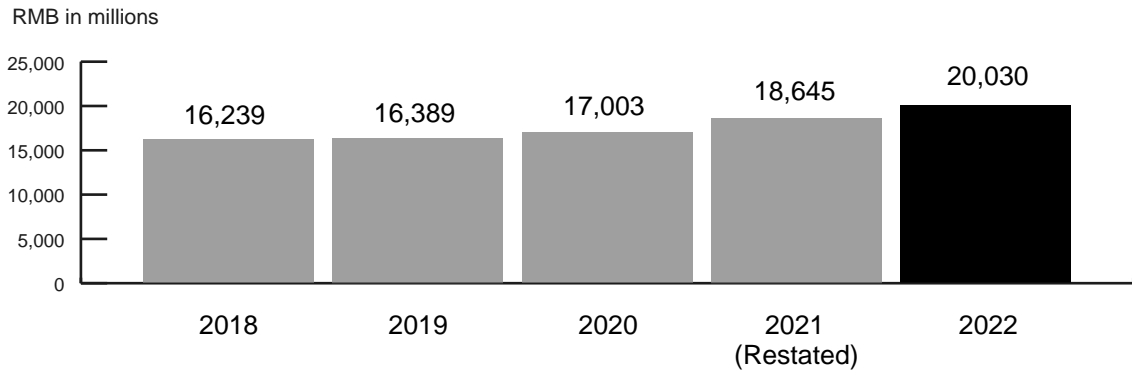


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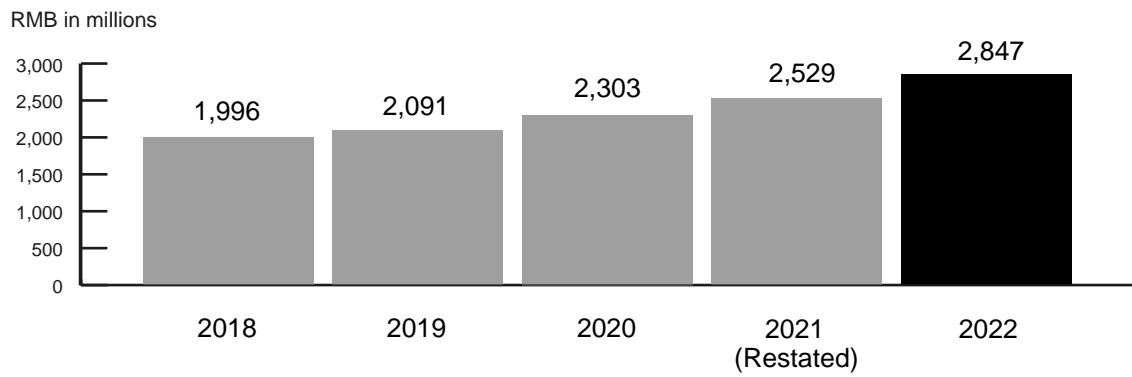
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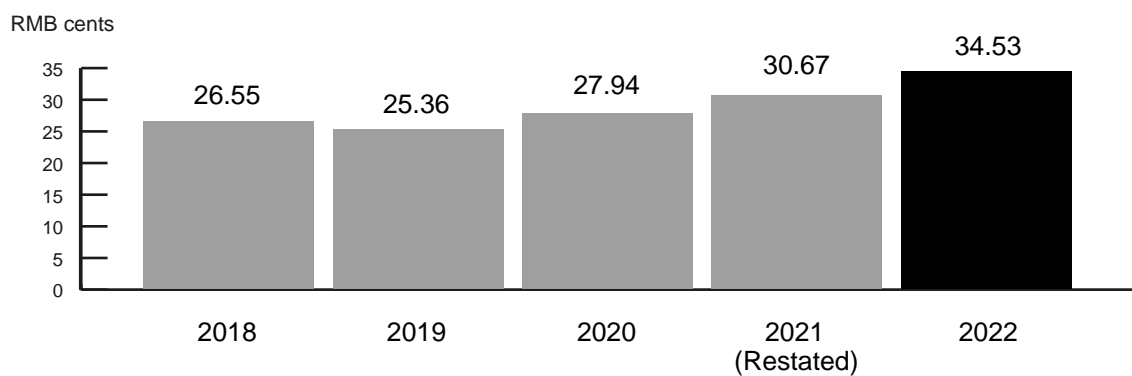
REVENUE



PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY



EARNINGS PER SHARE



	Year ended 31 December				
	2022 RMB'000	2021 RMB'000 (Restated)	2020 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	20,030,281	18,645,255	17,003,306	16,388,643	16,238,805
Other income	1,055,415	904,011	797,393	1,051,030	1,029,099
Profit from operations	5,170,923	4,827,967	3,917,090	3,721,816	3,761,654
Profit before taxation	3,843,500	3,284,905	2,953,026	2,675,292	2,742,575
Income tax expense	(814,876)	(615,604)	(557,041)	(507,961)	(626,458)
Profit for the year	3,028,624	2,669,301	2,395,985	2,167,331	2,116,117
Total comprehensive income	3,001,268	2,651,041	2,518,122	2,184,760	1,904,582
Profit for the year attributable to:					
– Ordinary shareholders of the Company	2,846,890	2,528,902	2,303,390	2,090,770	1,995,943
– Holders of perpetual notes	100,750	59,895	31,950	–	35,768
– Non-controlling interests	80,984	80,504	60,645	76,561	84,406
	3,028,624	2,669,301	2,395,985	2,167,331	2,116,117
Total comprehensive income for the year attributable to:					
– Ordinary shareholders of the Company	2,819,534	2,510,642	2,425,527	2,108,199	1,784,408
– Holders of perpetual notes	100,750	59,895	31,950	–	35,768
– Non-controlling interests	80,984	80,504	60,645	76,561	84,406
	3,001,268	2,651,041	2,518,122	2,184,760	1,904,582
Earnings per share (RMB cents)					
Basic and diluted	34.53	30.67	27.94	25.36	26.55

	As at 31 December				
	2022	2021	2020	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)			
Total assets	87,994,566	86,040,207	70,538,308	59,723,159	54,941,460
Non-current assets	69,418,696	66,903,351	55,656,303	49,542,293	42,809,938
Current assets	18,575,870	19,136,856	14,882,005	10,180,866	12,131,522
Total liabilities	55,560,887	54,868,457	44,171,461	36,647,850	33,429,860
Current liabilities	27,361,729	29,140,638	25,244,624	19,437,526	19,391,917
Non-current liabilities	28,199,158	25,727,819	18,926,837	17,210,324	14,037,943
Net assets	<u>32,433,679</u>	<u>31,171,750</u>	<u>26,366,847</u>	<u>23,075,309</u>	<u>21,511,600</u>
Capital and reserves					
Share capital	8,244,508	8,244,508	8,244,508	8,244,508	8,244,508
Reserves	20,356,881	19,106,113	16,249,142	14,428,160	12,869,870
Equity attributable to ordinary shareholders of the Company	28,601,389	27,350,621	24,493,650	22,672,668	21,114,378
Perpetual notes	3,027,962	3,027,962	1,525,582	–	–
Non-controlling interests	804,328	793,167	347,615	402,641	397,222
Total equity	<u>32,433,679</u>	<u>31,171,750</u>	<u>26,366,847</u>	<u>23,075,309</u>	<u>21,511,600</u>

Beijing Jingneng Clean Energy Co., Limited (hereinafter referred to as the “Company”) was established in August 2010, and is a subsidiary controlled by 北京能源控股公司 (Beijing Energy Holding Co., Ltd., English name for identification purpose) (hereinafter referred to as “BEH”). The Company was listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2011. The Company operates its business in 26 provinces, municipalities and autonomous regions, such as Beijing, Inner Mongolia, Ningxia, Sichuan, Hunan and Guangdong, and involves in gas-fired power and heat energy generation, wind power, photovoltaic power, small-to-medium-sized hydropower, energy storage and other clean energy generation businesses, which help the Group claim the title of the largest gas-fired heat and power supplier in Beijing and the leading wind power and photovoltaic power operator in China as well as an industry-leading clean energy brand, striving to build the Group into a world-class clean energy service provider in Beijing.

As of 31 December 2022, the total consolidated installed capacity of the Company reached 13,719 MW. Currently, the Company operates seven gas-fired cogeneration plants with an installed capacity of 4,702 MW in Beijing, accounting for 40% of gas-fired power generation of Beijing and accounts for over 40% of centralized heating supply of Beijing. As a result, the Company is the leading gas-fired heat and power supplier in Beijing. The installed capacity of wind power generation of the Company reached 5,066 MW with the majority located in Inner Mongolia region, Shaan-Gan-Ning region and Beijing-Tianjin-Hebei region in China where wind resources are abundant. The Company’s photovoltaic power generation installed capacity is 3,532 MW, which is distributed in northwest China, north China and south China regions with relatively abundant solar resource. The Company also operates other clean energy business like small-to-medium-sized hydropower which has a consolidated installed capacity of 419 MW mainly distributed in southwest China with abundant water resources.

The Company thoroughly implements the energy security strategy of “Four Revolutions, One Cooperation” and the new development principle of “Innovation, Coordination, Green, Opening-up and Sharing”. Based on the new stage, new positioning and new tasks, the Company follows the principle of “seeking progress and rapid progress while maintaining steady development”, practices the major strategic decision of “Peaking Carbon Dioxide Emission and Achieving Carbon Neutrality”, and takes green development as the first priority, technological innovation as the first driving force, and talent team as the first resource, to promote the Company’s sustainable development with higher quality and efficiency, and expedite our development into a world-class clean energy service provider in the capital.

Dear Shareholders,

The year of 2022 marked an extraordinary, unusual and extremely special period for the development of JNCEC. With the concerted efforts of all our employees, we vigorously cushioned the tremendous impact of the COVID-19 pandemic, and worked hard to tackle the huge challenge of increasingly fierce competition for resources. We proactively implemented the philosophy of “green Jingneng, digital Jingneng and innovative Jingneng (` / • e p ħ / • e ô - / •)” , went all out to expedite the high-quality development, and recorded hard-earned results with extraordinary efforts.

It was a year full of fearless endeavors. In the face of pandemic outbreak, we followed science-based and targeted approach and optimized our anti-pandemic response in light of the evolving situation, guaranteed energy supply to the greatest extent, maintained normal construction order, and ensured safe and stable operation of power generation and heating equipment. It was a year to forge ahead with enterprise and fortitude. In the context of turbulent international environment and arduous reform and development tasks, we remained committed to high-quality development and successfully achieved the annual profit target. It was a year full of hard working. We took the initiative in the implementation of the “wind power and photovoltaic power integration strategy”, successfully reserved, developed and built a number of high-quality renewable energy projects, and seized the strategic initiative of clean energy development for JNCEC with our hardworking.

The global situation shows that the world economic growth is sluggish due to the impact of the Russia-Ukraine war. In the national situation, the economic growth rate in 2022 was far behind the target set at the beginning of the year. The year of 2023 is the first year to implement the guiding principles of the 20th CPC National Congress. China has introduced a series of policies and measures to boost economy. It is expected that the economy will achieve growth while maintaining stability throughout the year. For the energy industry, the 20th CPC National Congress has proposed the planning and development of a system for new energy sources, and the new energy industry will continue to develop rapidly. By the end of 2022, the cumulative installed capacity of wind power and photovoltaic power across the country exceeded 750 million kW. In 2023, it is estimated that the newly installed capacity of wind power and photovoltaic power will reach 160 million kW with a growth rate of more than 20%. We are still in a period with promising historical opportunities. As a flexible peak-shaving power source, gas-fired power generation projects will also play a greater role in the new energy system. From the perspective of the Group, we have high-quality projects in reserve, sound cash flow, stable revenue support, and incremental potentials for new energy development, all these factors will accelerate the high-quality development of the Group.

Looking back, we strived in unity and created a glorious and splendid history; looking forward, we will strive to achieve greater achievements in solidarity. We have embarked on a new journey in 2023, and a good start is crucial to secure the final success. We will take practical actions, forge ahead and demonstrate enterprise in pursuing the high-quality development.

2022 was a very difficult year for clean energy companies to secure progress under the “14th Five-Year Plan”. Facing multiple challenges such as the unexpected impact of COVID-19 pandemic, various profit-reducing constraints, and fierce competition for resources, the Company’s management united and led all employees under the appropriate leadership of the Company’s Board, conscientiously implemented the guiding principles of the annual work meeting, effectively coordinated the pandemic prevention and control efforts and business operation and development, and made solid progress in various tasks including energy security and energy supply guarantee by upholding fundamental principles, making innovations and taking concrete actions. The profit growth for the year was much higher than that of revenue and asset. The three-year average compound growth rate of total assets, total profits and total net assets exceeded 10%, the main production and operation indicators achieved the best of all times, and the overall safety performance was stable. In this way, various targets and tasks of the Company for the year had been successfully completed.

As at the end of 2022, the Company had total assets of RMB87.995 billion. It had a total installed capacity of 13.7194 million kW under operation, with annual power generation and annual heat generation reaching 36.629 billion kWh and 27.9830 million GJ, respectively. The operating revenue for the year was RMB20.030 billion and the total profit was RMB3.844 billion. In 2022, the Company’s renewable energy projects connected to the grid and obtained development rights of 2.65 million kW, with a 4.2% increase in the proportion of installed capacity of renewable energy power generation, and significant progress was made in offshore wind power projects. The Company successfully completed the task of guaranteeing energy supply in key areas and during important periods such as 2022 Beijing Winter Olympic Games. The Company supplied green power of 169 million kWh for the Winter Olympic venues, helping to achieve 100% green power supply for Winter Olympics venues and the goal of “lighting up the lights in Beijing via the wind from Zhangbei” with concrete actions.

In 2023, the Company will strictly follow the correct direction of green and low-carbon development, and firmly seize the major opportunities in the new energy industry. By strengthening strategic planning and deepening quality and efficiency improvement and safety management, and accelerating the building of a modern enterprise, the Company aims to further enhance its core competitiveness and strives to achieve the organic unity of social benefits and economic benefits, so as to promote the more high-quality, high-efficiency and sustainable development of the Company. The Company will speed up its pace in building itself into a world-class clean energy service provider in Beijing, create greater returns for all investor with better results, and make greater contributions to realizing the goal of “carbon peak and carbon neutrality”.

On behalf of the management team and all staff of the Company, I hereby extend my heartfelt gratitude to all Shareholders, the Board and the Board of Supervisors for their long-term support and trust to the Company.

I. REVIEW OF THE ELECTRIC POWER INDUSTRY

In 2022, the electric power industry in China proactively implemented the new requirements under the “dual carbon” goal, took active measures to cope with the impact of extreme weather conditions, and made strenuous efforts to secure stable power supply and ensure people’s livelihoods, providing strong security in electricity supply for the fight against the pandemic as well as the economic and social development. In 2022, the national electricity consumption reached 8.64 trillion kWh, representing a year-on-year increase of 3.6%. The national electricity consumption in each quarter increased by 5.0%, 0.8%, 6.0% and 2.5% respectively, with a decline in the growth of electricity consumption in the second and fourth quarters as affected by factors such as the pandemic.

The electric power industry continued to push forward the green and low-carbon transformation. According to the statistics from China Electricity Council and the National Energy Administration, the newly installed national power generation capacity was 200 million kW in 2022, of which the newly installed capacity of renewable energy power generation was 150 million kW. As of 31 December 2022, the national electricity installed capacity in total was 2.56 billion kW, representing a year-on-year increase of 7.8%, among which, the installed capacity of renewable energy power generation was 1.21 billion kW, representing a year-on-year increase of 14.3% with its proportion to the total installed capacity increasing to 47.3%, up by 2.5 percentage points as compared to last year. In terms of on-grid installed capacity, the capacity of on-grid wind power generation was 365 million kW, representing a year-on-year increase of 10.6%, of which the capacity of onshore wind power generation was 335 million kW while the capacity of offshore wind power generation was 30 million kW; the capacity of on-grid solar power generation was 390 million kW; and the capacity of on-grid hydropower generation was 410 million kW, of which the capacity of pumped storage project was 50 million kW.

In 2022, the power generation of industrial enterprises above the national scale was 8.4 trillion kWh, representing a year-on-year increase of 2.2%. The renewable energy power generation in total recorded a year-on-year increase of 8.8%, accounting for 31.6% of the total power generation, up by 1.7 percentage points over last year. The on-grid wind power and solar power generation recorded a year-on-year increase of 16.3% and 30.8% respectively.

In 2022, the utilisation hour of power generation equipment of power plants with a capacity of 6,000 kW or above in China was 3,687 hours, representing a year-on-year decrease of 125 hours. Among which, the utilisation hour of on-grid wind power generation was 2,221 hours, representing a year-on-year decrease of 9 hours; the utilisation hour of on-grid solar power generation was 1,337 hours, representing a year-on-year increase of 56 hours; the utilisation hour of hydropower generation was 3,412 hours, representing a year-on-year decrease of 194 hours, which was the lowest since 2014; the utilisation hour of thermal power generation was 4,379 hours, representing a year-on-year decrease of 65 hours, of which the utilisation hour of gas power generation was 2,429 hours, representing a year-on-year decrease of 258 hours.

In 2022, the electricity trading centers across the country managed to organise electricity transaction of 5,300 billion kWh in the market, representing a year-on-year increase of 39.0%, accounting for 60.8% of the national electricity consumption, up by 15.4 percentage points over last year. The total medium and long-term direct electricity transaction in the market across the country was 4,100 billion kWh, representing a year-on-year increase of 36.2%.

II. BUSINESS REVIEW FOR THE YEAR OF 2022

The year of 2022 marked a critical year for the “14th Five-Year Plan”. Faced with the multiple challenges such as the unexpected impacts of the pandemic and intensified resource competition, the Group facilitated the organic combination of steady growth, market expansion, efficiency enhancement and risk prevention, and achieved remarkable results in terms of several indicators such as revenue, profit, installed capacity and power generation, taking a lead in promoting high-quality development among the many state-owned enterprises in the capital and making major contributions to Beijing’s realization of the goal of “carbon neutrality” first.

1. The Group overcame the impacts of the pandemic to achieve rapid growth in revenue and profit amidst dampened market sentiment

In 2022, the consolidated installed capacity of the Group was 13.719 million kW, representing a year-on-year increase of 10.2%. The Group recorded an operating income of RMB20.03 billion, representing a year-on-year increase of 7.4%, and a profit before taxation of RMB3.84 billion, representing a year-on-year increase of 17.0%, which outpaced the growth in installed capacity and operating income. During the three years since the outbreak of the pandemic, the total operating income of the Group was RMB55.68 billion, up by 18.8% as compared to the aggregate amount recorded for the last three years, with a three-year compound growth rate of 6.9%. The total profit attributable to the equity holders was RMB7.68 billion, up by 31.0% as compared to the aggregate amount recorded for the last three years, with a three-year compound growth rate of 10.9%. In 2022, the Group was determined to pursuing high-quality development, and achieved hard-won results amidst the great pressure arising from the pandemic containment.

2. Growth in the renewable energy installed capacity and power generation outpaced the industry level, with significant improvement in operation quality

In 2022, the Group continued to uphold the renewable energy development strategy, and made great effort to push forward the implementation of the wind power and photovoltaic power projects. The renewable energy installed capacity amounted to 9.017 million kW, accounting for nearly two third of total installed capacity of the Company, and the newly-added renewable energy on-grid installed capacity was 1.275 million kW, representing a year-on-year increase of 16.5%, outpacing the growth in the national renewable energy installed capacity by 2 percentage points. Among which, newly-added installed capacity of the wind power generation segment was 0.956 million kW, representing a year-on-year increase of 23.3% which was 12 percentage points higher than the growth in the national wind power installed capacity, with the installed capacity of this segment exceeding that of the gas-fired power generation segment of the Group; and newly-added installed capacity of the photovoltaic power generation segment was 0.319 million kW, representing a year-on-year increase of 9.9%.

In 2022, the total power generation of the Group for the year was 36.63 billion kWh, of which the renewable energy power generation was 17.59 billion kWh, representing an increase of 4.16 billion kWh as compared to last year or a year-on-year increase of 31.0% which was 22 percentage points higher than the growth in the national renewable energy power generation. The power generation of the wind power generation segment recorded a year-on-year increase of 46.7%, which was 30 percentage points higher than the growth in the national wind power generation. The average equipment utilisation hour of the photovoltaic power generation segment was 1,436 hours, 99 hours higher than the average national level. Always adhering to the strategy of “green development”, the commitment of “making the Group stronger, better and larger” and the goal of maximising shareholders’ interest, the Group continued to enhance corporate value and facilitate continuous improvement in its operation quality.

3. The Group made solid progress in project development with sufficient and promising projects in reserve

In 2022, the Group continued to adhere to the “two-wheel drive” of independent development and project mergers and acquisitions. As of 31 December 2022, the Group had in-progress projects under independent development of nearly 3 million kW, projects that have been filed but not yet commenced construction of over 1.5 million kW, merger and acquisition projects that have completed approval process of over 0.4 million kW and projects in reserve of over 28 million kW.

In 2022, new progress had been made for the key projects of the Group. The Beijing-section route of the Chengde base project passed the review with a preliminary opinion letter issued by the Beijing Municipal Development and Reform Commission; a cooperation agreement was signed for the 1 million kW offshore wind power project in Shantou; and the 1 million kW wind power project in Chagan Nur of Toksun, Xinjiang, one of the third batch national “desert, gobi and wilderness” (沙漠、戈壁和荒漠) base projects, was submitted for approval.

In 2022, the Group scored new achievements in its new energy business. In terms of energy storage, the Xuanhe energy storage project in Ningxia was successfully connected to the grid, and the filing for the shared energy storage project in Guilin, Guangxi was completed; in terms of hydrogen energy, the 500,000 kW wind power hydrogen production demonstration project in Ulanhot and the 500,000 kW wind and solar power hydrogen production demonstration project in Bayan Nur applied actively for indicators; in terms of comprehensive energy, the preliminary work for Jingfeng's "low-carbon" regional integrated energy service center project and resource comprehensive utilization project of Yichang High-speed Railway North Station Industrial Park were carried out in an orderly manner.

In 2022, the capabilities of the Group to serve the capital were further enhanced. The Group took the initiative to undertake work such as the assessment of renewable resources, the guidelines for the development of distributed projects, and the medium and long-term planning of pumped storage power in Beijing to further analyze the resource endowment of Beijing and effectively guide the project development work. Taking comprehensive steps to develop distributed photovoltaic projects in Beijing, the Group focused on the implementation of 14 distributed photovoltaic projects with an installed capacity of approximately 49,300 kW, completed the filing of 6 projects and signed 3 town-wide strategic cooperation agreements. The 1.4 million kW pumped storage power station in Huailai was included as a peak-shaving power supply point around Beijing in the implementation plan of emergency backup and peak-shaving power supply capacity building and the energy development plan of Beijing during the "14th Five-Year Plan" period. Having passed the site selection evaluation, the project was in the process of pre-feasibility study preparation, striving to get approval in 2023.

4. The Group achieved further improvement in financial indicators, showcasing the positive results of "high-quality" development

As of 31 December 2022, the Group had a gearing ratio of 63.1%, down by 0.63 percentage point as compared with the previous year; and a net operating cash flow of RMB11.36 billion, up by 128.9% as compared with the previous year. The decreased gearing ratio and increased operating cash flow effectively enhanced the Group's risk resilience, and at the same time, laid a solid foundation for business expansion acceleration and installed capacity increment in the future.

In 2022, the Group's consolidated capital cost was 3.43%, representing a year-on-year decrease of 0.31 percentage point. The Group continued to optimise its capital structure, and successfully issued the first carbon-neutral asset-backed securities (ABS) product within the state-owned assets system in Beijing during the year, raising RMB1 billion, with a maturity of three years and a senior coupon interest rate of 3.07%, which was the lowest rate among the same type of products with the same maturity in the market at the time of the issuance. The Group issued two tranches of medium-term bonds of RMB2 billion and RMB1.5 billion with a coupon rate of 2.92% and 2.99% respectively, and six tranches of ultra-short-term financing debentures, raising a total of RMB11.5 billion, with a coupon rate ranging from 1.74% to 2.48%, significantly reduced the finance costs of the Group in relation to bonds, which fully demonstrated the capital market's high recognition of the Group's reputation.

5. The Group accelerated digital transformation to effectively facilitate the transformation of production and operation mode

As of 31 December 2022, following the completion of the three-level integrated intelligent supervision system, the Group's 108 plants and stations and 4.6 million databases have been connected to such system. The establishment of the three-level supervision system of "Intelligent Supervision Center – Regional-wide Branch and Gas-fired Plants Centralized Control Center – Plants and Stations" laid a solid foundation for the effective implementation of equipment efficiency analysis, fault alert, health management and control, performance improvement and other works.

In 2022, the Group complied the "14th Five-Year Plan" for technology innovation and digital transformation. Taking a "problem-solving and value-creating" orientation, the Group carried out technology innovation by leveraging its main business to steadily advance the construction of "two centers" of centralized control center and intelligent supervision center and effectively facilitated the transformation of production and operation model toward "no one or a few people on duty, centralized monitoring, and intelligent operation and maintenance".

6. The Group was committed to fulfilling the responsibility of an state-owned enterprise to ensure safe and reliable energy supply

In 2022, the Group conscientiously implemented the requirements of the "fifteen tough measures" issued by the State Council, successfully completed the task of guaranteeing energy supply in key areas and during important periods with the great sense of responsibility of "keeping everything in mind" and the execution capability of "putting everything right", so as to provide strong energy and security guarantee for the social and economic development of the capital. More than 2,500 people were assigned by the Group to participate in the service assurance work during the power guarantee period of the 20th CPC National Congress, and the power generation units achieved "zero" unscheduled shut down during the guarantee period. During the 2022 Winter Olympics and Winter Paralympics Games, in addition to over 1,000 people assigned to be responsible for daily service guarantee, 16 employees of the Beijing branch of the Group experienced the test of closed-loop management for 53 days, completed the energy station guarantee tasks in the Yanqing competition area with high quality, and facilitated the 100% green power supply for Winter Olympics venues and "lit up the lights in Beijing via the wind from Zhangbei" with concrete actions.

III. BUSINESS OUTLOOK FOR 2023

The year of 2023 is a critical year for the Group to achieve high-quality development. Focusing on the new requirements of “speeding up the planning and development of a system for new energy sources” stated in the report of the 20th CPC National Congress, the Group will seize the important opportunity window for rapid development of the industry, unswervingly implement the “wind power and photovoltaic power integration strategy” and the “two-wheel drive” of independent development and project mergers and acquisitions. The Group will take targeted efforts to concentrate on regions with advantages and high-quality projects, adhere to the principle of seeking progress and speeding up progress while maintaining stability, and fully and faithfully apply the new development philosophy on all fronts, serving to create a new pattern of development. Highlighting the major business line of “deepening reform, digital empowerment, benchmarking against first-class peers, innovation and efficiency”, the Group will strengthen strategic planning, deepen quality and efficiency improvement and safety management, and move faster to build a modernized system, so as to promote the higher-quality, higher-efficiency and more sustainable development of the Group. The Group will promote the Group to become the main facilitator for the “Green-Power-to-Beijing” and the main force for the green development of the capital, and strive to build the Group into a world-class clean energy service provider in Beijing.

1. Seeking breakthroughs in key projects and increasing efforts in the development of new energy business

In 2023, the Group will actively advance the nearly 3 million kW projects under construction, further strengthen control and coordination, improve engineering construction quality, and make best effort to achieve the full capacity grid connection of wind power projects such as the 400,000 kW wind power project in Bayan Nur, Inner Mongolia and 1 million kW wind power project in Chagan Nur, and photovoltaic projects such as in Qinzhou, Guangxi and Dongyuan, Guangdong for power generation.

In 2023, the Group will continue to deepen the development in regions with advantages around Beijing, actively track the construction of Green-Power-to-Beijing channels in Inner Mongolia, Zhangjiakou and Chengde, and vigorously promote the construction of large-scale and high-efficient base projects in places like “desert, gobi and wilderness” (风沙戈壁); focus on pushing forward the development of pumped storage projects at Huailai and Jingxing to commence construction as soon as possible; overcome challenges in the development of offshore wind power and strive to achieve breakthroughs in projects in Shantou and other places; take full advantages of state-owned enterprises in the capital, push forward the transformation of gas-fired power generation in Beijing to regional comprehensive energy center, and explore the new profit model that combines physical power plants and virtual power plants and integrates power source, grid, load and storage.

2. Accelerating digital empowerment and further unleashing the effect of intelligent transformation

In 2023, the Group will continue to intensify the efforts to broaden and deepen the digital transition by focusing on “digital Jingneng” and promote the transformation from “digital resources” to “digital assets”. The Group will accelerate the data access of newly invested projects as well as merger and acquisition projects to the intelligent supervision system, with an aim to achieve supervision over the status of all projects and automatic operation

IV. OPERATING RESULTS AND ANALYSIS

1. Overview

In 2022, the Company achieved profit for the year amounted to RMB3,028.6 million, representing an increase of 13.46% as compared with RMB2,669.3 million for 2021. Profit attributable to the equity holders amounted to RMB2,846.9 million, representing an increase of 12.57% as compared with RMB2,528.9 million for 2021.

2. Operating Income

The total operating income increased by 7.43% from RMB18,645.3 million for 2021 to RMB20,030.3 million for 2022, due to an increase in installed capacity which has been put into production of wind power and photovoltaic power segments, resulting in an increase in revenue from sales of electricity.

Gas-fired Power and Heat Energy Generation Segment

The operating income from the gas-fired power and heat energy generation segment increased by 0.47% from RMB12,407.5 million for 2021 to RMB12,465.8 million for 2022, of which, revenue from sales of electricity decreased by 1.37% from RMB10,455.0 million for 2021 to RMB10,311.7 million for 2022, due to the decrease in sales volume of electricity of this segment. Revenue from sales of heat energy increased by 10.33% from RMB1,952.5 million for 2021 to RMB2,154.1 million for 2022, due to the increase in sales volume of heating as a result of the extension of heating supply period during the year.

Wind Power Segment

The operating income from wind power segment increased by 38.72% from RMB3,112.5 million for 2021 to RMB4,317.6 million for 2022, due to the increase in sales volume of electricity as a result of an increase in the installed capacity which has been put into production in this segment.

Photovoltaic Power Segment

The operating income from photovoltaic power segment increased by 5.56% from RMB2,576.7 million for 2021 to RMB2,720.0 million for 2022, due to an increase in sales volume of electricity as a result of the improved lighting conditions and increased installed capacity which has been put into production in this segment during the year.

Hydropower Segment

The operating income from hydropower segment decreased by 4.66% from RMB386.4 million for 2021 to RMB368.4 million for 2022, due to the decrease in sales volume of electricity in this segment.

Other Segment

Other operating income principally comprises revenue from finance lease business and equipment repairs and maintenance. Other operating income decreased by 2.34% from RMB162.2 million for 2021 to RMB158.4 million for 2022, due to a decrease in revenue from external finance lease.

3. Other Income

Other income increased by 16.75% from RMB904.0 million for 2021 to RMB1,055.4 million for 2022, due to the increase in average tariff of the gas-fired power and heat energy generation segment as a result of gas-electricity interconnection, resulting in the increase in government grants and subsidies on clean energy production and the increase in income from carbon credits.

4. Operating Expenses

Operating expenses increased by 8.11% from RMB14,721.3 million for 2021 to RMB15,914.8 million for 2022, due to the cost expensed following the increase in the installed capacity which has been put into production in the wind power segment and the photovoltaic power segment.

Gas Consumption

Gas consumption increased by 1.47% from RMB9,053.9 million for 2021 to RMB9,186.9 million for 2022, due to an increase in gas consumption cost of the gas-fired power and heat energy generation segment as a result of the increase in heating supply and the rising average gas price.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 17.90% from RMB3,122.2 million for 2021 to RMB3,681.0 million for 2022, due to an increase in installed capacity which has been put into production in the wind power segment and the photovoltaic power segment.

Personnel Cost

Personnel cost increased by 12.06% from RMB1,095.0 million for 2021 to RMB1,227.1 million for 2022, due to the increase in the number of employees as a result of the business development of the Group, and personnel costs expensed following the commencement of production of new projects.

Repairs and Maintenance

Repairs and maintenance increased by 1.98% from RMB549.6 million for 2021 to RMB560.5 million for 2022.

Other Expenses

Other expenses principally comprise (1) external purchase of power, water and materials etc.; (2) property management, greening and fire protection fees; (3) rental expenses; (4) underwriting fees, bank commissions; (5) intermediary service fees; (6) property insurance premium; and (7) other miscellaneous operating expenses.

Other expenses increased by 13.75% from RMB927.2 million for 2021 to RMB1,054.7 million for 2022, due to an increase in management costs of newly-established branch companies and an increase in operating expenses as a result of the commencement of production of new projects of the wind power segment and the photovoltaic power segment.

Other Gains and Losses

Other gains and losses decreased from a gain of RMB25.5 million for 2021 to a loss of RMB201.3 million for 2022, the change was mainly due to the losses from fair value changes of H shares of CGN Power Co., Ltd. held by the Company and Australian PPA Contract, while gains recognised for last year.

5. Operating Profit

As a result of the above, operating profit increased by 7.10% from RMB4,828.0 million for 2021 to RMB5,170.9 million for 2022.

Gas-fired Power and Heat Energy Generation Segment

The operating profit of gas-fired power and heat energy generation segment increased by 4.60% from RMB1,772.7 million for 2021 to RMB1,854.2 million for 2022, due to a decrease in maintenance costs in this segment and the extension of heating supply period during 2022.

Wind Power Segment

The operating profit of wind power segment increased by 13.97% from RMB1,904.9 million for 2021 to RMB2,171.0 million for 2022, due to an increase in the installed capacity which has been put into production in this segment, resulting in an increase in the sales volume of electricity.

Photovoltaic Power Segment

The operating profit of photovoltaic power segment increased by 8.10% from RMB1,368.4 million for 2021 to RMB1,479.3 million for 2022, due to an increase in the installed capacity which has been put into production in this segment, resulting in an increase in the sales volume of electricity.

Hydropower Segment

The operating profit of hydropower segment increased by 30.11% from RMB109.6 million for 2021 to RMB142.6 million for 2022, due to the impairment losses of individual fixed assets in this segment in the previous year.

Other Segment

Other operating profit increased from a loss of RMB327.6 million for 2021 to a loss of RMB476.2 million for 2022, due to the losses from fair value change of H shares of CGN Power Co., Ltd. held by the Company and issue discounts in connection with accounts receivables upon ABS issuance.

6. Finance Costs

Finance costs increased by 9.32% from RMB1,373.0 million for 2021 to RMB1,501.0 million for 2022, due to an increase of interest expenses as a result of the increase in the newly added installed capacity after they are put into production, with the average interest rate decreasing by 0.31 percentage point from 3.74% for 2021 to 3.43% for 2022.

7. Share of Results of Associates and a Joint Venture

Share of results of associates and a joint venture increased from a loss of RMB207.0 million for 2021 to a profit of RMB115.5 million for 2022, due to the investment losses being recorded by the Group in the year of 2021 as a result of an increase in coal price from a subsidiary of Jingneng International, while an investment gain being recognised in the period of holding Jingneng International in the year of 2022.

8. Profit before Taxation

As a result of the foregoing, profit before taxation increased by 17.01% from RMB3,284.9 million for 2021 to RMB3,843.5 million for 2022.

9. Income Tax Expense

Income tax expense increased by 32.37% from RMB615.6 million for 2021 to RMB814.9 million for 2022. Average effective tax rate was 21.20% for 2022.

10. Profit for the year

As a result of the foregoing, profit for the year increased by 13.46% from RMB2,669.3 million for 2021 to RMB3,028.6 million for 2022.

11. Profit for the year Attributable to Equity Holders of the Company

Profit for the year attributable to equity holders of the Company increased by 12.57% from RMB2,528.9 million for 2021 to RMB2,846.9 million for 2022.

V. FINANCIAL POSITION

1. Overview

As of 31 December 2022, total assets of the Group amounted to RMB87,994.6 million, total liabilities amounted to RMB55,560.9 million and total equity amounted to RMB32,433.7 million, among which equity attributable to the equity holders amounted to RMB28,601.4 million.

2. Particulars of Assets and Liabilities

Total assets increased by 2.27% from RMB86,040.3 million as at 31 December 2021 to RMB87,994.6 million as at 31 December 2022, due to the increase in investment in new projects and merger and acquisition projects.

Total liabilities increased by 1.26% from RMB54,868.5 million as at 31 December 2021 to RMB55,560.9 million as at 31 December 2022.

Total equity increased by 4.05% from RMB31,171.8 million as at 31 December 2021 to RMB32,433.7 million as at 31 December 2022. Equity attributable to equity holders of the Company increased by 4.57% from RMB27,350.6 million as at 31 December 2021 to RMB28,601.4 million as at 31 December 2022, which was attributable to the business results in 2022.

3. Liquidity

As of 31 December 2022, current assets amounted to RMB18,575.9 million, including monetary capital of RMB5,466.4 million, bills and accounts receivables of RMB11,027.1 million (mainly comprising receivables from sales of electricity and sales of heat), finance lease receivables of RMB378.1 million, loan receivables of RMB45.9 million, and prepayment and other current assets of RMB1,658.4 million (mainly comprising deductible value-added tax and other accounts receivables).

Current liabilities amounted to RMB27,361.7 million, including short-term borrowings of RMB12,074.6 million, short-term financing debentures of RMB5,538.4 million, medium-term notes due within one year of RMB1,605.2 million, corporate bonds of RMB421.2 million, bills payables and accounts payables of RMB6,974.2 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB748.1 million, mainly comprising income tax payable and amounts due to related parties, etc.

Net current liabilities decreased by 12.17% from RMB10,003.8 million as at 31 December 2021 to RMB8,785.8 million as at 31 December 2022, mainly due to the issue of asset-backed securities backed by the accounts receivables and factoring which was used for repayment of debts due.

4. Net Gearing Ratio

Net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, decreased by 1.52 percentage points from 57.30% as at 31 December 2021 to 55.78% as at 31 December 2022.

The Group's long-term and short-term borrowings decreased by 1.41% from RMB47,048.3 million as at 31 December 2021 to RMB46,386.6 million as at 31 December 2022, including short-term borrowings of RMB12,074.6 million, long-term borrowings of RMB21,653.2 million, medium-term notes of RMB6,099.4 million, short-term financing debentures of RMB5,538.4 million and corporate bonds of RMB1,021.0 million.

Bank deposits and cash held by the Group increased by 4.74% from RMB5,219.1 million as at 31 December 2021 to RMB5,466.4 million as at 31 December 2022.

VI. OTHER SIGNIFICANT EVENTS

1. Financing

On 14 January 2022, the Group completed the issuance of the first tranche RMB2,000 million 270-day ultra-short-term financing debentures of 2022 at an interest rate of 2.48%;

On 14 March 2022, the Group completed the issuance of the second tranche RMB2,000 million 269-day ultra-short-term financing debentures of 2022 at an interest rate of 2.37%;

On 20 May 2022, the Group completed the issuance of the third tranche RMB1,500 million 269-day ultra-short-term financing debentures of 2022 at an interest rate of 2.00%;

On 22 July 2022, the Group completed the issuance of the fourth tranche RMB2,000 million 270-day ultra-short-term financing debentures of 2022 at an interest rate of 1.80%;

On 25 November 2022, the Group completed the issuance of the fifth tranche RMB2,000 million 270-day ultra-short-term financing debentures of 2022 at an interest rate of 2.36%;

On 6 December 2022, the Group completed the issuance of the sixth tranche RMB2,000 million 14-day ultra-short-term financing debentures of 2022 at an interest rate of 1.74%;

On 27 September 2022, the Group completed the issuance of the first tranche RMB2,000 million medium-term notes of 2022, with a period of 5 years, at an interest rate of 2.92%;

On 4 November 2022, the Group completed the issuance of the second tranche RMB1,500 million medium-term notes of 2022, with a period of 5 years, at an interest rate of 2.99%.

The commission fees paid for each of the aforesaid financing exercises did not exceed RMB3 million.

2. Capital Expenditure

In 2022, the Group's capital expenditure amounted to RMB9,186.6 million, including RMB586.3 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB3,602.2 million incurred for construction projects in the wind power segment, RMB4,914.9 million incurred for construction projects in the photovoltaic power segment, RMB8.6 million incurred for construction projects in the hydropower segment, and RMB74.6 million incurred for construction projects in other segment.

3. Acquisition and Establishment of Subsidiaries

According to the development plan of the Group, the Group in 2022 acquired Dongyuan County Shunfeng New Energy Co., Ltd. (东源县顺丰新能源有限公司), Huilai Zhongshang New Energy Technology Co., Ltd. (惠来中尚新能源科技有限公司), and Huilai Zhongshang New Energy Technology Co., Ltd. (惠来中尚新能源科技有限公司), which are engaged in construction

VII. RISK FACTORS AND RISK MANAGEMENT

Macro-environmental Risk

Amid sluggish global economic growth, intensified international economic and trade frictions, and more pressure on downward domestic economy, together with the adverse impact of the COVID-19, the Group's business development suffered significant impact. A tendency of clean, low-carbon, electrified, and digital development has emerged in the supply and demand structure of energy. Whether the Group can grasp the structural reforms on the power supply side, fully mobilise demand-side to response resources, and promote the development trend of green transformation and upgrading of the power industry are also related to the future development of the Group.

Changes in the macro environment present challenges but more opportunities for the development of the Group. In order to accommodate the changes in the macro environment by closely monitoring fluctuations in economic situation and development situation of new energy, the Group turns crises into opportunities by vigorously developing new energy business, making efforts in power marketing,

The Company upholds the management philosophy of “people-oriented and pursuit of excellence”, strives to create a harmonious working environment, and strengthens efforts in building of talents team. While focusing on the development of the Company, it attaches importance to staff training and employees’ benefits. The overall human resources condition of the Company in 2022 is summarized as follows:

I. SUMMARY OF HUMAN RESOURCES

The Company had a total of 3,190 employees as at 31 December 2022. The age of staff tended to be young, with the proportion of employees under the age of 35 accounting for over 48.5%; employees are generally highly educated, with the proportion of holders of Bachelor degree and above degrees accounting for approximately 68.1% of the total staff. Please refer to the following tables for details of the age and degree structure of employees:

1. Age Structure:

Age distribution	Number of employees	Percentage	Cumulative percentage
Under 35	1,548	48.53%	48.53%
36 to 45	769	24.11%	72.64%
46 to 55	744	23.32%	95.96%
Over 56	129	4.04%	100.00%
Total	3,190	100.00%	—

2. Degree Structure:

Educational background	Number of employees	Percentage	Cumulative percentage
Doctorate degree	2	0.06%	0.06%
Master’s degree	172	5.39%	5.45%
Bachelor’s degree	1,999	62.67%	68.12%
College or below	1,017	31.88%	100.00%
Total	3,190	100.00%	—

3. Gender ratio:

Gender	Number of employees	Percentage
Male	2,533	79.40%
Female	657	20.60%
	<u>3,190</u>	<u>100.00%</u>

The Group recognises the importance of gender diversity in promoting a diverse and inclusive working environment. The Group considers the existing gender ratio of its workforce appropriate for its current business mode and operation needs, thus it is not sensible to set specific gender target for its workforce. In recruitment decision-making, the Group also takes into consideration of other relevant factors, with an aim to promote equal and diverse working environment. The Group prohibits any form of discrimination or behaviours in violation of ethics code, or unfair treatment towards employees on the ground of gender, nationality, geographical region, religion and other factors.

II. EMPLOYEES' INCENTIVES

With an aim to cope with its development, the Company, on the basis of position-oriented targets accountability system, has further established a performance appraisal system for all employees and a multi-level incentive mechanism. Through clearly defining position-oriented performance targets, the Company is able to assess and appraise employees' performance in an objective manner. By materializing reward and penalty in the performance-based portion of the employees' remuneration based on appraisal results, the Company is able to fully boost the potential and the morale of employees, thus achieving the coexistence of incentives and restraints.

III. EMPLOYEES' REMUNERATION

The employees' remuneration comprises basic salary and performance-based salary. The total salary is determined by reference to the performance appraisal of all employees of the Group. Individual performance is associated with personal annual appraisal results.

For details of the employee remuneration and benefit expenditures as well as total emoluments of the Directors, Supervisors and senior management of the Group in 2022, please refer to notes 12, 13 and 48 to the Financial Statements.

IV. EMPLOYEES' TRAINING

Talents are the source for the Company's development. The Company utilized training agenda as an important tool of upgrading the level of corporate management and of enhancing the overall quality of employees. In terms of the design of training courses, the Company emphasized the probe into training needs, in a view to actively motivating all employees' initiatives, and arranged various vocational training for employees that are geared to the characteristics of requirements of each profession and position. The Company formed a set of complete system to strictly check and examine the training results in respect of training management. The Company offered a variety of training forms, and also encouraged employees to actively participate in external training to provide more opportunities for employees to communicate with and study from the outside and broaden their horizons, thus cultivating more talents for the Company.

Based on corporate characteristics and actual situations, the Company rolled out the management training program in 2022, which was designed to enhance professional efficiency and cultural literacy. The training program comprises post-specific professional training, new employee training and frontline technical skill training that focused on actual needs of the production business and professional skills characteristics. The content-rich and diversified courses were attended by 100% of the staff.

V. EMPLOYEES' BENEFITS

The Company has made contributions to the social insurance and housing fund for its employees in strict compliance with the Labor Law, Labor Contract Law and Social Insurance Law. Meanwhile, the Group has also formulated related systems such as the Management Standards for Social Insurance and Housing Fund, Management Standards for Supplementary Healthcare, Management Standards for Occupational Health, Management Standards for Labor Welfare and Management Standards for General Labor Protective Equipment to increase the benefits of the Company and enhance employees' sense of belonging and happiness.

EXECUTIVE DIRECTORS

Mr. ZHANG Fengyang (张丰阳), aged 53, is the Chairman of the Board, an executive Director and the chairman of the Strategy Committee and the Legal and Compliance Management Committee of the Company. Mr. Zhang served as an engineer and the deputy head of the design office of Beijing Survey and Design Research Institute (北京勘测设计研究院) from July 1994 to September 2000. He served as the deputy head of the operation and development department, deputy chief design engineer and the party branch secretary of Beijing National Water Conservancy & Electric Power Engineering Co., Ltd. from September 2000 to October 2003; the project manager of the electricity investment and construction department of Beijing International Power Development and Investment Corporation (北京国际电力开发投资公司) from October 2003 to July 2004; the deputy general manager and party branch secretary of Beijing International Power New Energy Co., Ltd. (北京国际电力新能源有限公司) from July 2004 to April 2007; the general manager, party branch secretary and executive director of Beijing International Power New Energy Co., Ltd. from April 2007 to July 2009; the secretary of CPC Committee, general manager and executive director of Beijing Jingneng New Energy Co., Ltd. from July 2009 to November 2013; general manager of Beijing Jingneng New Energy Co., Ltd. from November 2013 to June 2018, the secretary of CPC Committee, executive Director and general manager of the Company from February 2018 to November 2020, director of Beijing Jingneng Clean Energy (Hong Kong) Limited since July 2018 and director of Beijing Jingneng International Power Co., Ltd. (北京国际电力有限公司) from November 2018 to March 2023; the secretary of CPC Committee, chairman of the Board of the Company since November 2020 and the vice president of the first council of the Power Generation Branch of Beijing Electric Power Industry Association since June 2021. Mr. Zhang graduated from the department of water conservancy engineering of Chengdu University of Science and Technology majoring in water conservancy and hydropower engineering construction and obtained a bachelor's degree in hydraulic and hydropower engineering. Mr. Zhang holds the senior engineer professional and technical qualification.

Mr. CHEN Dayu (陈大宇), aged 52, is an executive Director, the general manager and a member of the Strategy Committee of the Company. Mr. Chen served as a specialist engineer in the power production and operation department and power energy business department of Beijing Energy Investment Holding Co., Ltd. (北京能源投资控股有限公司) from December 2004 to April 2007; deputy general manager of Inner Mongolia Shangdu Power Generation Co., Ltd. (内蒙古尚都发电有限公司) from April 2007 to May 2009; deputy general manager of Ningxia Jingneng Ningdong Electric Power Co., Ltd. (宁夏京能宁东发电有限公司) from May 2009 to September 2010; general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. (北京京能高安屯燃气发电有限公司) from September 2010 to November 2017; secretary of CPC Committee, executive director and general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from November 2017 to January 2018; secretary of CPC Committee and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from January 2018 to December 2018; secretary of CPC General Branch and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from December 2018 to February 2020; head of enterprise management division of BEH, secretary of CPC General Branch and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from February 2020 to May 2020; and head of enterprise management division of BEH from May 2020 to November 2020; general manager of the Company from November 2020 to February 2021; an executive Director and the general manager of the Company since February 2021 and chairman of the board of Beijing Jingneng International Energy Technology Co., Ltd. from September 2021 to September 2022. Mr. Chen graduated from Department of Power Engineering of North China Electric Power University (华北电力大学) in 1992, majoring in production process automation and obtained a bachelor's degree in engineering, and graduated from Department of Electrical Engineering and Applied Electronic Technology of Tsinghua University (清华大学) in January 2014, majoring in electrical engineering and obtained a master's degree in engineering. Mr. Chen holds the senior engineer professional and technical qualification.

Mr. CAO Mansheng (曹 曼 生), aged 52, is an executive Director and a member of the Strategy Committee of the Company. Mr. Cao served as operation watchman of electrical workshop, maintenance worker and head of thermal automation team, deputy director of Thermal Inspection Branch (热 电 检 查 班) of Beijing No. 3 Thermal Power Plant (北 京 三 号 热 电 厂) from July 1993 to December 2001; director of Thermal Maintenance Branch and person-in-charge of thermal control of the construction expansion department of Beijing Jingfeng Thermal Power Co., Ltd. from December 2001 to February 2005; person-in-charge of infrastructure construction of the construction expansion department, head of the department of maintenance, deputy chief engineer and head of the department of safety production technology, chief engineer and deputy general manager of Beijing Jingfeng Thermal Power Co., Ltd./Beijing Jingfeng Gas-fired Power Co., Ltd. from February 2005 to August 2012; general manager of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. (太 阳 公 司) from August 2012 to November 2017; the secretary of party committee, chairman and general manager of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. from November 2017 to January 2018; the secretary of party committee and chairman of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. from January 2018 to May 2018; the deputy general manager of the Company from May 2018 to May 2022; an executive Director of the Company since June 2019; the director of the strategic development department of BEH from March 2022 to December 2022, and the head of the technology information department of BEH since December 2022. Mr. Cao graduated from Department of Thermal Power Engineering of Wuhan University of Hydraulic and Electrical Engineering (武 汉 水 电 大 学) in July 1993 majoring in production process automation and obtained a bachelor's degree in engineering, and graduated from School of Business Administration of North China Electric Power University in June 2003 majoring in management engineering and obtained a second bachelor's degree in management. Mr. Cao holds the senior engineer professional and technical qualification.

Mr. GAO Yuming (高 玉 明), aged 58, is an executive Director and a member of the Strategy Committee of the Company. Mr. Gao served as the director of the environmental protection office of the production technology section of Beijing Shijingshan General Power Plant (北 京 石 景 山 总 厂) from August 1996 to May 2000; the director of the environmental protection office, deputy director of desulfurization engineering department and the manager of the engineering project department of Beijing Jingneng Thermal Power Co., Ltd. (北 京 京 能 热 电 厂) from May 2000 to December 2005; the executive deputy director of the preparation and construction office of the project in Horqin Right Middle Banner of Inner Mongolia (蒙 古 自 治 区 霍 林 右 旗) from December 2005 to May 2007; the deputy general manager of Inner Mongolia Jingneng Fuxiang Power Generation Co. Ltd. (蒙 古 自 治 区 京 能 富 祥 电 力 有 限 公 司) from May 2007 to June 2008; the deputy general manager of Inner Mongolia Jingke Power Generation Co. Ltd. (蒙 古 自 治 区 京 能 京 科 电 力 有 限 公 司) from June 2008 to September 2011; the deputy general manager of Inner Mongolia Jingke Power Generation Co. Ltd. and the director of Haidian North Gas Cogeneration Project Preparation and Construction Office (海 电 北 气 联 产 项 目 准 备 建 设 办 公 室) from September 2011 to March 2012. Mr. Gao served in Beijing Shangzhuang Gas-Thermal Power Co., Ltd (北 京 上 庄 热 电 厂) as the general manager from March 2012 to November 2017, the secretary of the Party Committee, executive director and general manager from November 2017 to January 2018 and the secretary of the Party Committee and the executive director from January 2018 to May 2020. He served as the secretary of the Party Committee and executive director of Beijing Jingqiao Thermal Power Co., Ltd. (北 京 京 桥 热 电 厂) from May 2020 to February 2021; the deputy general manager of the Company from January 2021 to November 2022; an executive Director of the Company since February 2021. Mr. Gao graduated from the Department of Power Engineering of North China Electric Power University (北 京 电 力 大 学) in 1987, majoring in environmental engineering and obtained a bachelor's degree in engineering. Mr. Gao holds the senior engineer professional and technical qualification.

NON-EXECUTIVE DIRECTORS

Mr. ZHOU Jianyu (周 健 宇), aged 55, is a non-executive Director and a member of the Legal and Compliance Management Committee of the Company. Mr. Zhou served as a staff member of the fourth plant (the "Fourth Plant") of Beijing Coal Corporation (北 京 煤 业 集 团 有 限 公 司), the deputy director and then the director of the briquette workshop of the Fourth Plant, the assistant to the director of the Fourth Plant, the director of the seventh plant of Beijing Coal Corporation, and the director and deputy general manager of the first plant of Beijing Coal Corporation from June 1989 to October 2001. From October 2001 to April 2010, he successively served as the deputy general manager, a member of the standing committee of the Communist Party Committee, executive deputy general manager and a director of Beijing Jintai Hengye Co., Ltd. (北 京 金 泰 恒 业 有 限 公 司). From April 2010 to September 2018, he served as the secretary of the Communist Party Committee and the chairman of the board of directors of Beijing Jintai Group Co., Ltd. (北 京 金 泰 集 团 有 限 公 司). From September 2010 to October 2010, he also served as the deputy general manager of Beijing Jingmei Group Co., Ltd. (北 京 景 美 集 团 有 限 公 司). From October 2010 to January 2018, he served as a member of the standing committee of the Communist Party Committee and deputy general manager of Beijing Jingmei Group Co., Ltd. From January 2018 to September 2018, he served as the secretary of the Communist Party Committee and the chairman of the board of directors of Beijing Jingmei Group Co., Ltd. and from May 2018 to October 2018, he presided over the work of the board of directors of Beijing Jingneng Real Estate Co., Ltd. (北 京 景 能 实 业 有 限 公 司). From October 2018 to February 2021, he served as the secretary of the Communist Party Committee and the chairman of the board of directors of Beijing Jingneng Real Estate Co., Ltd. Since February 2021, he has been serving as a full-time investment director of BEH. He has been a supervisor of China Aluminum Ningxia Energy Group Co., Ltd. (中 铝 宁 夏 能 源 集 团 有 限 公 司) since March 2021, a supervisor of Beijing Jingtai Transportation Investment Operation Co., Ltd. (北 京 景 泰 交 通 运 输 投 资 运 营 有 限 公 司) since November 2021, and a director of BDHG, Beijing Jingneng Thermal Development Co., Ltd. (北 京 景 能 热 电 发 展 有 限 公 司) and Beijing Jingneng Technology Co., Ltd. (北 京 景 能 技 术 有 限 公 司) since June 2022. He has been a non-executive Director of the Company since September 2022. He has been a director of Beijing Jingneng Power Co., Ltd. (a company listed on the Main Board of Shanghai Stock Exchange, stock code: 600578) since December 2022. Mr. Zhou graduated from China University of Mining and Technology (中 国 矿 业 大 学), majoring in coal chemical industry, with a bachelor's degree in engineering in June 1989. In September 1998, he graduated from Renmin University of China (人 民 大 学) of the on-the-job postgraduate study in business administration. In July 2013, he studied on-the-job in Peking University's senior management MBA program and obtained a master's degree in business administration. Mr. Zhou holds the senior economist professional and technical qualification and the senior engineer professional and technical qualification.

Mr. SONG Zhiyong (宋 智 勇), aged 32, is a non-executive Director and a member of the Audit Committee and the Strategy Committee of the Company. Mr. Song consecutively served as the business assistant, business head and business manager of the equity management department of Beijing State-owned Capital Operation Management Center (北 京 国 有 资 本 运 营 管 理 中 心) from August 2016 to May 2021; the business manager of the equity management department of BSCOMC from May 2021 to November 2021 (during the period he was seconded to Beijing Municipal Bureau of Finance (北 京 市 财 政 局) from October 2020 to September 2021); the business manager of the capital operation department of BSCOMC since November 2021; and a non-executive Director of the Company since March 2022. Mr. Song graduated from the Law School of Tsinghua University with a master's degree in law in July 2016.

Ms. ZHANG Yi (张屹), aged 52, is a non-executive Director of the Company. Ms. Zhang has extensive work experience in investment management, risk control and compliance management. From August 1993 to August 2003, Ms. Zhang successively served as a cadre of the business department of the People's Insurance Company of China (中国人保), a cadre of the capital division of the planning and finance department of China Insurance Reinsurance Co., Ltd. (中保), the chief staff member of the capital division of the planning and finance department, the chief member of the fund utilization department, the deputy director of the bond division of the fund utilization department, the director of the bond division of the fund utilization department, and the manager of the bond business department of the investment management center of China Reinsurance Company (人保). From August 2003 to February 2005, she served as the manager of the bond business department of the investment management center of China Reinsurance (Group) Corporation (人保). From February 2005 to May 2009, she served as the assistant general manager of the risk control department and portfolio management department of China Re Asset Management Co., Ltd. (中保). From May 2009 to April 2015, she successively served as deputy general manager of risk control and compliance department, general manager of risk control and compliance department, head of general management department, general manager of general management department, and general manager of internal control and compliance risk management department of China Re Asset Management Co., Ltd. From May 2015 to January 2019, she served as the general manager of the asset management department of China Continent Property & Casualty Insurance Co., Ltd. (中保). From January 2019 to May 2021, she successively served as the risk control director, general manager of risk control center, interim chief risk management executive officer, interim compliance officer, chief risk management executive officer, and the compliance officer of China Re Asset Management Co., Ltd. From May 2021 to November 2022, she served as the chief risk management executive officer and compliance officer of China Re Asset Management Co., Ltd., and the chief risk officer of China Re Asset Management (Hong Kong) Co., Ltd. (中保). From May 2021 to October 2022, she served as the risk control director and general manager of risk control center of China Re Asset Management Co., Ltd. Since July 2022, she has also been serving as an executive director and the general manager of China Re Asset Management (Hong Kong) Co., Ltd. Since September 2022, she has been a non-executive Director of the Company and a non-executive director of CSSC (Hong Kong) Shipping Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 3878). She has been serving as the chief overseas business officer of China Re Asset Management Co., Ltd. since November 2022. Ms. Zhang graduated from Dongbei University of Finance and Economics (东北财经大学), majoring in international finance and obtained a bachelor's degree in economics in July 1993. Ms. Zhang holds the economist professional and technical qualification.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. HUANG Xiang (黄翔), aged 66, is an independent non-executive Director, the Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee of our Company. Mr. Huang served as a lead engineer in heat engine and site worker representative of Institute for Electric Power Survey and Design in Hebei province from July 1982 to January 1991; served as the project design president and deputy general engineer of Institute for Electric Power Survey and Design in Hebei province from January 1991 to August 1993; served successively as the general engineer, manager representative for the Institute, deputy president and president of Institute for Electric Power Survey and Design in Hebei province from August 1993 to November 2001; served as the deputy general engineer and general engineer of China Huadian Engineering (Group) Co., Ltd, a judge for the National Prize for Progress in Electric Power, editor-in-chief of Huadian Technology magazine, head of electric power coal-fired machinery standardization technical committee in electric power industry, deputy head of National Key Laboratory for Huadian Decentralized Energy from November 2001 to March 2014. Mr. Huang served as an inspector of China Huadian Engineering (Group) Co., Ltd from March 2004 to June 2016. Mr. Huang retired in June 2016. Mr. Huang served as an independent non-executive Director of the Company since December 2016. Mr. Huang graduated from Thermal Energy and Power Engineering major of Southeast University with a bachelor's degree in July 1982. Mr. Huang is a qualified professor-level senior engineer.

Mr. CHAN Yin Tsung (陳 穎 珊), aged 43, is an independent non-executive Director, the Chairman of the Audit Committee and a member of the Legal and Compliance Management Committee of our Company. Mr. Chan has over 20 years of working experience in initial public offering, corporate merger and acquisition, restructuring, due diligence, auditing, financial modelling analysis and business valuation. From November 2003 to July 2010, Mr. Chan held relevant positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance. Mr. Chan served in the investment banking division of Essence International Financial Holdings Limited from October 2010 to April 2011; served in the private equity department of the same company as a senior manager from June 2011 to July 2012; served as an independent non-executive director, the chairman of audit committee and nomination committee and a member of remuneration committee of Zhidao International (Holdings) Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1220) from September 2014 to September 2019, and served as an independent non-executive director, the chairman of audit committee and remuneration committee and a member of the nomination committee of China Ludao Technology Company Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 2023) since November 2016; and has been serving as an independent non-executive Director of the Company since December 2016, and an independent non-executive director, the chairman of audit committee, a member of remuneration committee and nomination committee of Bonny International Holding Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1906) since July 2020. Mr. Chan graduated from the University of British Columbia in November 2001 with a bachelor's degree in business, Hong Kong University of Science and Technology in November 2011 with a master's degree in financial analysis and the Peking University in January 2022 with an executive master's degree in business administration. Mr. Chan is a certified public accountant under the American Institute of Certified Public Accountants.

Mr. XU Daping (徐 達 平), aged 79, is an independent non-executive Director and a member of the Remuneration and Nomination Committee of our Company. Mr. Xu served as a technician of the No.1 Engineering Bureau of the Ministry of Hydropower from July 1967 to April 1979, professor and president of Gezhouba Hydropower Engineering Institute from April 1979 to November 1993, professor and deputy director of Beijing Dynamics and Economics Institute from November 1993 to September 1995, professor, principal and secretary of party committee of North China Power University from September 1995 to March 2009, and retired in March 2009. Mr. Xu served as an independent non-executive Director of the Company since November 2020. Mr. Xu graduated from Tsinghua University majoring in thermal engineering surveying and automatic control. Mr. Xu holds the title of professor.

Ms. ZHAO Jie (趙 潔), aged 66, is an independent non-executive Director and a member of the Remuneration and Nomination Committee of the Company. Ms. Zhao successively held various positions in North China Electric Power Design Institute (北 京 電 力 設 計 院), including deputy chief of the electrical department, chief design engineer, deputy chief of the engineering department, deputy chief engineer, and vice president from March 1983 to August 1998. Ms. Zhao served as the vice president and professor-level senior engineer of Electric Power Planning & Engineering Institute (電 力 規 劃 設 計 院) from September 1998 to November 2011, during which she concurrently served as the general manager of China Power Engineering Consulting Corporation (中 國 電 力 工 程 咨 詢 有 限 公 司) from April 1999 to June 2003, the deputy general manager of China Power Engineering Consulting Group Co., Ltd (中 國 電 力 工 程 咨 詢 有 限 公 司) from June 2003 to November 2011. Ms. Zhao served as the deputy general manager of China Energy Engineering Group Co., Ltd. (中 國 能 源 工 程 有 限 公 司) and the president of Electric Power Planning & Engineering Institute from November 2011 to July 2015. Ms. Zhao served as the deputy general manager of China Energy Engineering Corporation Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 3996) from July 2015 to March 2017, and retired in March 2017. Ms. Zhao served as an independent non-executive Director of the Company and the independent director of Beijing Jingneng Power Co., Ltd. (a company listed on the Main Board of Shanghai Stock Exchange, stock code: 600578) since June 2021. Ms. Zhao graduated from the department of electricity of Tsinghua University Branch Campus majoring in electrical engineering in March 1983 and obtained a bachelor's degree.

SUPERVISORS

Mr. WANG Xiangneng (王翔能), aged 58, is the chairman of the Board of Supervisors of our Company. Mr. Wang served as the accountant of the Infrastructure Office of the Administration of Institutional Affairs of the Chinese Academy of Social Sciences (中国科学院基础设施办公室) from July 1986 to July 1988 (during which period, he volunteered to teach in Tangyin County, Henan as a member of the Central State-level Lecturer Team (中央国家机关讲师团) from June 1987 to June 1988), accountant of the finance department of National Agriculture Investment Co. Ltd. (中国农业投资公司) from July 1988 to September 1994, business director of finance and accounting department of State Development and Investment Co., Ltd. (国家发展和改革委员会) from September 1994 to May 1997, vice president and chief accountant of the State Bureau of Surveying and Mapping China Testing and Audit Firm (国家测绘地理信息局测试审计中心) from May 1997 to December 1998, president and chief accountant of the State Bureau of Surveying and Mapping China Testing and Audit Firm (国家测绘地理信息局测试审计中心) from December 1998 to September 1999, certified public accountant of Zhongchengxin Accounting Firm (中诚信会计师事务所) from September 1999 to March 2000, certified public accountant of Otdi Accounting Firm (奥迪会计师事务所) from March 2000 to October 2001, certified public accountant of Beijing Zhongguanghua Accounting Firm (北京中光华会计师事务所) from October 2001 to May 2002, manager of the finance department and manager of the planning and finance department of Beijing International Power Development and Investment Company (北京国际电力开发投资公司) from May 2002 to November 2004, manager of the finance department and manager of the planning and finance department of Beijing Energy Investment Holding Co., Ltd. (北京能源投资控股有限公司) from December 2004 to December 2009, vice president and party committee member of Beijing Jingneng International Power Co., Ltd. (北京京能国际电力有限公司) from December 2009 to June 2013, deputy general manager of Beijing Jingneng Thermal Power Co., Ltd. (北京京能热电有限公司) from June 2013 to September 2013, deputy general manager of Beijing Jingneng Power Co., Ltd. (北京京能电力有限公司) from September 2013 to May 2018, deputy general manager of Beijing Jintai Group Co. Ltd (北京金台集团有限公司) from May 2018 to September 2018, full-time investment director of BEH since September 2018, chairman of the board of supervisors of Beijing Jingneng International Power Co., Ltd. (北京京能国际电力有限公司) from July 2006 to March 2023 and vice chairman of the board of directors of Guohua Energy Co., Ltd. (国华能源投资有限公司) from November 2017 to June 2021. He has served as the chairman of the board of supervisors of Beijing Jingneng Energy Technology Research Co., Ltd. (北京京能能源技术研究中心) since December 2018, the chairman of the board of supervisors of Jingneng Electricity Logistic Services Co., Ltd.* (京能电力物流服务有限公司) from January 2019 to June 2021; supervisor of Beijing Jingneng Tongxin Investment Management Co., Ltd. (北京京能同鑫投资管理公司) since May 2019, supervisor of the Company, Beijing Jingneng Power Co., Ltd. (北京京能电力有限公司) and Beijing Jingmei Group Co., Ltd. (北京京煤集团有限公司) since June 2019, supervisor of Jingneng Service Management Co., Ltd. (京能服务管理有限公司) since November 2019, chairman of the board of supervisors of Guohua Energy Co., Ltd. (国华能源投资有限公司) from June 2021 to February 2023, chairman of the board of supervisors of Beijing Jingxi Ecological Culture & Tourism Investment Co., Ltd. (北京京西生态文化旅游投资有限公司) since July 2021, and chairman of the board of supervisors of Jingneng Service Management Co., Ltd. (京能服务管理有限公司) and Beijing Jingneng Leasing since November 2021. Mr. Wang graduated from Department of Capital Construction Economics of Zhongnan University of Economics and Law, majoring in capital construction finance and credit with a bachelor's degree in economics in July 1986. He graduated from the Advanced Course for Postgraduates majoring in Accounting in Capital University of Economics and Business in July 2004 and graduated from School of Software and Microelectronics of Peking University majoring in software engineering with a master's degree in engineering in January 2008.

* for identification purpose only

Mr. SUN Li (' b) , aged 57, is a Supervisor of the Company. Mr. Sun served as the deputy director of the News Department of the General Office of the Ministry of Water Resources from August 1996 to December 1998; a cadre of the Office of Preparation for Water Resources Dispatch Building of the Ministry of Water Resources from January 1999 to May 2002; and the head of general manager office of Beijing International Power Development and Investment Corporation from May 2002 to December 2004. Mr. Sun also successively served as the head of the office of board of directors, director of human resources department, party branch secretary and head of the general manager office of Beijing Energy Investment Holding Co., Ltd. (/ • U ³ («) Þ " ® !) from December 2004 to December 2014; the head of the general manager office, head of human resources department and deputy director of the organization department of the party committee of BEH from December 2014 to May 2018; the secretary of party committee and executive director of Beijing Yuanshen Energy Saving Technology Co., Ltd. (/ U . • ¡ " Þ " ª , ® !) from May 2018 to June 2020; and a full-time investment director of BEH since June 2020; a supervisor of Jingneng Xilinguole Energy Co., Ltd.* (/ • | Æ • U Þ " ® !) and a director of Beijing Haohua Energy Resource Co., Ltd. (/ 6 • U p ... Þ " ® !) since July 2020; a Supervisor of the Company since September 2020; the chairman of the board of supervisors of Investment Beijing International Co., Ltd. (³ / 7 ç Þ " ® !) since November 2020; a director of BAIC Motor Corporation Limited (/ Ũ p ... Þ " ® !) since January 2021; a director of Jingneng Property Company Limited (/ • Ä 8 p ... Þ " ® !) since May 2021; a director of Beijing Jingneng Leasing since November 2021; a director of Beijing Jingneng International Power Co., Ltd. (// • 7 ç • U p ... Þ " ® !) from January 2022 to March 2023; and a supervisor of BDHG and Beijing Jingneng Thermal Development Co., Ltd. (// • b ï • Þ " ® !) since January 2022. Mr. Sun graduated from the Department of Journalism of Chinese People's Police University majoring in journalism and obtained a bachelor's degree of Arts in July 1988, and graduated from the School of Business Administration of Renmin University of China majoring in business administration and obtained a master's degree in business administration in June 2001.

Mr. HOU Bolong (

SENIOR MANAGEMENT

Mr. ZHANG Fengyang (张丰阳), aged 53, is the Chairman of the Board and an executive Director of the Company. Please refer to his biography under the paragraph headed “– Executive Directors” above.

Mr. CHEN Dayu (陈大宇), aged 52, is an executive Director and the general manager of the Company. Please refer to his biography under the paragraph headed “– Executive Directors” above.

Ms. FANG Xiujun (方秀君), aged 52, is the chief accountant and a deputy general manager of the Company, and has over 21 years of financial management experience in the power industry. Ms. Fang successively served as an accountant of financial department of Beijing Composite Investments Company (北京复合投资股份有限公司), deputy director of finance of Beijing Toronto International Hospital (北京托尔国际医院) via dispatch, project manager and deputy manager of financial department of Beijing Composite Investments Company from March 1996 to December 2004; and successively served as the deputy manager of financial department, deputy manager of planning finance department, deputy director of finance and property management department of Beijing Energy Investment and deputy director of financial management department of BEH from December 2004 to May 2018; deputy general manager of Beijing Jingneng International Power Co., Ltd. (北京国际电力股份有限公司) and deputy general manager of Beijing Jingneng Coal-fired Power Asset Management Co., Ltd. (北京国际电力煤资产管理有限公司) from June 2013 to December 2018; deputy general manager of Beijing Energy Investment from November 2015 to January 2019; the chief accountant of the Company since May 2018; director of Beijing Jingneng Clean Energy (Hong Kong) Limited, director of Beijing Jingneng Clean Energy (Australia) Holdings Limited (北京国际电力清洁能源(澳大利亚)控股有限公司), director of New Gullen Range Wind Farm Pty Ltd. (新古伦风电场有限公司), director of Gullen Solar Pty Ltd. (古伦太阳能有限公司) and director of Bayara Wind Farm Pty Ltd. (巴亚拉风电场有限公司) since July 2018; chairman of the board of Shenzhen Jingneng Clean Energy Finance Lease Co., Ltd. (深圳国际电力清洁能源融资租赁有限公司) since October 2018; director of BEH Finance since June 2020; director of the State-owned Enterprise Branch of the Beijing Non-Party Senior Intellectuals Association since December 2020; and a deputy general manager of the Company since May 2022. Ms. Fang graduated from the finance department of Jilin Finance and Trade College majoring in finance with a bachelor's degree in economy. Mr. Fang holds the senior accountant professional and technical qualification.

Mr. WANG Gang (王刚), aged 53, is a deputy general manager of the Company and has more than 21 years of experience in project management of power industry. Mr. Wang successively served as a laboratory technician of building engineering agency, site technician of main workshop, deputy chief engineer, deputy chief engineer of Sanhe Project Management Department, deputy manager and chief engineer, deputy manager of Pandian project department and deputy manager of Tangdian technical transformation project department of Jixian Power Plant of Beijing Thermal Power Construction Company (北京热力建设公司) from July 1992 to August 2003; project manager of power investment construction department of Beijing International Power Development Investment Corporation (北京国际电力发展投资公司) from November 2003 to November 2004; project manager of power energy construction department of Beijing Energy Investment from December 2004 to September 2007 and deputy general manager of Beijing International Power New Energy Co., Ltd. (北京国际电力新能源有限公司) from September 2007 to July 2009; deputy general manager of Shanxi Jingyu Power Generation Co., Ltd. (山西晋宇电力有限公司) from July 2009 to March 2012 (during which period, he majored in business administration at the School of Economics and Management of North China Electric Power University from May 2009 to March 2012 and obtained a master's degree); deputy general manager of Beijing Jingneng Gao'antun Gas-fired Power Co., Ltd. (北京京能高安屯燃气发电有限公司) from March 2012 to October 2014; the provisional secretary of the party committee and deputy general manager of Shanxi Jingneng Zuoyun Thermal Power Co., Ltd. (山西京能左云热电有限公司) from October 2014 to August 2016; the provisional secretary of the party committee of Jingneng (Xilinguole) Power Generation Co., Ltd. (京能(锡林郭勒)电力有限公司) and deputy general manager of Shanxi Jingtong Thermal Power Co., Ltd. (山西晋通热电有限公司) from August 2016 to March 2017; the provisional secretary of the party committee and secretary of party committee of Jingneng (Xilinguole) Power Generation Co., Ltd. from March 2017 to January 2018; and the deputy general manager of the Company since 2018. Mr. Wang graduated from the school of economics and management of North China Electric Power University (华北电力大学) majoring in business administration, with a master's degree in business administration. Mr. Wang holds the senior engineer professional and technical qualification.

Mr. ZHAO Zhigang (赵志刚), aged 52, is a deputy general manager of the Company and has more than 21 years of management experience in the power industry. Mr. Zhao served as the director of the party committee office of Beijing No. 3 Thermal Power Plant (北京3号热电厂) from March 2000 to November 2001; manager of the general manager department and head of expansion engineering department of Beijing Jingfeng Thermal Power Co., Ltd. (北京京丰热电有限公司) from November 2001 to April 2002 and from April 2002 to April 2004 respectively; deputy director of the preparation and construction division of Beijing Taiyanggong Thermal Power Plant (北京太阳宫热电厂) from April 2004 to September 2005; deputy general manager of Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd. (北京太阳宫燃气发电有限公司) from September 2005 to September 2010; deputy general manager of Beijing Jingneng Gao'antun Gas-fired Power Co., Ltd. (北京京能高安屯燃气发电有限公司) from September 2010 to January 2018; general manager of Beijing Shangzhuang Gas-fired Thermal Power Co., Ltd. (北京上庄燃气发电有限公司) from January 2018 to July 2019; person-in-charge for the establishment of Inner Mongolia branch of the Company from July 2019 to November 2019; provisional secretary of the party committee of Inner Mongolia branch of the Company from November 2019 to October 2020; secretary of party committee of Inner Mongolia branch of the Company from October 2020 to February 2022; and the deputy general manager of the Company since 10 May 2022. Mr. Zhao graduated from the department of applied chemistry of Northeast Electric Power (东北电力大学) in July 1995, majoring in industrial analysis, with a bachelor's degree in engineering (full-time) and the school of business administration of North China Electric Power University (华北电力大学) in June 2003, majoring in management engineering (business administration), with a bachelor's degree in management studies (on-the-job). Mr. Zhao holds the senior economist professional and technical qualification.

Mr. LI Minghui (½ ü >), aged 47, is a deputy general manager of the Company and has more than 16 years of management experience in the electric power industry. Mr. Li served as the deputy general manager (in charge of the work) of Xilin Gol Jixiang Huaya Wind Power Generation Co., Ltd. (| Æ › ´ 6 - , b ï e Þ " ª , ® !) from July 2007 to September 2008; the deputy general manager of Inner Mongolia Wind Power Branch of Beijing Jingneng International Power Co., Ltd. (// • 7 ç • U p ... Þ " ® ! « † , e ± ® !) from September 2008 to July 2009; the deputy general manager of Beijing Jingneng New Energy Co., Ltd. (// • - • U Þ " ® !) from July 2009 to January 2018; the general manager of Beijing Jingfeng Thermal Power Co., Ltd. (// . e Þ " ª , ® !) and Beijing Jingfeng Gas Power Generation Co., Ltd. (// . ÷ ï e Þ " ® !) from January 2018 to June 2020; the deputy party secretary of Beijing Jingfeng Gas Power Generation Co., Ltd. (// . ÷ ï e Þ " ® !) from March 2018 to June 2020; the provisional secretary of the party committee of Beijing Branch of JNCEC (the "Beijing Branch") from June 2020 to November 2020 and the party secretary of the Beijing Branch from November 2020 to September 2022; the executive director of Beijing Jingneng New Energy Co., Ltd. (// • - • U Þ " ® !) from June 2020 to September 2022; and the deputy general manager of the Company since 30 November 2022. Mr. Li graduated from North China Electric Power University (6 e b } ª) in July 1998 with a bachelor's degree in electric power system and automation and graduated from Tsinghua University (ö 6 } ª) in January 2016 with a master's degree in electrical engineering (on-the-job). Mr. Li holds the senior engineer professional and technical qualification.

Mr. KANG Jian (p), aged 59, is a deputy general manager, secretary of the Board and the company secretary of the Company, and has more than 23 years of experience in strategic management, marketing management and investor relations management for large state-owned and multinational companies. Mr. Kang served as an assistant manager of Marketing Division of U.S. Albany International Company from July 1999 to February 2000; a regional manager of the Greater China area of Canadian Tucows Inc. from April 2000 to March 2003; a senior manager of the department of automation system of Automation & Drives Group and the director of strategic development and customer relations of the Strategic Marketing Department at Siemens Ltd., China from January 2004 to July 2009; deputy director of the office of strategic investment of BEH from August 2009 to December 2009; the deputy general manager and the secretary of the Board of the Company since December 2009; supervisor of Beijing Jingneng Gao'antun Thermal Power Co., Ltd. (// • ÷ Ä Ê e Þ " ª , ® !) since December 2017; director of Beijing Jingneng Clean Energy (Hong Kong) Limited since July 2018; supervisor of Beijing Jingfeng Thermal Power Co., Ltd. (// . e Þ " ª , ® !) since December 2018; and director of Mingxi Charity Foundation Limited (¥ ü ? - 6) since 2018. Mr. Kang graduated from Rensselaer Polytechnic Institute in the United States with a master's degree in business administration and holds the qualification of senior project manager.

COMPANY SECRETARY

Mr. KANG Jian (p), serves as the secretary to the Board and the company secretary. Please refer to his biography under the paragraph headed "– Senior Management."

The Board of Directors of the Company now presents the annual report of the year 2022 (the “Annual Report”) and the audited consolidated financial statements of the Group (the “Financial Statements”) for the year ended 31 December 2022 to Shareholders.

REGISTERED SHARE CAPITAL

As of 31 December 2022, the total registered share capital of the Company was RMB8,244,508,144, divided into 8,244,508,144 shares of RMB1.00 each, including 5,414,831,344 domestic legal person shares and 2,829,676,800 H Shares. Details of movements in the registered share capital of the Company during the year are set out in note 41 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

DEBENTURES IN ISSUE

The Company issued debentures in light of the demand of business operation and capital expenditures, as well as the market condition. Details of debentures in issue of the Company for the year ended 31 December 2022 are set out in the subsection “1. Financing” of section “VI. OTHER SIGNIFICANT EVENTS” in “Management Discussion and Analysis”.

FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

Looking forward, the Group will continue to expand its markets at home so as to tap into its internal potential and undertake more quality works, exquisite works and works with high returns, thereby maximizing Shareholders' interest and creating higher value. We will continue to make the Group stronger, better and larger through self-development, acquisitions, M&A and other means. Our future business plan will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2022, the Company did not enter into or have any equity-linked agreement, nor did any equity-linked agreement exist at the end of the year 2022.

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save as disclosed the above, no permitted indemnity provision was made by the Company for the year ended 31 December 2022 and no permitted indemnity provision was in force as at the Latest Practicable Date.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company's debts or to secure guarantees of the Company or were held as support for the other liabilities for the year ended 31 December 2022.

CHARGES ON THE GROUP ASSETS

As at 31 December 2022, certain of the Group's bank borrowings were secured by the pledge of the Group's property, plant and equipment of RMB2,795.8 million, trade receivables of RMB1,782.1 million, finance lease receivables of RMB542.9 million and restricted bank deposits of RMB43.9 million. Details of these are set out in note 46 to the Financial Statements.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance nor guarantee to its affiliated companies for the year ended 31 December 2022, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholder nor breach the terms of any loan agreements for the year ended 31 December 2022.

SHARE SCHEME

The Company did not adopt any share scheme in the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing shareholders in proportion to their shareholdings.

PRINCIPLE BUSINESS

The Company is the largest gas-fired power provider in Beijing and a leading wind power and photovoltaic power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, photovoltaic power, small to medium hydropower and other clean energy projects. All electricity generated is sold to local grid companies. Details of the major subsidiaries and associates of the Company are set out in notes 52 and 21 to the Financial Statements, respectively.

RESULTS

The audited results of operations of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and other Comprehensive Income on pages 91 to 92 of this annual report. The financial condition of the Group as of 31 December 2022 is set out in the Consolidated Statement of Financial Position on pages 93 to 95 of this annual report. The consolidated cash flow of the Group for the year ended 31 December 2022 is set out in the Consolidated Statement of Cash Flows on pages 99 to 101 of this annual report.

Discussion and analysis about the operating performance and significant elements affecting the results of operations and financial condition of the Group during the year are set out in Management Discussion and Analysis of the Annual Report on page 8 to page 23.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group's future business development are provided on pages 9 to 12 and pages 13 to 14 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found on page 23 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided on pages 15 to 20 of this Annual Report. To the knowledge of the Directors, there has not been any other important event affecting the business of the Group since the end of the financial year.

The Group had no material or major disputes with its suppliers and customers in 2022.

The Group has maintained a satisfactory relationship with the suppliers. The Group gives an annual comprehensive evaluation for suppliers and sets up a warning and no-access mechanism for dishonest suppliers. Besides, the Group implements manufacturing supervision and management for main units, turbine towers and key electrical equipment to guarantee product quality.

The Group has carried out power marketing by continuing to improve power quality, further exploring customers' needs, analyzing and processing customers' feedback in a timely manner, and always adhering to the customer-centric concept. It has attracted and retained more customers by providing fast and thoughtful quality services and has been maintaining a good relationship with its customers. At the same time, the Group has reduced its corporate cost through comprehensive management of business processes.

For the relationship between the Company and the employees, the suppliers and the customers, please refer to the Environmental, Social and Governance Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the Group's environmental policies and performance has been set forth in the Environmental, Social and Governance Report, which has been published on the website of the Hong Kong Stock Exchange.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Company has been allocating system and staff resources to ensure ongoing compliance with rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications. During the Reporting Period, the Company has complied, to the best knowledge of Directors, with all relevant rules and regulations that have a significant impact on the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Company will give full consideration to the interests of Shareholders and make the implementation of a reasonable profit distribution policy according to business situation of the Company and market condition. The Company's profit distribution policy shall to the greatest extent maintain continuity and stability, and give priority to cash dividends, with the specific profit-sharing ratio to be passed with a resolution in accordance with relevant laws and regulations at the general meeting.

The Board has the discretion to declare and distribute dividends by way of cash or scrip or by other means that the Board considers appropriate to the Shareholders, which is subject to the approval of the general meeting, the Articles of the Association, all applicable laws and regulations and the factors set out below:

- Financial results;
- Cash flow situation;
- Business conditions and strategies;
- Future operations and earnings;
- Capital requirements and expenditure plans;
- Interests of shareholders;
- Any restrictions on payment of dividends; and
- Any other factors that the Board may consider relevant.

The Board will review the dividend policy as appropriate from time to time.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company at the annual general meeting for the year ended 31 December 2022 (the “AGM”) to be held on 29 June 2023, for their consideration and approval of the payment of a final dividend of RMB12.02 cents per share (tax inclusive) for the year ended 31 December 2022 (the “2022 Final Dividends”) to the shareholders of the Company, whose names are listed in the register of members of the Company on 12 July 2023, in an aggregate amount of approximately RMB990.99 million. The 2022 Final Dividends will be denominated and declared in RMB. Dividends on domestic shares will be paid in RMB and dividends on H shares will be paid in Hong Kong dollars. Subject to the passing of the relevant resolution at the AGM, the 2022 Final Dividends is expected to be paid on or around 10 August 2023.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force since 1 January 2008 and other relevant rules, where the Company distributes the proposed 2022 Final Dividends to non-resident enterprise shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold enterprise income tax at a rate of 10%. Any H shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organizations or groups, will be treated as shares being held by non-resident enterprise shareholders, and consequently will be subject to the withholding of the enterprise income tax.

Pursuant to the PRC Individual Income Tax Law, the Implementation Regulations of the Individual Income Tax Law, the Tentative Measures on Withholding and Payment of Individual Income Tax and other relevant laws and regulations, the foreign individuals who are the holders of H shares shall pay individual income tax at a tax rate of 20% upon their receipt of distribution of dividend from domestic enterprises which issued such H shares, which shall be withheld and paid by such domestic enterprises on behalf of such individual H shareholders. However, the Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax effective from 13 May 1994 (the “1994 Notice”) grants exemption to foreign individuals from PRC individual income tax on dividend from foreign-invested enterprises. Since the Company has become a “foreign-invested enterprise” since August 2010 as approved by the relevant PRC authorities, the individual shareholders who hold the Company’s H shares and whose names appear on the register of members of H shares of the Company (the “Individual H Shareholders”) are not required to pay PRC individual income tax when the Company distributes the 2022 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2022 Final Dividends to be distributed to the Individual H Shareholders to pay the PRC individual income tax.

Shareholders are recommended to consult their taxation advisors for advice on the PRC, Hong Kong and other tax effects with respect to the holding and disposing of H Shares.

According to the Articles of Association, unless otherwise provided by the relevant laws and regulations, for the payment of cash dividends and other payments in foreign currency, the applicable exchange rates shall be the average selling price announced by the People’s Bank of China for the one calendar week before the declaration date of such cash dividends and other payments.

Other than the above, the Board of Directors does not recommend any distribution of dividend for the year ended 31 December 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlement to attend and vote at the AGM and to the proposed 2022 Final Dividends, the H share register of members of the Company will be closed from 26 June 2023 to 29 June 2023 (both days inclusive) and from 7 July 2023 to 12 July 2023 (both days inclusive), respectively, during which periods no transfer of shares will be registered.

In order to qualify for attending and voting at the forthcoming AGM, holders of H shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on 23 June 2023.

In order to qualify for receiving the proposed 2022 Final Dividends (subject to the approval by shareholders of the Company at the forthcoming AGM), holders of H shares of the Company shall lodge transfer documents with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at the above mentioned address for registration before 4:30 p.m. on 6 July 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in note 16 to the Financial Statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to shareholders as at 31 December 2022 represents the retained profits of approximately RMB10,903 million (2021: RMB9,149 million).

DONATIONS

During the Reporting Period, the Group made external donations of approximately RMB33 million (excluding personal donations of employees).

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Group as at 31 December 2022 are set out in note 34 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors, Supervisors and senior management of the Company for the year ended 31 December 2022 and as of the date of this Annual Report is illustrated below.

Name	Title in the Company	Date of Appointment or Re-election
ZHANG Fengyang	Executive Director and Chairman of the Board	28 May 2020/ 20 November 2020
CHEN Dayu	Executive Director and general manager	19 February 2021/ 10 November 2020
GAO Yuming ⁽¹⁾	Executive Director	19 February 2021
CAO Mansheng ⁽²⁾	Executive Director	28 May 2020
REN Qigu ⁽³⁾	Non-executive Director	28 May 2020
LI Juan ⁽⁴⁾	Non-executive Director	28 May 2020
ZHOU Jianyu ⁽⁵⁾	Non-executive Director	6 September 2022
SONG Zhiyong ⁽⁶⁾	Non-executive Director	29 March 2022
WANG Bangyi ⁽⁷⁾	Non-executive Director	28 May 2020
ZHANG Yi ⁽⁸⁾	Non-executive Director	6 September 2022
HUANG Xiang	Independent non-executive Director	28 May 2020
CHAN Yin Tsung	Independent non-executive Director	28 May 2020
XU Daping	Independent non-executive Director	20 November 2020
ZHAO Jie	Independent non-executive Director	24 June 2021
WANG Xiangneng	Chairman of the Board of Supervisors	28 May 2020
SUN Li	Supervisor	25 September 2020
YANG Huixiar ⁽⁹⁾	Supervisor	28 May 2020
HOU Bolong ⁽¹⁰⁾	Supervisor	25 January 2022
FANG Xiuju ⁽¹¹⁾	Deputy general manager and chief accountant	10 May 2022/ 25 May 2018
WANG Gang	Deputy general manager	25 May 2018
ZHAO Zhigang ⁽¹²⁾	Deputy general manager	10 May 2022
LI Minghu ⁽¹³⁾	Deputy general manager	30 November 2022
KANG Jian	Deputy general manager and secretary of the Board	11 March 2010/ 14 December 2009

Notes:

- (1) The resignation of Mr. Gao Yuming as a deputy general manager took effect on 30 November 2022.
- (2) The resignation of Mr. Cao Mansheng as a deputy general manager took effect on 10 May 2022.
- (3) The resignation of Mr. Ren Qigui as a non-executive Director took effect on 6 September 2022.
- (4) The resignation of Ms. Li Juan as a non-executive Director took effect on 29 March 2022.
- (5) The appointment of Mr. Zhou Jianyu as a non-executive Director took effect on 6 September 2022.
- (6) The appointment of Mr. Song Zhiyong as a non-executive Director took effect on 29 March 2022.
- (7) The resignation of Mr. Wang Bangyi as a non-executive Director took effect on 6 September 2022.
- (8) The appointment of Ms. Zhang Yi as a non-executive Director took effect on 6 September 2022.
- (9) The resignation of Mr. Yang Huixian as a Supervisor took effect on 25 January 2022.
- (10) The appointment of Mr. Hou Bolong as a Supervisor took effect on 25 January 2022.
- (11) The appointment of Ms. Fang Xiujun as a deputy general manager took effect on 10 May 2022.
- (12) The appointment of Mr. Zhao Zhigang as a deputy general manager took effect on 10 May 2022.
- (13) The appointment of Mr. Li Minghui as a deputy general manager took effect on 30 November 2022.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers all the independent non-executive Directors to be independent.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 27 to 36 of the Annual Report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with the Directors, major terms of which include that (1) the tenure of each Director shall continue till the expiration of the term of the current session of the Board of Directors; and (2) the tenure may be terminated in accordance with respective terms of the contract. The service contracts may be renewed under the Articles of Association and applicable rules.

The Company has entered into contracts with the Supervisors in respect of, among others, compliance with relevant laws and regulations, the Articles of Association and provisions of arbitration.

Save as disclosed above, none of the Directors or Supervisors has entered into a contract of service with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of the Directors and Supervisors of the Company are set out in note 13 to the Financial Statements. The emoluments of the Directors and Supervisors are determined by the Remuneration and Nomination Committee based on the experience and duties of the Directors and Supervisors.

The emoluments of the executive Directors are paid by the Company for their services provided in relation to the affair management of the Group; no emoluments are paid by the Company to the non-executive Directors; and the emoluments paid by the Company to the independent non-executive Directors are determined based on their experiences and the level of industry peers.

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2022 are set out below:

	Number of employees in 2022
HK\$1,000,001 to HK\$1,500,000	4
HK\$1,500,001 to HK\$2,000,000	1

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

At the end of the year of 2022 or at any time during the year, there were no transaction, arrangement or contracts of significance subsisting in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which any Director or Supervisor or any entity connected with the Director or Supervisor had a material interest, directly or indirectly.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, any of its subsidiaries or fel10 mc5g

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year 2022, none of the Directors or their associates had any interests in any business that constitutes or may constitute direct or indirect competition with the Company's businesses.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, no Director, Supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2022, to the knowledge of the Directors of the Company, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Note: (L) – Long position

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held (share)	Percentage of relevant class of share capital (%)	Percentage of total share capital (%)
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Notes:

1. Beijing International Electric Engineering Co., Ltd. directly held 92,654,249 domestic shares of the Company. As far as the Company is aware, Beijing International Electric Engineering Co., Ltd was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 92,654,249 domestic shares held by Beijing International Electric Engineering Co., Ltd.

Beijing District Heating (Group) Co., Ltd. directly held 16,035,322 domestic shares of the Company. As far as the Company is aware, Beijing District Heating (Group) Co., Ltd. was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 16,035,322 domestic shares held by Beijing District Heating (Group) Co., Ltd.

BEH directly held 5,081,793,482 domestic shares of the Company. In accordance with the SFO, BEH had/was deemed to be interested in an aggregate of 5,190,483,053 domestic shares of the Company.

BSCOMC directly held 224,348,291 domestic shares of the Company. As far as the Company is aware, BEH was wholly-owned by BSCOMC. In accordance with the SFO, BSCOMC had/was deemed to be interested in an aggregate of 5,414,831,344 domestic shares of the Company.

2. Beijing Energy Investment directly held 471,612,800 H Shares of the Company. As far as the Company is aware, Beijing Energy Investment was wholly-owned by BEH, while BEH was wholly-owned by BSCOMC. In accordance with the SFO, BEH and BSCOMC were deemed to be interested in 471,612,800 H Shares held by Beijing Energy Investment.
3. Beijing Enterprises Energy Technology Investment Co., Limited directly held 196,964,000 H Shares of the Company. As far as the Company is aware, Beijing Enterprises Energy Technology Investment Co., Limited was wholly-owned by Beijing Enterprises Holdings Limited. In accordance with the SFO, Beijing Enterprises Holdings Limited was deemed to be interested in 196,964,000 H Shares held by Beijing Enterprises Energy Technology Investment Co., Limited.
4. China Property & Casualty Reinsurance Company Ltd. directly held interests in 196,704,000 H Shares of the Company. China Reinsurance (Group) Corporation held direct interests in 456,432,000 H Shares of the Company. As far as the Company is aware, China Property & Casualty Reinsurance Company Ltd. was wholly-owned by China Reinsurance (Group) Corporation, while 71.56% interests of China Reinsurance (Group) Corporation was owned by Central Huijin Investment Ltd. In accordance with the SFO, China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. were deemed to have interests in 653,136,000 H Shares of the Company.

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2022.

CONTRACT OF SIGNIFICANCE

Save as disclosed in this Annual Report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group has conducted certain non-exempt continuing connected transactions during the year.

Pursuant to the announcement of the Company dated 16 October 2019, the Company obtained approval from the Board of the Company on other financial services under items 1 to 3, item 5, item 6 and item 7, and the transactions and annual caps under item 8 for the year 2020, 2021 and 2022.

Pursuant to the announcement of the Company dated 18 December 2019, the Company obtained approval from the extraordinary general meeting of the Company on the transactions and annual caps under item 4 and deposit services under item 7 for the year 2020, 2021 and 2022.

Pursuant to the announcement of the Company dated 22 December 2021, the Company obtained approval from the extraordinary general meeting of the Company on the transactions and the revised annual caps under item 6 for the year 2021 and 2022.

Pursuant to the announcement of the Company dated 6 September 2022, the Company obtained approval from the extraordinary general meeting of the Company on the revised annual caps for the deposit services of the transactions under item 7 for the year 2022 and the transactions and annual caps under item 9 for the year 2022.

Connected transactions under	Connected persons	Annual caps for 2022 (RMB million)	Actual transaction value in 2022 (RMB million)
1. Framework Equipment Maintenance Agreement	BEH	352.0	139.0
2. Framework Service Agreement	BEH	112.0	101.5
– property management services		71.0	62.3
– administration services		41.0	39.2
3. EPC Framework Agreement	BEH	46.5	4.2
4. Framework Heat Sale and Purchase Agreement	BEH	2,271.8	1,841.2
5. Equipment Purchase Framework Agreement	BEH	276.0	6.9
6. Finance Lease Business Framework Agreement	BEH	3,000.0	1,703.4
7. Financial Services Framework Agreement	BEH Finance		
– deposit services		6,500.0	6,488.1
– loan services ^(Note 1)		–	–
– other financial services		30.0	3.9
8. Property Lease Framework Agreement	BEH	60.1	51.0
9. SZ Finance Leasing Framework Agreement	BEH	2,500.0	1,750.1

Note 1: Given the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or more favourable than those offered by independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.90 of the Listing Rules. As such, no cap has been set for such services.

Continuing Connected Transactions between the Group and BEH and its Associates

BEH, a controlling shareholder of the Company, directly and indirectly held 68.68% of the total issued share capital of the Company as at 31 December 2022. Accordingly, BEH and its associates, including BEH Finance and Beijing Jingneng Leasing, which are subsidiaries of BEH, are connected persons of the Company pursuant to the Listing Rules.

The Company and BEH and its associates entered into several framework agreements in respect of the continuing connected transactions between them, so as to regulate the continuing connected transactions carried out between the parties. Details of such connected transactions are set out below:

Finance Lease Framework Agreement between the Company and BEH and/or Beijing Jingneng Financial Leasing Co., Ltd.

To expand its financing channels, the Company entered into the Finance Lease Framework Agreement with Beijing Jingneng Financial Leasing Co., Ltd. (“Beijing Jingneng Leasing”, formerly known as Beijing Jingneng YuanShen Financial Leasing Co., Ltd.) on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. To avoid large amount of capital expenditure for the purchase of the large machinery equipment, the Company entered into the new Finance Lease Framework Agreement with BEH (instead of Beijing Jingneng Leasing) on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. Considering the business needs of the Company for the direct leasing services under the Finance Lease Framework Agreement, the Company entered into a supplemental finance lease business framework agreement with BEH on 28 September 2021 to revise the original caps under the Finance Lease Framework Agreement of RMB450 million per year to RMB2,000 million for the year ending 31 December 2021 and RMB3,000 million for the year ending 31 December 2022. The supplemental agreement and the revised caps have been approved by the Shareholders on 22 December 2021. As the Finance Lease Business Framework Agreement entered into between the Company and BEH expired on 31 December 2022, on 8 November 2022, the Company and Beijing Jingneng Leasing (instead of BEH) entered into a new finance leasing business framework agreement (“Finance Leasing Framework Agreement (I)”). The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the Finance Leasing Framework Agreement (I) for each of the three years ending 31 December 2025 will all be RMB1,000 million. The transactions and annual caps under the Finance Leasing Framework Agreement (I) have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Property Lease Framework Agreement between BEH and the Company

The Company leases properties from BEH and/or its associates, in respect of which the Company and BEH entered into the Framework Property Lease Agreement on 19 March 2014. The term of such agreement is twenty years commencing on the listing date of the Company. On 16 October 2019, the Board resolved to set the annual caps for such continuing connected transactions under the Framework Property Lease Framework Agreement for the three years ending 31 December 2022. On 8 November 2022, the Board resolved to set the annual caps for such continuing connected transactions under the Property Lease Framework Agreement for the three years ending 31 December 2025. The Company estimates that the proposed annual caps for the Property Lease Framework Agreement for each of the three years ending 31 December 2025 will all be RMB60.1 million.

Framework Equipment Maintenance Agreement between BEH and the Company

The Company and BEH entered into the Framework Equipment Maintenance Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's continuous demand for equipment maintenance service, the Company entered into the new Framework Equipment Maintenance Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. As the Framework Equipment Maintenance Agreement entered into on 16 October 2019 expired on 31 December 2022 and due to the continuous demand in maintaining equipment of the Company, on 8 November 2022, the Company and BEH entered into a new Framework Equipment Maintenance Agreement. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the new Framework Equipment Maintenance Agreement for each of the three years ending 31 December 2025 is RMB250 million, RMB260 million and RMB270 million, respectively.

Framework Service Agreement between BEH and the Company

The Company and BEH entered into the Framework Service Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's continuous demand for (i) property management services, including cleaning, security and catering services, and (ii) administration services, the Company entered into the new Framework Service Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. As the Framework Service Agreement entered into on 16 October 2019 expired on 31 December 2022 and due to the Company's continuous demand for property management services and administration services, on 8 November 2022, the Company and BEH entered into the new Framework Service Agreement. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for property management services under the new Framework Service Agreement for each of the three years ending 31 December 2025 is RMB85 million, RMB90 million and RMB95 million, respectively; and the proposed annual caps for administration services under the new Framework Service Agreement for each of the three years ending 31 December 2025 is RMB85 million, RMB90 million and RMB95 million, respectively.

EPC Framework Agreement between BEH and the Company

The Company and BEH entered into the EPC Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's continuous demand for energy performance contracting services, the Company entered into the new EPC Framework Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. As the EPC Framework Agreement entered into on 16 October 2019 expired on 31 December 2022 and due to the Company's continuous demand for energy performance contracting services, on 8 November 2022, the Company and BEH entered into the new EPC Framework Agreement. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the new EPC Framework Agreement for each of the three years ending 31 December 2025 will all be RMB26.5 million.

Framework Heat Sale/Heat Sale and Purchase Agreement between BEH and the Company

The Company and BDHG entered into the Framework Heat Sale Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to BEH and its associates' continuous demand for purchasing heat generated by the Group, the Company and BEH (instead of BDHG) entered into the new Framework Heat Sale Agreement on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. As the Framework Heat Sale Agreement entered into on 16 October 2019 expired on 31 December 2022 and due to BEH and its associates' continuous demand for purchasing heat generated by the Group, on 8 November 2022, the Company and BEH entered into a new Framework Heat Sale and Purchase Agreement. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the new Framework Heat Sale and Purchase Agreement for each of the three years ending 31 December 2025 will all be RMB2,351.8 million. The transactions and annual caps under the new Framework Heat Sale and Purchase Agreement have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Equipment Purchase Framework Agreement between BEH and the Company

The Company and BEH entered into the Equipment Purchase Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's increasing demand for purchasing more equipment, the Company entered into the new Equipment Purchase Framework Agreement with BEH on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. As the Equipment Purchase Framework Agreement entered into on 16 October 2019 expired on 31 December 2022 and due to the Company's continuous demand for purchasing equipment, on 8 November 2022, the Company and BEH entered into the new Equipment Purchase Framework Agreement. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the new Equipment Purchase Framework Agreement for each of the three years ending 31 December 2025 will all be RMB160 million.

Financial Services Framework Agreement between BEH Finance and the Company

The Company and BEH Finance entered into the Financial Services Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's increasing demand for financial services (deposit services, loan services and other financial services), the Company entered into the new Financial Services Framework Agreement with BEH Finance on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. Considering the needs of the Company and the fact that Shenzhen Jingneng Leasing has become a subsidiary of the Company, the original annual cap will not be sufficient. On 27 July 2022, the Company entered into a supplemental agreement with BEH Finance to revise the annual cap for the deposit services for the year ending 31 December 2022 from RMB5,000 million to RMB6,500 million. The supplemental agreement and the revised cap have been approved at the third extraordinary general meeting of 2022 on 6 September 2022. As the Financial Services Framework Agreement entered into on 16 October 2019 and its supplemental agreement expired on 31 December 2022 and due to the increasing demand of the Company for financial services, the Company entered into a new Financial Services Framework Agreement with BEH Finance on 8 November 2022. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that for each of the three years ending 31 December 2025, the proposed annual caps for the deposit services will be RMB8,000 million, RMB9,500 million and RMB11,000 million respectively; and the proposed annual caps for other financial services will all be RMB15 million. Given the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or not less favourable than those offered by independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, no cap has been set for such loan services. The deposit services under the new Financial Services Framework Agreement and their annual caps have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Finance Leasing Business Framework Agreement between BEH and the Company

On 27 July 2022, Shenzhen Jingneng Leasing and BEH entered into the SZ Finance Leasing Framework Agreement. The agreement has become effective after being approved at the third extraordinary general meeting of 2022 of the Company on 6 September 2022 and expired on 31 December 2022. Pursuant to the agreement, Shenzhen Jingneng Leasing will provide finance leasing services, including sale and leaseback services and direct finance leasing services, to BEH and/or its associates and receive rental income from BEH and/or its associates for the provision of such finance leasing services. The proposed annual cap for the provision of finance leasing services by Shenzhen Jingneng Leasing to BEH and/or its associates is RMB2,500 million. The SZ Finance Leasing Framework Agreement and its annual cap have been approved at the third extraordinary general meeting of 2022 of the Company on 6 September 2022. As the SZ Finance Leasing Framework Agreement expired on 31 December 2022, the Company (instead of Shenzhen Jingneng Leasing) and BEH entered into a new finance leasing business framework agreement ("Finance Leasing Business Framework Agreement") on 8 November 2022. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the Finance Leasing Business Framework Agreement for each of the three years ending 31 December 2025 will be RMB3,700 million, RMB2,800 million and RMB2,500 million respectively (including principal, interest payment and other fees, if any). The Finance Leasing Business Framework Agreement and its annual caps have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Continuing Connected Transactions between Shenzhen Jingneng Leasing and BEH and/or its Associates

Shenzhen Jingneng Leasing

On 20 June 2022, the acquisition of 84.68% equity interest in Shenzhen Jingneng Leasing (“Shenzhen Jingneng Leasing Equity Acquisition”) was considered and approved by the Shareholders at the general meeting of the Company. Upon completion of the Shenzhen Jingneng Leasing Equity Acquisition, Shenzhen Jingneng Leasing has become a non-wholly owned subsidiary of the Company. As of 31 December 2022, Shenzhen Jingneng Leasing was directly held as to approximately 84.68% equity interest by the Company and as to approximately 15.32% equity interest by Beijing Energy Investment, a wholly-owned subsidiary of BEH. According to Rule 14A.16(1) of the Listing Rules, Shenzhen Jingneng Leasing is a connected subsidiary of the Company.

BEH and its Associates

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% of the total issued share capital of the Company.

Beijing Jingneng Leasing and Beijing Jingneng Construction Group Co., Ltd. (北京京能集团) (“Beijing Jingneng Construction”) are wholly owned by BEH.

Beijing Energy International Holding Co., Ltd. (“Beijing Energy International”) is owned as to 32% by Beijing Energy Investment, a wholly-owned subsidiary of BEH.

Inner Mongolia Jingtai Power Co., Ltd. (内蒙古京泰电力) (“Inner Mongolia Jingtai”), Ningxia Jingneng Ningdong Electric Power Co., Ltd. (宁夏京能宁东电力) (“Ningxia Jingneng Ningdong”), Inner Mongolia Jingneng Kangbashi Thermal Power Co., Ltd. (内蒙古京能康巴什热力) (“Inner Mongolia Jingneng Kangbashi”), Shanxi Jingyu Power Generation Co., Ltd. (山西京玉发电) (“Shanxi Jingyu”), Huzhou Yuanxing Energy Co., Ltd. (湖州元兴能源) (“Huzhou Yuanxing”), Shanxi Jingneng Lvlin Power Generation Co., Ltd. (山西京能吕临发电) (“Shanxi Jingneng Lvlin”), Langfang Huayuan Shengshi Heating Co., Ltd. (廊坊华元胜世供热) (“Langfang Huayuan Shengshi”), Inner Mongolia Jingneng Shuangxin Power Generation Co., Ltd. (内蒙古京能双欣发电) (“Inner Mongolia Jingneng Shuangxin”), Jiangxi Yichun Jingneng Thermal Power Co., Ltd. (江西宜春京能热力) (“Jiangxi Yichun Jingneng”), Jingneng Yuanshen (Jiaying) Energy Technology Co., Ltd. (京能元申(嘉应)能源科技) (“Yuanshen Jiaying”), Huzhou Yuanxun Energy Technology Co., Ltd. (湖州元勋能源科技) (“Huzhou Yuanxun”) and Ningxia Hongdunzi Coal Co., Ltd. (宁夏红墩子煤业) (“Ningxia Hongdunzi”) are indirect non-wholly owned subsidiaries of BEH.

Inner Mongolia Daidian Real Estate Development Co., Ltd. († © e Ò ® * š i ǒ " ® !) (“ Inner Mongolia Daidian”), Jingneng Power Zhuozhou Technology Environmental Protection Co., Ltd. (/ • e b È Å ! - ǒ " ® !) (“Jingneng Power Zhuozhou”), Jingneng Yuanshen Taizhou Energy Technology Co., Ltd. (/ • U È • U Å ! ǒ " ® !) (“Yuanshen Taizhou”), Jingneng Yuanshen (Suzhou) Energy Technology Co., Ltd. (/ • U (= È) • U Å ! ǒ " ® !) (“Yuanshen Suzhou”), Tongxiang Kemao New Energy Co., Ltd. (ö Š Å ñ - • U ǒ " ® !) (“Tongxiang Kemao”) (Tongxiang Kemao New Energy Co., Ltd. Nanxun branch (“Tongxiang Nanxun”), Tongxiang Kemao New Energy Co., Ltd. Nanhu branch (“Tongxiang Nanhu”), Tongxiang Kemao New Energy Co., Ltd. Ningbo branch (“Tongxiang Ningbo”), Tongxiang Kemao New Energy Co., Ltd. Pinghu branch (“Tongxiang Pinghu”) and Tongxiang Kemao New Energy Co., Ltd. Shaoxing Keqiao branch (“Tongxiang Shaoxing”) are branches of Tongxiang Kemao) are indirect wholly-owned subsidiaries of BEH.

Yongsheng Huiguang Photovoltaic Power Generation Co., Ltd. (Q ÷ I ^ ^ • i e ǒ " ® !) (“Yongsheng Huiguang”) is an indirect non-wholly owned subsidiary of Beijing Energy International, a 30%-controlled company of BEH.

Yongren Huiguang Photovoltaic Power Generation Co., Ltd. Q I ^ ^ • i e ǒ " ® !) (“Yongren Huiguang”) is an indirect wholly-owned subsidiary of Beijing Energy International, a 30%-controlled company of BEH.

Baotou Shenghua Coal Sales Co., Ltd. (~ 9 8 6 i • V / ǒ " ® !) (“Baotou Shenghua”) and Jingneng Xilin Guole Energy Co., Ltd. (/ • | Æ • U ǒ " ® !) (“Jingneng Energy”) are direct non-wholly owned subsidiaries of BEH.

Tianjin HNA East Coast Development Co., Ltd. (Å u ~ ! i • ǒ " ® !) (“Tianjin HNA East Coast”) is a non-wholly owned subsidiary of Jingneng Real Estate Co., Ltd., a 30%-controlled company of BEH.

Jingneng (Jiaying Xiuzhou) New Energy Co., Ltd. (/ • (— 3 ø r) - • U ǒ " ® !) (“Jingneng Jiaying”) and Chaling Jingneng New Energy Co., Ltd. (© Ò / • - • U ǒ " ® !) (“Chaling Jingneng”) are wholly owned by Beijing Lianhe Rongbang New Energy Technology Co., Ltd. (/ L ¥ ò - • U Å ! ǒ " ® !) which is in turn owned as to 99.43% by Beijing Energy International Investment Limited (“Beijing Energy International Investment”), an indirect wholly-owned subsidiary of Beijing Energy International, and as to 0.57% by Silk Road New Energy (Changzhou) Co., Ltd. (f ~) - • U (I È) ǒ " ® !), an indirect non-wholly owned subsidiary of Beijing Energy International Investment.

Jiayan (Beijing) New Energy Co., Ltd. (— ò /) - • U ǒ " ® !) (“Jiayan Beijing”) is owned as to 95% by Beijing Jingneng International Integrated Smart Energy Co., Ltd. (// • 7 ç] ¥ } F • U ǒ " ® !), an indirect wholly-owned subsidiary of Beijing Energy International.

According to the Listing Rules, BEH and its associates are connected persons of the Company.

Shenzhen Jingneng Leasing and BEH and its associates entered into the following agreements in respect of the continuing connected transactions between them, so as to regulate the continuing connected transactions carried out between the parties. Details of such connected transactions are set out below:

Continuing Connected Transactions pursuant to Rule 14A.60 of the Listing Rules

Prior to completion of the Shenzhen Jingneng Leasing Equity Acquisition, Shenzhen Jingneng Leasing had provided sale and leaseback services, direct finance leasing services and factoring services to associates of BEH, the controlling shareholder of the Company, and entered into relevant agreements with them. In addition, Beijing Jingneng Leasing, a wholly-owned subsidiary of BEH, had entered into the operation management service agreement with Shenzhen Jingneng Leasing, pursuant to which, Beijing Jingneng Leasing had agreed to provide operation management services to Shenzhen Jingneng Leasing. According to Chapter 14A of the Listing Rules, BEH and its associates are connected persons of the Company. Therefore, the above transactions constitute continuing connected transactions of the Company after the completion of the Shenzhen Jingneng Leasing Equity Acquisition.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules, including publishing an announcement and annual reporting in respect of the above continuing connected transactions between Shenzhen Jingneng Leasing and the associates of BEH. The Company will further comply with all applicable reporting, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of such agreements. Please refer to the announcement of the Company dated 20 June 2022 and the further announcement dated 15 July 2022 for details of the above transactions.

(1) Sales and Leaseback Agreement

Prior to completion of the Shenzhen Jingneng Leasing Equity Acquisition, Shenzhen Jingneng Leasing has entered into 20 sales and leaseback agreements with BEH's associates, including the sales and leaseback agreements entered into with Inner Mongolia Jingtai, Ningxia Jingneng Ningdong, Inner Mongolia Jingneng Kangbashi and Shanxi Jingyu on 25 April 2016 respectively; the sales and leaseback agreements entered into with Huzhou Yuanxing on 11 February 2018 and 28 January 2019; the sales and leaseback agreement entered into with Inner Mongolia Daidian on 12 September 2019; the sales and leaseback agreements entered into with Yongsheng Huiguang and Yongren Huiguang on 17 August 2020 respectively; the sales and leaseback agreement entered into with Shanxi Jingneng Lvlin on 8 November 2020; the sales and leaseback agreements entered into with Baotou Shenghua on 25 April 2021 and 7 May 2021; the sales and leaseback agreement entered into with Jingneng Power Zhuozhou on 26 April 2021; the sales and leaseback agreements entered into with Langfang Huayuan Shengshi on 28 April 2021, 20 October 2021 and 27 December 2021; the sales and leaseback agreement entered into with Beijing Jingneng Construction on 26 May 2021; the sales and leaseback agreement entered into with Inner Mongolia Jingneng Shuangxin on 20 July 2021; the sales and leaseback agreement entered into with Tianjin HNA East Coast on 17 September 2021; and the sales and leaseback agreement entered into with Jiangxi Yichun Jingneng on 17 June 2022.

Pursuant to the above sales and leaseback agreements, Shenzhen Jingneng Leasing purchased the leased assets from BEH's associates and then leased the same back to such BEH's associates for an agreed term and receive lease payment on a periodic basis. Please refer to the announcement of the Company dated 20 June 2022 for details of the sales and leaseback agreements.

(2) Direct Finance Leasing Agreements

Prior to completion of the Shenzhen Jingneng Leasing Equity Acquisition, Shenzhen Jingneng Leasing has entered into 22 direct finance leasing agreements with BEH's associates, including the direct finance leasing agreement entered into with Yuanshen Taizhou on 12 May 2017; the direct finance leasing agreements entered into with Yuanshen Jiaxing on 25 May 2017, 29 January 2018 and 22 September 2021; the direct finance leasing agreement entered into with Huzhou Yuanxing on 13 June 2017; the direct finance leasing agreement entered into with Huzhou Yuanxun on 13 June 2017; the direct finance leasing agreement entered into with Yuanshen Suzhou on 21 December 2017; the direct finance leasing agreement entered into with Tongxiang Nanxun on 27 May 2020; the direct finance leasing agreement entered into with Tongxiang Nanhu on 5 June 2020; the direct finance leasing agreements entered into with Tongxiang Ningbo, Tongxiang Pinghu and Tongxiang Shaoxing on 4 June 2020 respectively; the two direct finance leasing agreements entered into with Ningxia Hongdunzi on 22 November 2021; the direct finance leasing agreement entered into with Yuanshen Suzhou on 18 November 2021; the direct finance leasing agreement entered into with Jingneng Jiaxing on 20 December 2021; the four direct finance leasing agreements entered into with Jingneng Energy on 14 September, 15 September and 16 September 2021; the direct finance leasing agreement entered into with Chaling Jingneng on 23 March 2022; and the direct finance leasing agreement entered into with Jiayan Beijing on 11 May 2022.

Under the direct finance leasing agreements, Shenzhen Jingneng Leasing purchased the leased assets from the relevant suppliers upon the instructions of associates of BEH, and then leased such assets to BEH's associates for an agreed term and received lease payment on a periodic basis. The lease term generally commences from the delivery of all equipment under a direct finance leasing agreement by supplier(s) to BEH's associates. Shenzhen Jingneng Leasing may charge interest from the associates of BEH for any purchase price paid by it to the relevant supplier(s) before the commencement of the lease term. Please refer to the announcement of the Company dated 20 June 2022 and the further announcement dated 15 July 2022 for details of the direct finance leasing agreements.

(3) Factoring Agreements

Prior to completion of the Shenzhen Jingneng Leasing Equity Acquisition, Shenzhen Jingneng Leasing has entered into four factoring agreements with BEH's associates, including the factoring agreement with Beijing Jingneng Leasing on 22 October 2021; the factoring agreements with each of Yongren Huiguang and Yongsheng Huiguang on 24 December 2021; and the factoring agreement with Beijing Jingneng Leasing on 18 June 2022.

For the factoring agreement entered into by Shenzhen Jingneng Leasing and Beijing Jingneng Leasing on 22 October 2021, on 18 March 2022, Shenzhen Jingneng Leasing and Beijing Jingneng Leasing entered into a supplemental agreement, pursuant to which Beijing Jingneng Leasing made partial repayment of the factoring principal amount of RMB100.2 million together with the accrued factoring fee of approximately RMB2.7 million before 21 March 2022. All other terms of the factoring agreement remain unchanged.

Pursuant to the factoring agreements, BEH's associates transferred certain account receivables to Shenzhen Jingneng Leasing for a recourse factoring loan and shall repay the loan together with factoring fees to Shenzhen Jingneng Leasing on a periodic basis. Please refer to the announcement of the Company dated 20 June 2022 and the further announcement dated 15 July 2022 for details of the factoring agreements.

- (4) Factoring Framework Agreement entered into between Shenzhen Jingneng Leasing and Beijing Jingneng Leasing

On 16 June 2022, Shenzhen Jingneng Leasing entered into a factoring framework agreement with Beijing Jingneng Leasing, pursuant to which, upon the application by Beijing Jingneng Leasing, Shenzhen Jingneng Leasing will accept the account receivables of Beijing Jingneng Leasing from its finance lease business and provide financing factoring services to Beijing Jingneng Leasing from time to time. The agreement will be valid for a term of one year from 16 June 2022 to 15 June 2023. The total factoring principal amount under the factoring framework agreement shall not exceed RMB1,578 million. Shenzhen Jingneng Leasing shall provide financing factoring services on normal commercial terms at an interest rate not higher than the market interest rate. For any specific transaction contemplated under the factoring framework agreement, the Company is also required to comply with all applicable reporting, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon the completion of the Shenzhen Jingneng Leasing Equity Acquisition.

- (5) Finance Lease Business Framework Agreement and Supplemental Agreements entered into between Shenzhen Jingneng Leasing and Beijing Energy International

On 15 May 2020, Shenzhen Jingneng Leasing and Beijing Energy International entered into the finance lease business framework agreement, pursuant to which Shenzhen Jingneng Leasing has agreed to provide finance leasing services to Beijing Energy International and its subsidiaries for the three years ending 31 December 2022. The proposed annual caps for the finance lease business framework agreement for each of the three years ending 31 December 2022 are all RMB500 million. On 5 August 2020, Shenzhen Jingneng Leasing and Beijing Energy International entered into a supplemental agreement to the finance lease business framework agreement to refine the scope of services to be provided, pursuant to which the scope of finance leasing services to be provided by Shenzhen Jingneng Leasing and/or its associates to Beijing Energy International and its subsidiaries would be limited to direct leasing services only. Save for the amendments in the supplemental agreement, eem al

(6) Operation Management Service Agreements and Framework Agreements entered into between Shenzhen Jingneng Leasing and Beijing Jingneng Leasing

On 28 December 2021, Shenzhen Jingneng Leasing entered into an operation management service agreement with Beijing Jingneng Leasing, pursuant to which, Beijing Jingneng Leasing has agreed to provide operation management services to Shenzhen Jingneng Leasing. The term of such agreement is one year from 1 January 2022 to 31 December 2022. On 24 April 2022, Shenzhen Jingneng Leasing and Beijing Jingneng Leasing entered into a supplemental agreement to the operation management service agreement to adjust the payment terms of the operation management service agreement. As the operation management service agreement shall expire on 31 December 2022, on 8 November 2022, Shenzhen Jingneng Leasing entered into an operation management service framework agreement with Beijing Jingneng Leasing, pursuant to which, Beijing Jingneng Leasing has agreed to provide operation management services to Shenzhen Jingneng Leasing. The term of this agreement is three years from 1 January 2023 to 31 December 2025. The Company estimates that the proposed annual caps for the operation management service framework agreement for each of the three years ending 31 December 2025 are RMB21 million, RMB27 million, and RMB33 million, respectively.

Continuing Connected Transactions between the Company and Shenzhen Jingneng Leasing

Shenzhen Jingneng Leasing and the Company have entered into the following framework agreements to regulate the continuing connected transactions between the parties. Details of these connected transactions are set out below:

Finance Leasing Framework Agreement (II) entered into between the Company and Shenzhen Jingneng Leasing

The Company and Shenzhen Jingneng Leasing entered into the Finance Leasing Framework Agreement (II) on 8 November 2022, pursuant to which Shenzhen Jingneng Leasing has agreed to provide finance leasing services to the Group. The term of the agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The entering into of the Finance Leasing Framework Agreement (II) and the engagement of finance leasing business will help to expand financing channels and innovate financing approaches, so as to mitigate the financing risks of the Company's future construction projects and reduce financing costs, providing timely supply of funds to satisfy the capital requirements of the construction projects. The Company estimates that the proposed annual cap for the Finance Leasing Framework Agreement (II) for each of the three years ending 31 December 2025 will all be RMB3,000 million. The transactions and annual caps under the agreement have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Financial Assistance Framework Agreement entered into between the Company and Shenzhen Jingneng Leasing

On 8 November 2022, the Company entered into the Financial Assistance Framework Agreement with Shenzhen Jingneng Leasing, pursuant to which the Company agreed to provide loan services and guarantee services to Shenzhen Jingneng Leasing. The term of the agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that the proposed annual caps for the Financial Assistance Framework Agreement for each of the three years ending 31 December 2025 are RMB4,000 million, RMB6,000 million and RMB7,500 million, respectively. The transactions and annual caps under the agreement have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Connected Transactions between the Group and BEH's associate

Acquisition of 55% Equity Interest in Beijing Jingneng International Energy Technology Co., Ltd. by the Company

On 29 March 2022, the Company entered into the Equity Transfer Agreement with Beijing International Electric Engineering Co., Ltd. ("BIEE"), pursuant to which, BIEE has agreed to sell and the Company has agreed to acquire 55% equity interest in Beijing Jingneng International Energy Technology Co., Ltd. ("BJIET") at a total consideration of RMB48,459 thousand yuan.

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% of the total issued share capital of the Company and is a connected person of the Company. BIEE, as a wholly-owned subsidiary of BEH, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the transaction contemplated under the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Board has resolved and approved the Equity Transfer Agreement and the transaction contemplated thereunder. Please refer to the announcement of the Company dated 29 March 2022 for details of the Equity Transfer Agreement.

Swap of 20% Equity Interest in Jingneng International and Cash held by the Company for 84.68% Equity Interest in Shenzhen Jingneng Leasing held by BEH

On 10 May 2022, the Company entered into the Absorption and Merger Agreement with BEH, Beijing Jingneng International Power Co., Ltd. (“Jingneng International”) and Shenzhen Jingneng Leasing and the Equity Transfer Agreement with BEH, pursuant to which BEH proposed to absorb and merger with Jingneng International and transfer its 84.68% equity interest in Shenzhen Jingneng Leasing to the Company, and the Company shall pay the consideration thereof in the form of 20% equity interest in Jingneng International and cash of RMB542,110 thousand yuan held by the Company.

BEH, as the controlling shareholder of the Company, directly and indirectly holds approximately 68.68% of the total issued share capital of the Company and is a connected person of the Company. Jingneng International and Shenzhen Jingneng Leasing have been subsidiaries of BEH when entering into the agreement and also constitute connected persons of the Company. Accordingly, the transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the transactions is exceeds 5% but is less than 25%, the transactions are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. The afore-mentioned transactions have been approved at the second extraordinary general meeting of 2022 of the Company on 20 June 2022 by vote. Please refer to the announcements of the Company dated 10 May, 30 May and 20 June 2022 for details of the afore-mentioned transactions.

Note 48 to the Financial Statements disclosed the related party transactions. Pursuant to the Listing Rules, notes 48(d)(i) to 48(d)(viii) constitute continuing connected transactions between the Group and BEH and its associates as disclosed above. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Review and Confirmation

The independent non-executive Directors of the Company have reviewed the above continuing connected transactions, and confirmed that such transactions were:

- (1) carried out in the ordinary and usual course of business of the Group;
- (2) made on normal commercial terms; and
- (3) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of our Company's shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company must engage its auditor to report on the continuing connected transaction every year. The auditor must provide a letter to the Company's Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board of Directors;
- (ii) were not, in all material aspects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (iv) have exceeded the cap.

Confirmation of the Auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions related to those transacted in the year of 2022 disclosed by the Group on pages 49 to 62 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Hong Kong Stock Exchange.

The Directors confirmed that the Company has complied with the requirements under Chapter 14A of the Listing Rules with regard to the abovementioned connected transactions.

COMPLIANCE WITH THE NON-COMPETITION AGREEMENT

The Company and BEH entered into a Non-Competition Agreement and a Supplemental Non-Competition Agreement on 13 June 2011 and 2 December 2011 respectively, under which, BEH agrees that it will not (and it will procure that its subsidiaries (other than listed subsidiaries) will not) compete with the Company in the gas-fired power and heat energy generation business, wind power business, hydro-power business and other clean energy generation business (the “core business” of the Company) that and will grant the Company options for new business opportunities and acquisitions, as well as pre-emptive rights. The independent non-executive Directors of the Company are responsible for approving, considering and deciding on the acceptance of new business opportunities introduced by BEH and/or its subsidiaries.

During the year, the Company’s independent non-executive Directors have reviewed the implementation of the Non- Competition Agreement and confirmed that BEH has fully observed the Agreement without any case of violation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2022, the total volume of purchases from the five largest suppliers of the Company accounted for 73.9% of the total purchase volume of the year. The purchase from the largest supplier accounted for 46.9% of the total volume of purchases of the year.

For the year ended 31 December 2022, the total revenue generated from the five largest customers of the Company accounted for 98% of the total revenue of the year. The revenue generated from the largest customer accounted for 78% of the total revenue of the year.

During the year, statistics were made on the sales to the prefectural-level power grid companies as the same customer (of which the parent company is either State Grid Corporation of China or China Southern Power Grid Company Limited).

During the year, to the knowledge of the Directors, none of the Directors, their close associates, or Shareholders of the Company (which, to the knowledge of the Directors, owned more than 5% equity interest of the Company’s share capital) had interests in the five largest suppliers or customers of the Company.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to note 47 to the Financial Statements for detailed information on the retirement and employee benefits scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2022.

RELATIONSHIP WITH STAKEHOLDERS

The Company recognises that our employees, customers and business associates are keys to our sustainability journey. We strive to achieve corporate sustainability through engaging our employees, providing quality services for our customers, collaborating with business partners and supporting our community.

The Company places significant emphasis on human resources. The Company provides a fair workplace, promoting non-discrimination and diversity to our staff, together with competitive remuneration and benefits, as well as a range of opportunities for career advancement based on employees’ merits and performance. The Company administers its employee health and safety management system and ensures the adoption and execution of the principles across the Group. The Company provides regular trainings for staff to keep them abreast of the latest developments in the market and industry, in the form of both internal trainings and trainings provided by experts from external organizations.

The Company values the feedback from customers by daily communication and other means. The Company has also established the mechanism about customer service and support. The Company treats providing customer support as an opportunity to improve our relationship with the customer, addressing customer’s concern in a timely manner and in accordance with international standards.

We believe that our suppliers are equally important in driving quality delivery of our project developments. Therefore, we proactively collaborate with our business partners (including suppliers and contractors) to deliver quality sustainable services.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained a public float of no less than 25% of the issued shares as at the Latest Practicable Date prior to the issue of this Annual Report, which was in line with the requirement under the Listing Rules.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2022, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2022 annual results and the Financial Statements for the year ended 31 December 2022 prepared in accordance with IFRSs.

AUDITORS

Deloitte Touche Tohmatsu and Baker Tilly International Certified Public Accountants (Special General Partnership) were appointed as the international and domestic auditors of the Company, respectively, for the year ended 31 December 2022. The Company's Financial Statements for the year 2022 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu has been the auditor of the Company for the past eleven years.

FINANCIAL HIGHLIGHTS

Summary of results of operation and the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 4 in the Annual Report.

MISCELLANEOUS

The Company was not aware that any Shareholders had waived or agreed to waive any dividend arrangement for the year ended 31 December 2022.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
ZHANG Fengyang
Chairman of the Board

Beijing, the PRC
28 March 2023

In 2022, all members of the Supervisory Committee of the Company complied strictly with the relevant provisions of the Company Law of the PRC, the Articles of Association, and the Listing Rules of the Hong Kong Stock Exchange. With the strong support and close cooperation of the CPC Committee, the Board and the shareholders of the Company, the Supervisory Committee strictly followed the Rules of Procedure for the Supervisory Committee, diligently performed its supervisory duties, put more efforts into supervision of the Company's operation and management, carefully reviewed the Company's financial reports, and exercised supervision over the legal compliance and rationality of the Directors and Senior Management of the Company for performing their duties, which effectively safeguarded the legal interests of shareholders, the Company and its employees. The main works of the Board of Supervisors during the Reporting Period is as follows:

I. SUPERVISORY COMMITTEE'S WORK IN 2022

(i) Supervisory Committee's Meetings Held

In 2022, the Supervisory Committee of the Company held two meetings, and the convening of the meetings, the signing of the proposals and the exercise of Supervisors' rights were in compliance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Supervisory Committee.

2022 first meeting of the fourth session of the Supervisory Committee was held on 29 March 2022 at No. 802 Meeting Room of the Company, at which the "Proposal on the 2021 Work Report of the Supervisory Committee", the "Proposal on the Audited Financial Report for 2021 (Prepared in accordance with the IFRS)", the "Proposal on the Audited Financial Report for 2021 (Prepared in accordance with the China Accounting Standards for Business Enterprises)", the "Proposal on the Profit Distribution Scheme for 2021", the "Proposal on 2021 Environmental, Social and Governance Report", the "Proposal on 2021 Annual Report and Annual Results Announcement" and the "Proposal on Financial Budget (International Standards) Report for 2022" were considered and approved.

2022 second meeting of the fourth session of the Supervisory Committee was held on 25 August 2022 at No. 802 Meeting Room of the Company, at which the "Proposal on 2022 Interim Work Report of the Supervisory Committee" and the "Proposal on the Interim Financial Report (Prepared in accordance with the IFRS) for 2022" were considered and approved.

(ii) Attendance at the Board Meeting

In 2022, the Supervisory Committee attended all meetings held by the Board of the Company. At each meeting, the Supervisory Committee issued relevant opinions and suggestions according to the agenda and supervisory responsibilities, and supervised the procedures and voting results of the meetings according to laws, to ensure that the meetings were carried out in an orderly manner according to laws.

(iii) Trainings for Supervisors

On 25 August 2022, the members of the fourth session of the Supervisory Committee of the Company participated in the training for continuous obligations of the directors and supervisors of those companies listed on the Main Board of the Hong Kong Stock Exchange, and acquired systematic in-depth knowledge about the duties and responsibilities of the Company's supervisors, corporate governance, rules and regulations, enforcement trends and cases, which further enhanced their abilities of performing their duties.

On 5 September 2022, the members of the fourth session of the Supervisory Committee of the Company participated in trainings on the environmental, social and governance (ESG) development trend and improvement to get a better understanding of the ESG-related development background and trend, latest regulatory requirements, linkage between the ESG issue and the capital market as well as the future ESG-related improvement of the Company.

II.

(ii) Inspection on the Company's financial condition

Members of the Supervisory Committee conducted effective and careful inspection and review on the Company's relevant financial information in 2022. The Supervisory Committee considered that, the Company's financial management system was sound and effective, with standardized financial operation and good financial status. The Supervisory Committee carefully reviewed the financial report for 2021 and the interim financial report for 2022 submitted by the Board to the general meeting. The Supervisory Committee believes that the reports followed the principle of consistency and truly, accurately and objectively reflected the Company's financial situation and operating results.

(iii) Inspection on the Company's connected transactions

The Supervisory Committee reviewed the information relating to the connected transactions with the controlling shareholder of the Company during the year and was of the view that the connected transactions satisfied the relevant regulations of the Hong Kong Stock Exchange and the pricing of the connected transactions was reasonable, open and fair, and there was no matter that damages the interests of Shareholders and the Company. The Directors, general manager and other senior management of the Company have strictly complied with the principle of good faith and performed all rights and obligations conferred by Shareholders with due diligence. No infringement of the interests of Shareholders and the legitimate rights and interests of the employees has been discovered so far.

(iv) Inspecting on the Company's information disclosure

The Supervisory Committee reviewed the relevant documents in relation to the announcement and disclosure made by the Company, and was of the view that the Company had disclosed lawfully, timely and fully the relevant information according to the rules of the Hong Kong Stock Exchange. No false information was found.

(v) Inspecting on the Company's implementation of the resolutions passed in general meeting

The Supervisory Committee had no objection to the various reports and resolutions submitted to general meetings for approval during the reporting period, and the Board had faithfully implemented each resolution passed in general meetings.

III. WORK ARRANGEMENT OF THE SUPERVISORY COMMITTEE FOR 2023

In 2023, the Supervisory Committee will fully fulfill its supervisory duties, comply strictly with the relevant provisions of the Company Law of the PRC, the Articles of Association, the Rules of Procedure for the Supervisory Committee and the Listing Rules of the Hong Kong Stock Exchange, abide by the principle of good faith, and impose effective supervision on the Company and its Directors and senior management; pay close attention on the production, operation and management of the Company and monitor the significant measures of the Company, so as to promote the growth of the Company's economic benefits and safeguard the interests of all Shareholders and of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintaining high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, clarify primary duties and responsibilities and enhance corporate value.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

In the opinion of the Directors, throughout the year ended 31 December 2022, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors of the Company. All the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2022.

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 price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Independent non-executive Directors

During the year ended 31 December 2022, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

Directors' Re-election

Code provision B.2.2 of the part two of the CG Code (former code provision A.4.2) that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Pursuant to the Articles of Association, Directors of the Company (including the non-executive Directors) shall be elected by the general meeting and serve a term of three years. Upon the expiry of their terms of office, the Directors may be re-elected and re-appointed.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Company has established mechanism to ensure provision of independent views and advices to the Board. The Company ensures that the Board has access to independent views and advices through the following mechanism: the Remuneration and Nomination Committee will conduct annual review on the composition of the Board and the independence of the independent non-executive Directors as well as the continued independence of the current long-serving independent non-executive Directors; all independent non-executive Directors are required to submit a written confirmation to the Company to confirm the independence of each of them in accordance with Rule 3.13 of the Listing Rules. The Company considers these independent non-executive Directors are independent. The Board comprises four independent non-executive Directors (representing more than one third of the Board) to maintain adequate checks and balances, and these Directors continue to devote adequate time commitment to the Company. The chairman of the Board holds at least one meeting with the independent non-executive Directors every year to obtain independent views on each topic of the Company. The Company has in place policies and procedures to avoid any potential interest conflicts, and any Directors (including the independent non-executive Directors) who has material interests in any contracts, transactions or arrangements is required to abstain from voting on the relevant resolutions to ensure the objectivity and integrity of the Board's decision-making. All members of the Board (including the independent non-executive Directors) may seek independent professional advice when necessary, at the Company's expenses, for discharging their duties, and appoint independent non-executive Directors to serve at the Board committees in appropriate circumstances to ensure accessibility of independent views to each committee. The Board reviews the implementation and effectiveness of the relevant mechanism every year.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant ingrdiant ingrdiauJ -y

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year 2022, the Company organized training sessions conducted by the legal advisers for the Directors namely Mr. ZHANG Fengyang, Mr. CHEN Dayu and Mr. GAO Yuming, Mr. CAO Mansheng, Mr. REN Qigui (resigned on 6 September 2022), Mr. ZHOU Jianyu, Mr. SONG Zhiyong, Ms. ZHANG Yi, Ms. LI Juan (resigned on 29 March 2022), Mr. WANG Bangyi (resigned on 6 September 2022), Mr. HUANG Xiang, Mr. XU Daping, Mr. CHAN Yin Tsung and Ms. ZHAO Jie. The training session(s) covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates, etc.

The training records of the Directors for the year ended 31 December 2022 are summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
ZHANG Fengyang (Chairman)	A
CHEN Dayu	A
GAO Yuming	A
CAO Mansheng	A
Non-executive Directors	
REN Qigui (resigned on 6 September 2022)	A
LI Juan (resigned on 29 March 2022)	A
WANG Bangyi (resigned on 6 September 2022)	A
ZHOU Jianyu	A
SONG Zhiyong	A
ZHANG Yi	A
Independent non-executive Directors	
HUANG Xiang	A
XU Daping	A
CHAN Yin Tsung	A
ZHAO Jie	A

Note:

Type of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops.

BOARD COMMITTEES

The Board has established 4 committees, namely, the Audit Committee, the Remuneration and Nomination Committee, the Strategy Committee and the Legal and Compliance Management Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee and the Remuneration and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Members of each Board committee comprise independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 262.

Audit Committee

The Audit Committee comprises 1 non-executive Director, namely Mr. SONG Zhiyong and 2 independent non-executive Directors, namely Mr. CHAN Yin Tsung (Chairman) and Mr. HUANG Xiang, with independent non-executive Directors in majority (including one independent non-executive Director with the accounting expertise). None of the members of the Audit Committee is a former partner of the Company's existing auditors.

Ms. LI Juan ceased to be a member of the Audit Committee of the Company on 29 March 2022.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, audit plan and relationship with external auditors, and evaluating arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2022, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the internal audit function, scope of work and appointment of external auditors, and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors once without the presence of the executive Directors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises 3 members, namely Mr. HUANG Xiang (Chairman), Mr. XU Daping and Ms. ZHAO Jie, all of which are independent non-executive Directors.

The primary functions of the Remuneration and Nomination Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration; and reviewing and/or approving the matters relating to the share schemes of the Company (if any) in accordance with Chapter 17 of the Listing Rules.

The Remuneration and Nomination Committee is also responsible for reviewing the Board composition at least annually, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Remuneration and Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Remuneration and Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Remuneration and Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year, the Remuneration and Nomination Committee held five meetings.

The Remuneration and Nomination Committee reviewed and made recommendation to the Board on the remuneration policy and the remuneration packages of the executive Directors and senior management, as well as assessed the performance of executive Directors and approved the terms of executive Directors' service contracts.

The Remuneration and Nomination Committee also reviewed the structure, size and composition of the Board and the independence of the independent non-executive Directors at least annually, and considered the qualifications of the retiring Directors standing for election at the general meeting.

The Remuneration and Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Strategy Committee

The current members of the Strategy Committee are 4 executive Directors, which are Mr. ZHANG Fengyang (Chairman), Mr. CHEN Dayu, Mr. GAO Yuming and Mr. CAO Mansheng and 1 non-executive Director, which is Mr. SONG Zhiyong.

Ms. LI Juan ceased to be a member of the Strategy Committee of the Company on 29 March 2022.

The primary function of the Strategy Committee is to make recommendations to the Board on the long-term development strategies of the Company.

During the year, the Strategy Committee held seven meetings.

Legal and Compliance Management Committee

The Legal and Compliance Management Committee has been established with effect from 27 January 2021 and the current members are Mr. ZHANG Fengyang (Chairman), an executive Director, Mr. ZHOU Jianyu, a non-executive Director, and Mr. CHAN Yin Tsung, an independent non-executive Director.

Mr. REN Qigui ceased to be a member of the Legal and Compliance Management Committee of the Company on 6 September 2022.

The primary function of the Legal and Compliance Management Committee is to further enhance the Company's capability of preventing and mitigating significant risks associated with the operation of the Company.

During the year, the Legal and Compliance Management Committee held two meetings.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board and is available on the website of the Company. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage as well as a key element in attaining its strategic objectives and sustainable development. The Board currently has two female directors in position.

Pursuant to the Board Diversity Policy, the Remuneration and Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy. In relation to reviewing and assessing the Board composition and the nomination of directors, the Remuneration and Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience and term of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that the selection and nomination of Board positions are appropriately structured so that a diverse range of candidates are considered.

The Company considers the Board has a well-balanced cultural background, educational background, industry experience and professional experience. The Board has set measurable objectives to implement the Board Diversity Policy and reviewed such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Board conducts annual review on the implementation of the Board Diversity Policy to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Remuneration and Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process in the nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.
- Requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules.
- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.
- Candidate who is nominated as director should meet the relevant qualifications of director's appointment as stated in the Company Law of the People's Republic of China, Articles of Association of the Company and other applicable laws and regulations.
- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Remuneration and Nomination Committee from time to time for nomination of directors and succession planning.

Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Remuneration and Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the part two of the CG Code (former code provision D.3.1).

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Employees Written Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2022 is set out in the table below:

Attendance/Number of Meetings during the term of office

Name of Director	Board	Audit Committee	Remuneration and Nomination Committee	Strategy Committee	Legal and Compliance Management Committee	Annual General Meeting	Extraordinary General Meeting
ZHANG Fengyang	9	–	–	7	2	1	3
CHEN Dayu	9	–	–	7	–	1	4
GAO Yuming	9	–	–	7	–	1	3
CAO Mansheng	9	–	–	7	–	0	0
REN Qigui ^(Note 1)	6	–	–	–	1	1	2
LI Juan ^(Note 2)	2	0	–	2	–	0	0
WANG Bangyi ^(Note 3)	5	–	–	–	–	1	2
Zhou Jianyu ^(Note 4)	3	–	–	–	1	0	1
Song Zhiyong ^(Note 5)	7	2	–	5	–	1	3
Zhang Yi ^(Note 6)	3	–	–	–	–	0	1
HUANG Xiang	9	2	5	–	–	1	4
CHAN Yin Tsung	9	2	–	–	2	1	4
XU Daping	9	–	5	–	–	1	4
ZHAO Jie	9	–	5	–	–	1	4

Note 1: Mr. Ren Qigui ceased to be a non-executive Director and a member of the Legal and Compliance Management Committee on 6 September 2022.

Note 2: Ms. Li Juan ceased to be a non-executive Director and a member of the Audit Committee and Strategy Committee on 29 March 2022.

Note 3: Mr. Wang Bangyi ceased to be a non-executive Director on 6 September 2022.

Note 4: Mr. Zhou Jianyu was appointed as a non-executive Director and a member of the Legal and Compliance Management Committee on 6 September 2022.

Note 5: Mr. Song Zhiyong was appointed as a non-executive Director and a member of the Audit Committee and Strategy Committee on 29 March 2022.

Note 6: Ms. Zhang Yi was appointed as a non-executive Director on 6 September 2022.

Apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of other Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2022.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2022, and considered that such systems are effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions.

The Group has in place effective whistleblowing policies for the employees and relevant third parties (namely the clients, suppliers, creditors and debtors) to report any suspected violation, fraud and corruption practice through designated channels. Independent investigation will be conducted for any reported case. Meanwhile, all the information provided by the whistle-blowers and the identity of the whistle-blowers will be kept confidential. The Group will continue to improve its internal control and disciplinary system, and immediate actions will be taken when any illegal behaviour is discovered.

The Board and the Audit Committee will conduct regular review on the whistleblowing policies and mechanism to enhance their effectiveness.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Group has in place anti-corruption mechanism which forms a part of the corporate governance framework of the Group. The anti-corruption mechanism is reviewed and updated periodically to align with the applicable laws and regulations and the best practice of the industry.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2022.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 86 to 90.

Where appropriate, a statement will be submitted by the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

AUDITORS' REMUNERATION

During the year ended 31 December 2022, the remuneration paid and payable to the international auditor and domestic auditor for audit services was RMB6,547,000 in aggregate, and non-audit services fees paid and payable to the auditors (including their respective member firms) was RMB1,721,000, which was for the professional services relating to the financing and acquisition and other matters of the Group.

COMPANY SECRETARY

Our company secretary, Mr. Kang Jian (“Mr. Kang”), is familiar with the day-to-day affairs of the Company. All Directors of the Company are entitled to obtain the advice and services from Mr. Kang to ensure their compliance with Board procedures and all applicable laws, rules and regulations.

For the year ended 31 December 2022, Mr. Kang has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS’ RIGHTS

The Company engages with Shareholders through various communication channels.

To safeguard Shareholders’ interests and rights, separate resolution is proposed for each substantially separate issue at Shareholders’ meetings, including the election of individual Directors.

All resolutions put forward at Shareholders’ meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange after each Shareholders’ meeting.

Convening an Extraordinary General Meeting by Shareholders

Shareholders holding more than 10% of Shares (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting.

Upon signing one or several written requests with the same content and format, and stating the subject of the meeting, the aforesaid Shareholders may request the Board to convene an extraordinary general meeting or class meeting. Shares held by the above Shareholders shall be calculated as at the date of submitting the written request.

Putting Forward Proposals at General Meetings

When a general meeting is held by the Company, the Board, Board of Supervisors or Shareholders who individually or together holding more than 3% of the Shares of the Company may propose resolutions to the Company. Shareholders who individually or together holding more than 3% of the Shares of the Company may submit ad hoc proposals in writing to the convener of the general meeting 10 days before the holding of the general meeting.

The contents of the proposals to be raised shall be within the scope of duties of the general meetings. It shall have a clear topic and specific matters to be resolved on, and shall be in compliance with relevant requirements of the laws, administrative regulations and the Articles of Association.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 7/8/9 Floor, No. 6 Xibahe Road
Chaoyang District, Beijing, the PRC
(For the attention of the company secretary)

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full names, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. The Chairman of the Board, non-executive Directors, independent non-executive Directors, and the chairman of all Board committees (or their delegates) will make themselves available at general meetings to meet Shareholders and answer their enquiries.

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The Board conducts annual review on the Shareholders' Communication Policy to ensure its effectiveness. Pursuant to the Shareholders' Communication Policy, the Company regularly holds the annual general meeting every year; the Company establishes a special investor relationship section on its website for updating the information regularly, and upload to the Company's website those information which have been published to the Stock Exchange in one hour, to ensure that the update information about the Group are available to shareholders and potential investors on a timely manner. Such information includes financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents, and all announcements. The Company convenes the results presentation every half year to timely inform shareholders or potential investors the Company's results. The Company receives inquiries from shareholders or potential investors from time to time. Through the above-mentioned measures, the Company can effectively implement the Shareholders' Communication Policy, to ensure that the Company maintains long-term effective and good communication with its shareholders. During the Year, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy after taking into consideration of, including but not limited to, all existing communication and engagement channels. The Board is of the opinion that the Shareholders' Communication Policy has been properly implemented during the Year and is effective.

The Company has adopted a Dividend Policy on payment of dividends. The Company does not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the approval of general meetings. Such details have been disclosed in this Annual Report.

TO THE SHAREHOLDERS OF BEIJING JINGNENG CLEAN ENERGY CO., LIMITED
(incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Beijing Jingneng Clean Energy Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages to , which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER (continued)

Key audit matter

How our audit addressed the key audit matter

Goodwill impairment assessment

We identified goodwill impairment as a key audit matter due to the management’s significant judgment in assessing the recoverable amounts of the relevant cash-generating units (“CGUs”).

The recoverable amounts of the Group’s goodwill are determined based on the value in use calculation of the CGUs. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value.

As at 31 December 2022, the carrying amount of goodwill is RMB 114,134,000. Details of goodwill and the related key estimation uncertainty are set out in Notes 4, 19 and 20 to the consolidated financial statements.

Our procedures in relation to the goodwill impairment assessment included:

- Evaluating and corroborating the key inputs used in management’s impairment assessment, including comparisons of profit margins and revenue growth rate with the CGU’s historical performances, and investigating any material discrepancy;
- Challenging the management’s future cash flow forecast through a comparison of the underlying cash flows in the forecast with those in the budgets prepared by the management; and
- Working with valuation specialists to independently assess the valuation methodology and models, developing expectations in respect of the discount rate and comparing against those used by the management.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ng Kwok Ho.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 March 2023

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000 (Restated)
Revenue	5	20,030,281	18,645,255
Other income	7	1,055,415	904,011
Gas consumption		(9,186,941)	(9,053,875)
Depreciation and amortisation expense	12	(3,680,958)	(3,122,167)
Personnel costs	12	(1,227,118)	(1,095,043)
Repairs and maintenance		(560,496)	(549,609)
Other expenses	8	(1,054,716)	(927,224)
Other gains and losses	9	(201,274)	25,473
Impairment losses (recognised) reversed under expected credit loss model, net		(3,270)	1,146
Profit from operations		5,170,923	4,827,967
Interest income	10	58,014	36,894
Finance costs	10	(1,500,967)	(1,372,967)
Share of results of associates		146,951	(169,195)
Share of result of a joint venture		(31,421)	(37,794)
Profit before taxation		3,843,500	3,284,905
Income tax expense	11	(814,876)	(615,604)
Profit for the year	12	3,028,624	2,669,301
Profit for the year attributable to:			
– Equity holders of the Company		2,846,890	2,528,902
– Holders of perpetual notes	43	100,750	59,895
– Non-controlling interests		80,984	80,504
		3,028,624	2,669,301
Earnings per share			
Basic and diluted (RMB cents)	15	34.53	30.67

Year ended 31 December

	2022 RMB'000	2021 RMB'000 (Restated)
Profit for the year	3,028,624	2,669,301
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	(17,000)	42,726
Income tax relating to items that will not be reclassified to profit or loss	4,250	(10,681)
Share of other comprehensive income of an associate, net of related income tax	–	4,666
	<u>(12,750)</u>	<u>36,711</u>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(53,127)	(78,338)
Cash flow hedges:		
Gain during the year	46,143	21,521
Reclassification of reserves in relation with power purchase agreement	8,887	9,314
Income tax relating to items that may be reclassified subsequently to profit or loss	(16,509)	(7,468)
	<u>(14,606)</u>	<u>(54,971)</u>
Other comprehensive expense for the year, net of income tax	<u>(27,356)</u>	<u>(18,260)</u>
Total comprehensive income for the year	<u>3,001,268</u>	<u>2,651,041</u>
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	2,819,534	2,510,642
– Holders of Perpetual notes	100,750	59,895
– Non-controlling interests	80,984	80,504
	<u>3,001,268</u>	<u>2,651,041</u>

	Notes	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000 (Restated)	At 1 January 2021 RMB'000 (Restated)
Non-current Assets				
Property, plant and equipment	16	55,938,722	51,322,302	43,437,596
Right-of-use assets	17	1,455,903	1,244,976	1,184,289
Intangible assets	18	4,657,861	4,873,699	4,410,754
Goodwill	19	114,134	114,134	190,049
Finance lease receivables	27	1,191,746	2,311,365	2,333,537
Investments in associates	21(a)	1,569,542	3,179,022	3,518,508
Loans to an associate	21(b)	105,000	108,000	117,000
Investment in a joint venture	22(a)	61,689	93,110	130,904
Loans to a joint venture	22(b)	70,000	70,000	70,000
Loan receivables		45,852	368,707	59,282
Deferred tax assets	23	257,199	189,488	296,104
Equity instrument at fair value through other comprehensive income	24	92,637	109,637	66,911
Value-added tax recoverable	29	1,143,492	1,603,255	1,177,073
Deposit paid for acquisition of property, plant and equipment		1,731,928	677,532	1,072,426

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	Notes	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000 (Restated)	At 1 January 2021 RMB'000 (Restated)
Current Liabilities				
Trade and other payables	33	6,974,153	6,050,917	5,129,386
Amounts due to related parties	48(b)	205,669	171,086	188,554
Bank and other borrowings – due within one year	34	12,074,562	11,928,439	12,844,020
Short-term debentures	35	5,538,424	7,589,471	7,060,658
Medium-term notes	36	1,605,153	2,091,245	96,656
Corporate bonds	36	421,169	1,025,841	26,128
Contract liabilities		139,148	104,525	56,380
Lease liabilities	39	60,831	63,060	37,875
Derivative financial liabilities	37	–	–	19,576
Income tax payable		304,349	96,693	138,726
Deferred income	38	38,271	19,361	228,336

	Notes	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000 (Restated)	At 1 January 2021 RMB'000 (Restated)
Capital and Reserves				
Share capital	41	8,244,508	8,244,508	8,244,508
Reserves		20,356,881	19,106,113	17,162,694
Equity attributable to equity holders of the Company				
Perpetual notes	43	3,027,962	3,027,962	1,525,582
Non-controlling interests		804,328	793,167	762,344
Total Equity		32,433,679	31,171,750	27,695,128

The consolidated financial statements on pages U were approved and authorised for issue by the board of directors on 28 March 2023 and are signed on its behalf by:

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Director

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Director

Attributable to equity holders of the Company

	Share capital RMB'000 (Note 41)	Capital reserve RMB'000 (Note 42) (Restated)	Statutory surplus reserve RMB'000 (note (a))	Fair value		Cash flow hedging reserve RMB'000	Currency translation differences RMB'000	Retained profits RMB'000 (Restated)	Total RMB'000 (Restated)	Perpetual notes RMB'000 (Note 43)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
				Other reserves RMB'000 (note (b))	through other comprehensive income reserve RMB'000							
At 1 January 2021 (originally stated)	8,244,508	3,934,473	2,438,660	(76,430)	(5,503)	(43,227)	(92,942)	10,094,111	24,493,650	1,525,582	347,615	26,366,847
Adjustments for business combination under common control (Note 3)	-	722,000	-	-	-	-	-	191,552	913,552	-	414,729	1,328,281
Adjustments for changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
At 1 January 2021 (restated)	8,244,508	4,656,473	2,438,660	(76,430)	(5,503)	(43,227)	(92,942)	10,285,663	25,407,202	1,525,582	762,344	27,695,128
Profit for the year (restated)	-	-	-	-	-	-	-	2,528,902	2,528,902	59,895	80,504	2,669,301
Other comprehensive income (expense) for the year	-	-	-	-	32,045	23,367	(78,338)	-	(22,926)	-	-	(22,926)
Share of other comprehensive income of an associate	-	-	-	-	4,666	-	-	-	4,666	-	-	4,666
Total comprehensive income (expense) for the year (restated)	-	-	-	-	36,711	23,367	(78,338)	2,528,902	2,510,642	59,895	80,504	2,651,041
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,640	4,640
Capital injection in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,535	1,535
Issuance of perpetual notes	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Issuance costs	-	-	-	-	-	-	-	-	-	(5,915)	-	(5,915)
Appropriation to statutory surplus reserve	-	-	235,133	-	-	-	-	(235,133)	-	-	-	-
Dividends declared	-	-	-	-	-	-	-	(567,223)	(567,223)	(51,600)	(55,856)	(674,679)
At 31 December 2021 (restated)	8,244,508	4,656,473	2,673,793	(76,430)	31,208	(19,860)	(171,280)	12,012,209	27,350,621	3,027,962	793,167	31,171,750

	Attributable to equity holders of the Company											
	Share capital RMB'000 (Note 41)	Capital reserve RMB'000 (Note 42) (Restated)	Statutory surplus reserve RMB'000 (note (a))	Fair value		Cash flow hedging reserve RMB'000	Currency translation differences RMB'000	Retained profits RMB'000 (Restated)	Total RMB'000 (Restated)	Perpetual notes RMB'000 (Note 43)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
				Other reserves RMB'000 (note (b))	through other comprehensive income reserve RMB'000							
Profit for the year	-	-	-	-	-	-	2,846,890	2,846,890	100,750	80,984	3,028,624	
Other comprehensive (expense) income for the year	-	-	-	(12,750)	38,521	(53,127)	-	(27,356)	-	-	(27,356)	
Total comprehensive (expense) income for the year	-	-	-	(12,750)	38,521	(53,127)	2,846,890	2,819,534	100,750	80,984	3,001,268	
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(5,100)	(5,100)	
Capital injection in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	3,322	3,322	
Capital injection from ultimate holding company to a subsidiary acquired under common control (note (c))	-	1,311,061	-	-	-	-	-	1,311,061	-	(1,983)	1,309,078	
Acquisition of subsidiaries under common control (Note 3.1(a))	-	(2,318,729)	-	-	-	-	-	(2,318,729)	-	-	(2,318,729)	
Disposal of an associate	-	(74,719)	-	93,885	-	-	-	19,166	-	-	19,166	
Appropriation to statutory surplus reserve	-	-	279,951	-	-	-	(279,951)	-	-	-	-	
Appropriations and utilisations of specific reserve (note (d))	-	-	-	10,328	-	-	(10,425)	(97)	-	97	-	
Dividends declared	-	-	-	-	-	-	(580,167)	(580,167)	(100,750)	(66,159)	(747,076)	
At 31 December 2022	8,244,508	3,574,086	2,953,744	27,783	18,458	18,661	(224,407)	13,988,556	28,601,389	3,027,962	804,328	32,433,679

Notes:

- (a) According to the relevant requirement in the memorandum and articles of association of Beijing Jingneng Clean Energy Co., Limited and its subsidiaries (collectively referred to as the "Group"), a portion of their profits after taxation computed in accordance with the relevant accounting principles and financial regulations in the People's Republic of China will be transferred to statutory surplus reserve. The transfer to this reserve must be made before the distribution of a dividend to ordinary shareholders. Such statutory surplus reserve can be used to offset the previous years' losses, if any, or increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.
- (b) Other reserves mainly represent: (i) the share of other comprehensive income of associates and a joint venture; (ii) the share of equity movement arising from an associate's equity transaction with its non-controlling interest; (iii) specific reserve detailed in note (d).
- (c) Prior to the acquisition of 北京能源融资租赁有限公司 (Shenzhen Jingneng Financial Leasing Co., Ltd., English name for identification purpose) ("Shenzhen Jingneng Leasing") under common control as detailed in Note 3.1(a), capital injection of RMB1,309,078,000 was made by 北京能源控股公司 (Beijing Energy Holding Co., Ltd., English name for identification purpose) ("BEH"), the Company's ultimate holding company (also the immediate parent company of the Company and original controlling shareholder of Shenzhen Jingneng Leasing), to Shenzhen Jingneng Leasing and resulted as a dilution on non-controlling interests of RMB1,983,000.
- (d) Pursuant to certain regulations issued by the Ministry of Finance (《企业安全生产费用提取和使用管理办法》) and the State Administration of Work Safety (《安全生产法》) of the People's Republic of China (the "PRC") in 21 November 2022, entities engaged in power generation are required to set up a safety fund based on certain percentage of prior year revenue for safety facilities and environment improvement, which is restricted for distribution to shareholders. Qualified safety expenditure can be transferred from safety fund to retained earnings subsequently.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Operating activities		
Profit before taxation	3,843,500	3,284,905
Adjustments for:		
Depreciation and amortisation expense	3,680,958	3,122,167
Change in fair value of financial asset at fair value through profit or loss	61,097	(81,079)
Impairment losses recognised on property, plant and equipment	–	66,993
Impairment losses recognised on goodwill	–	75,915
Impairment losses recognised (reversed)	3,270	(1,146)
Loss on disposal of property, plant and equipment	2,075	9,935
Gain on disposal of investment in an associate	(2,686)	–
Loss (gain) on fair value change of fixed forward commodity contract	146,600	(85,343)
Share of results of associates	(146,951)	169,195
Share of result of a joint venture	31,421	37,794
Interest income	(58,014)	(36,894)
Finance costs	1,500,967	1,372,967
Bargain purchase gain	(6,332)	(34,190)
Release of a contractual obligation	(5,193)	(5,323)
Deferred income released to profit or loss	(387,389)	(555,866)
Operating cash flows before movements in working capital	8,663,323	7,340,030
Movements in working capital:		
(Increase) decrease in inventories	(632)	8,045
Decrease (increase) in trade and bills receivables	709,785	(1,790,514)
Decrease (increase) in amounts due from related parties	338,592	(311,678)
Decrease in other receivables, deposits and prepayments and value-added tax recoverable	940,951	806,227
Decrease in finance lease receivables	1,145,244	22,382
Increase in other non-current assets	(317,155)	(356,142)
Increase (decrease) in trade and other payables	129,952	(484,453)
Increase (decrease) in amounts due to related parties	31,547	(68,907)
Increase in deferred income	354,281	291,055
Increase in contract liabilities	22,083	54,022
Cash generated from operations	12,017,971	5,511.34101_1 1 T

Year ended 31 December

	2022 RMB'000	2021 RMB'000 (Restated)
Investing activities		
Interest received	58,615	37,292
Dividends received	60,583	194,078
Repayments of loans by an associate	108,000	9,000
Loan advanced to an associate	(105,000)	–
Capital injection to an associate	(10,460)	(19,120)
Purchases of:		
– Property, plant and equipment	(8,912,157)	(8,959,367)
– Intangible assets	(52,047)	(48,161)
– Right-of-use assets	(177,833)	(60,117)
Cash outflow on acquisition of subsidiaries	(135,174)	(1,405,929)
Proceeds on disposal of property, plant and equipment	64,598	68,724
Acquisition of subsidiaries under common control	(590,569)	–
Withdrawal of restricted bank deposits	5,492	8,272
Placement of restricted bank deposits	(29,048)	(19,649)
Cash received from government grants	1,695	1,563
Amount of loan receivables advanced to related parties	(300,000)	(415,560)
Repayments of loans receivables by related parties	623,655	75,232
Net cash used in investing activities	(9,389,650)	(10,533,742)

	Note	Year ended 31 December	
		2022 RMB'000	2021 RMB'000 (Restated)
Financing activities			
Capital injection in subsidiaries from non-controlling interests		3,322	1,535
Capital injection in a subsidiary from ultimate holding company prior to completion of acquisition (Note 3.1(a))		1,309,078	–
Interest paid		(1,508,246)	(1,291,126)
New bank and other borrowings raised		25,938,375	24,083,758
Repayments of bank and other borrowings		(25,164,413)	(17,697,862)
Proceeds from issuance of short-term debentures		11,500,000	11,500,000
Issuance cost for short-term debentures		(4,079)	(13,737)
Repayments of short-term debentures		(13,500,000)	(11,000,000)
Proceeds from issuance of medium-term notes		3,500,000	–
Issuance cost for medium-term notes		(4,292)	–
Repayments of medium-term notes		(2,000,000)	–
Proceeds from issue of perpetual notes		–	1,500,000
Repayments of corporate bonds		(1,000,000)	–
Issuance cost of perpetual notes		–	(5,915)
Repayments of lease liabilities		(72,286)	(49,913)
Dividends paid to:			
– Ordinary shareholders of the Company		(580,167)	(567,223)
– Non-controlling interests		(66,159)	(55,856)
– Holders of perpetual notes		(100,750)	(51,600)
Net cash (used in) from financing activities		(1,749,617)	6,352,061
Net increase in cash and cash equivalents		221,280	782,457
Cash and cash equivalents at the beginning of the year		5,219,149	4,400,727
Effect of foreign exchange rate changes		25,959	35,965
Cash and cash equivalents at the end of the year	32	5,466,388	5,219,149
Represented by:			
Cash and cash equivalents at the end of the year		5,466,388	5,219,149

1. GENERAL INFORMATION

Beijing Jingneng Clean Energy Co., Limited (the “Company”) is a joint stock company established in the PRC with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The address of the Company’s registered office is Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing County, Beijing, the PRC. The principal place of business of the Company is No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC.

In the opinion of the directors of the Company (the “Directors”), BEH is the Company’s ultimate holding company (also the immediate parent company). BEH is a state-owned enterprise established in the PRC with limited liability and is wholly-owned by / 7 ɓ 1 6 M # ɓ " ® ! (Beijing State-owned Capital Operation Management Co., Ltd.) (“BSCOMC”) which is established and is wholly-owned by / 9 [O A ´ 7 ɓ * 9 – M # % p 6 (State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality).

The principal businesses of the Company and its subsidiaries (collectively referred to as the “Group”) are gas-fired power and heat energy generation, wind power generation, photovoltaic power generation, hydropower generation and other businesses related to clean energy.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

Amendments to IFRSs that are mandatorily effective for the current year (continued)

The application of the amendments to IFRSs and the IFRS Interpretations Committee’s agenda decision (s) in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting issued by IASB in March 2018 (the “Conceptual Framework”) instead of the International Accounting Standards Committee’s Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in September 2010), add a requirement that, for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group’s consolidated financial statements.

2.2 Impacts on application of Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS 2 Inventories.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2021. Comparative figures have been restated. The details of the effect of restatements are set out under Note 3 to the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to IAS 8	Definition of Accounting Estimates ³
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

Notes:

- (1) Effective for annual periods beginning on or after 1 January 2023.
- (2) Effective for annual periods beginning on or after a date to be determined.
- (3) Effective for annual periods beginning on or after 1 January 2024.

Except for the new and amendments to IFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

As disclosed in Note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group’s annual reporting periods beginning on 1 January 2023. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB983,480,000 and RMB 740,537,000 respectively, in which the Group will recognise the related deferred tax assets and deferred tax liabilities respectively.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Restatements

(a) Merger accounting

Acquisition of Beijing Jingneng International Energy Technology Co., Ltd. (北京国际能源技术有限公司) (“BJIET”)

On 31 March 2022, The Group completed the acquisition of 55% equity interest in BJIET from Beijing International Electric Engineering Co., Ltd. (北京国际电气工程有限公司) (“BIEE”), a wholly subsidiary of BEH, at a cash consideration of RMB48,459,000.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

(a) Merger accounting (continued)

Acquisition of Shenzhen Jingneng Leasing

On 30 September 2022, the Group completed the acquisition of 84.68% equity interest in Shenzhen Jingneng Leasing from BEH. Prior to the acquisition, an unilateral capital injection of RMB1,309,078,000 was made by BEH to increase its equity interest in Shenzhen Jingneng Leasing from 69.47% to 84.68% in 2022. The consideration for the 84.68% equity interest in Shenzhen Jingneng Leasing acquired by the Group was settled by the Group's 20% entire equity interest in Beijing Jingneng International Power Co., Ltd. (北京国际电力股份有限公司) ("Jingneng International"), an associate of the Group, based on a fair value of RMB1,728,160,000 together with cash consideration of RMB542,110,000.

The acquisitions mentioned above were collectively referred to as the "2022 Acquisitions".

The Group, BJJET and Shenzhen Jingneng Leasing are all under the ultimate control of BEH before and after the 2022 Acquisitions, and that control is not transitory and hence the 2022 Acquisition has been accounted for as combinations of entities under common control by applying the principles of merger accounting.

Accordingly, the consolidated statement of financial position of the Group as at 31 December 2021 have been restated to include the assets and liabilities of BJJET and Shenzhen Jingneng Leasing as if they were within the Group since they first came under the control of BEH. The consolidated statement of profit or loss and the consolidated statement of cash flows for the year ended 31 December 2021 have also been restated to include the results and the cash flows of BJJET and Shenzhen Jingneng Leasing.

Respective notes to the consolidated financial statements have also been restated. All significant intragroup transactions, balances, income and expenses are eliminated on combination.

(b) Impacts and accounting policies on application of Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied Amendments to IAS 16 retrospectively to property, plant and equipment made available for use on or after the beginning of the earliest period presented. Comparative figures have been restated and the effects of the changes in accounting policies on the consolidated financial statements are as follows.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

The effect of restatements on the consolidated statement of profit or loss for the year ended 31 December 2021 in applying the principles of merger accounting and the amendments to IAS 16 is as follows, while line items that were not affected by the restatements have not been included:

	The Group (as previously reported) RMB'000	Adjustments for business combination under common control RMB'000	Adjustments for changes in accounting policies RMB'000	The Group (restated) RMB'000
Consolidated statement of profit or loss for the year ended 31 December 2021:				
Revenue	18,358,832	156,737	129,686	18,645,255
Other income	903,173	838	–	904,011
Depreciation and amortization	(3,119,854)	(901)	(1,412)	(3,122,167)
Personnel costs	(1,079,248)	(15,795)	–	(1,095,043)
Repair and Maintenance	(642,622)	93,013	–	(549,609)
Other expenses	(827,254)	(90,488)	(9,482)	(927,224)
Other gains and losses	25,404	69	–	25,473
Profit from operations	4,565,702	143,473	118,792	4,827,967
Interest income	34,826	2,068	–	36,894
Finance costs	(1,309,289)	(63,678)	–	(1,372,967)
Profit before taxation	3,084,250	81,863	118,792	3,284,905
Income tax expense	(595,048)	(20,556)	–	(615,604)
Profit for the year	2,489,202	61,307	118,792	2,669,301
Profit for the year attributable to				
– Equity holders of the company	2,368,131	41,979	118,792	2,528,902
– Non-controlling interests	61,176	19,328	–	80,504
Earnings per share				
Basic and diluted (RMB cents)	28.72			30.67

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

The effect of restatements on the consolidated statement of financial position as at 1 January 2021 in applying the principles of merger accounting and the amendments to IAS 16 is as follows, line items that were not affected by the changes have not been included:

	The Group (as previously reported) RMB'000	Adjustments for business combination under common control RMB'000	Adjustments for changes in accounting policies RMB'000	The Group (restated) RMB'000
Consolidated statement of financial position at 1 January 2021:				
Non-current assets				
Property, plant and equipment	43,187,213	250,383	–	43,437,596
Right-of-use assets	1,431,342	(247,053)	–	1,184,289
Finance lease receivables	–	2,333,537	–	2,333,537
Loan receivables	–	59,282	–	59,282
Value-added tax recoverable	1,114,305	62,768	–	1,177,073
Other non-current assets	–	162,757	–	162,757
	<u>55,656,303</u>	<u>2,621,674</u>	<u>–</u>	<u>58,277,977</u>
Current assets				
Finance lease receivables	–	403,955	–	403,955
Loan receivables	–	15,750	–	15,750
Trade and bills receivables	9,159,317	12,131	–	9,171,448
Other receivables, deposits and prepayments	463,778	456	–	464,234
Current tax assets	16,565	–	–	16,565
Amounts due from related parties	170,193	17,718	–	187,911
Value-added tax recoverable	469,666	10,726	–	480,392
Cash and cash equivalents	4,297,450	103,277	–	4,400,727
	<u>14,882,005</u>	<u>564,013</u>	<u>–</u>	<u>15,446,018</u>

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

	The Group (as previously reported) RMB'000	Adjustments for business combination under common control RMB'000	Adjustments for changes in accounting policies RMB'000	The Group (restated) RMB'000
Current liabilities				
Trade and other payables	5,058,989	70,397	–	5,129,386
Amounts due to related parties	189,539	(985)	–	188,554
Bank and other borrowings				
– due within one year	12,318,322	525,698	–	12,844,020
Lease liabilities	64,659	(26,784)	–	37,875
Income tax payable	125,381	13,345	–	138,726
	<u>25,244,624</u>	<u>581,671</u>	<u>–</u>	<u>25,826,295</u>
Net Current Liabilities	<u>(10,362,619)</u>	<u>(17,658)</u>	<u>–</u>	<u>(10,380,277)</u>
Total Assets less Current Liabilities	<u>45,293,684</u>	<u>2,604,016</u>	<u>–</u>	<u>47,897,700</u>
Non-current liabilities				
Bank and other borrowings				
– due after one year	10,896,268	1,493,494	–	12,389,762
Lease liabilities	836,336	(217,759)	–	618,577
	<u>18,926,837</u>	<u>1,275,735</u>	<u>–</u>	<u>20,202,572</u>
Net Assets	<u>26,366,847</u>	<u>1,328,281</u>	<u>–</u>	<u>27,695,128</u>
Capital and reserves				
Share capital	8,244,508	–	–	8,244,508
Reserves	16,249,142	913,552	–	17,162,694
	<u>24,493,650</u>	<u>913,552</u>	<u>–</u>	<u>25,407,202</u>
Equity attributable to equity holders of the Company	24,493,650	913,552	–	25,407,202
Non-controlling interests	347,615	414,729	–	762,344
	<u>26,366,847</u>	<u>1,328,281</u>	<u>–</u>	<u>27,695,128</u>
Total Equity	<u>26,366,847</u>	<u>1,328,281</u>	<u>–</u>	<u>27,695,128</u>

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

The effect of restatements on the consolidated statement of financial position as at 31 December 2021 in applying the principles of merger accounting and the amendments to IAS 16 is as follows, line items that were not affected by the restatements have not been included:

	The Group (as previously reported) RMB'000	Adjustments for business combination under common control RMB'000	Adjustments for changes in accounting policies RMB'000	The Group (restated) RMB'000
Consolidated statement of financial position at 31 December 2021:				
Non-current assets				
Property, plant and equipment	50,965,927	237,583	118,792	51,322,302
Right-of-use assets	1,479,217	(234,241)	–	1,244,976
Finance lease receivables	–	2,311,365	–	2,311,365
Loan receivables	–	368,707	–	368,707
Value-added tax recoverable	1,557,553	45,702	–	1,603,255
Other non-current assets	–	518,899	–	518,899
	<u>63,536,544</u>	<u>3,248,015</u>	<u>118,792</u>	<u>66,903,351</u>
Current assets				
Finance lease receivables	–	403,745	–	403,745
Loan receivables	–	46,653	–	46,653
Trade and bills receivables	11,678,316	12,593	–	11,690,909
Other receivables, deposits and prepayments	307,749	20,956	–	328,705
Amounts due from related parties	482,339	10,740	–	493,079
Value-added tax recoverable	553,873	21,018	–	574,891
Cash and cash equivalents	5,097,300	121,849	–	5,219,149
	<u>18,499,302</u>	<u>637,554</u>	<u>–</u>	<u>19,136,856</u>

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

	The Group (as previously reported) RMB'000	Adjustments for business combination under common control RMB'000	Adjustments for changes in accounting policies RMB'000	The Group (restated) RMB'000
Current liabilities				
Trade and other payables	5,938,283	112,634	–	6,050,917
Amounts due to related parties	132,961	38,125	–	171,086
Bank and other borrowings				
– due within one year	11,272,518	655,921	–	11,928,439
Contract liabilities	80,877	23,648	–	104,525
Lease liabilities	89,762	(26,702)	–	63,060
Income tax payable	87,453	9,240	–	96,693

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Restatements (continued)

The effect of restatements on the consolidated statement of cash flows for the year ended 31 December 2021 in applying the principles of merger accounting and the amendments to IAS 16 is as follows:

	The Group (as previously reported) RMB'000	Adjustments for business combination under common control RMB'000	Adjustments for changes in accounting policies RMB'000	The Group (Restated) RMB'000
Consolidated statement of cash flows for the year ended 31 December 2021:				
Net cash generated from:	763,885	18,572	–	782,457
Operating activities	4,955,550	(111,616)	120,204	4,964,138
Investing activities	(10,076,442)	(337,096)	(120,204)	(10,533,742)
Financing activities	5,884,777	467,284	–	6,352,061

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation of consolidated financial statements (continued)

In preparing the consolidated financial statements, the Directors have given careful consideration that at 31 December 2022, the Group has net current liabilities of RMB 8,785,859,000. The Group meets its working capital requirements with cash generated from its operating activities and available financing facilities from banks. At 31 December 2022, the Group has committed unutilised financing facilities granted to the Group amounting to approximately ~~RMB~~7.63 billion of which approximately RMB20.48 billion are subject to renewal during the next 12 months from the date of the consolidated statement of financial position. The Directors are confident that these financing facilities will continue to be available to the Group for the foreseeable period not less than 12 months from the date of the consolidated statement of financial position. Based on the assessment, the Directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of preparation of consolidated financial statements (continued)

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and;
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction- by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. 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. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Business combinations (continued)

Business combinations (continued)

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting issued by International Accounting Standards Board in March 2018 (the “Conceptual Framework”) except for transactions and events within the scope of IAS 37 or IFRIC 21, in which the Group applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favorable or unfavorable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Business combinations (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i. e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Business combinations (continued)

Business combinations (continued)

Merger accounting for business combination involving entities under common control (continued)

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

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

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Goodwill (continued)

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Investments in associates and a joint venture (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Investments in associates and a joint venture (continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i. e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i. e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of the underlying assets that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases is recognised as expense on a straight-line basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- amounts expected to be payable by the Group under residual value guarantees.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications (continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Interest and rental income which are derived from the Group's ordinary course of business are presented as revenue.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Lease modification (continued)

(i) Finance leases

The Group accounts for a change in the lease payments of a finance lease as a lease modification, that is not accounted for as a separate lease, in accordance with the requirements of IFRS 9. If the change represents a substantial modification, the finance lease receivables of the original lease are derecognised and a derecognition gain or loss calculated using the revised lease payments discounted at the revised discount rate is recognised in profit or loss on the date of the modification. If the change does not represent a substantial modification, the Group continues to recognise the finance lease receivables in which such carrying amount will be calculated at the present value of the modified contractual cash flows discounted at the related receivables' original discount rate. Any adjustment to the carrying amount is recognised in profit or loss at the effective date of modification.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

The Group as a buyer-lessor

For a transfer of asset that does not satisfy the requirements of IFRS 15 to be accounted for as a sale of asset, the Group as a buyer-lessor does not recognise the transferred asset and recognises a loan receivable equal to the transfer proceeds within the scope of IFRS 9.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange prevailing rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of currency translation differences on translating foreign operations (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes under the state-managed retirement benefits schemes in the PRC are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in a joint venture, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate and tax laws that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Taxation (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the production or supply of goods or services, or for administrative purposes other than other than freehold lands and properties under construction as described below. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Property, plant and equipment (continued)

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” (upon application of IFRS 16) or “prepaid lease payments” (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than property, plant and equipment under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

The Group recognises an intangible asset arising from the wind farm concession arrangement when it has a right to receive the income for the usage of the concession infrastructure. Intangible assets recognised as a consideration for providing construction services in a concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Intangible assets (continued)

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. Amortisation begins when the intangible asset is available for use, i. e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 Revenue from Contracts with Customers. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations ("IFRS 3") applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and bills receivables, other receivables, deposits, amount due from related parties, bank balances, restricted bank deposits, loans to an associate and loans to a joint venture) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e. g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk(continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default (continued)

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender (s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession (s) that the lender (s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i. e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL(continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills receivables, other receivables and deposits and amounts due from related parties, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition/modification of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets (continued)

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCL, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related parties, bank and other borrowings, medium-term notes, corporate bonds and short-term debentures are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Hedge accounting (continued)

Assessment of hedging relationship and effectiveness (continued)

- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i. e. rebalances the hedge) so that it meets the qualifying criteria again.

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative changes in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Financial instruments (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity (cash flow hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the Group's parent.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Significant accounting policies (continued)

Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY(continued)

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The Group's management determines the useful lives and related depreciation expenses for its property, plant and equipment, after taking into account of the estimated residual value. This estimate is based on historical experience on the projected wear and tear incurred during power generation. It might change significantly as a result of technical innovations. The depreciation expense for future periods would be adjusted if there are significant changes from previous estimates. At 31 December 2022, the carrying amounts of property, plant and equipment are set out in Note 16.

Useful lives of concession rights and operation rights

The Group's management determines the useful lives and related amortisation expenses for its wind farm concession rights and wind or hydropower operation rights. This estimate is based on corresponding legal or contractual arrangements, projected profitability, and current legal and economic environment. It might be significantly affected by factors that include but not limited to the changes in the legal and regulatory framework, economic environment, technical innovation, etc. The amortisation expense for future periods would be adjusted if there are significant changes from previous estimates. At 31 December 2022, the carrying amounts of wind farm concession rights and wind or hydropower operation rights are set out in Note 18.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGUs") to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2022 is set out in Note 19.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY(continued)

Impairment of trade receivables

The Group assesses impairment of trade receivables based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 50.

Fair value measurements on acquisition of subsidiaries (the"Targets")

As set out in Note 44, the Group was required to determine the fair value of identifiable assets acquired and liabilities assumed in the acquisition of the Targets in accordance with IFRS 3 on their respective acquisition dates. The determination of the fair value of intangible assets acquired in the acquisition of the Targets requires judgement by management in establishing the valuation techniques and determining the relevant inputs. Changes in the assumptions relating to these factors might affect the reported bargain purchase gain recognised in profit or loss in the current year.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Revenue from contracts with customers	19,897,598	18,496,300
Leases	132,683	148,955
	<u>20,030,281</u>	<u>18,645,255</u>

5. REVENUE (continued)

- (i) Disaggregation of revenue from contracts with customers

5. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

	For the year ended 31 December 2021 (Restated)					Total RMB'000
	Gas-fired power and heat energy generation RMB'000	Wind power RMB'000	Photovoltaic power RMB'000	Hydropower RMB'000	Others RMB'000	
Types of goods and services						
Sales of electricity	10,455,028	3,112,485	2,576,672	386,396	–	16,530,581
Sales of heat energy	1,952,471	–	–	–	–	1,952,471
Repairs and maintenance and other services	–	–	–	–	13,248	13,248
Timing of revenue recognitions						
A point in time	12,407,499	3,112,485	2,576,672	386,396	–	18,483,052
Over time	–	–	–	–	13,248	13,248
Geographical markets						
Mainland China	12,407,499	2,922,242	2,573,561	386,396	13,248	18,302,946
Overseas	–	190,243	3,111	–	–	193,354
Revenue from contracts with customers	12,407,499	3,112,485	2,576,672	386,396	13,248	18,496,300

(ii) Performance obligations for contracts with customers

Majority of the sales of electricity to provincial power grid companies are pursuant to the power purchase agreements entered into between the Group and the respective provincial power grid companies. The Group's sales of electricity are made to these power grid companies at the tariff rates agreed with the respective provincial power grid companies as approved by the relevant government authorities.

Sales of heat energy to customers are pursuant to the heat energy purchase agreements entered into between the Group and the customers. The Group's sales of heat energy are made to the customers at the tariff rates approved by the Beijing Municipal Commission of Development and Reform.

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers (continued)

For sales of electricity and heat energy, revenue is recognised when control of electricity and heat has been transferred, being when electricity and heat is supplied to the power grid companies and the customers. The normal credit term is 60 days upon electricity and heat is supplied. There is no significant financing component among the payment terms of sales of electricity and heat.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 and 2021 and the expected timing of recognising revenue are within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

The Group manages its businesses by divisions, such as performing the monthly revenue analysis by segments which are organised by types of business. Information is reported internally to the Group's chief operating decision maker ("CODM"), including general manager, deputy general managers and financial controller, for the purposes of resource allocation and performance assessment. The Group has presented the following operating and reportable segments:

- Gas-fired power and heat energy generation: constructing, managing and operating natural gas-fired power plants and generating electric power and heat energy for sale to external customers.
- Wind power: constructing, managing and operating wind power plants and generating electric power for sale to external customers.
- Photovoltaic power: constructing, managing and operating photovoltaic power plants and sales of electricity generated to external customers.
- Hydropower: managing and operating hydropower plants and sales of electricity generated to external customers.

Operating segments of business activities other than "Gas-fired power and heat energy generation", "Wind power", "Photovoltaic power" and "Hydropower" did not meet the quantitative thresholds for reportable segments in both current and prior year. Accordingly, these are grouped and presented as "Others" in the segment information.

6. SEGMENT INFORMATION (continued)

(a) Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segment revenue, results, assets and liabilities for the years ended 31 December 2022 and 2021 by operating and reportable segment is as follows:

	Gas-fired power and heat energy generation RMB'000	Wind power RMB'000	Photovoltaic power RMB'000	Hydropower RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2022						
Reportable segment revenue from external customers/consolidated revenue	12,465,830	4,317,645	2,720,029	368,360	158,417	20,030,281
Reportable segment results (note (i))	1,854,165	2,170,952	1,479,320	142,564	(438,643)	5,208,358
Reportable segment assets	14,260,925	37,735,948	25,627,858	2,255,908	36,710,409	116,591,048
Reportable segment liabilities	(6,906,363)	(27,121,430)	(18,070,051)	(1,848,581)	(31,689,235)	(85,635,660)
Additional segment information:						
Depreciation	830,267	1,553,236	885,616	100,563	8,411	3,378,093
Amortisation	12,352	210,846	53,341	25,488	838	302,865
Finance costs (note (ii))	67,183	648,491	427,820	42,717	314,756	1,500,967
Other income	655,863	360,135	14,558	2,994	21,865	1,055,415
Including:						
– Government subsidies related to clean energy production	554,891	21,629	–	–	–	576,520
– Government grants related to construction of assets	33,101	2,632	6,707	199	–	42,639
– Income from carbon credits	1,648	214,443	3,935	472	–	220,498
– Others	66,223	121,431	3,916	2,323	21,865	215,758
Expenditures for reportable segment non-current assets	586,271	3,602,240	4,914,881	8,567	74,622	9,186,581

6. SEGMENT INFORMATION (continued)

(a) Segment revenue, results, assets and liabilities (continued)

	Gas-fired power and heat energy generation RMB'000	Wind power RMB'000	Photovoltaic power RMB'000	Hydropower RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2021 (Restated)						
Reportable segment revenue from external customers/consolidated revenue	<u>12,407,499</u>	<u>3,112,485</u>	<u>2,576,672</u>	<u>386,396</u>	<u>162,203</u>	<u>18,645,255</u>
Reportable segment results (note (i))	<u>1,772,679</u>	<u>1,904,889</u>	<u>1,368,442</u>	<u>109,628</u>	<u>(329,537)</u>	<u>4,826,101</u>
Reportable segment assets	<u>14,217,029</u>	<u>32,797,624</u>	<u>23,453,311</u>	<u>2,481,241</u>	<u>34,187,629</u>	<u>107,136,834</u>
Reportable segment liabilities	<u>(7,114,080)</u>	<u>(22,722,093)</u>	<u>(16,508,427)</u>	<u>(2,079,928)</u>	<u>(30,896,868)</u>	<u>(79,321,396)</u>
Additional segment information:						
Depreciation	901,935	951,711	901,215	104,030	5,702	2,864,593
Amortisation	13,103	181,805	36,596	25,511	559	257,574
Finance costs (note (ii))	79,276	447,936	473,086	52,195	320,474	1,372,967
Other income	583,942	283,365	18,174	1,278	17,252	904,011
Including:						
– Government subsidies related to clean energy production	475,903	24,127	–	–	–	500,030
– Government grants related to construction of assets	33,255	2,632	10,179	829	–	46,895
– Income from carbon credits	13,737	146,148	3,246	–	–	163,131
– Others	61,047	110,458	4,749	449	17,252	193,955
Expenditures for reportable segment non-current assets	<u>363,113</u>	<u>7,176,943</u>	<u>3,706,136</u>	<u>46,695</u>	<u>8,713</u>	<u>11,301,600</u>

6. SEGMENT INFORMATION (continued)

(a) Segment revenue, results, assets and liabilities (continued)

Notes:

- (i) The segment results are arrived at after the deduction from revenue of gas consumption, depreciation and amortisation expense, personnel costs, repairs and maintenance, other expenses, other gains and losses and impairment losses and including other income before inter-segment elimination.
- (ii) Finance costs have been allocated among the segments for the additional information to the CODM, but are not considered to arrive at the segment results. It represents amounts regularly provided to the CODM but not included in the measurement of segment profit or loss. However, the relevant borrowings have been allocated to arrive at the segment liabilities.

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Results		
Reportable segment profit	5,208,358	4,826,101
Inter-segment elimination	(37,435)	1,866
Profit before taxation	5,170,923	4,827,967
Interest income	58,014	36,894
Finance costs	(1,500,967)	(1,372,967)
Share of results of associates	146,951	(169,195)
Share of result of a joint venture	(31,421)	(37,794)
Consolidated profit before taxation	3,843,500	3,284,905

6. SEGMENT INFORMATION (continued)

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements (continued)

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Assets		
Reportable segment assets	116,591,048	107,136,834
Inter-segment elimination	(32,535,391)	(27,024,030)
Unallocated assets:		
– Investments in associates	1,569,542	3,179,022
– Loans to an associate	105,000	108,000
– Investment in a joint venture	61,689	93,110
– Loans to a joint venture	70,000	70,000
– Deferred tax assets	257,199	189,488
– Equity instruments at FVTOCI	92,637	109,637
Different presentation on:		
– Value-added tax recoverable(note)	1,782,842	2,178,146
Consolidated total assets	87,994,566	86,040,207

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Liabilities		
Reportable segment liabilities	85,635,660	79,321,396
Inter-segment elimination	(32,483,615)	(27,009,690)
Unallocated liabilities:		
– Income tax payable	304,349	96,693
– Deferred tax liabilities	321,651	281,912
Different presentation on:		
– Value-added tax recoverable(note)	1,782,842	2,178,146
Consolidated total liabilities	55,560,887	54,868,457

6. SEGMENT INFORMATION (continued)

(b) Reconciliations of segment results, assets and liabilities to the consolidated financial statements (continued)

Note: Value-added tax recoverable was net-off with value-added tax payables and included in reportable segment liabilities for reporting to CODM, and they are reclassified and presented as assets in the consolidated statement of financial position.

All assets are allocated to reportable segments, other than equity instruments at FVTOCI, investments in associates and a joint venture, loans to an associate and a joint venture, value-added tax recoverable and deferred tax assets; all liabilities are allocated to reportable segments other than income tax payable and deferred tax liabilities.

(c) Geographical information

Over 90% of the Group's revenue is generated from customers in the PRC for both years, and over 90% of the Group's non-current assets (not including deferred tax assets and financial assets) are located in the PRC as at 31 December 2022 and 2021. Therefore no geographical segment information is presented.

(d) Information about major customers

Revenue of approximately RMB15,689,479,000 for the year ended 31 December 2022 (2021: RMB 14,619,531,000) were derived from an external party, the State Grid Corporation of China, which contributed 78 (2021: 78) to the total revenue.

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
State Grid Corporation of China ¹	15,689,479	14,619,531

¹ Revenue from Gas-fired power and heat energy generation, Wind power, Photovoltaic power and Hydropower segments

7. OTHER INCOME

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Government grants and subsidies related to:		
– Clean energy production(Note 38)	576,520	500,030
– Construction of assets(Note 38)	42,639	46,895
Income from carbon credits (note (a))	220,498	163,131
Value-added tax refunds or exemptions (note (b))	128,778	136,493
Others	86,980	57,462
	<u>1,055,415</u>	<u>904,011</u>

Notes:

- (a) Income from carbon credits was mainly derived from the sales of carbon credits registered under relevant regulated exchange system in Australia and the PRC.
- (b) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms, and a full exemption of value-added tax for its revenue from the sale of heat energy to residential customers. The income of the value-added tax refund or exemption is recognised when relevant value-added tax refund or exemption application is registered with the relevant PRC tax authorities.

8. OTHER EXPENSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Other expenses comprise:		
Property management fees, and other service fee	574,861	490,999
Utilities, insurance, office, travelling, and transportation expenses	203,223	196,676
Expenses relating to short-term leases and other leases with terms expiring within 12 months	74,470	63,713
Others	202,162	175,836
	<u>1,054,716</u>	<u>927,224</u>

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	(2,075)	(9,935)
Net exchange gain (loss)	80,441	(16,188)
(Loss) gain arising on change in fair value of financial asset at FVTPL	(61,097)	81,079
Fair value (loss) gain of fixed forward commodity contract recognised in profit or loss (Note 37(b))	(146,600)	85,343
Bargain purchase gain (Note 44)	6,332	34,190
Impairment losses recognised on goodwill	–	(75,915)
Impairment losses recognised on property, plant and equipment	–	(66,993)
Loss on derecognition of financial assets measured at amortised cost (Note 26)	(84,788)	–
Others	6,513	(6,108)
	<u>(201,274)</u>	<u>25,473</u>

10. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Interest income from:		
– Loans to an associate	4,059	4,593
– Loans to a joint venture	2,914	2,914
– Deposits with a related non-bank financial institution (note)	34,028	20,784
– Bank balances and deposits	17,013	8,603
Total interest income	58,014	36,894
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term notes	1,594,850	1,516,911
Interest on lease liabilities	34,675	31,021
Less: Amount capitalised in property, plant and equipment	(128,558)	(174,965)
Total finance costs	1,500,967	1,372,967
	Year ended 31 December	
	2022	2021
Capitalisation rate of borrowing costs to expenditure on qualifying assets	3.52%	4.15%

Note: A related non-bank financial institution refers to 北京银行理财子公司有限公司 (BEH Finance Co, Ltd., English name for identification purpose) (“BEH Finance”) which is a subsidiary of BEH and an associate of the Group, under the supervision of the China Banking Regulatory Commission.

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Current tax:		
PRC Enterprise Income Tax	757,835	506,344
Other jurisdictions	110,721	–
	868,556	506,344
Deferred tax:		
Current year	(53,680)	109,260
Income tax expense	814,876	615,604

PRC Enterprise Income Tax has been generally provided at the applicable Enterprise Income Tax rate of 25% (2021: 25%) on the estimated assessable profits of the group entities established in the PRC for the year ended 31 December 2022.

Under the PRC Enterprise Income Tax law, the preferential tax treatment for encouraged enterprises located in the western PRC and certain industry-oriented tax incentives remain available up to 31 December 2030 when the original preferential tax period expired. Under the enterprise income tax law, the enterprises in encouraged industries in Western China are eligible for a preferential enterprise income tax rate for the period from 1 January 2021 to 31 December 2030. A PRC enterprise which enjoys this tax treatment is entitled to a preferential tax rate of 15% with a three-year tax exemption and a three-year 50% deduction on the PRC Enterprise Income Tax for taxable income commencing from the first year, when relevant projects start to generate revenue. Certain of the Group's wind farm projects, photovoltaic projects and hydropower power projects were entitled to this tax concession for the years ended 31 December 2022 and 2021.

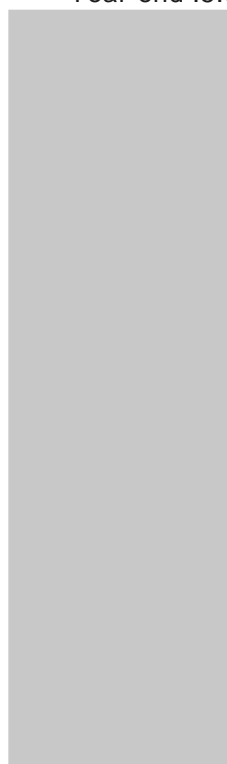
11. INCOME TAX EXPENSE (continued)

No provision for Hong Kong Profit Tax has been made as the Group has no assessable profit derived in Hong Kong for both years.

Australian income tax is calculated at 30% (2021: 30%) on the estimated assessable profit.

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

Year end .5.0 th3Q BecemberT /C Tw 13 0 3



12. PROFIT FOR THE YEAR

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Profit for the year has been arrived at after charging:		
Auditors' remuneration	8,268	7,809
Expense relating to short-term leases	74,470	63,713
Depreciation and amortisation:		
Depreciation of property, plant and equipment	3,306,626	2,812,730
Depreciation of right-of-use assets	71,920	57,488
Amortisation of intangible assets	308,395	257,574
Less: Amount capitalised to construction in progress	(5,983)	(5,625)
Total depreciation and amortisation	<u>3,680,958</u>	<u>3,122,167</u>
Personnel costs:		
Directors' emoluments (Note 13)	5,393	5,286
Other personnel costs	1,221,725	1,089,757
Total personnel costs	<u>1,227,118</u>	<u>1,095,043</u>

13. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS

The emoluments paid or payable to each of the Directors, including executive director, and the supervisors by the Group for the current and prior years are as follows:

Year ended 31 December 2022

13. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS (continued)

Year ended 31 December 2022 (continued)

	Directors' fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000 (note)	Retirement benefit contributions RMB'000	Total RMB'000
Independent Non-executive Directors:					
Mr. HUANG Xiang	150	–	–	–	150
Mr. CHAN Yin Tsung	150	–	–	–	150
Mr. XU Daping	100	–	–	–	100
Ms. ZHAO Jie	100	–	–	–	100
	<u>500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>500</u>
Supervisors:					
Mr. WANG Xiangneng	–	–	–	–	–
Mr. YANG Huixian (resigned on 25 January 2022)	–	23	17	5	45
Mr. SUN Li	–	–	–	–	–
Mr. HOU Bolong (appointed on 25 January 2022)	–	286	349	58	693
	<u>–</u>	<u>309</u>	<u>366</u>	<u>63</u>	<u>738</u>
	<u>500</u>	<u>1,339</u>	<u>4,041</u>	<u>251</u>	<u>6,131</u>

13. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS (continued)

Year ended 31 December 2021

	Directors' fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000 (note)	Retirement benefit contributions RMB'000	Total RMB'000
Executive Directors:					
Mr. ZHANG Fengyang	–	332	1,065	53	1,450
Mr. CAO Mansheng	–	281	887	53	1,221
Mr. CHEN Dayu (appointed on 19 February 2021)	–	332	562	53	947
Mr. GAO Yuming (appointed on 19 February 2021)	–	281	834	53	1,168
	<u>–</u>	<u>1,226</u>	<u>3,348</u>	<u>212</u>	<u>4,786</u>
Non-executive Directors:					
Ms. LI Juan	–	–	–	–	–
Mr. REN Qigui	–	–	–	–	–
Mr. WANG Bangyi	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

13. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS (continued)

Year ended 31 December 2021 (continued)

	Directors' fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000 (note)	Retirement benefit contributions RMB'000	Total RMB'000
Independent Non-executive					
Directors:					
Mr. HUANG Xiang	150	–	–	–	150
Mr. CHAN Yin Tsung	150	–	–	–	150
Mr. XU Daping	100	–	–	–	100
Ms. ZHAO Jie (appointed on 24 June 2021)	50	–	–	–	50
Mr. HAN Xiaoping (resigned on 24 June 2021)	50	–	–	–	50
	500	–	–	–	500
Supervisors:					
Mr. WANG Xiangneng	–	–	–	–	–
Mr. YANG Huixian	–	281	909	53	1,243
Mr. SUN Li	–	–	–	–	–
	–	281	909	53	1,243
	500	1,507	4,257	265	6,529

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company and its subsidiaries, if applicable.

The supervisors' emoluments shown above were mainly for their services as supervisors of the Company.

13. DIRECTORS', SUPERVISORS' AND THE FIVE HIGHEST PAID INDIVIDUALS EMOLUMENTS (continued)

Mr. Zhang Fengyang is the executive director of the Company since 13 February 2018. His emoluments disclosed above include those for services rendered by him as the executive director.

During the year, the Directors' emoluments were RMB 5,393,000 (2021: RMB 5,286,000). Also, all non-executive Directors did not receive any remuneration from the Company and the Group for their services provided to the Company and the Group during both years. They were also management of BEH and their remunerations were paid by BEH over the respective years. Given the amounts of emoluments paid by BEH to them are considered to be not material compared with the revenue and profits of the Group, BEH did not allocate any of their remuneration to the Group.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three director (2021: one director and one supervisor) whose emoluments are reflected in the analysis shown above. Details of the remuneration for the year of the remaining two (2021: three) highest paid individuals who are not Directors are as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries and allowances	602	966
Discretionary bonus (note)	2,054	2,580
Retirement benefit contributions	115	158
	<u>2,771</u>	<u>3,704</u>

The remuneration of the remaining two (2021: each of the remaining three) highest paid individuals in the Group who are not the directors of the Company for the both years fell within the band of HK\$1,000,001-HK\$1,500,000 and HK\$1,500,001-HK\$2,000,000 (2021: HK\$1,000,001 to HK\$1,500,000).

Note: The discretionary bonus for both years were determined by the remuneration committee of the Company, with reference to the operating results of the Group and individual performance during the years ended 31 December 2022 and 2021 respectively in accordance with the relevant human resources policies.

During the year, no emoluments were paid by the Group to the Directors, executive director or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices. None of the Directors waived any emoluments during both years.

14. DIVIDENDS

- (a) A final dividend of RMB7.037 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2021 amounting to RMB580,167,000 was approved in the Company's annual general meeting held on 29 June 2022 and subsequently paid on 4 August 2022 and 5 August 2022.
- (b) A final dividend of RMB6.88 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2020 amounting to RMB567,223,000 was approved in the Company's annual general meeting held on 24 June 2021 and subsequently paid on 17 August 2021.
- (c) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of RMB12.02 cents per ordinary share (tax inclusive), totaling RMB has been proposed by the board of directors and is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	2,846,890	2,528,902

	Year ended 31 December	
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,244,508	8,244,508

Diluted earnings per share are presented as the same as the basic earnings per share as there were no potential ordinary shares in issue during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Generators and related equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 1 January 2021	8,789,620	45,208,821	91,308	122,369	5,179,481	59,391,599
Adjustments for business combination under common control	–	247,730	106	2,127	815	250,778
At 1 January 2021 (Restated)	8,789,620	45,456,551	91,414	124,496	5,180,296	59,642,377
Additions	40,042	88,029	12,727	13,333	8,680,578	8,834,709
Adjustments (note (b))	(23,372)	13,852	–	(11,882)	–	(21,402)
Transfer	96,370	7,193,344	–	3,898	(7,293,612)	–
Acquired on acquisition of subsidiaries (Note 44)	30,074	1,733,394	–	14,758	362,904	2,141,130
Disposals	(353)	(120,197)	(11,725)	(5,091)	–	(137,366)
Effect of foreign currency exchange differences	(280)	(153,062)	(40)	(39)	–	(153,421)
At 31 December 2021 (Restated)	8,932,101	54,211,911	92,376	139,473	6,930,166	70,306,027
Additions	38,185	37,174	9,512	15,464	7,519,299	7,619,634
Adjustments (note (b))	–	(84,217)	–	–	–	(84,217)
Transfer	29,521	8,105,528	1,554	16,434	(8,153,037)	–
Acquired on acquisition of subsidiaries (Note 44)	17,816	138,699	127	–	263,352	419,994
Disposals	(1,547)	(238,300)	(3,439)	(4,225)	–	(247,511)
Effect of foreign currency exchange differences	65	44,825	9	21	–	44,920
At 31 December 2022	9,016,141	62,215,620	100,139	167,167	6,559,780	78,058,847

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Notes:

- (a) The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method, after taking into account of their residual values, at the following rates per annum.

Land and buildings	2.11% to 4.75%
Generators and related equipment	3.17% to 7.92%
Motor vehicles	9.50% to 18.83%
Office equipment	11.00% to 19.00%

- (b) The Directors estimate the final construction cost of certain assets when the assets are ready for use and transferred from construction in progress to respective categories of property, plant and equipment. Adjustments on the final cost will be made in the subsequent periods when the construction cost is finalised with the contractors.
- (c) The Group was in the process of applying for the title certificates of certain buildings with an aggregate net book value of RMB 1,218,198,000 as at 31 December 2022 (2021: RMB1,291,421,000). The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's consolidated financial position as at 31 December 2021.
- (d) Certain property, plant and equipment with an aggregate carrying amount of RMB 2,795,752,000 as at 31 December 2022 (2021: RMB 3,683,441,000) are pledged to secure bank borrowings of the Group.
- (e) During the year ended 31 December 2021, the Group recognised impairment losses amounting to RMB66,993,000 on certain property, plant and equipment in relation to electricity generating business of 四川大川电力有限公司 (Sichuan Dachuan Power Co., Ltd., English name for identification purpose) ("Sichuan Dachuan") and 四川中农电力有限公司 (Sichuan Zhongneng Power Co., Ltd., English name for identification purpose) ("Sichuan Zhongneng"), and the related assets are within the Hydropower segment of the Group. The recoverable amount of the related property, plant and equipment, which is the higher of fair value less costs of disposal and value in use, has been determined based on fair value less costs of disposal by reference to the market price of similar assets.

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	
As at 31 December 2022		
Carrying amount		1,455,903
As at 31 December 2021		
Carrying amount (Restated)		1,244,976
For the year ended 31 December 2022		
Depreciation charge		71,920
For the year ended 31 December 2021		
Depreciation charge (Restated)		57,488
	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000 (Restated)
Expense relating to short-term leases	74,470	63,713
Additions to right-of-use assets (note)	254,022	82,512
Acquisition of subsidiaries (Note 44)	28,826	35,663
Total cash outflow for leases	112,134	144,889

Note: The additions to right-of-use assets arise from the new contracts signed in the respective year.

The Group leases lands for its operations. Lease contracts are entered into for fixed term oft 30 years (2021: 3 to 30 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The short-term leases for lands are regularly entered into by the Group, and the outstanding lease commitments relating to these lands is RMB44,225,000 as at 31 December 2022 (2021: RMB 47,416,000).

18. INTANGIBLE ASSETS

	Concession rights RMB'000 (note (b))	Operation rights RMB'000 (note (c))	Software RMB'000	Total RMB'000
COST				
At 1 January 2021	4,022,154	2,506,743	303,710	6,832,607
Additions	–	–	48,161	48,161
Acquired on acquisition of subsidiaries (Note 44)	–	670,350	2,144	672,494
Disposals	–	–	(245)	(245)
At 31 December 2021	4,022,154	3,177,093	353,770	7,553,017
Additions	–	–	52,047	52,047
Acquired on acquisition of subsidiaries (Note 44)	–	40,510	–	40,510
At 31 December 2022	4,022,154	3,217,603	405,817	7,645,574
AMORTISATION				
At 1 January 2021	1,999,442	334,559	87,852	2,421,853
Provided for the year	164,411	77,399	15,764	257,574
Disposals	–	–	(109)	(109)
At 31 December 2021	2,163,853	411,958	103,507	2,679,318
Provided for the year	164,411	126,750	17,234	308,395
At 31 December 2022	2,328,264	538,708	120,741	2,987,713
CARRYING VALUES				
At 31 December 2022	1,693,890	2,678,895	285,076	4,657,861
At 31 December 2021	1,858,301	2,765,135	250,263	4,873,699

18. INTANGIBLE ASSETS (continued)

Notes:

- (a) Intangible assets have finite useful lives and are amortised on a straight-line basis over the following rates per annum:

Concession rights	4% to 5%
Operation rights	2% to 10%
Software	10% to 50%

- (b) The Group provides construction services to build up the wind power facilities and generates electricity under the concession rights. The Group recognises the concession rights as intangible assets according to the fair value of the construction services on related assets. These concession rights are amortised according to the respective beneficial periods.
- (c) Operation rights with finite useful lives represent governmental permits or contractual arrangements which grant the operators to construct and operate power facilities. Those operation rights are obtained through business acquisition and amortised on straight-line basis according to the estimated beneficial periods of such facilities.

19. GOODWILL

	At 31 December	
	2022 RMB'000	2021 RMB'000
Cost		
Hydropower operation in Sichuan province, the PRC	124,194	124,194
Wind power operation in Australia	65,855	65,855
	<u>190,049</u>	<u>190,049</u>
Impairment		
Hydropower operation in Sichuan province, the PRC	(75,915)	(75,915)
Carrying Values		
Hydropower operation in Sichuan province, the PRC	48,279	48,279
Wind power operation in Australia	65,855	65,855
	<u>114,134</u>	<u>114,134</u>

Goodwill of the Group arises from the acquisition of Sichuan Dachuan, Sichuan Zhongneng and New Gullen Range Wind Farm (Holding) Pty Ltd. ("New GRWF Holding").

20. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill set out in Note 19 has been allocated to two CGUs: (i) one comprising two subsidiaries in the hydropower segment, namely, Sichuan Dachuan and Sichuan Zhongneng (“Hydropower CGU”); and (ii) New GRWF Holding in the wind power segment (“Wind Power CGU”).

During the years ended 31 December 2022 and 2021, the management of the Group determines that there is no impairment of goodwill contained in the Wind Power CGU.

The basis of the recoverable amount of the Wind Power CGU and their major underlying assumptions are summarised below:

The recoverable amount of the unit have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and pre-tax discount rate of 9.29% for Wind Power CGU (2021: 9.30%). The Wind Power CGU’s cash flows beyond the five-year period are extrapolated using a 2.00 (2021: 2.00) growth rate. These growth rate is based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Wind Power CGU’s past performance and management’s expectations for the market development.

The management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Wind Power CGU to exceed the aggregate recoverable amount of the Wind Power CGU.

During the year ended 31 December 2021, pursuant to the Notice to Clean-up and Withdrawal of Small Hydropower in Giant Panda National Park (Chuan Fa Gai [2021] No. 325) issued by Sichuan Municipal Commission of Development and Reform, three generators at Sichuan Dachuan and Sichuan Zhongneng were stopped from power generation during 2021. The Directors had consequently determined impairment of goodwill directly related to Hydropower CGU amounting to RMB75,915,000 during the year. The impairment loss had been included in profit or loss in the other gains and losses line item (Note 9).

20. IMPAIRMENT TESTING ON GOODWILL (continued)

The recoverable amount of unit of Hydropower CGU has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 8.61% (2021: 8.67%). Growth rate of zero applied for both year to extrapolate the cash flow of the unit beyond the five-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development.

During the year ended 31 December 2022, the management of the Group determines that there is no further impairment of goodwill is need for the Hydropower CGU.

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE

(a) Investments in associates

	At 31 December	
	2022 RMB'000	2021 RMB'000
Unlisted equity investments, at cost	1,423,305	2,185,676
Share of post-acquisition profits and other comprehensive income, net of dividend declared	146,237	1,002,038
Others	–	(8,692)
	<u>1,569,542</u>	<u>3,179,022</u>

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE(continued)

(a) Investments in associates (continued)

The associates of the Group were established and operated in the PRC. The details of associates of the Group as at 31 December 2022 and 2021 are set out below:

Name of associates	Paid up registered capital	Equity interest attributable to the Group		Proportion of voting rights held by the Group		Principal activities
		At 31 December		At 31 December		
		2022	2021	2022	2021	
Jingneng International (note (a))	RMB3,400,000,000	–	20%	–	20%	Electric power construction, investment management
BEH Finance (note (b))	RMB5,000,000,000	20%	20%	20%	20%	Deposits, loans and other financial services
CE È c W à e p " @ ! (Quanzhou Liupu Hydropower Co., Ltd.) * ("Quanzhou Liupu")	RMB25,000,000	40%	40%	40%	40%	Hydropower project development and investment
/ 9 Â Ò @ š i p " a , @ ! (Beijing Tian Yin Di Re Development Co., Ltd.) * ("Tian Yin Di Re")	RMB60,000,000	50%	50%	50%	50%	Geothermal power development and heating
• ù • ? Á Í ; \ p " @ ! (Yichang Zhongji natural gas utilization Co., Ltd.) * ("Yichang Zhongji")	RMB38,020,000	49%	49%	49%	49%	Gas sales

* English name for identification purpose.

Notes:

- (a) During the year ended 31 December 2022, the entire 20% equity interest held by the Company in Jingneng International was transferred to BEH as part of the consideration for the acquisition of 84.68% equity interest in Shenzhen Jingneng Leasing, as detailed in Note 3.1(a).
- (b) BEH Finance is a non-banking financial institution approved by the relevant PRC authorities to engage in the provision of various financial services, including taking deposit and providing loans, and is primarily providing financial services to BEH and its subsidiaries.

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE(continued)

(b) Loans to an associate

	At 31 December	
	2022 RMB'000	2021 RMB'000
Loans to an associate	105,000	108,000

As at 31 December 2022 and 2021, the loans to an associate represent loan to Quanzhou Liupu. All of the loans are unsecured and carry interest at 100% (2021: 98.4%) of the prevailing interest rates promulgated by the People's Bank of China (the "PBOC") per annum. As at 31 December 2022, the loans were originally to be repaid on 29 June 2023. The directors are of the opinion that repayment dates of the above loans will be extended upon maturity to 29 June 2024.

(c) Summarised financial information of material associates

Summarised financial information in respect of the Group's material associates are set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs. The associates are accounted for using the equity method in the consolidated financial statements.

BEH Finance	At 31 December	
	2022 RMB'000	2021 RMB'000
Non-current assets	25,677,537	21,194,522
Current assets	16,919,291	19,380,210
Non-current liabilities	3,721	9,399
Current liabilities	35,219,784	33,418,318

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE(continued)

(c) Summarised financial information of material associates (continued)

	At 31 December	
	2022 RMB'000	2021 RMB'000
Revenue	960,696	904,304
Profit for the year	529,226	479,500
Other comprehensive income for the year	–	23,330
Dividends received from the associate during the year	60,583	67,107

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Net assets of BEH Finance	7,373,323	7,147,015
Proportion of the Group's ownership interest in BEH Finance	20%	20%
Group's share of net assets of BEH Finance	1,474,665	1,429,403
Carrying amount of the Group's interest in BEH Finance	1,474,665	1,429,403

	At 31 December 2021 RMB'000
Jingneng International	
Non-current assets	70,960,173
Current assets	11,279,203
Non-current liabilities	31,511,274
Current liabilities	24,956,317
Non-controlling interests	16,096,542
Perpetual notes	1,517,348

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE(continued)

(c) Summarised financial information of material associates (continued)

	Year ended 31 December 2021 RMB'000
Revenue	22,236,385
Loss and total comprehensive income for the year	(3,850,679)
(Loss) profit and total comprehensive income for the year attributable to:	
Non-controlling interests	(2,576,934)
Holders of perpetual notes	64,500
Dividends received from the associate during the year	<u>124,111</u>

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	At 31 December 2021 RMB'000
Net assets of Jingneng International	8,157,895
Proportion of the Group's ownership interest in Jingneng International	20%
Group's share of net assets of Jingneng International	1,631,579
Goodwill	<u>35,270</u>
Carrying amount of the Group's interest in Jingneng International	<u>1,666,849</u>

21.

22. INVESTMENT IN A JOINT VENTURE/LOANS TO A JOINT VENTURE (continued)

(a) Investment in a joint venture (continued)

The joint venture of the Group was established and operates in the PRC. The details of the joint venture as at 31 December 2022 and 2021 are set out below:

Name of the joint venture	Paid up registered capital	Equity interest attributable to the Group		Proportion of voting rights held by the Group		Principal activity
		At 31 December		At 31 December		
		2022	2021	2022	2021	
/ 6 U I : - Å ! P " @ ! (Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose)	RMB160,000,000	50%	50%	50%	50%	Environment protection technology

(b) Loans to a joint venture

	At 31 December	
	2022 RMB'000	2021 RMB'000
Loans to a joint venture	70,000	70,000

As at 31 December 2022 and 2021, the loans to a joint venture are unsecured, carried interest at the prevailing interest rate promulgated by the PBOC per annum. The loans of RMB50,000,000 and the remaining balance were originally to be repaid on 15 January 2023 and 18 March 2023 respectively. As at 31 December 2022, the directors are of the opinion that repayment dates of the above loans will be extended upon maturity to 17 January 2024. The extension is completed after the reporting period.

23. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 2022 and 2021:

	Tax loss RMB'000	Impairment loss of financial assets RMB'000	Temporary differences on fair value adjustments in acquisition of subsidiaries RMB'000	Fair value change of equity instrument at FVTOCI RMB'000	Trial run profit RMB'000	Deferred income related to clean energy production RMB'000	Different depreciation rate RMB'000	Trial run loss RMB'000	Fair value change of financial asset at FVTPL RMB'000	Derivative financial instruments RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	36,720	6,590	(22,404)	280	113,203	54,291	(112,168)	(43,745)	21,501	24,801	23,420	102,489
(Charge) credit to profit or loss (Note 11)	(29,423)	(287)	(1,348)	-	(2,829)	(49,451)	(1,652)	4,683	(13,376)	(22,809)	7,234	(109,260)
Charge to other comprehensive income	-	-	-	(10,681)	-	-	-	-	-	(7,468)	-	(18,149)
Acquisition of subsidiaries (Note 44)	-	5,356	(79,155)	-	-	-	-	-	-	-	-	(73,799)
Exchange adjustments	(914)	-	-	-	-	-	8,956	-	(414)	(1,534)	201	6,295
At 31 December 2021	6,383	11,659	(102,907)	(10,401)	110,374	4,840	(104,864)	(39,062)	7,709	(7,010)	30,855	(92,424)
(Charge) credit to profit or loss (Note 11)	(2,586)	805	2,747	-	(2,850)	(4,604)	(7,894)	4,683	10,081	46,646	6,652	53,680
Credit (charge) to other comprehensive income	-	-	-	4,250	-	-	-	-	-	(16,509)	-	(12,259)
Acquisition of subsidiaries (Note 44)	-	8,549	(21,370)	-	-	-	-	-	-	-	-	(12,821)
Exchange adjustments	14	-	-	-	-	-	(2,162)	-	1,117	377	26	(628)
At 31 December 2022	3,811	21,013	(121,530)	(6,151)	107,524	236	(114,920)	(34,379)	18,907	23,504	37,533	(64,452)

23. DEFERRED TAXATION (continued)

Notes:

- (a) Government subsidies are taxable immediately as taxable income upon the receipt, however the income can only be released from deferred income in accounting when the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities. Accordingly, the deferred tax assets are recognised.
- (b) The carrying amount of certain property, plant and equipment and intangible assets was different from their tax bases as a result of the fair value exceeding the book value in connection with the business combinations.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Deferred tax assets	257,199	189,488
Deferred tax liabilities	(321,651)	(281,912)
	<u>(64,452)</u>	<u>(92,424)</u>

Details of tax losses and temporary differences not recognised are set out below:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Tax losses	1,524,539	1,250,898
Temporary differences	262,429	262,429
	<u>1,786,968</u>	<u>1,513,327</u>

23. DEFERRED TAXATION(continued)

The Group has not recognised deferred tax assets on above tax losses and temporary differences because it is not probable that the future taxable profits will be available in relevant subsidiaries to offset the tax losses.

As at 31 December 2022, included in the above tax losses are tax losses in Hong Kong of RMB 40,636,000 (2021: RMB 40,547,000 , which can be carried forward against future taxable income and have no expiry date.

The remaining unrecognised tax losses will expire as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
2022	–	174,589
2023	163,986	163,986
2024	269,856	269,856
2025	250,304	250,393
2026	351,527	351,527
2027	448,230	–
	<u>1,483,903</u>	<u>1,210,351</u>

24. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 31 December	
	2022 RMB'000	2021 RMB'000
Unlisted equity investments	<u>92,637</u>	<u>109,637</u>

The above unlisted equity investments represent the Group's equity interests in unlisted equity securities issued by state-owned entities established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

25. INVENTORIES

Inventories as at 31 December 2022 mainly represent consumable spare parts used for maintenance. During the year ended 31 December 2022, the cost of inventories recognised as expense was RMB 220,760,000 (2021: RMB 277,979,000).

26. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Trade receivables		
– goods and services	718,716	2,029,977
– clean energy power price premium	10,229,044	9,421,023
Bills receivable	98,953	256,304
	11,046,713	11,707,304
Less: Allowance for credit losses	(19,626)	(16,395)
	<u>11,027,087</u>	<u>11,690,909</u>

The Group allows an credit period of 60 days to its customers of electricity and heat sales from the end of the month in which the sales are made except for clean energy power price premium. The aged analysis of the Group's trade and bills receivables, net of allowance for credit losses, presented based on the invoice dates are as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Within 60 days	1,813,793	3,046,779
61 to 365 days	3,193,129	3,088,861
1 to 2 years	2,809,173	3,057,498
2 to 3 years	2,038,408	1,961,944
Over 3 years	1,172,584	535,827
	<u>11,027,087</u>	<u>11,690,909</u>

26. TRADE AND BILLS RECEIVABLES (continued)

The Group's major customers are the PRC state-owned power grid companies with good credit rating.

The clean energy power price premium is included as a component of the government-approved on-grid tariff of wind power and photovoltaic power. As at 31 December 2022, most of the operating projects have been approved for the tariff premium and certain projects are in the process of applying for the approval. The Directors are of the opinion that the approvals will be obtained in due course and the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the power grid companies in the past and the tariff premium is funded by the PRC government.

The Group applies the simplified approach to the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

As at 31 December 2022, included in the Group's trade receivables balance for goods and services are debtors with aggregate carrying amount of RMB206,164,000 (2021: RMB 147,570,000 which are past due as at the reporting date).

At 31 December 2022, trade receivables amounting to RMB (2021: RMB 1,426,176,000) are pledged for bank borrowings set out in Notes 34(e) and 46.

Bills receivable are mainly bank's acceptance bills endorsed by the PRC state-owned power grid companies.

During the year ended 31 December 2022, trade receivables amounted to RMB3,128,656,000 (2021: Nil) had been factored or transferred through asset-backed securities to independent third parties without recourse. The Group had derecognised these trade receivables entirely. In the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these trade receivables to the counterparties. All related proceeds were received in 2022 and related losses recognised from the transfer activities amounted to RMB84,788,000 (2021: Nil) was recognised in other gains and losses.

Details of impairment assessment of trade and bills receivables are set out in Note 50(b).

27. FINANCE LEASE RECEIVABLES

The Group entered into finance lease arrangements as a lessor for equipment and properties. The average terms of finance leases entered into usually range from 2 to 10 years. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

27. FINANCE LEASE RECEIVABLES(continued)

The majority of lease contracts are with guaranteed residual values.

	Minimum lease payments 31/12/2022 RMB'000	Present value of minimum lease payments 31/12/2022 RMB'000	Minimum lease payments 31/12/2021 RMB'000 Restated	Present value of minimum lease payment 31/12/2021 RMB'000 Restated
Finance lease receivables comprise:				
Within one year	439,236	378,120	529,722	403,745
In the second year	638,596	597,420	619,554	516,923
In the third year	67,256	41,079	732,150	657,020
In the fourth year	434,686	420,882	160,549	104,679
In the fifth year	34,971	29,332	795,130	767,082
After five years	109,702	103,033	285,873	265,661
	1,724,447	1,569,866	3,122,978	2,715,110
Unguaranteed residual values	–	–	–	–
Gross investment in the lease	1,724,447	N/A	3,122,978	N/A
Less: unearned finance income	(154,581)	N/A	(407,868)	N/A
Present value of minimum lease payment receivables	1,569,866	1,569,866	2,715,110	2,715,110
Analysed as:				
Current	378,120	378,120	403,745	403,745
Non-current	1,191,746	1,191,746	2,311,365	2,311,365
Total	1,569,866	1,569,866	2,715,110	2,715,110

27. FINANCE LEASE RECEIVABLES(continued)

Receivables for finance lease services arose from finance lease contracts to lease plant and machinery to customers and were recognised to the extent that the Group has the right to collect rental income from customers. Interest rates implicit in the above finance leases range from 3.33% to 5.99% (2021: 3.82% to 6.56%).

Finance lease receivables are secured over the plant and machinery leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

As at 31 December 2022, the Group's finance lease receivables amounting to RMB (31 December 2021: RMB 1,832,983,000) were pledged to secure certain of the Group's bank loans (Note 46).

Details of impairment assessment are set out in Note 50(b).

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Other miscellaneous receivables	147,813	44,071
Security deposits	264,713	175,254
Prepayments	138,855	134,086
	551,381	353,411
Less: Allowance for credit losses	(24,745)	(24,706)
	<u>526,636</u>	<u>328,705</u>

Detail of impairment assessment of other receivables and deposits are set out in Note 50(b).

29. VALUE-ADDED TAX RECOVERABLE

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Value-added tax recoverable, classified as:		
– Current	639,350	574,891
– Non-current	1,143,492	1,603,255
	<u>1,782,842</u>	<u>2,178,146</u>

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets. Accordingly, the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets is recognised as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arisen on future revenue. Value-added tax recoverable is classified as current if it would probably be set off by value-added tax payable related to the revenue incurred in the next twelve months.

30. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December	
	2022 RMB'000	2021 RMB'000
Listed equity investment		
– Listed in Hong Kong (note)	231,742	270,270
	<u>231,742</u>	<u>270,270</u>

30. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note:

The Group holds 0.28% (2021: 0.28%) of the ordinary share capital of CGN Power Co., Ltd., a company listed on the Stock Exchange and the Shenzhen Stock Exchange which engaged in the nuclear power generation.

The fair value of listed equity investment is based on the quoted bid price.

31. RESTRICTED BANK DEPOSITS

	At 31 December	
	2022 RMB'000	2021 RMB'000
Restricted bank deposits pledged as collateral presented in the consolidated financial statements as:		
– Current	419	23
– Non-current	89,878	66,718
	<u>90,297</u>	<u>66,741</u>

At 31 December 2022 and 2021, the current restricted bank deposits mainly represented collaterals for property, plant and equipment, the non-current restricted bank deposits mainly represented the guaranteed deposits for a long-term bank loan as required in the loan agreement.

At 31 December 2022 and 2021, restricted bank deposits above carry variable prevailing interest rates of bank deposits placed in the PRC and Australia.

32. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise cash on hand, deposits to banks, a related non-bank financial institution with an original maturity of three months or less and short-time deposits depending on the immediate cash requirements of the Group.

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Bank deposits denominated in:		
– RMB	174,247	913,249
– HK\$	24,699	29,194
– Australian dollars (“AU\$”)	64,487	345,304
– United States dollars (“US\$”)	5,490	5,173
Deposits in a related non-bank financial institution denominated in RMB	4,722,530	3,926,228
Short-time deposits denominated in AU\$	474,935	–
Cash on hand denominated in RMB	–	1
	5,466,388	5,219,149

The Group had certain amount of deposits placed with BEH Finance, a non-bank financial institution approved by China Banking and Insurance Regulatory Commission as at 31 December 2022 and 2021. Such deposits are short-term and are subject to an insignificant risk of changes in value, accordingly, the balances had been regarded as cash and cash equivalents.

Deposits to banks and a related non-bank financial institution carry prevailing market interest rate, short-time deposits earn interest at the respective term time deposit rates. The deposits in banks and a related non-bank financial institution at the end of the reporting period carry interest at the following variable interest rates per annum:

	At 31 December	
	2022	2021
Range of interest rates per annum	0.01% to 1.45%	0.01% to 1.55%

33. TRADE AND OTHER PAYABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Trade payables	2,721,711	2,519,337
Payables for acquisition of property, plant and equipment	3,041,853	1,760,131
Retention payables	380,316	881,279
Bills payable	86,000	—
Salary and staff welfares	111,154	111,733
Non-income tax payables	314,923	436,916
Others	318,196	341,521
	<u>6,974,153</u>	<u>6,050,917</u>

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The Group normally settles the trade payable related to gas purchase within 30 days, settles the payable related to equipment purchase and construction cost according to related contractual arrangements which normally require progress payments during the construction period and a final payment after construction cost verified by independent valuer.

The following is an aged analysis of the Group's trade and bills payables by invoice dates as at the reporting date:

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Within 30 days	1,560,221	1,509,465
31 to 365 days	1,099,866	515,932
1 to 2 years	54,174	397,860
2 to 3 years	10,165	64,198
Over 3 years	83,285	31,882
	<u>2,807,711</u>	<u>2,519,337</u>

33. TRADE AND OTHER PAYABLES (continued)

The Group's trade payables denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Eurodollar ("EUR")	11,167	15,836

34. BANK AND OTHER BORROWINGS

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Bank loans	26,296,367	27,731,495
Other borrowings from:		
– a related non-bank financial institution(note (a))	5,249,750	3,346,750
– fellow subsidiaries(note (b))	224,600	295,400
– other non-related entities(note (c))	280,304	327,331
– BEH (note (d))	1,676,760	1,146,760
	<u>33,727,781</u>	<u>32,847,736</u>
Represented by:		
– Unsecured borrowings	27,462,849	26,409,774
– Secured borrowings (note (e))	6,264,932	6,437,962
	<u>33,727,781</u>	<u>32,847,736</u>

34. BANK AND OTHER BORROWINGS (continued)

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Bank and other borrowings repayable based on scheduled repayment:		
– Within one year	12,074,562	11,928,439
– More than one year but not exceeding two years	4,728,675	5,311,711
– More than two years but not exceeding five years	9,569,331	9,268,522
– More than five years	7,355,213	6,339,064
	<u>33,727,781</u>	<u>32,847,736</u>
Less: Amount due within one year shown under current liabilities	<u>(12,074,562)</u>	<u>(11,928,439)</u>
Amount due after one year	<u>21,653,219</u>	<u>20,919,297</u>

Notes:

- (a) Other borrowings from a related non-bank financial institution represented loans from BEH Finance, a subsidiary of BEH, also an associate of the Group. The loans from BEH Finance amounting to RMB 5,249,750,000 (2021: RMB 3,346,750,000) are unsecured, carry interest at rates that are the prevailing interest rates promulgated by the PBOC per annum, ranges between 2.40% and 4.75%. The loan amounting to RMB 3,438,255,000 (2021: RMB 2,443,500,000) is repayable in 2023 (2021: in 2022), and the remaining balance of RMB 1,811,495,000 (2021: RMB 903,250,000) is repayable between 2024 and 2027 (2021: 2023 and 2026). The interest accrued attributed to the loans from BEH Finance above were RMB 111,202,000 for the year ended 31 December 2022 (2021: RMB 8,180,000).
- (b) At 31 December 2022, the balance amounting to RMB 224,600,000 (2021: RMB 225,400,000) are the borrowings from Beijing Jingneng Leasing, pledged by property, plant and equipment, repayable between 2023 and 2033, carrying a fixed interest rate at 4.10% per annum. The loan from 北京京能热力发电有限公司 (Beijing Jingfeng Thermal Power Co., Ltd., English name for identification purpose) ("Jingfeng Thermal") with an original balance of RMB 1,000,000 at 31 December 2021 were unsecured, carried fixed interest rate at 3.85% per annum and had been paid during 2022.

The interest expense attributed to the loans above was RMB 1,260,000 for the year ended 31 December 2022 (2021: RMB 10,124,000).

34. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(c) The balance comprises borrowings from 恒 亮 金 融 租 赁 有 限 公 司 (Ever Bright Financial Leasing Co., Ltd., English name for identification purpose) (“Ever Bright Financial Leasing”), and certain independent financial institutions. As at 31 December 2022, the borrowings were:

- (i) The secured loans granted by Ever Bright Financial Leasing amounting to RMB50,000,000 (2021: RMB 80,000,000) were pledged by property, plant and equipment, carrying the variable interest rates with discount of 31.16% and 32.00%, variable by reference to the interest rates promulgated by the PBOC and repayable between 2023 and 2024.
- (ii) The loans of RMB310,000,000 (2021: RMB 310,000,000) in nominal amount were from 中 国 农 业 开 发 基 金 有 限 公 司 (China Agricultural Development Fund Co., Ltd., English name for identification purpose) (“CAD Fund”). According to the agreements between 北 京 尚 庄 皇 燃 气 发 电 有 限 公 司 (Beijing Shangzhuang Gas-fired Power Co., Ltd., English name for identification purpose) (“Shangzhuang Power”), a subsidiary of the Company, the Company and CAD Fund, the loans were provided by CAD Fund as capital injection to Shangzhuang Power (“Designated Capital Loan”). Upon receipt of the Designated Capital Loan, the Group and CAD Fund held 60.03% and 39.97% (2021: 60.03% and 39.97%) interests in Shangzhuang Power, respectively.

In the opinion of the Directors, the Designated Capital Loan is designated by certain government institutions to finance the construction of the gas-fired plant owned by Shangzhuang Power; and the relevant investment agreement required: (i) the Company is obliged to repurchase all shares of Shangzhuang Power issued to CAD Fund with a cash consideration of RMB110,000,000 on 19 November 2025, RMB100,000,000 on 2 March 2026, and RMB 100,000,000 on 6 June 2026; (ii) CAD Fund does not have any influence over Shangzhuang Power or undertake any risk of investment, but only entitled to a fixed interest rate at 1.2% per annum which should be paid quarterly during the ten years of investment period. In the opinion of the Directors, the arrangement is in substance a financing arrangement from the government. The Group classified the above Designated Capital Loan as a financial liability, and continues to consolidate all results as if Shangzhuang Power is a wholly-owned subsidiary of the Company.

The Designated Capital Loan is initially measured at its fair value of RMB21,000,000 at an effective interest rate of 4.90% per annum. The benefit derived from such loan of RMB9,000,000 (Note 38) that represents the difference between the proceeds and the fair value of the loan on initial recognition, is recognised as deferred income and will be recognised in profit or loss on the same basis as depreciation for the related plant. As at 31 December 2022, the Designated Capital Loan balance is RMB21,000,000 (2021: RMB 221,000,000) which is measured at amortised cost using the effective interest method.

(d) As at 31 December 2022, the loans are unsecured, carry a fixed interest rate at 3.85% per annum amounting to RMB 276,760,000 and 2.73% per annum amounting to RMB400,000,000 will be repayable between 2023 to 2025, the remaining carry fixed interest rates at 2.98% annum and will be repayable in 2023.

As at 31 December 2021, the loans of RMB 146,760,000 were unsecured, carried a fixed interest rate at 3.85% per annum and would be repayable between 2022 to 2024, the remaining loans of RMB00,000,000 and RMB 900,000,000 carried fixed interest rates at 2.65% and 2.98% per annum respectively and would be repayable in 2023.

The interest expenses attributed to the above loans were RMB7,115,000 for the year ended 31 December 2022 (2021: RMB 17,911,000).

34. BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (e) Besides certain property, plant and equipment pledged to secure bank borrowings as set out in Note 16, the Group's borrowings are secured by following assets:
- (i) As at 31 December 2022, certain of the Group's secured borrowings were secured with a charge over the right to receive the wind power electricity sale proceeds in fourteen (2021: eight) subsidiaries and the right to receive the principal and interest on lease arrangements. The relevant trade receivable balances and finance lease receivables were RMB 1,426,176,000 and RMB 1,832,983,000 respectively as at 31 December 2022 (2021: RMB 1,426,176,000 and RMB 1,832,983,000).
- (ii) The New GRWF and Gullen Solar Pty Ltd.'s syndicated loan, amounting to AU\$119,375,000 (2021: AU\$148,668,000), equivalent to RMB 562,709,000 (2021: RMB 687,142,000) is secured by the beneficial interest of the properties and pledged by the shares of New GRWF and Gullen Solar Pty Ltd.. The syndicated loan carries at floating interest rate at Bank Bill Bid Rate prevailing in Australia plus 1.80% (2021: 1.80%) per annum and repayable between 2021 and 2025 (2021: between 2021 and 2025). The Group enters into interest rate swaps to exchange variable rate interest for fixed rate interest in order to hedge against the cash flow interest rate risk (Note 37).
- (iii) As at 31 December 2022, the Company's loans amounting to RMB 575,790,000 and RMB 198,480,000 (2021: RMB 535,000,000 and RMB 185,000,000) are pledged by the shares of 宁夏阳光新能源有限公司 (Ningxia Boyang new energy Co., Ltd., English name for identification purpose) ("Ningxia Boyang") and 宁夏凯阳新能源有限公司 (Ningxia Kaiyang new energy Co., Ltd., English name for identification purpose) ("Ningxia Kaiyang") respectively, carrying a fixed rate at 3.30% per annum and repayable between 2022 and 2028.

The following is an analysis of the Group's bank and other borrowings by variable and fixed interest rate:

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Variable interest rate	24,020,172	16,840,891
Fixed interest rate	9,707,609	16,006,845
	33,727,781	32,847,736

34. BANK AND OTHER BORROWINGS (continued)

	At 31 December	
	2022	2021
Range of interest rates per annum:		
– Variable-interest borrowings	1.91% to 4.99%	2.09% to 4.99%
– Fixed-interest borrowings	1.20% to 10.00%	1.20% to 10.00%

As at 31 December 2022, the fair values of fixed interest rate borrowings are approximately RMB 9,257,762,000 (2021: RMB 15,312,196,000).

35. SHORT-TERM DEBENTURES

On 20 May 2022, the Company issued a ultra short-term commercial paper of RMB1,500,000,000 at par value, bearing an interest rate of 2.00%, and expiring on 17 February 2023.

On 22 July 2022, the Company issued a ultra short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 1.80%, and expiring on 21 April 2023.

On 25 November 2022, the Company issued a ultra short-term commercial paper of RMB2,000,000,000 at par value, bearing an interest rate of 2.36%, and expiring on 25 August 2023.

These commercial papers are traded on the National Association of Financial Market Institutional Investors (Ñ œ 9 t ø X 6) (“NAFMII”) in the PRC.

36. MEDIUM-TERM NOTES/CORPORATE BONDS

On 3 April 2018, the Company issued 5-year medium-term note with total value of RMB1,500,000,000. The coupon rate is 5.19% per annum. Total proceeds received, net of issuance costs, amounted to RMB1,495,754,000. The medium-term note will be fully repaid on 3 April 2023.

On 9 April 2020, the Company issued 5-year medium-term note with total value of RMB1,000,000,000. The coupon rate is 3.25% per annum. Total proceeds received net of issuance costs, amounted to RMB998,585,000. The medium-term note will be fully repaid on 13 April 2025.

36. MEDIUM-TERM NOTES/CORPORATE BONDS (continued)

On 16 April 2020, the Company issued corporate bonds with total value of RMB1,000,000,000. Of which, RMB600,000,000 was 5-year corporate bonds, with coupon rate of 3.22% per annum, RMB400,000,000 was 3-year corporate bonds, with coupon rate of 2.65% per annum. Total proceeds received, net of issuance costs, amounted to RMB999,642,000. The corporate bonds will be repaid on 16 April 2023 and 16 April 2025 respectively.

On 4 November 2022, the Company issued 5-year medium-term note with total value of RMB1,500,000,000. The coupon rate is 2.99% per annum. Total proceeds received net of issuance costs, amounted to RMB1,498,160,000. The medium-term note will be fully repaid on 11 August 2027.

On 27 September 2022, the Company issued 5-year medium-term note with total value of RMB2,000,000,000. The coupon rate is 2.92% per annum. Total proceeds received net of issuance costs, amounted to RMB1,997,548,000. The medium-term note will be fully repaid on 28 September 2027.

37. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Derivative financial assets		
Cash flow hedges – Interest rate swaps (note (a))	57,059	11,371
Fixed forward commodity contract (note (b))	–	41,136
	<u>57,059</u>	<u>52,507</u>
Analysed as:		
– Non-current	<u>57,059</u>	<u>52,507</u>
Derivative financial liabilities		
Cash flow hedges – Interest rate swaps (note (a))	–	(1,034)
Fixed forward commodity contract (note (b))	(105,836)	–
	<u>(105,836)</u>	<u>(1,034)</u>
Analysed as:		
– Non-current	<u>(105,836)</u>	<u>(1,034)</u>

37. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (continued)

Notes:

(a) Cash flow hedges – Interest rate swaps

At the end of the reporting period, the Group had the following interest rate swaps contracts designated as highly effective hedging instruments in order to manage the Group's interest rate risk exposure in relation to the New GRWF's syndicated loans (Note 34 (e (ii))) and Newtricity Biala Pty Ltd. 's syndicated loans.

The terms of the interest rate swaps contracts have been negotiated to match the terms of the respective designated hedged items.

Major terms of these contracts are as follows:

At 31 December 2022

Notional amount	Maturity	Swaps
AU\$89,461,000 (equivalent to RMB421,701,000)	17 September 2025	Bank Bill Bid Rate prevailing in Australia+1.80% for 2.15%
AU\$146,324,000 (equivalent to RMB689,742,000)	28 March 2024	Bank Bill Bid Rate prevailing in Australia+0.84% for 1.91%

At 31 December 2021

Notional amount	Maturity	Swaps
AU\$111,500,000 (equivalent to RMB515,353,000)	17 September 2025	Bank Bill Bid Rate prevailing in Australia+1.80% for 2.15%
AU\$153,797,200 (equivalent to RMB710,850,000)	28 March 2024	Bank Bill Bid Rate prevailing in Australia+0.84% for 1.91%

37. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (continued)

Notes: (continued)

(b) Fixed forward commodity contract

New GRWF entered into the PPA contract (the "Australian PPA Contract") with a counterparty (an electricity retailer in Australia) in 2013. Under the Australian PPA Contract, New GRWF will sell its electricity product on the spot price in Australian national energy market, but both parties agreed that the difference between the actual price realised in the market and a fixed price determined in the Australian PPA Contract will be net settled in cash. The Australian PPA Contract results in New GRWF converting its floating price electricity sales revenue that will be earned during the contract period (ten years effective from the wind farms of New GRWF starting to operate) to a fixed price revenue, with the fixed price being escalated at 2.50% per annum over the contract period.

Major terms of the Australian PPA Contract are as follows:

Notional amount	Maturity	Fixed prices
Up to the maximum capacity of the wind farm	Effective for 10 years from the operation of the wind farm to start (31 December 2014)	Peak/off peak rates as at 1 January 2012 (AU\$58.81 per MWh and AU\$40.29 per MWh, respectively) and escalated 2.50% per annum since then

In previous years, the Group applied hedge accounting for the Australian PPA Contract, the effective portion of the changes in fair value of the Australian PPA Contract that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve.

Since 1 January 2019, the Group ceased to apply hedge accounting for the Australian PPA Contracts, the gain or loss recognised in other comprehensive income and accumulated in equity remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss.

During the year ended 31 December 2022, fair value loss of the Australian PPA Contract amounting to RMB6,600,000 (2021: fair value gain of RMB85,343,000) has been recognised in profit or loss.

38. DEFERRED INCOME

	Government grants and subsidies		
	Clean energy production RMB'000 (note (a))	Construction of assets RMB'000 (notes (b) and (c))	Total RMB'000
At 1 January 2021	228,336	435,811	664,147
Additions	291,055	1,563	292,618
Released to profit or loss	(500,030)	(55,836)	(555,866)
At 31 December 2021	19,361	381,538	400,899
Additions	354,281	1,695	355,976
Released to profit or loss	(335,371)	(52,018)	(387,389)
At 31 December 2022	38,271	331,215	369,486

	At 31 December	
	2022 RMB'000	2021 RMB'000
Presented in the consolidated financial statements as:		
– Current	38,271	19,361
– Non-current	331,215	381,538
	369,486	400,899

Notes:

- (a) The Group's gas power facilities located in Beijing, the PRC are entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensates the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognises deferred income when the Group receives the relevant government subsidies. The deferred income will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities and at the pre-determined subsidising rate. The amounts released to profit or loss are set out in Note 7.

38. DEFERRED INCOME (continued)

Notes: (continued)

- (b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and releases to profit or loss to match with the depreciation charge of related assets. The amounts of RMB2,639,000 (2021: RMB 46,895,000) released to profit or loss are set out in Note 7.
- (c) Amount of RMB89,000,000 included in grants related to construction of assets is a benefit derived from a government Designated Capital Loan (Note 34(c)(ii)). During the year, the amount released to profit or loss is RMB79,000 (2021: RMB 8,941,000).

39. LEASE LIABILITIES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Lease liabilities payable:		
Within one year	60,831	63,060
One to two years	29,596	56,469
Two to five years	138,472	133,276
Over five years	511,638	429,378
	<hr/>	<hr/>
	740,537	682,183
Less: Amount due for settlement with 12 month shown under current liabilities	(60,831)	(63,060)
	<hr/>	<hr/>
Amount due for settlement after 12 months shown under non-current liabilities	679,706	619,123
	<hr/>	<hr/>

The weighted average incremental borrowing rates applied to lease liabilities is 4.87(2021: 4.87%).

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43. PERPETUAL NOTES (continued)

(b) Issued on 15 July 2021

The Company issued perpetual medium-term notes at par value on 15 July 2021, with a total principal amount of RMB500,000,000 (“Perpetual Notes”). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB~~4~~98,585,000

The coupon rate for the first two years up to 19 July 2023 is 3.23% per annum, which is paid annually in arrears on 19 July in each year (“Coupon Payment Date”). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company’s option, on 19 July 2023 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all deferred coupon interest payments).

After 19 July 2023, the coupon rate will be reset every two years to a percentage per annum equal to the sum of (i) the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

(c) Issued on 16 December 2021

The Company issued perpetual medium-term notes at par value on 16 December 2021, with a total principal amount of RMB1,000,000,000 (“Perpetual Notes”). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB~~9~~95,500,000

The coupon rate for the first three years up to 20 December 2024 is 3.30% per annum, which is paid annually in arrears on 20 December in each year (“Coupon Payment Date”). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

43. PERPETUAL NOTES (continued)

(c) Issued on 16 December 2021 (continued)

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 20 December 2024 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all deferred coupon interest payments).

After 20 December 2024, the coupon rate will be reset every three years to a percentage per annum equal to the sum of (i) the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points per annum. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

Pursuant to the terms of these Perpetual Notes, the Company has no contractual obligation to repay its principal or to pay any coupon and deferred interest unless compulsory coupon payment event has occurred. Accordingly, the Perpetual Notes are classified as equity and subsequent coupon payment will be recorded as equity distribution to the owners of the Company.

During the year ended 31 December 2022, the profit attributable to holders of the Perpetual Notes, based on the applicable coupon rate, was approximately RMB100,750,000 (2021: RMB59,895,000) and the coupon payment distributed to the holders of the perpetual notes was approximately RMB100,750,000 (2021: RMB51,600,000).

44. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2022

During the year ended 31 December 2022, the Group acquired 100% of the issued share capital of the Targets for total consideration of RMB40,701,000

Each of these acquisitions have been accounted for separately using the purchase accounting method and bargain purchase gain was assessed and recognised on individual basis. Aggregated bargain purchase gain of RMB6,332,000 arose after re-assessment of the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and was recognised under other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The Targets are engaged in the photovoltaic power generations and were acquired so as to continue the expansion of the Group's power operations.

44. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2022 (continued)

The acquisition of the Targets is determined to be business combinations, and optional concentration test is not elected.

Name of the Targets	Acquisition date	Acquisition consideration RMB'000
U \$ ± , ^ e Å ! Þ " ® ! (Dongyuan Shunfeng Photoelectric Technology Co., Ltd.) *	24 March 2022	40,700
• 8 • - • U Å ! Þ " ® ! (Huilai Zhongshang New Energy Technology Co., Ltd.) *	30 September 2022	—**
Ñ ¢ \$ z U e b Þ " ® ! (Hengfeng Jingyuan Electric Power Co., Ltd.) *	29 December 2022	—**
3 ^a \$ ö } - • U Å ! Þ " ® ! (Lingshou Qingzhi New Energy Technology Co., Ltd.) *	30 December 2022	1
		40,701

* English name for identification purpose

** Consideration is RMB 1

Assets acquired and liabilities recognised at the respectively dates of acquisition are as follows:

	RMB'000
Assets acquired and liabilities recognised at the dates of acquisition	
Property, plant and equipment	419,994
Right-of-use assets	28,826
Intangible assets	40,510
Deferred tax assets	8,549
Trade and bills receivables	49,194
Other receivables, deposits and prepayments	47,524
Value-added tax recoverable	25,308
Cash and cash equivalents	2,067
Trade and other payables	(538,892)
Lease liabilities	(19,777)
Deferred tax liabilities	(21,370)
	41,933
Fair value of net assets acquired	41,933

44. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2022 (continued)

	RMB'000
Bargain purchase gain arising on acquisitions	
Consideration transferred	40,701
Non-controlling interests	(5,100)
Less: Net assets acquired	(41,933)
	<u>(6,332)</u>
Net cash outflow arising on acquisitions	
Total consideration	40,701
Less: Consideration not yet paid as at 31 December 2022	(1)
Less: Cash and cash equivalents acquired	(2,067)
	<u>38,633</u>

Included in the profit for the year is RMB1,792,000 attributable to the additional business generated by the Targets. Revenue for the year includes RMB6,628,000 generated from the Targets.

Had the acquisitions been completed on 1 January 2022, revenue for the year of the Group would have been RMB 20,059,241,000 and profit for the year of the Group would have been RMB 3,041,438,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Targets been acquired at the beginning of the current year, the Directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

44. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2021

During the year ended 31 December 2021, the Group acquired 100% of the issued share capital of the Targets for total consideration of RMB1,517,002,000 except Yichang Yiling Zhongji Thermal Power Co., Ltd, of which 90% equity interest is acquired.

Each of these acquisitions have been accounted for separately using the purchase accounting method and bargain purchase gain was assessed and recognized on individual basis. Aggregated bargain purchase gain of RMB34,190,000 arising as a result of these acquisitions is based on the fair values of each of the Targets on their respective acquisition dates and recognised in profit or loss under other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The Targets are engaged in the photovoltaic power generation, wind power generation, gas-fired power and heat energy generation. The Targets were acquired so as to continue the expansion of the Group's power operations.

The acquisition of these subsidiaries is determined to be business combinations, and optional concentration test is not elected.

Name of the Targets	Acquisition date	Acquisition consideration RMB'000
•ù9¶Ò •? e Þ " ®! (Yichang Yiling Zhongji Thermal Power Co., Ltd.) *	24 August 2021	41,760
^ Ö 4 Ã é Å Ú - •U Å ! Þ " ®! (Etokeqian banner SHENGRI New Energy Technology Co., Ltd.) *	8 May 2021	372
& D } - U e b Þ " ®! (Hebei Rongzhi Xinyuan Power Co., Ltd.) *	12 April 2021	4,996
Ningxia Boyang	1 November 2021	1,072,400
Ningxia Kaiyang	1 November 2021	380,640
; - \$ Û ö - •U Þ " ®! (Pingluo Xuqing new energy Co., Ltd.) *	29 October 2021	4,788
? > Á - •U ³ Þ " ®! (Guangdong Huiyu New Energy Investment Co., Ltd.) *	1 November 2021	2,998
u • y , Ö - •U Þ " ®! (Zhangjiakou Fengmu new energy Co., Ltd.) *	28 December 2021	9,048
		1,517,002

* English name for identification purpose

44. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2021 (continued)

Assets acquired and liabilities recognised at the respectively dates of acquisition are as follows:

	RMB'000
Assets acquired and liabilities recognised at the dates of acquisition	
Property, plant and equipment	2,141,130
Right-of-use assets	35,663
Intangible assets	672,494
Deferred tax assets	5,356
Trade and bills receivables	728,409
Other receivables, deposits and prepayments	76,611
Value-added tax recoverable	54,245
Cash and cash equivalents	760
Inventories	277
Trade and other payables	(681,112)
Bank and other borrowings	(1,375,285)
Lease liabilities	(22,228)
Deferred tax liabilities	(79,155)
Income tax payable	(1,333)
	<hr/>
Fair value of net assets acquired	1,555,832
	<hr/>
	RMB'000
Bargain purchase gain arising on acquisitions	
Consideration transferred	1,517,002
Non-controlling interests	4,640
Less: Net assets acquired	(1,555,832)
	<hr/>
	(34,190)
	<hr/>
Net cash outflow arising on acquisitions	
Total consideration	1,517,002
Less: Sum not yet paid as at 31 December 2021	(155,030)
Less: Cash and cash equivalents acquired	(760)
	<hr/>
	1,361,212
	<hr/>

44.

46. PLEDGE OF ASSETS

- (a) The following assets were pledged to secure certain bank borrowings granted to the Group as at 31 December 2022 and 2021.

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Property, plant and equipment	2,795,752	3,683,441
Trade receivables	1,782,135	1,426,176
Finance lease receivables	542,934	1,832,983
Restricted bank deposits	43,910	44,038
	<u>5,164,731</u>	<u>6,986,638</u>

- (b) Shares pledged

As at 31 December 2022, the Group pledged 100%(2021: 100%) equity interest of New GRWF and Gullen Solar Pty Ltd., subsidiaries of the Company, to National Australia Bank (“NAB”) in Australia in connection with the loan facilities granted by NAB and pledged 100%(2021: 100%) equity interests of Ningxia Boyang and Ningxia Kaiyang, subsidiaries of the Company, to National Development Bank (“NDB”) in China in connection with the loans granted by NDB.

47. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

During the year ended 31 December 2022, total amount of RMB98,717,000 (2021: RMB84,157,000 restated) including retirement benefit cost of directors of RMB88,000 (2021: RMB 212,000) was recognised in profit or loss as retirement benefit scheme contributions.

The Group participates in retirement benefit schemes organised by the local government authorities in the PRC. The local government authorities in the PRC are responsible for managing the pension liabilities to the retired employees. For the pension liabilities to these retired employees, the Group’s obligation is only to make monthly contributions at 16 (2021: 16%) of salary for the year ended 31 December 2022.

During the years ended 31 December 2022 and 2021, the Group had no forfeited contributions under the scheme which may be used by the Group to reduce the existing level of contributions. There were also no forfeited contributions available at 31 December 2022 and 2021 under the scheme which may be used by the Group to reduce the contribution payable in future years.

48. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) Besides loans to an associate and a joint venture, finance lease receivables, and deposits in a related non-bank financial institution as set out in Notes 21,22,27, and 32 and loan receivables, the Group has amounts due from the following related parties and the details are set out below:

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Amounts due from:		
BEH	–	1,956
Associates	313	1,051
Joint venture	93	93
Fellow subsidiaries	153,281	489,979
	<u>153,687</u>	<u>493,079</u>
Represented by:		
Trade (note)	153,281	491,935
Non-trade (note)	406	1,144
	<u>153,687</u>	<u>493,079</u>

Note: The Group allow a credit period of 60 days for its trade receivables. The non-trade balances are repayable on demand. All balances are interest-free, unsecured and aged within one year.

48. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (b) Besides the balances in borrowings from a related non-bank financial institution, fellow subsidiaries and BEH as set out in Note 34, the Group has amounts due to the following related parties and the details are set out below:

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Amounts due to:		
Fellow subsidiaries	187,343	152,732
Associates	11,306	8,570
BEH	7,020	9,784
	205,669	171,086
Represented by:		
Trade (note)	171,165	139,618
Payables for acquisition of property, plant and equipment	16,177	13,114
Non-trade (note)	18,327	18,354
	205,669	171,086

Note: The Group apply a credit period of 60 days for its trade payables. The non-trade balances are repayable on demand. All balances are interest-free, unsecured and aged within one year.

- (c) The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or organisations (collectively "State-owned Enterprises"). During the years ended 31 December 2022 and 2021, the Group had transactions with State-owned Enterprises including, but not limited to, sales of goods, purchases of property, plant and equipment and borrowings. The Directors consider that the transactions with these State-owned Enterprises are activities in the ordinary course of the Group's business and that the dealings of the Group have not been significantly or unduly affected by the fact the Group and these State-owned Enterprises are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationship, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

48. RELATED PARTY BALANCES AND TRANSACTIONS(continued)

(d) Transactions with related parties:

During the year ended 31 December 2022, besides interest income received from an associate, a joint venture and a related non-bank financial institution as set out in Note 10, and interest expense charged by related parties as set out in Notes 34(a),34(b) and 34(d), the Group entered into the following significant transactions with its related parties:

(i) Equipment maintenance services from related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Fellow subsidiaries	138,962	188,048

(ii) Administration services from related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Fellow subsidiaries	39,239	44,699

(iii) Leasing properties from related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Fellow subsidiaries	50,997	44,474

48. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(d) Transactions with related parties: (continued)

(iv) Commission for entrusted loan service from a related non-bank financial institution

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
A fellow subsidiary	3,896	14,400

(v) Property management fee charged by related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Fellow subsidiaries	62,349	63,371

(vi) Heat energy sold to a related party

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
A fellow subsidiary	1,841,186	1,735,474

(vii) Equipment purchase framework agreement

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Equipment purchase from fellow subsidiaries	6,861	115,551

48. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(d) Transactions with related parties: (continued)

(viii) EPC framework agreement

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Service fees charged by a fellow subsidiary	4,190	16,801

(ix) Operating services from related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Service fees charged by fellow subsidiaries	5,600	5,804

(x) Generation rights purchase from a related party

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
A fellow subsidiary	865	1,664

(xi) Revenue related to finance lease service from related parties

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Fellow subsidiaries	132,683	148,955

48. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(d) Transactions with related parties: (continued)

(xii) Information technology implementation and transformation services from a related party

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
A fellow subsidiary	24,792	–

(xiii) Lease administrator fee paid to a related party

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
A fellow subsidiary	23,518	–

(e) Compensation of key management personnel

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Directors' fees	500	500
Basic salaries and allowances	7,321	8,120
Retirement benefit contributions	299	370
	8,120	8,990

Key management represents the Directors and other senior management personnel disclosed in the annual report. The remuneration of key management is determined by the remuneration committed having regard to the performance of individuals and market trends.

(f) In addition, the Group also has entered into other various transactions with other government-related entities in its ordinary course of business. In view of the insignificance of these transactions, the Directors are of the opinion that separate disclosure is not meaningful.

49. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which include bank and other borrowings, short-term debentures, medium-term notes, corporate bonds, net of cash and cash equivalents, and restricted bank deposits), and equity attributable to ordinary shareholders of the Company, comprising issued share capital, retained profits and other reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital, and take appropriate actions to balance its overall capital structure.

50. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December	
	2022 RMB'000	2021 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost	17,391,945	18,257,857
Finance lease receivables	1,569,866	2,715,110
Financial asset at FVTPL	231,742	270,270
Equity instrument at FVTOCI	92,637	109,637
Derivative financial assets	57,059	52,507
Financial liabilities		
Financial liabilities at amortised cost	53,140,348	52,721,628
Derivative financial liabilities	105,836	1,034

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include derivative financial assets, trade and bills receivables, other receivables and deposits, equity instrument at FVTOCI, financial asset at FVTPL, loans to an associate and a joint venture, loan receivables, finance lease receivables, cash and cash equivalents, restricted bank deposits, trade and other payables, amounts due from/to related parties, bank and other borrowings, short-term debentures, medium-term notes, corporate bonds and derivative financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other price risk.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year ended 31 December 2022.

(i) Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on loans to an associate and a joint venture, cash and cash equivalents, restricted bank deposits, bank and other borrowings carried at variable interest rate and lease liabilities. The Group's cash flow interest rate concentrated on prevailing market interest based on the interest rates quoted by the PBOC plus a premium or less a discount. The Group enters into interest rate swaps to hedge against its exposure to changes in cash flow of certain borrowings. The interest rate swaps are designated as an effective hedging instrument and hedge accounting is applied (see Note 37 for details).

The Group's fair value interest rate risk mainly included bank borrowings carried at fixed interest rate, short-term debentures, medium-term notes, corporate bonds and lease liabilities.

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Foreign currency risk management (continued)

Currency sensitivity

The Group is mainly exposed to exchange rate fluctuation on EUR, HK\$, US\$ and AU\$, because trade payables caused by repairs and maintenance services were mainly denominated in EUR, and foreign currency bank balances denominated in HK\$, US\$ and AU\$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/2022 RMB'000	31/12/2021 RMB'000	31/12/2022 RMB'000	31/12/2021 RMB'000
EUR	11,167	15,836	–	–
HK\$	–	–	769	5,079
US\$	–	–	5,490	3,967
AU\$	–	–	6,976	4,759

The following table details the Group's sensitivity to a 5% strengthening of RMB against EUR, HK\$, US\$ and AU\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the exchange rate of RMB against EUR, HK\$, US\$ and AU\$. For a 5% weakening of RMB against EUR, HK\$, US\$ and AU\$, there would be an equal and opposite impact on the profit after taxation for the year:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Increase in profit (EUR)	442	640
Decrease in profit (HK\$)	(30)	(205)
Decrease in profit (US\$)	(217)	(160)
Decrease in profit (AU\$)	(275)	(192)

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risks

The Group is exposed to equity price risk mainly through its investment in equity securities. The Group's equity price risk over investment in listed equity securities is mainly concentrated on an equity security operating in nuclear power industry sector quoted in the Hong Kong Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 15% higher/lower:

Profit for the year ended 31 December 2022 would increase/decrease by RM~~2~~9,026,000 (2021: RMB 33,851,000 as a result of the changes in fair value of financial asset at FVTPL.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its trade and bills receivables, finance lease receivables, loan receivables, other receivables and deposits, loans to an associate and a joint venture, amounts due from related parties, restricted bank deposits, and cash and cash equivalents. As at 31 December 2022, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

		At 31 December	
		2022	2021
		Gross carrying amount	Gross carrying amount
		RMB'000	RMB'000
			(Restated)
Financial assets at amortised cost			
Loans to an associate and a joint venture and amounts due from related parties (note i)	12m ECL	328,687	671,079
Restricted bank deposits, and cash and cash equivalents (note i)	12m ECL	5,556,685	5,285,890
Other receivables and deposits (note ii)	12m ECL	387,781	194,619
	Lifetime ECL (credit-impaired)	24,745	24,706
Trade receivables (note ii)	Lifetime ECL	10,947,760	11,451,000
Bills receivable (note ii)	12m ECL	98,953	256,304
Loan receivables (note ii)	12m ECL	91,705	415,360
Other item			
Finance lease receivables (note ii)	12m ECL	1,569,866	2,715,110

Notes:

- i The counterparty has a low risk of default and does not have any past-due amounts.
- ii For other receivables and deposits, bills receivable, loan receivables and finance lease receivables, the Group uses the 12m ECL to measure the loss allowance, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on the debtors individually by past due status.

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade and bills receivables arising from contracts with customers

The Group is exposed to significant concentration of credit risk in terms of electricity sales as majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms of 60 days to these power grid companies except for clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively longer time for settlement, and the Directors are of the opinion that the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the power grid companies in the past and the tariff premium is funded by the PRC government. The Group normally does not require collaterals from trade debtors. In addition, the Group performs impairment assessment under ECL model on trade balances individually. Aging analysis of the Group's trade receivables is disclosed in Note 26 and monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The amounts presented in the consolidated statement of financial position are net of allowances for credit losses, estimated by the Group's management based on historical settlement records, adjusted for forward-looking information and their assessment of the current economic environment.

Other receivables and deposits

The counterparties of the Group's other receivables and deposits are mainly large state-owned enterprises with good credit and government agencies. Under ECL model, management makes periodic collective assessment as well as individual assessment on the recoverability of all the receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Directors are of the opinion that the credit risk on other receivables and deposits is limited. At the end of the reporting period, the Directors have performed impairment assessment for other receivables and deposits and concluded that the credit losses of the other receivables and deposits as at 31 December 2022 was insignificant.

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Restricted bank deposits and cash and cash equivalents

Substantially all of the Group's cash and deposits are held in major financial institutions and BEH Finance, which management believes are of high credit quality. Therefore, the Group performs impairment assessment under 12m ECL model on restricted bank deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties. To manage this risk, restricted bank deposits, and cash and cash equivalents are mainly placed with state-owned financial institutions and reputable banks. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables. Based on assessment by the management, the management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised.

Finance lease receivables

The management are of the opinion that the finance lease receivables are fully recoverable because the counterparties have a low risk of default and does not have any past-due amounts. Based on assessment by the management, the management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised.

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Finance lease receivables (continued)

The following tables show reconciliation of loss allowances that has been recognised for trade receivables.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As 1 January 2021	17,469	–	17,469
– Impairment losses recognised	367	–	367
– Impairment losses reversed	(1,441)	–	(1,441)
As at 31 December 2021	16,395	–	16,395
– Impairment losses recognised	8,170	–	8,170
– Impairment losses reversed	(4,939)	–	(4,939)
As at 31 December 2022	19,626	–	19,626

For other receivables, the impairment losses at 31 December 2022 of RMB4,745,000 (2021: RMB 24,706,000) was assessed by lifetime ECL as the corresponding receivables were considered credit-impaired. The impairment losses on other receivables provided for the year was RMB 39,000 (2021: reversed of impairment losses of RMB72,000).

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group has net current liabilities as at 31 December 2022, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management regularly monitors the operational cash flow of the Group as well as the unutilised bank facilities to meet its liquidity requirements in the short and long term.

The Group relies on bank borrowings and perpetual notes as a significant source of liquidity. As at 31 December 2022, the Group has available unutilised banking and other borrowing facilities of RMB27,633,250,000 (2021: RMB 29,396,000,000).

Liquidity risk

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	Within 1 year RMB'000 (Restated)	1 year to 2 years RMB'000 (Restated)	2 years to 3 years RMB'000 (Restated)	3 years to 5 years RMB'000 (Restated)	Over 5 years RMB'000 (Restated)	Total undiscounted cash flow RMB'000 (Restated)	Carrying amount RMB'000 (Restated)
At 31 December 2022								
Trade and other payables	-	6,510,174	9,660	28,242	-	-	6,548,076	6,548,076
Bank and other borrowings – variable interest rate	3.44	6,694,668	4,294,006	3,850,095	4,862,994	7,434,087	27,135,850	24,020,172
Bank and other borrowings – fixed interest rate	3.25	6,301,818	1,023,487	860,445	1,093,908	743,401	10,023,059	9,707,609
Short-term debentures	2.33	5,583,655	-	-	-	-	5,583,655	5,538,424
Medium-term notes	4.67	1,723,553	141,458	1,141,458	107,542	3,607,542	6,721,553	6,099,444
Corporate bonds	3.11	430,278	19,535	619,535	-	-	1,069,348	1,020,954
Amounts due to related parties	-	205,669	-	-	-	-	205,669	205,669
Lease liabilities	4.87	69,062	59,583	29,290	78,677	838,225	1,074,837	740,537
Derivative financial liability	-	-	105,836	-	-	-	105,836	105,836
		<u>27,518,877</u>	<u>5,653,565</u>	<u>6,529,065</u>	<u>6,143,121</u>	<u>12,623,255</u>	<u>58,467,883</u>	<u>53,986,721</u>
At 31 December 2021 (Restated)								
Trade and other payables	-	5,344,179	151,300	6,789	-	-	5,502,268	5,502,268
Bank and other borrowings – variable interest rate	3.65	3,290,697	2,247,931	3,033,444	5,317,821	5,567,320	19,457,213	16,840,891
Bank and other borrowings – fixed interest rate	3.48	9,522,647	3,670,087	721,029	1,198,445	1,451,162	16,563,370	16,006,845
Short-term debentures	2.67	7,647,767	-	-	-	-	7,647,767	7,589,471
Medium-term notes	4.90	2,231,671	1,616,011	33,915	1,033,915	-	4,915,512	4,585,584
Corporate bonds	3.22	1,067,036	430,278	19,535	619,535	-	2,136,384	2,025,483
Amounts due to related parties	-	171,086	-	-	-	-	171,086	171,086
Lease liabilities	4.87	65,770	61,711	30,266	97,437	772,983	1,028,167	682,183
Derivative financial liability	-	-	-	1,034	-	-	1,034	1,034
		<u>29,340,853</u>	<u>8,177,318</u>	<u>3,846,012</u>	<u>8,267,153</u>	<u>7,791,465</u>	<u>57,422,801</u>	<u>53,404,845</u>

50. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

(c) Fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 December 2022	31 December 2021		
1) Listed held for trading shares (see Note 30)	Listed equity securities in Hong Kong: Electric power industry – – RMB 231,742,000	Listed equity securities in Hong Kong: Electric power industry – RMB 270,270,000	Level 1	Quoted bid price in an active market.
2) Interest rate swaps classified as derivatives on the consolidated statement of financial position (see Note 37)	Assets – RMB 57,059,000	Asset – RMB 11,371,000 Liability – RMB 1,034,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparty.

50. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 December 2022	31 December 2021		
3) Private equity investment at FVTOCI (see Note 24)	Private equity investments in the PRC: Electric power industry – RMB 92,637,000	Private equity investments in the PRC: Electric power industry – RMB 109,637,000	Level 3	Market approach. Fair value are derived from price multiples of similar assets that have been traded in the market, and estimated based on the P/B ratio of comparable listed companies and a liquidity discount rate.
4) Fixed forward commodity contract classified as a derivative on the consolidated statement of financial position (see Note 37)	Liability – RMB 105,836,000	Asset – RMB 41,136,000	Level 3 (note)	Discounted cash flow. Future cash flows are estimated based on spot electricity price, contract forward price and generators' utilization hours, discounted at a rate that reflects the credit risk of a counterparty. Discount rates are 4.00 and 3.17% for 31 December 2022 and 2021 respectively.

Note: The significant unobservable input is spot electricity price. A slight increase in the spot electricity price used in isolation would result in a significant decrease in the fair value of the derivative on fixed forward commodity contract and vice versa. A 5% increase in the spot electricity price holding all other variables constant would increase the fair value of the derivative financial liability by RMB5,588,000 (2021: decrease the fair value of the derivative financial assets by RMB6,888,000).

In estimating the fair value of an asset where Level 1 inputs are not available, the management of the Group works closely with external valuers to establish the appropriate valuation techniques and inputs to the model.

There were no transfers among different levels during both years.

50. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

Some of the Group's financial assets and financial liabilities are measured at amortised cost at the end of the reporting period. Their fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the fixed rate bank and other borrowings (Note 34) and medium-term notes/corporate bonds (Note 36), the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

Reconciliation of level 3 fair value measurement is as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Fixed forward commodity contract		
At 1 January	41,136	(43,510)
Fair value (loss) gain recognised in profit or loss	(146,600)	85,343
Effect of foreign currency exchange difference	(372)	(697)
At 31 December	<u>(105,836)</u>	<u>41,136</u>

Private equity investment at FVTOCI

Included in other comprehensive income is an amount of RMB7,000,000 being loss relating to unlisted equity investments classified as equity instrument at FVTOCI (2021: gain of RMB 42,726,000).

52. SUBSIDIARIES

General information of subsidiaries

Details of the Company's subsidiaries (excluding the Targets as disclosed in Note 44) at 31 December 2022 and 2021 are set out below:

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
北京泰阳燃气发电有限公司 (Beijing Taiyangong Gas-fired Power Co., Ltd.) * ("Taiyangong Power")	PRC	RMB747,297,000	74%	74%	-	-	74%	74%	Gas-fired power and heat energy generation
北京京桥热力发电有限公司 (Beijing Jingqiao Thermal Power Co., Ltd.) *	PRC	RMB876,780,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
北京京风天然气发电有限公司 (Beijing Jingfeng Natural Gas-fired Power Co., Ltd.) *	PRC	RMB325,770,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
北京京能高安屯燃气发电有限公司 (Beijing Jingneng Gaoantun Gas-fired Power Co., Ltd.) *	PRC	RMB760,512,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
北京京能京西燃气发电有限公司 (Beijing Jingneng Jingxi Gas-fired Power Co., Ltd.) *	PRC	RMB1,030,010,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
Shangzhuang Power	PRC	RMB775,538,000	100%	100%	-	-	100%	100%	Gas-fired power and heat energy generation
Heishui HydroPower	PRC	RMB231,770,000	100%	100%	-	-	100%	100%	Water power generation

52. SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
① 6 , à e š ĩ b " ①! (Yingjiang Hua Fu HydroPower Development Co., Ltd.) *	PRC	RMB413,600,000	100%	100%	-	-	100%	100%	Water power generation
\ Û \$ Ō × Q 3 & à e š ĩ b " ①! (Tengchong County Hou Qiao Yong Xing River HydroPower Development Co., Ltd.) *	PRC	RMB74,876,000	100%	100%	-	-	100%	100%	Water power generation
Sichuan Dachuan	PRC	RMB137,500,000	100%	100%	-	-	100%	100%	Water power generation
Sichuan Zhongneng	PRC	RMB90,000,000	100%	100%	-	-	100%	100%	Water power generation
Ó Ç - 6 • e b ¼ 8 b " a , ①! (Chengdu Jinhuaneng Power Co., Ltd.) *	PRC	RMB40,000,000	-	-	100%	100%	100%	100%	Repair and maintenance
« † / • Ç , b ĩ e b " a , ①! (Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd.) *	PRC	RMB207,520,000	100%	100%	-	-	100%	100%	Wind power generation
// • • U b " ①! (Beijing Jingneng New Energy Co., Ltd.) *	PRC	RMB2,721,138,000	100%	100%	-	-	100%	100%	Investment management and wind power generation
« † / • À • , b ĩ e b " a , ①! (Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd.) *	PRC	RMB313,641,000	100%	100%	-	-	100%	100%	Wind power generation

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
Æ›'6-,bīe p"ª,®! (Xilinguole Jixianghuaya Wind Power Co., Ltd.) *	PRC	RMB396,297,000	100%	100%	-	-	100%	100%	Wind power generation
«†/•"†z b»,bīe p"ª,®! (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd.) *	PRC	RMB799,850,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
8@/•,bīe p"ª,®! (Zuoyun Jingneng Wind Power Co., Ltd.) *	PRC	RMB85,790,000	100%	100%	-	-	100%	100%	Wind power generation
«†/•Öí*Ö,bīe p"®! (Inner Mongolia Jingneng Wengongwula Tw5.346 0 3Tf 58 0 Ti4J T* (Ltd.) *) -027 TwPRC01 -2.8 Td (RMB5,790,000) </Actuab i"fi e p	PRC	RMB118,890,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation

52. SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
¹€ m † / • • • U ɓ " © ! (Ningxia Helan Jingneng New Energy Co., Ltd.) *	PRC	RMB56,760,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
¹€ • ¹ \$ / • • • U ɓ " © ! (Ningxia Zhongning County New Energy Co., Ltd.) *	PRC	RMB471,096,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation
ø ' Ý / • • • U ɓ " © ! (Golmud Jingneng New Energy Co., Ltd.) *	PRC	RMB205,360,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
Qianxi Power	PRC	RMB93,147,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
Jingneng HK	Hong Kong, China	HK\$77,657,000	100%	100%	–	–	100%	100%	Investment holding
New GRWF	Australia	AU\$132,460,000	–	–	100%	100%	100%	100%	Wind power generation
Gullen Solar Pty Ltd.	Australia	AU\$6,500,000	–	–	100%	100%	100%	100%	Photovoltaic power generation
- / • ö Ž • U D a # ɓ " © ! (Shenzhen Jingneng Clean Energy Finance Lease Co., Ltd.) *	PRC	RMB305,998,000	–	–	100%	100%	100%	100%	Finance lease
' \$ / • • • U ɓ " © ! (Fugu Jingneng New Energy Co., Ltd.) *	PRC	RMB151,160,000	100%	100%	–	–	100%	100%	Wind power generation

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021			

52. SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
È e ç - • U þ " ®! (Shenzhou Dianyang New Energy Power Co., Ltd.) *	PRC	RMB15,455,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
/ • • ì & , e þ " a , ®! (Jingneng Huainan Hebei Wind Power Co., Ltd.) *	PRC	RMB87,320,000	100%	100%	-	-	100%	100%	Wind power generation
3 / 3 - • U þ " ®! (Haixing Jingxing New Energy Power Co., Ltd.) *	PRC	RMB10,000,000	49%	49%	-	-	100%	100%	Photovoltaic power generation
² ç / a " • i e þ " ®! (Shouyang Jingshou Photovoltaic Power Co., Ltd.) *	PRC	RMB10,000,000	49%	49%	-	-	100%	100%	Photovoltaic power generation
¾ U / z - • U þ " ®! (Hunyuan Jingjing New Energy Power Co., Ltd.) *	PRC	RMB10,000,000	49%	49%	51%	-	100%	100%	Photovoltaic power generation
« † / • = 5 \$, b i e þ " ®! (Neimenggu Jingneng Sunite Wind Power Co., Ltd.) *	PRC	RMB451,680,000	100%	100%	-	-	100%	100%	Wind power generation
/ • - • U = 5 \$ é , b i e þ " ®! (Jingneng New Energy (Sunite) Wind Power Co., Ltd.) *	PRC	RMB316,433,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
- π ø ' Ý e b þ " ®! (Runfeng Golmud Power Co., Ltd.) *	PRC	RMB23,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation

52. SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
Â u : M ¥ • Á ! ¢ * © ! (Tianjin Tuanpe Yuhe Photovoltaic Technology Co., Ltd.) *	PRC	RMB50,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Â u : ü • • U ¢ * © ! (Tianjin Tuanbo Mingrui New Energy Co., Ltd.) *	PRC	RMB40,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Â u Q • • i e ¢ * © ! (Tianjin Yongneng Photovoltaic Power Generation Co., Ltd.) *	PRC	RMB92,800,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Â u : M u • • Á ! ¢ * © ! (Tianjin Tuanpoyulong Photovoltaic Technology Co., Ltd.) *	PRC	RMB120,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Â u : M f • • Á ! ¢ * © ! (Tianjin Tuanpoyuhong Photovoltaic Technology Co., Ltd.) *	PRC	RMB130,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
! ! ^ s e b š i ¢ * © ! (Changning Guangju Power Development Co., Ltd.) *	PRC	RMB22,700,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
Ô . 9 ü } • • U Á ! ¢ * © ! (Lufeng Mingda New Energy Technology Co., Ltd.) *	PRC	RMB116,420,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
! C — Ç • • U ¢ * © ! (Changde Runyong New Energy Co., Ltd.) *	PRC	RMB11,830,000	100%	100%	-	-	100%	100%	Photovoltaic power generation

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		Group		
			2022	2021	2022	2021	2022	2021	
IC— ·•U ɓ * @!	PRC	RMB11,070,000	100%	100%	—	—	100%	100%	

52. SUBSIDIARIES

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
É / • • U ɓ " @ ! (Shangyi Jingneng New Energy Co., Limited) *	PRC	RMB275,000,000	100%	100%	-	-	100%	100%	Wind power generation
p - - / ö Ž • U ɓ " @ ! (Kangbao Xinjing Clean Energy Co., Limited) *	PRC	RMB630,300,000	100%	100%	-	-	100%	100%	Wind power generation
È \$ € ! ^ • e b " @ ! (Yixian Jiayu Photovoltaic Power Co., Ltd.) *	PRC	RMB26,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
¹ € Ä ç • U ɓ " @ ! (Ningxia Shanyang New Energy Co., Ltd.) *	PRC	RMB189,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
¹ € • Đ } @ Ú 8 • • U ɓ " @ ! (Ningxia Tongxin Dadirisheng New Energy Co., Ltd.) *	PRC	RMB62,400,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
° ê 9 { • Ä ç • ĩ e b " @ ! (Zhanjiang Dingrui Solar Power Generation Co., Ltd.) *	PRC	RMB114,120,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
// • / • • U ɓ " @ ! (Beijing Jingneng Jingtong New Energy Co., Limited) *	PRC	RMB15,078,000	90%	90%	-	-	90%	90%	Photovoltaic power generation
È / • ö Ž • U e b b " @ ! (Zhangzhou Jingneng Clean Energy Power Co., Limited) *	PRC	RMB10,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		Group		
			2022	2021	2022	2021	2022	2021	
g ü / • ö Ž • U e b P * @ !	PRC	RMB10,000,000	100%	100%	-	-	100%	100%	

52. SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
天景合新能源有限公司 (Tian Jinghe New Energy Co., Limited) *	PRC	RMB81,369,000	100%	100%	-	-	100%	100%	Wind power generation
宜昌亿隆中吉热力发电有限公司 (Yichang Yiling Zhongji Thermal Power Co., Ltd) *	PRC	RMB73,153,400	90%	90%	-	-	90%	90%	Gas-fired power and heat energy generation
额济纳旗晟新新能源技术有限公司 (Etokeqian banner SHENGRI New Energy Technology Co., Ltd) *	PRC	RMB10,000,000	100%	100%	-	-	100%	100%	Wind power generation
河北荣智鑫源电力有限公司 (Hebei Rongzhi Xinyuan Power Co., Ltd) *	PRC	RMB5,000,000	100%	100%	-	-	100%	100%	Wind power generation
宁夏博阳新能源有限公司 (Ningxia Boyang new energy Co., Ltd) *	PRC	RMB325,372,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
宁夏开阳新能源有限公司 (Ningxia Kaiyang new energy Co., Ltd) *	PRC	RMB123,206,000	100%	100%	-	-	100%	100%	Wind power generation
平罗旭庆新能源有限公司 (Pingluo Xuqing new energy Co., Ltd) *	PRC	RMB29,520,000	100%	100%	-	-	100%	100%	Photovoltaic power generation

52. SUBSIDIARIES (continued)

General information of subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021	2022	2021	
? > Á - • U ³ Þ " © ! (Guangdong Huiyu New Energy Investment Co., Ltd) *	PRC	RMB96,000,000	100%	100%	-	-	100%	100%	Photovoltaic power generation
u • y , Ö - • U Þ " © ! (Zhangjiakou Fengmu new energy Co., Ltd) *	PRC	RMB109,350,000	100%	100%	-	-	100%	100%	Wind power generation
Shenzhen Jingneng Leasing**	PRC	RMB2,007,580,000	84.68%	69.47%	-	-	84.68%	69.47%	Finance Lease
BJIET**	PRC	RMB40,000,000	55.00%	55.00%	-	-	55.00%	55.00%	Repair and Maintenance
• È / • ö Ž • U Þ " © ! (Qinzhou Jingneng New Energy Co., Limited) *	PRC	RMB131,210,000	100%	-	-	-	100%	-	Photovoltaic power generation
Ö Ä \$ / • • U Þ " © ! (Wenan County new energy Co., Ltd) *	PRC	RMB66,000,000	100%	-	-	-	100%	-	Photovoltaic power generation
u • y - Ö E / • ö Ž • U Þ " © ! (Zhangjiakou Wanquan Jingneng New Energy Co., Limited) *	PRC	RMB16,756,000	100%	-	-	-	100%	-	Photovoltaic power generation
Ä u / • ‡ B ö Ž • U Þ " © ! (Tianjin Jingneng Dongjituo Clean Energy Co., Ltd) *	PRC	RMB39,932,000	100%	-	-	-	100%	-	Wind power generation

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the Group		Principal activities
			Direct		Indirect		2022	2021	
			2022	2021	2022	2021			

52. SUBSIDIARIES (continued)

Summarised financial information in respect of the Company's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Taiyanggong Power	2022 RMB'000	2021 RMB'000
Current assets	984,309	625,699
Non-current assets	849,212	923,615
Current liabilities	464,713	228,931
Non-current liabilities	19,686	21,786
Revenue	2,111,904	2,170,024
Profit and total comprehensive income for the year	260,764	235,294
Dividends declared to non-controlling interests	54,759	55,856
Net cash generated from operating activities	565,995	371,526
Net cash used in investing activities	(263,881)	(14,057)
Net cash used in financing activities	(210,613)	(214,836)
Net cash inflow	91,501	142,633

52. SUBSIDIARIES (continued)

Shenzhen Jingneng Leasing	2022 RMB'000	2021 RMB'000
Current assets	909,169	573,897
Non-current assets	3,624,912	3,437,446
Current liabilities	714,518	814,615
Non-current liabilities	1,126,840	1,875,433
Revenue	149,488	157,705

53. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

	At 31 December	
	2022 RMB'000	2021 RMB'000
Non-current assets		
Property, plant and equipment	1,082,738	1,137,947
Intangible assets	30,021	12,203
Right-of-use assets	15,918	16,788
Investments in subsidiaries	25,171,420	20,703,143
Investments in associates	1,569,542	3,179,022
Loans to an associate	105,000	108,000
Investment in a joint venture	61,689	93,110
Loans to a joint venture	70,000	70,000
Loans to subsidiaries	9,534,919	6,744,900
Deferred tax assets	32,749	35,702
Value-add tax recoverable	4,233	2,620
Deposit paid for acquisition of property, plant and equipment	3,584	28,238
Restricted bank deposits	1,100	–
	37,682,913	32,131,673
Current assets		
Inventories	37	–
Trade and bills receivables	220,212	385,882
Other receivables, deposits and prepayments	231,898	113,433
Loans to subsidiaries	6,347,762	10,533,200
Amounts due from related parties	467	2,245
Amounts due from subsidiaries	8,338,648	6,642,966
Value-added tax recoverable	5,017	3,816
Cash and cash equivalents	1,141,162	1,692,297
	16,285,203	19,373,839

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Current liabilities		
Trade and other payables	227,753	256,412
Amounts due to related parties	9,846	3,263
Amounts due to a subsidiary	3,238,118	95,740
Bank and other borrowings – due within one year	4,960,734	7,275,330
Short-term debentures	5,538,424	7,589,471
Medium-term notes	1,605,153	2,091,245
Corporate bonds	421,169	1,025,841
Lease liabilities	1,082	1,082
Income tax payable	6,516	6,632
	<u>16,008,795</u>	<u>18,345,016</u>
Net current assets	276,408	1,028,823
Total assets less current liabilities	<u>37,959,321</u>	<u>33,160,496</u>
Non-current liabilities		
Bank and other borrowings – due after one year	4,542,619	3,370,760
Medium-term notes	4,494,291	2,494,339
Corporate bonds	599,785	999,642
Deferred tax liabilities	645	905
Deferred income	69,225	75,209
Lease liabilities	11,121	11,132
	<u>9,717,686</u>	<u>6,951,987</u>
Net assets	<u>28,241,635</u>	<u>26,208,509</u>
Capital and reserves		
Share capital	8,244,508	8,244,508
Reserves	16,969,165	14,936,039

53.

“Articles of Association”	articles of association of the Company
“BDHG”	北京 district heating (Group) Co., Ltd.
“BEH”	北京 Energy Holding Co., Ltd.
“BEH Finance”	北京 Finance Co., Ltd.
“Beijing Energy Investment”	北京 Energy Investment Holding (Hong Kong) Co., Ltd.
“Beijing Jingneng Leasing”	北京 Jingneng Financial Leasing Co., Ltd. (formerly known as 北京 Jingneng Yuanshen Finance Leasing Co., Ltd.)
“Board of Directors” or “Board”	board of directors of the Company
“Board of Supervisors”	board of supervisors of the Company
“BSCOMC”	北京 State-owned Capital Operation Management Co., Ltd.
“China” or “PRC”	the People’s Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
“Company”, “our Company”, “JNCEC”, “we” or “us”	北京 Jingneng Clean Energy Co., Limited
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong dollars” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

“IFRSs”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“Latest Practicable Date”	20 April 2023, being the latest practicable date for the inclusion of certain information in this annual report prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	• 7 [O Õ (People’s Bank of China)
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2022
“SASAC”	7 ë 7 Ð * 9 – M # % p 6 (State-owned Assets Supervision and Administration Commission of the State Council)
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company
“Shares”	shares in the share capital of the Company, with a nominal value of RMB1.00 each
“Supervisor(s)”	the supervisor(s) of the Company
“Shenzhen Jingneng Leasing”	- / • D a # Ð " ® ! (Shenzhen Jingneng Financial Leasing Co., Ltd.)

Registered Name	Beijing Jingneng Clean Energy Co., Limited
Directors	
Executive Director	Mr. ZHANG Fengyang (Chairman) Mr. CHEN Dayu (General Manager) Mr. GAO Yuming Mr. CAO Mansheng
Non-executive Directors	Mr. ZHOU Jianyu Mr. SONG Zhiyong Ms. ZHANG Yi
Independent Non-executive Directors	Mr. HUANG Xiang Mr. CHAN Yin Tsung Mr. XU Daping Ms. ZHAO Jie
Strategy Committee	Mr. ZHANG Fengyang (Chairman) Mr. CHEN Dayu Mr. GAO Yuming Mr. CAO Mansheng Mr. SONG Zhiyong
Remuneration and Nomination Committee	Mr. HUANG Xiang (Chairman) Mr. XU Daping Ms. ZHAO Jie
Audit Committee	Mr. CHAN Yin Tsung (Chairman) Mr. SONG Zhiyong Mr. HUANG Xiang
Legal and Compliance Management Committee	Mr. ZHANG Fengyang (Chairman) Mr. ZHOU Jianyu Mr. CHAN Yin Tsung
Supervisors	Mr. WANG Xiangneng Mr. SUN Li Mr. HOU Bolong
Company Secretary	Mr. KANG Jian

Authorized Representatives	Mr. ZHANG Fengyang 7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
	Mr. KANG Jian 7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
Registered Office	Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing District, Beijing, the PRC
Principal Place of Business in the PRC	7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC
Principal Place of Business in Hong Kong	31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Principal Bankers	China Merchants Bank Co., Ltd. (Dongzhimen Branch) Floor 2, Tianheng Mansion, No. 46 Dongzhimen Waidajie, Dongcheng District, Beijing, the PRC
	Bank of China Limited (Beijing Economic and Technological Development Zone Sub-Branch) 3 East Rongjing Street, Daxing District, Beijing, the PRC
	Agricultural Bank of China Limited (Fengtai Branch) No. 9, East Avenue Street, Fengtai District, Beijing, the PRC
	Industrial and Commercial Bank of China Limited (Taoranting Branch) No. 55, Taoranting Road, Xicheng District, Beijing, the PRC
International Auditor	Deloitte Touche Tohmatsu Registered Public Interest Entity Auditor Certified Public Accountants 35/F, One Pacific Place, 88 Queensway, Hong Kong

Domestic Auditor	Baker Tilly International Certified Public Accountants (Special General Partnership) Building 12A, Foreign Cultural and Creative Garden, 19 Chegongzhuang West Road, Haidian District, Beijing
Hong Kong Legal Advisors	Morgan, Lewis & Bockius Suites 1902-09, 19th Floor, Edinburgh Tower The Landmark, 15 Queen's Road Central, Hong Kong
PRC Legal Advisors	Beijing King & Wood Mallesons 18th Floor, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District, Beijing, the PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Stock Code	579
Company's Website	www.jncec.com
Listing Place	The Stock Exchange of Hong Kong Limited