,171,194	2,892,578
Other income and gains	4	25,275	10,904
Cost of sales		(913,471)	(1,795,521)
Construction costs		(962,849)	(741,299)
Staff costs		(49,811)	(48,651)
Depreciation		(102,664)	(90,071)
Other operating expenses		(60,755)	(63,742)
Gain on bargain purchases	27	3,531	–
Loss on disposal of financial asset at fair value through profit or loss (“FVTPL”)		(34)	–
Finance costs	5	(42,601)	(53,169)
Share of results of associates, net		21,996	17,499
Profit before income tax expense	6	89,811	128,528
Income tax expense	7	(19,443)	(24,507)
Profit for the year		70,368	104,021
Other comprehensive income for the year, net of tax	8		
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of property, plant and equipment		16,120	–

		2020	2019
	Notes	HK\$'000	HK\$'000
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		95,616	(24,597)
Share of other comprehensive income of associates		<u>7,843</u>	<u>(1,871)</u>
		<u>103,459</u>	<u>(26,468)</u>
Other comprehensive income for the year, net of tax		<u>119,579</u>	<u>(26,468)</u>
Total comprehensive income for the year		<u><u>189,947</u></u>	<u><u>77,553</u></u>
Profit for the year attributable to:			
Owners of the Company		57,064	96,820
Non-controlling interests		<u>13,304</u>	<u>7,201</u>
		<u><u>70,368</u></u>	<u><u>104,021</u></u>
Total comprehensive income for the year attributable to:			
Owners of the Company		178,082	70,472
Non-controlling interests		<u>11,865</u>	<u>7,081</u>
		<u><u>189,947</u></u>	<u><u>77,553</u></u>
Earnings per share			
– basic and diluted (HK cents per share)	10	<u><u>4.35</u></u>	<u><u>7.37</u></u>

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment	11	2,421,528	946,290
Right-of-use assets	12	29,464	28,217
Financial assets at FVTPL	13	26,756	28,139
Interest in associates	15	135,145	110,735
Finance lease receivables	21	239,097	333,930
Loan receivables	19	18,431	32,948
		<u>2,870,421</u>	<u>1,480,259</u>
Current assets			
Inventories	16	2,987	4,875
Trade and bills receivables	18	1,479,696	1,591,104
Loan receivables	19	101,471	15,167
Prepayments, deposits and other receivables	20	775,244	758,419
Contract assets	17(a)	1,176,454	848,636
Finance lease receivables	21	61,643	57,644
Pledged bank deposits	22	418,183	481,719
Cash and cash equivalents	23	386,473	448,553
		<u>4,402,151</u>	<u>4,206,117</u>
Less: Current liabilities			
Trade and bills payables	24	2,295,124	1,890,080
Other payables and accruals	25	252,752	309,834
Contract liabilities	17(b)	84,737	45,384
Bank and other borrowings	26	1,614,823	1,699,801
Lease liabilities	12	5,460	4,338
Tax payable		5,638	13,117
		<u>4,258,534</u>	<u>3,962,554</u>
Net current assets		<u>143,617</u>	<u>243,563</u>
Total assets less current liabilities		<u><u>3,014,038</u></u>	<u><u>1,723,822</u></u>

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Less: Non-current liabilities			
Bank and other borrowings	26	1,879,738	784,719
Lease liabilities	12	1,781	2,225
Deferred tax liabilities	30	5,694	–
		<u>1,887,213</u>	<u>786,944</u>
Net assets		<u>1,126,825</u>	<u>936,878</u>
Capital and reserves			
Share capital		131,309	131,309
Reserves		<u>975,535</u>	<u>797,453</u>
Equity attributable to owners of the Company		1,106,844	928,762
Non-controlling interests		<u>19,981</u>	<u>8,116</u>
Total equity		<u>1,126,825</u>	<u>936,878</u>

The accompanying notes form an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION

China Nuclear Energy Technology Corporation Limited (the “**Company**”) is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal place of business of the Company is located at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

As at 31 December 2020, the directors consider the immediate and ultimate controlling parties of the Company and its subsidiaries (together the “**Group**”) to be China He Investment (Hong Kong) Company Limited (“**China He (HK)**”) which is incorporated in Hong Kong and 中國核工業集團有限公司 (transliterated as China National Nuclear Corporation) (“**CNNC**”) which is a state-owned enterprise incorporated in the People’s Republic of China (“**the PRC**”) respectively. These entities do not produce financial statements available for public use.

On 19 February 2019, the Company has been informed by 中國核工業建設集團有限公司 (transliterated as China Nuclear Engineering and Construction Group Corporation Limited) (“**CNECG**”) that CNECG and CNNC have entered into a merger agreement, pursuant to which CNECG was merged with and into CNNC (the “**Merger**”). As a result of the Merger, CNECG was dissolved and deregistered and CNNC survived, and all of the assets, liabilities, businesses, contracts, qualifications and other rights and obligations of CNECG vested in CNNC.

The Merger at the time does not involve material asset restructuring of the Company and has no material impact on the normal operation of the Company.

Prior to 19 February 2019, CNECG, through the immediate controlling party, is interested in approximately 30.46% of the issued shares of the Company. Upon completion of the Merger, the ultimate beneficial owner of the Company was changed to CNNC and 國務院國有資產監督管理委員會 (transliterated as State-owned Assets Supervision and Administration Commission of the State Council) (“**SASAC**”) will remain the de facto controller of the Company.

On 17 May 2019, the Company is informed by China Nuclear Investment Company Limited (“**CNICL**”), which is the controlling shareholder of China He (HK), that CNICL has completed the procedures on the industrial and commercial registration (the “**Registration**”) for the change of shareholder as part of the procedures under the Merger. Following the completion of the Registration, the entire equity interests of CNICL are held by CNNC and China He (HK) has become an indirect wholly-owned subsidiary of CNNC whereby SASAC remains the de facto controller of the Company.

As at the date when the consolidated financial statements were authorised for issue, China He (HK), is interested in 400,000,000 ordinary shares of the Company, representing approximately 30.46% of the issued shares of the Company.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new or amended HKFRSs – effective on 1 January 2020 (and 1 June 2020 for the amendment to HKFRS 16)

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS1 and HKAS 8	Definition of Material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Amendment to HKFRS 16	COVID-19 Related Rent Concessions
Conceptual Framework for Financial Reporting (revised)	

Other than the amendments to HKFRS 3, none of these new or amended HKFRSs effective on 1 January 2020 (and 1 June 2020 for the amendment to HKFRS 16) has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period. Impact on the applications of these amended HKFRSs are summarised below.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

The Group elected to apply the amendments prospectively to acquisitions for which the acquisition date is on or after 1 January 2020. As described in note 27, the Group acquired three sets of activities and assets in January, March and June 2020 and elected to apply the concentration test to the transactions but the transactions failed the concentration test. Based on the assessment of elements of a business, the Group concluded that the acquired three sets of activities and assets are businesses.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date when they become effective.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKAS 16	Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
HKFRS 17	Insurance Contracts ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Annual Improvements to HKFRSs 2018-2020 ²	

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 January 2023.

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

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

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group’s consolidated financial statements.

Amendments to HKAS 16 – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements.

Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group’s consolidated financial statements.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1 “First-time Adoption of Hong Kong Financial Reporting Standards”, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9 “Financial Instruments”, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16 “Leases”, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41 “Agriculture”, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 “Levies”, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group’s consolidated financial statements.

Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK-Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK-Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the Group’s consolidated financial statements.

HKFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 “Insurance Contracts”. The standard outlines a ‘General Model’, which is modified for insurance contracts with direct participation features, described as the ‘Variable Fee Approach’. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The directors of the Company do not anticipate that the application of this standard in the future will have an impact on the Group’s consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group’s consolidated financial statements in future periods should such transaction arise.

3. SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of business activities. No operating segments have been aggregated to form the reporting segments.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

The Group has five (2019: five) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- the EPC and consultancy and general construction segment comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plants and general construction services;
- the power generation segment comprises the Group's power generation operations;
- the financing segment comprises the Group's financing operations;
- the manufacturing and trading business segment comprises the Group's manufacturing and trading of solar power related products; and
- all other segments comprise the Group's corporate management, investment and treasury services.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments' results that are used by the chief operating decision-maker for assessment of segment performance.

All of the Group's revenue from external customers is derived from the Group's operations in the PRC. All external customers of the Group are located in the PRC. As at 31 December 2020, except for the interest in associates amounted to HK\$135,145,000 (2019: HK\$110,735,000), property, plant and equipment amounted to HK\$2,421,445,000 (2019: HK\$946,168,000) and right-of-use assets amounted to HK\$27,290,000 (2019: HK\$23,271,000) are located in the PRC, all other non-current assets, other than financial instruments, are located in Hong Kong.

Included in revenue arising from EPC and consultancy and general construction segment of HK\$339,718,000 and HK\$241,347,000 (2019: HK\$725,928,000 and HK\$178,731,000) arose from the Group's first and second largest customers. For the year ended 31 December 2020, except for the above first and second largest customers, there was one customer (2019: one customer) of the Group's EPC and consultancy and general construction segment with revenue represents more than 10% of the Group's revenue.

	EPC and Consultancy and General Construction <i>HK\$'000</i>	Power Generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and Trading Business <i>HK\$'000</i>	All Other Segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2020						
Segment revenue:						
Sales to external customers	1,867,569	212,033	24,966	66,626	–	2,171,194
Intersegment sales	–	–	56,574	–	–	56,574
Other income and gains	–	1,380	–	113	6,808	8,301
Reportable segment revenue	1,867,569	213,413	81,540	66,739	6,808	2,236,069
<i>Reconciliation:</i>						
Elimination of intersegment sales						(56,574)
Consolidated revenue						<u>2,179,495</u>
Segment results	70,283	85,091	(30,611)	(18,267)	(16,551)	89,945
<i>Reconciliation:</i>						
Bank interest income						16,974
Finance costs						(42,601)
Gain on bargain purchases						3,531
Loss on disposal of financial asset at FVTPL						(34)
Share of results of associates, net						<u>21,996</u>
Profit before income tax expense						89,811
Income tax expense						<u>(19,443)</u>
Profit for the year						<u><u>70,368</u></u>

	EPC and Consultancy and General Construction <i>HK\$'000</i>	Power Generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and Trading Business <i>HK\$'000</i>	All Other Segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2019						
Segment revenue:						
Sales to external customers	2,306,824	169,803	27,293	388,658	–	2,892,578
Intersegment sales	–	–	46,623	–	–	46,623
Other income and gains	<u>1,210</u>	<u>1,672</u>	<u>34</u>	<u>653</u>	<u>–</u>	<u>3,569</u>
Reportable segment revenue	2,308,034	171,475	73,950	389,311	–	2,942,770
<i>Reconciliation:</i>						
Elimination of intersegment sales						<u>(46,623)</u>
Consolidated revenue						<u><u>2,896,147</u></u>
Segment results	139,795	74,008	(25,726)	1,114	(32,328)	156,863
<i>Reconciliation:</i>						
Bank interest income						7,335
Finance costs						(53,169)
Share of results of associates, net						<u>17,499</u>
Profit before income tax expense						128,528
Income tax expense						<u>(24,507)</u>
Profit for the year						<u><u>104,021</u></u>

	EPC and Consultancy and General Construction <i>HK\$'000</i>	Power Generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and Trading Business <i>HK\$'000</i>	All Other Segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2020						
Segment assets	3,233,317	3,166,852	577,990	104,237	55,031	7,137,427
<i>Reconciliation:</i>						
Unallocated assets						<u>135,145</u>
Total assets						<u><u>7,272,572</u></u>
Segment liabilities	2,712,642	1,862,192	934,530	10,400	625,983	6,145,747
<i>Reconciliation:</i>						
Unallocated liabilities						<u>-</u>
Total liabilities						<u><u>6,145,747</u></u>
Other segment information						
Depreciation of property, plant and equipment	645	87,107	109	5,191	63	93,115
Depreciation of right-of-use assets	3,848	2,558	-	371	2,772	9,549
Additions to property, plant and equipment	<u>439</u>	<u>1,106,086</u>	<u>8</u>	<u>3,303</u>	<u>24</u>	<u>1,109,860</u>

Included in the unallocated assets, there are interest in associates amounted to HK\$135,145,000. Details of the interest in associates are set out in note 15.

	EPC and Consultancy and General Construction <i>HK\$'000</i>	Power Generation <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Manufacturing and Trading Business <i>HK\$'000</i>	All Other Segments <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2019						
Segment assets	3,224,619	1,557,091	698,386	73,019	22,526	5,575,641
<i>Reconciliation:</i>						
Unallocated assets						<u>110,735</u>
Total assets						<u><u>5,686,376</u></u>
Segment liabilities	2,635,343	377,472	965,789	106,905	663,989	4,749,498
<i>Reconciliation:</i>						
Unallocated liabilities						<u>–</u>
Total liabilities						<u><u>4,749,498</u></u>
Other segment information						
Depreciation of property, plant and equipment	771	73,530	107	5,277	60	79,745
Depreciation of right-of-use assets	3,987	3,152	–	374	2,813	10,326
Additions to property, plant and equipment	<u>1,179</u>	<u>69,730</u>	<u>17</u>	<u>316</u>	<u>75</u>	<u>71,317</u>

Included in the unallocated assets, there are interest in associates amounted to HK\$110,735,000. Details of the interest in associates are set out in note 15.

4. REVENUE, OTHER INCOME AND GAINS

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue:		
Sales of goods	798,691	1,658,448
Construction contract revenue	1,053,715	955,987
Service income	90,033	84,207
Finance lease interest income	12,635	20,720
Loan interest income	4,087	3,413
Sales of electricity	212,033	169,803
	<u>2,171,194</u>	<u>2,892,578</u>
Timing of revenue recognition		
At a point in time	798,691	1,658,448
Over time	1,372,503	1,234,130
	<u>2,171,194</u>	<u>2,892,578</u>
Other income and gains:		
Bank interest income	16,974	7,335
Others	8,301	3,569
	<u>25,275</u>	<u>10,904</u>

5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on bank and other borrowings	70,633	51,627
Interest on lease liabilities	482	1,542
	<u>71,115</u>	<u>53,169</u>
Total finance cost	71,115	53,169
Less: amount capitalised in cost of qualifying assets	<u>(28,514)</u>	<u>–</u>
	<u>42,601</u>	<u>53,169</u>

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	49,296	46,738
Pension scheme contributions	515	1,913
Total staff costs	49,811	48,651
Depreciation of property, plant and equipment	93,115	79,745
Depreciation of right-of-use assets	9,549	10,326
	102,664	90,071
Other Operating Expenses		
Auditor's remuneration	1,980	1,980
Bank charges	10,306	12,154
Legal and professional fees	10,039	12,536
Short-term and low-value lease expenses	2,634	2,319
Research and development expenses	12,344	13,560
Expected credit losses on the trade and bill receivables and contract assets	14,126	3,843
Others*	9,326	17,350
	60,755	63,742

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

7. INCOME TAX EXPENSE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax for the year		
Hong Kong	–	–
Other than Hong Kong	<u>19,443</u>	<u>24,507</u>
Income tax expense	<u><u>19,443</u></u>	<u><u>24,507</u></u>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Law of People's Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (2019: 25%), except for those subsidiaries described below.

Certain subsidiaries operating in the PRC were accredited as “Advanced Technology Enterprise” by the Science and Technology Bureau of relevant provinces and other authorities for a term of three years, and were registered with the local tax authorities to be eligible to the reduced 15% enterprise income tax rate in the period during 2020-2022.

The income tax expense for the year can be reconciled to the profit before income tax expense in the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before income tax expense	<u>89,811</u>	<u>128,528</u>
Tax calculated at the statutory tax rate applicable to profits in the respective countries	17,463	29,494
Tax effect of share of profit of associates	(5,524)	(4,403)
Tax effect of differentiated EIT rate	(3,057)	(6,956)
Tax effect of expenses not deductible for tax purposes	12,207	8,091
Tax effect of revenue not taxable for tax purposes	<u>(1,646)</u>	<u>(1,719)</u>
Income tax expense	<u>19,443</u>	<u>24,507</u>

8. OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income are as follows:

	2020			2019		
	Before-tax amount <i>HK\$'000</i>	Tax benefits <i>HK\$'000</i>	Net-of-tax amount <i>HK\$'000</i>	Before-tax amount <i>HK\$'000</i>	Tax benefits <i>HK\$'000</i>	Net-of-tax amount <i>HK\$'000</i>
Items that will not be reclassified to profit or (loss):						
Gain on revaluation of property, plant and equipment	<u>21,494</u>	<u>(5,374)</u>	<u>16,120</u>	<u>–</u>	<u>–</u>	<u>–</u>
Items that may be reclassified subsequently to profit or (loss):						
Exchange differences on translating foreign operations	95,616	–	95,616	(24,597)	–	(24,597)
Share of other comprehensive income of associates	<u>7,843</u>	<u>–</u>	<u>7,843</u>	<u>(1,871)</u>	<u>–</u>	<u>(1,871)</u>
	<u>103,459</u>	<u>–</u>	<u>103,459</u>	<u>(26,468)</u>	<u>–</u>	<u>(26,468)</u>
	<u>124,953</u>	<u>(5,374)</u>	<u>119,579</u>	<u>(26,468)</u>	<u>–</u>	<u>(26,468)</u>

9. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 December 2020 (2019: Nil).

10. EARNINGS PER SHARE

Earnings

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	<u>57,064</u>	<u>96,820</u>

Number of shares

	2020 <i>'000</i>	2019 <i>'000</i>
Issued share capital at 1 January and 31 December	1,313,095	1,313,095
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	<u>1,313,095</u>	<u>1,313,095</u>

No diluted earnings per share is calculated for the years ended 31 December 2020 and 2019 as there was no potential diluted ordinary share in existence.

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Electrical appliances HK\$'000	Office equipment HK\$'000	Motor vehicles HK\$'000	Power plants HK\$'000	Construction in progress HK\$'000	Total HK\$'000
Cost or valuation:									
At 1 January 2019 as originally presented	21,406	38,204	499	7,060	274	3,238	1,016,144	13,796	1,100,621
Initial application of HKFRS 16	–	–	–	–	–	–	(142,437)	–	(142,437)
Restated balance as at 1 January 2019	21,406	38,204	499	7,060	274	3,238	873,707	13,796	958,184
Additions	–	60	80	1,565	11	159	20,294	49,148	71,317
Written off/disposal	–	–	–	–	–	–	(41,953)	(843)	(42,796)
Transfer	–	(2,030)	–	–	–	–	159,799	(15,332)	142,437
Exchange alignments	(397)	(671)	(9)	(153)	–	(62)	(18,649)	(714)	(20,655)
At 31 December 2019 and 1 January 2020	21,009	35,563	570	8,472	285	3,335	993,198	46,055	1,108,487
Additions	–	3,235	–	515	24	184	668	1,105,234	1,109,860
Acquisition of subsidiaries	–	16,567	–	399	–	7	306,864	–	323,837
Surplus on revaluation	19,401	–	–	–	–	–	–	–	19,401
Written off/disposal	–	–	–	(282)	–	–	–	–	(282)
Transfer	–	–	–	–	–	–	778,427	(778,427)	–
Exchange alignments	2,557	4,008	34	611	–	231	138,613	22,796	168,850
As at 31 December 2020	42,967	59,373	604	9,715	309	3,757	2,217,770	395,658	2,730,153
Accumulated depreciation and impairment:									
At 1 January 2019 as originally presented	329	3,296	419	2,848	180	1,989	77,110	–	86,171
Initial application of HKFRS 16	–	–	–	–	–	–	(15,321)	–	(15,321)
Restated balance as at 1 January 2019	329	3,296	419	2,848	180	1,989	61,789	–	70,850
Charge for the year	1,078	4,295	37	928	41	269	73,097	–	79,745
Written off/disposal	–	–	–	–	–	–	(1,165)	–	(1,165)
Transfer	–	–	–	–	–	–	15,321	–	15,321
Exchange alignments	(21)	(121)	(9)	(66)	–	(40)	(2,297)	–	(2,554)
At 31 December 2019 and 1 January 2020	1,386	7,470	447	3,710	221	2,218	146,745	–	162,197
Charge for the year	699	5,244	30	890	43	277	85,932	–	93,115
Acquisition of subsidiaries	–	2,508	–	48	–	2	34,251	–	36,809
Eliminated on revaluation	(2,093)	–	–	–	–	–	–	–	(2,093)
Written off/disposal	–	–	–	(257)	–	–	–	–	(257)
Exchange alignments	8	1,029	30	289	–	162	17,336	–	18,854
As at 31 December 2020	–	16,251	507	4,680	264	2,659	284,264	–	308,625
Net book value:									
As at 31 December 2020	42,967	43,122	97	5,035	45	1,098	1,933,506	395,658	2,421,528
At 31 December 2019	19,623	28,093	123	4,762	64	1,117	846,453	46,055	946,290

12. LEASES

The Group as a lessee

The Group leases a number of properties in the jurisdictions in which it operates. The periodic rent is fixed over the lease term.

The values in the table below reflect the current proportions of lease payments that are fixed.

	Lease contracts Number	Fixed monthly payments <i>HK\$'000</i>
31 December 2020		
Property leases with fixed payments	<u>6</u>	<u>40 to 250</u>

	Lease contracts Number	Fixed monthly payments <i>HK\$'000</i>
31 December 2019		
Property leases with fixed payments	<u>4</u>	<u>40 to 252</u>

Right-of-use assets

	Leasehold land <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Solar power plant <i>HK\$'000</i>	Total <i>HK\$'000</i>
Initial application of HKFRS 16 and restated balances at 1 January 2019	24,664	14,437	127,116	166,217
Transfer to property, plant and equipment	–	–	(127,116)	(127,116)
Depreciation	(3,526)	(6,800)	–	(10,326)
Exchange alignments	<u>(408)</u>	<u>(150)</u>	<u>–</u>	<u>(558)</u>
At 31 December 2019 and 1 January 2020	20,730	7,487	–	28,217
Additions	2,144	6,963	–	9,107
Depreciation	(2,929)	(6,620)	–	(9,549)
Exchange alignments	<u>1,334</u>	<u>355</u>	<u>–</u>	<u>1,689</u>
At 31 December 2020	<u>21,279</u>	<u>8,185</u>	<u>–</u>	<u>29,464</u>

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2020 HK\$'000	31 December 2019 HK\$'000	
Ownership interests in leasehold land of amortised cost with remaining lease term of:			
– Between 10 and 50 years	15,665	15,126	
– Less than 10 years	5,614	5,604	
	<u>21,279</u>	<u>20,730</u>	
Other properties leased for own use, carried at depreciated cost with remaining lease term of:			
– Less than 10 years	8,185	7,487	
	<u>8,185</u>	<u>7,487</u>	
Lease liabilities			
	Leased properties HK\$'000	Solar power plant HK\$'000	Total HK\$'000
Initial application of HKFRS 16 and restated balances at 1 January 2019	12,635	100,746	113,381
Interest expenses	324	1,218	1,542
Payments of lease liabilities	(6,255)	(101,491)	(107,746)
Exchange alignments	(141)	(473)	(614)
At 31 December 2019 and 1 January 2020	6,563	–	6,563
Additions	6,073	–	6,073
Interest expenses	482	–	482
Payments of lease liabilities	(6,189)	–	(6,189)
Exchange alignments	312	–	312
At 31 December 2020	7,241	–	7,241

Future lease payments are due as follows:

	Minimum lease payments 31 December 2020 HK\$'000	Interest 31 December 2020 HK\$'000	Present value 31 December 2020 HK\$'000
Not later than one year	5,832	372	5,460
Later than one year and not later than two years	<u>1,886</u>	<u>105</u>	<u>1,781</u>
	<u>7,718</u>	<u>477</u>	<u>7,241</u>

	Minimum lease payments 31 December 2019 HK\$'000	Interest 31 December 2019 HK\$'000	Present value 31 December 2019 HK\$'000
Not later than one year	4,675	337	4,338
Later than one year and not later than two years	<u>2,337</u>	<u>112</u>	<u>2,225</u>
	<u>7,012</u>	<u>449</u>	<u>6,563</u>

13. OTHER FINANCIAL ASSETS (NON-CURRENT)

	2020 HK\$'000	2019 HK\$'000
Financial assets at FVTPL	<u>26,756</u>	<u>28,139</u>

Financial assets at FVTPL represent unlisted equity investments (2019: unlisted equity investments).

14. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2020 and 2019 are as follows:

Name of subsidiary	Place of incorporation and operations [@]	Nominal value of issued capital/ registered and paid-up capital	Percentage of equity interest attributable to the Company				Principal activities
			2020		2019		
			Direct	Indirect	Direct	Indirect	
Guoxin Energy Limited	Hong Kong	HK\$1,000* (Note 2)	–	100%	–	100%	Investment holding
CNI (Nanjing) Energy Development Company Limited	PRC (Note 1)	RMB250,000,000*	–	100%	–	100%	EPC and consultancy operations
南京中核能源工程有限公司	PRC (Note 1)	RMB250,000,000*	–	100%	–	100%	EPC and consultancy operations
核建融資租賃(深圳)有限公司	PRC (Note 1)	HK\$240,000,000*	–	100%	–	100%	Financing
泰州核潤新能源有限公司	PRC (Note 1)	USD20,000,000*	–	100%	–	100%	Solar power generation
深圳核建商業保理有限公司	PRC (Note 1)	RMB50,000,000*	–	100%	–	100%	Financing
睢寧中核太陽能有限公司	PRC (Note 1)	RMB29,645,440*	–	100%	–	100%	Solar power generation
儀征核潤光伏發電有限公司	PRC (Note 1)	RMB65,463,870*	–	100%	–	100%	Solar power generation
徐州核潤光能有限公司	PRC (Note 1)	RMB38,131,500*	–	100%	–	100%	Manufacturing and trading of solar power related products
臨滄核潤新能源有限公司	PRC (Note 1)	RMB33,352,200*	–	90%	–	90%	Solar power generation
睢寧核源風力發電有限公司	PRC (Note 1)	RMB300,833,156*	–	100%	–	100%	Wind power generation
安徽中核實原建設有限公司	PRC (Note 1)	RMB64,600,000*	–	60%	–	60%	General construction services
Fuyang Hengming Solar Power Co., Ltd.	PRC (Note 1, 3)	RMB32,000,000*	–	100%	–	–	Solar power generation
Zhenjiang GCL New Energy Co., Ltd.	PRC (Note 1, 3)	RMB34,340,000*	–	100%	–	–	Solar power generation

[@] Unless otherwise stated, the place of operations is the place of incorporation.

* Ordinary shares

Note 1: All PRC subsidiaries are corporations with limited liability.

Note 2: On 30 April 2019, the shareholdings of Guoxin Energy Limited increased from 80.90% to 100%. In the step-acquisition, the Group recognised directly in equity the difference between the amounts by which the non-controlling interests were adjusted and the fair value of consideration paid or received, and attributed it to the owners of the Company.

Note 3: During 2020, the CNI (Nanjing) Energy Development Company Limited, an indirect wholly-owned subsidiary of the Company, entered into two sale and purchase agreements with independent third party vendors to acquire the entire equity interest of Fuyang Hengming Solar Power Co., Ltd. and Zhenjiang GCL New Energy Co., Ltd. After completion of the two acquisitions, they have become indirectly wholly-owned subsidiaries of the Company as set out in note 27.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

In the opinion of the directors, there is no subsidiary that has non-controlling interest individually that is material to the Group and therefore no information is disclosed for these non-wholly owned subsidiaries.

15. INTEREST IN ASSOCIATES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Share of net assets (including goodwill)	<u>135,145</u>	<u>110,735</u>

Details of the material associates are as follows:

Name		Place of incorporation, operation and principal activity	Percentage of equity attributable to the Group
中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd. ("CNI Maintenance Co."))	<i>Note (i)</i>	PRC. Construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in the PRC; and businesses of maintenance of nuclear power plants and electrical equipment technology consultancy and technical services.	14.43%
中核齊齊哈爾太陽能發電有限公司 (transliterated as Zhong He Qiqihar Solar Power Generation Company Limited)	<i>Note (ii)</i>	PRC. Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC.	47.13%

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

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

Note (ii): The primary business of Zhong He Qiqihar Solar Power Generation Company Limited is solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC. This is in alignment with the Group's power generation segment.

Summarised financial information

	China Nuclear Industry Maintenance Co., Ltd		Zhong He Qiqihar Solar Power Generation Company Limited	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December				
Current assets	568,321	545,482	1,289	3,104
Non-current assets	354,706	186,217	20,606	20,964
Current liabilities	(122,312)	(94,759)	(7,129)	(10,952)
Non-current liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Year ended 31 December				
Revenue	1,237,161	1,140,319	3,787	3,686
Profit	150,039	119,241	732	619
Other comprehensive income	51,361	(12,166)	918	(245)
Total comprehensive income	201,400	107,075	1,650	374
Dividends received from associate	<u>5,429</u>	<u>5,385</u>	<u>—</u>	<u>—</u>
Reconciled to the Group's interests in the associates				
Gross amounts of net assets of the associates	800,715	636,940	14,766	13,116
Group's effective interest	14.43%	14.43%	47.13%	47.13%
Group's share of net assets of the associates	115,544	91,911	6,959	6,182
Goodwill	12,642	12,642	—	—
Carrying amount in the consolidated financial statements	<u>128,186</u>	<u>104,553</u>	<u>6,959</u>	<u>6,182</u>

16. INVENTORIES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Finished goods	<u>2,987</u>	<u>4,875</u>

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

Amounts represent the Group's rights to consideration from customers for construction work computed but not billed at the end of the reporting date under such contracts. Any amounts previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customers.

	31 December 2020 <i>HK\$'000</i>	31 December 2019 <i>HK\$'000</i>
Contract assets arising from:		
Provision of EPC and consultancy services and general construction services	1,186,121	852,900
Less: Impairment losses	<u>(9,667)</u>	<u>(4,264)</u>
	<u>1,176,454</u>	<u>848,636</u>

Typical payment terms which impact on the amount of contract assets are as follows:

The Group's contracts with customers for the provision of EPC and consultancy services and general construction services include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets.

The expected timing of recovery or settlement for contract assets as at 31 December 2020 and 2019 are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within one year	<u>1,176,454</u>	<u>848,636</u>

Movement in the loss allowance in respect of contract assets during the year is as follows:

	2020 HK\$'000	2019 <i>HK\$'000</i>
At beginning of year	4,264	1,902
Impairment losses	<u>5,403</u>	<u>2,362</u>
At end of year	<u><u>9,667</u></u>	<u><u>4,264</u></u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

As at 31 December 2020, retentions held by customers for contract works amounted to approximately HK\$139,136,000 (2019: HK\$65,491,000). The retention receivables are unsecured, interest-free and recoverable at the end of the retention period of individual contracts, ranging from three to six months from the date of the completion of the respective projects.

(b) Contract liabilities

Contract liabilities represent the Group's obligations to transfer goods or services to customers for which the Group has received consideration (or an amount of consideration is due) from the customer.

	31 December 2020 HK\$'000	31 December 2019 <i>HK\$'000</i>
Contract liabilities arising from:		
Provision of EPC and consultancy services and general construction services	<u><u>84,737</u></u>	<u><u>45,384</u></u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Balance as at 1 January	45,384	92,312
Decrease in contract liabilities as a result of recognition of revenue during the year	(45,679)	(91,877)
Increase in contract liabilities as a result of billing in advance of provision of EPC and consultancy services and general construction services	79,713	46,022
Increase as a result of acquisition of subsidiaries	245	–
Exchange alignments	5,074	(1,073)
	<u>84,737</u>	<u>45,384</u>
Balance as at 31 December	<u>84,737</u>	<u>45,384</u>

Typical payment terms which impact on the amount of contract liabilities are the receipts in advance for the provision of EPC and consultancy services and general construction services.

All the contract liabilities as at 31 December 2019 are recognised as revenue during the year ended 31 December 2020. The Group expects that the contract liabilities as at 31 December 2020 will be recognised as revenue within a year or less.

18. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of 30-180 days with its customers for EPC and consultancy services and general construction services depending on the customers' creditworthiness and the length of business relationships with the customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company. Trade receivables are non-interest bearing.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	950,866	954,357
Bills receivables	555,059	654,253
	<u>1,505,925</u>	<u>1,608,610</u>
Less: Impairment losses	(26,229)	(17,506)
	<u>1,479,696</u>	<u>1,591,104</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0-90 days	871,904	609,832
91-180 days	174,720	235,549
181-365 days	222,842	590,628
>365 days	236,459	172,601
	<u>1,505,925</u>	<u>1,608,610</u>

Bills receivables are due within six months from date of billing.

19. LOAN RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loan receivables comprise:		
Within one year	101,471	15,167
In the second to fifth years, inclusive	14,259	25,125
After five years	4,172	7,823
	<u>119,902</u>	<u>48,115</u>
Total loan receivables	119,902	48,115
Less: Portion classified under current assets	<u>(101,471)</u>	<u>(15,167)</u>
Non-current assets	<u>18,431</u>	<u>32,948</u>

Loan receivables as at 31 December 2020 represented loans to third parties which were secured, bearing interest at 6% to 8% (2019: 6% to 7%) per annum and repayable in one to six years (2019: two to seven years).

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Prepayments	317,520	503,550
Deposits	28,165	28,544
Other receivables	429,559	226,325
	<u>775,244</u>	<u>758,419</u>

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. FINANCE LEASE RECEIVABLES

The Group provides financial leasing services on certain equipment in the PRC. These leases are classified as finance leases and have remaining lease terms ranging from five to six years with interest rate ranging from 5.3% to 5.4% (2019: 5.3% to 5.4%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Finance lease receivables comprise:				
Within one year	76,467	77,684	61,643	57,644
In the second to fifth years, inclusive	262,169	332,968	235,761	289,390
After five years	3,412	45,877	3,336	44,540
	<u>342,048</u>	<u>456,529</u>	<u>300,740</u>	<u>391,574</u>
Less: Unearned finance income	<u>(41,308)</u>	<u>(64,955)</u>		
Total net finance lease receivables	<u>300,740</u>	<u>391,574</u>		
	2020 HK\$'000	2019 HK\$'000		
Analysed for reporting purposes as:				
Current assets	61,643	57,644		
Non-current assets	239,097	333,930		
	<u>300,740</u>	<u>391,574</u>		

The Group's finance lease receivables are denominated in Renminbi ("RMB").

22. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure general banking facilities granted to the Group. Deposits amounting to HK\$418,183,000 (2019: HK\$481,719,000) have been pledged to secure general banking facilities and are classified as current assets.

The pledged bank deposits carry interest at fixed rates ranging from 0.30% to 3% (2019: 0.30% to 3%) per annum. The pledged bank deposits will be released upon settlement of relevant bank borrowings.

Pledged bank deposits denominated in RMB amounted to approximately HK\$418,183,000 (2019: HK\$481,719,000) as at 31 December 2020. Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

23. CASH AND CASH EQUIVALENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Cash and bank balances	<u>386,473</u>	<u>448,553</u>

At 31 December 2020, cash and cash equivalents with banks in the PRC amounted to approximately HK\$338,202,000 (2019: HK\$314,066,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

24. TRADE AND BILLS PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	1,635,174	1,056,740
Bills payables	<u>659,950</u>	<u>833,340</u>
	<u>2,295,124</u>	<u>1,890,080</u>

An ageing analysis of the trade and bills payables 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>
0-90 days	987,512	563,027
91-180 days	336,535	451,114
181-365 days	854,330	799,742
>365 days	<u>116,747</u>	<u>76,197</u>
	<u>2,295,124</u>	<u>1,890,080</u>

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

25. OTHER PAYABLES AND ACCRUALS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other payables	226,732	271,918
Accruals	<u>26,020</u>	<u>37,916</u>
	<u>252,752</u>	<u>309,834</u>

As at 31 December 2020, included in other payables of approximately HK\$Nil (RMBNil) (2019: approximately HK\$100,575,000 (RMB90,000,000)) represent unsecured interest bearing borrowings from CNICL, an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum (2019: PBOC multiplied by (1+20%) per annum).

26. BANK AND OTHER BORROWINGS

	2020 HK\$'000	2019 HK\$'000
Current		
Short-term bank borrowings, secured	95,352	169,755
Short-term bank borrowings, unsecured	908,488	636,354
Long-term bank borrowings, secured, current portion	156,723	74,344
Long-term bank borrowings, unsecured, current portion	86,275	5,588
Other borrowings, secured, current portion	304,633	809,905
Other borrowings, unsecured, current portion	63,352	3,855
	<u>1,614,823</u>	<u>1,699,801</u>
Non-current		
Long-term bank borrowings, secured	641,178	628,607
Long-term bank borrowings, unsecured	592,226	–
Other borrowings, secured	317,028	130,125
Other borrowings, unsecured	329,306	25,987
	<u>1,879,738</u>	<u>784,719</u>
Total bank and other borrowings	<u>3,494,561</u>	<u>2,484,520</u>

- (i) The bank and other borrowings were secured by (i) corporate guarantees provided by subsidiaries of the Company (2019: subsidiaries of the Company); (ii) finance lease receivables amounted to HK\$182,082,000 (2019: HK\$238,363,000); (iii) trade receivables amounted to HK\$13,111,000 (2019: HK\$22,350,000); (iv) pledged bank deposits amounted to HK\$418,183,000 (2019: HK\$481,719,000); and (v) the share capital of subsidiaries (2019: share capital of a subsidiary).
- (ii) All bank and other borrowings bear interest at floating rates, with effective interest rates ranging from 2.0% to 6.3% per annum (2019: 2.0% to 6.3% per annum). The carrying amounts of bank and other borrowings approximate to their fair values.
- (iii) As at 31 December 2020, included in other borrowings of (i) approximately HK\$256,259,000 (RMB215,000,000) (2019: approximately HK\$385,538,000 (RMB345,000,000)) represent secured interest bearing borrowing from 中核建融資租賃股份有限公司 (transliterated as China Nuclear Engineering and Construction Financial Leasing Co., Ltd. (“CNECFL”)), a fellow subsidiary of the Company. The borrowing is secured by certain trade receivables of the Group amounting to HK\$13,111,000 (2019: HK\$22,350,000) and bears interest at 5.8% per annum (2019: 5.8% per annum); and (ii) approximately HK\$27,718,000 (RMB23,255,000) (2019: approximately HK\$29,842,000 (RMB26,704,000)) represents an unsecured interest bearing borrowing from CNECFL. The interest rate of the borrowing is 5.8% per annum (2019: 5.8% per annum).

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
HK\$	330,000	450,000
RMB	2,829,289	1,776,093
United States dollars (“USD”)	335,272	207,127
Euros (“EUR”)	—	51,300
	<u>3,494,561</u>	<u>2,484,520</u>

As at 31 December 2020, the Group had undrawn bank loans facilities of approximately HK\$293,864,000 (RMB246,551,000) (2019: approximately HK\$295,950,000 (RMB261,154,000)).

At the reporting date, total current and non-current bank and other borrowings were scheduled to repay as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
On demand or within one year	1,614,823	1,699,801
More than one year, but not exceeding two years	416,922	390,487
More than two years, but not exceeding five years	840,630	377,967
After five years	622,186	16,265
	<u>3,494,561</u>	<u>2,484,520</u>

27. ACQUISITION OF SUBSIDIARIES

On 1 January 2020, 21 January 2020 and 21 January 2020, the Group entered into three sale and purchase agreements with independent third party vendors to acquire 90%, 100% and 100% of voting equity interests of Danyang Jinyanguang Photovoltaic Power Co., Ltd. (“**Danyang Photovoltaic Power**”), Fuyang Hengming Solar Power Co., Ltd. (“**Fuyang Solar Power**”), and Zhenjiang GCL New Energy Co., Ltd. (“**Zhenjiang GCL**”) respectively. The principal activities of the above companies are power generation operations of photovoltaic power station. The considerations are approximately HK\$12,140,000 (RMB10,860,000); HK\$38,328,000 (RMB34,966,000); and HK\$46,597,000 (RMB42,510,000) respectively. The acquisitions were made with the aims to acquire high-quality assets for the expansion of the Group’s power generation business. The acquisitions were completed on 17 January 2020, 13 March 2020 and 23 June 2020 respectively.

(a) Danyang Photovoltaic Power

Prior to the acquisition of 90% of voting equity interests in Danyang Photovoltaic Power, the Group owned 10% of voting equity interests in Danyang Photovoltaic Power and recognised as financial assets at FVTPL with carrying amount of HK\$1,383,000. At the date of acquisition, the Group remeasured the financial assets at FVTPL and recognised loss on disposal of financial assets at FVTPL of HK\$34,000. Upon completion of the acquisition, the Group owned 100% of voting equity interests in Danyang Photovoltaic Power.

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

HK\$'000

The fair value of identifiable assets and liabilities
as at the date of acquisition were:

Property, plant and equipment	35,453
Trade and bills receivables	769
Prepayment, deposits and other receivables	7,524
Cash and cash equivalents	1,746
Trade and bills payables	(169)
Other payables and accruals	(31,834)
	<u>13,489</u>

The fair value of consideration transferred:

Cash	12,140
Financial assets at FVTPL	1,349
	<u>13,489</u>

Cash outflow arising from acquisition of a subsidiary:

Cash consideration paid	(12,140)
Cash and cash equivalents acquired	1,746
	<u>(10,394)</u>

Had the business combination taken place on 1 January 2020, revenue and net profit of the Group for the year ended 31 December 2020 would have been approximately HK\$2,173,954,000 and HK\$70,830,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Investee been completed on 1 January 2020 nor are they intended to be a projection of future results.

(b) Fuyang Solar Power

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

HK\$'000

The fair value of identifiable assets and liabilities

as at the date of acquisition were:

Property, plant and equipment	131,986
Trade and bills receivables	34,376
Prepayment, deposits and other receivables	8,645
Cash and cash equivalents	800
Trade and bills payables	(384)
Other payables and accruals	(67,104)
Other borrowings	(69,188)
Tax payable	(571)
	38,560

The fair value of consideration transferred:

Cash	(38,328)

Gain on bargain purchase	232

Cash outflow arising from acquisition of a subsidiary:

Cash consideration paid	(38,328)
Cash and cash equivalent acquired	800
	(37,528)

Gain on bargain purchase was mainly due to the fact that the seller had the intention to exit from his investment in the acquired business due to his business reasons.

Had the business combination taken place on 1 January 2020, revenue and net profit of the Group for the year ended 31 December 2020 would have been approximately HK\$2,181,300,000 and HK\$75,093,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Investee been completed on 1 January 2020 nor are they intended to be a projection of future results.

(c) **Zhenjiang GCL**

The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

HK\$'000

The fair value of identifiable assets and liabilities

as at the date of acquisition were:

Property, plant and equipment	119,589
Trade and bills receivables	25,171
Cash and cash equivalents	5,177
Trade and bills payables	(1,308)
Contract liabilities	(245)
Other payables and accruals	<u>(98,488)</u>
	49,896

The fair value of consideration transferred:

Cash	<u>(46,597)</u>
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Gain on bargain purchase	<u>3,299</u>
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Cash outflow arising from acquisition of a subsidiary:

Cash consideration paid	(46,597)
Cash and cash equivalents acquired	<u>5,177</u>
	<u>(41,420)</u>

Gain on bargain purchase was mainly due to the fact that the seller had the intention to exit from his investment in the acquired business due to his business reasons.

Had the business combination taken place on 1 January 2020, revenue and net profit of the Group for the year ended 31 December 2020 would have been approximately HK\$2,181,135,000 and HK\$72,141,000 respectively. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of the operations of the Group that actually would have been achieved had the acquisition of the Investee been completed on 1 January 2020 nor are they intended to be a projection of future results.

28. CAPITAL COMMITMENTS

As at 31 December 2020, the Group did not have any capital commitments (2019: HK\$Nil).

29. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

a. Transactions with related parties

	2020 HK\$'000	2019 HK\$'000
Transaction with intermediate holding company		
– Loan interest expense (note (i))	<u>4,994</u>	<u>3,092</u>
Transaction with a fellow subsidiary		
– Handling fee expense (note (ii))	–	9,137
– Loan interest expense (note (ii))	<u>10,251</u>	<u>4,577</u>
Transaction with a fellow subsidiary		
– Construction cost (note (iii))	<u>16,104</u>	<u>–</u>

Notes:

- (i) The Group borrowed from CNICL, an intermediate holding company of the Company, with the sum of approximately HK\$Nil (RMBNil) (2019: approximately HK\$100,575,000 (RMB90,000,000)) which was unsecured, interest bearing at the prevailing benchmark leading interest rate to promulgated by PBOC multiplied by (1+20%) per annum and repayable on demand (2019: PBOC multiplied by (1+20%) per annum and repayable on demand).
- (ii) The Group borrowed from CNECFL, a fellow subsidiary of the Company, with the sum of approximately HK\$256,259,000 (RMB215,000,000) (2019: approximately HK\$385,538,000 (RMB345,000,000)) which was secured, bearing interest at 5.8% per annum (2019: 5.8% per annum) and repayable on demand. The handling fee expense represents 1.7% on the principal of the borrowing.

The Group borrowed from CNECFL, a fellow subsidiary of the Company, with the sum of approximately HK\$27,718,000 (RMB23,255,000) (2019: approximately HK\$29,842,000 (RMB26,704,000)) which was unsecured, bearing interest at 5.8% per annum (2019: 5.8% per annum). The handling fee expense represents 2.4% on the principal of the borrowing.

- (iii) On 23 June 2020, a subsidiary entered into the Construction Subcontract with China Nuclear Machinery Engineering Company Limited (“CNME”), pursuant to which CNME agreed to undertake the construction and installation works of wind turbines and transformer under the Xuzhou EPC Project. The total consideration of the Construction Subcontract was approximately HK\$16,104,000 (RMB14,725,000).

b. Compensation of key management personnel of the Group:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Short-term employee benefits	10,037	9,881
Pension scheme contribution	167	173
Total compensation paid to key management personnel	<u>10,204</u>	<u>10,054</u>

c. Transactions with other government-related entities in the PRC

CNNC is a PRC state-owned enterprise. Government-related entities, other than entities under CNNC, over which the PRC government has control, joint control or significant influence are also considered as related parties of the Group (“**other government-related entities**”). The majority of the business activities of the Group are conducted with other government-related entities.

The transactions between the Group and other government-related entities are conducted in the ordinary course of the Group’s business within normal business operations. The Group has established its approval process for revenue from provision of EPC and consultancy services, sales of electricity, purchase of products and services and its financing policy for borrowing. Such approval processes and financing policy do not depend on whether the counterparties are government-related entities or not.

Having considered the potential for transactions to be impacted by related party relationships, the Group’s approval processes and financing policy, and information that would be necessary for an understanding of the potential effect of the relationship on the consolidated financial statements, the directors believe that the following transactions are collectively significant for disclosure purpose:

– ***Revenue from provision of EPC and consultancy services***

The revenue from provision of EPC and consultancy services refer to the construction of photovoltaic power plant to local government-related entities. For the year ended 31 December 2020, management estimates that the aggregate amount of the Group’s significant transactions with other government-related entities are at least 14% (2019: 20%) of its revenue from provision of EPC and consultancy services.

– ***Sale of electricity to the grid***

The Group sells substantially all its electricity to local government-related power grid companies, and the tariff of electricity is regulated by relevant government authorities. For the year ended 31 December 2020, management estimates that the aggregate amount of the Group's significant transactions with other government-related entities are at least 91% (2019: 93%) of its sale of electricity.

– ***Placement and borrowing***

The Group deposits most of its cash in government-related financial institutions, and also obtains short-term, long-term and other borrowings from these banks or institutions in the ordinary course of business. The interest rates of the bank deposits and borrowings are regulated by the People's Bank of China.

– ***Other transactions***

Other collectively significant transactions with other government-related entities include property, plant and equipment construction. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are government-related entities or not.

30. DEFERRED TAX

Details of the deferred tax liabilities recognised and movements during the 2020 and 2019 are as follows:

	Revaluation of Buildings HK\$'000
At 1 January 2019, 31 December 2019 and 1 January 2020	–
Charged to other comprehensive income	5,374
Exchange alignments	<u>320</u>
At 31 December 2020	<u><u>5,694</u></u>

CORPORATE GOVERNANCE

The board (the “**Board**”) of directors (the “**Director**”) of China Nuclear Energy Technology Corporation Limited (the “**Company**”) has committed to achieve high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

To the best knowledge and belief of the Directors, the Company has complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2020.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors’ dealings in the Company’s securities (the “**Code of Conduct**”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made for all the Directors and the Directors have confirmed that they have complied with the Code of Conduct and the Model Code throughout the year ended 31 December 2020.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established in compliance with rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and risk management and internal controls.

The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group’s external auditor, BDO Limited, to the amounts set out in the audited financial statements.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020.

ANNUAL GENERAL MEETING

The annual general meeting (“**AGM**”) of the Company will be held on Wednesday, 26 May 2021 at 10:00 am. Notice of AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Wednesday, 26 May 2021, the register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branchshare registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 20 May 2021.

By Order of the Board

China Nuclear Energy Technology Corporation Limited

Zhao Yixin

Chairman

Hong Kong, 29 March 2021

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