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Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00579)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Notes	Year ended 31 December	
		2022 RMB'000	2021 RMB'000 (Restated)
Revenue	4	20,030,281	18,645,255
Other income	6	1,055,415	904,011
Gas consumption		(9,186,941)	(9,053,875)
Depreciation and amortisation expense	11	(3,680,958)	(3,122,167)
Personnel costs	11	(1,227,118)	(1,095,043)
Repairs and maintenance		(560,496)	(549,609)
Other expenses	7	(1,054,716)	(927,224)
Other gains and losses	8	(201,274)	25,473
Impairment losses (recognised) reversed under expected credit loss model, net		<u>(3,270)</u>	<u>1,146</u>
Profit from operations		5,170,923	4,827,967
Interest income	9	58,014	36,894
Finance costs	9	(1,500,967)	(1,372,967)
Share of results of associates		146,951	(169,195)
Share of result of a joint venture		<u>(31,421)</u>	<u>(37,794)</u>
Profit before taxation		3,843,500	3,284,905
Income tax expense	10	<u>(814,876)</u>	<u>(615,604)</u>
Profit for the year	11	<u>3,028,624</u>	<u>2,669,301</u>
Profit for the year attributable to:			
– Equity holders of the Company		2,846,890	2,528,902
– Holders of perpetual notes		100,750	59,895
– Non-controlling interests		<u>80,984</u>	<u>80,504</u>
		<u>3,028,624</u>	<u>2,669,301</u>
Earnings per share			
Basic and diluted (RMB cents)	13	<u>34.53</u>	<u>30.67</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	RMB'000	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	<u>(16,509)</u>	<u>(7,468)</u>
	<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>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	At 31 December 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i> (Restated)	At 1 January 2021 <i>RMB'000</i> (Restated)
Non-current Assets			
Property, plant and equipment	55,938,722	51,322,302	43,437,596
Right-of-use assets	1,455,903	1,244,976	1,184,289
Intangible assets	4,657,861	4,873,699	4,410,754
Goodwill	114,134	114,134	190,049
Finance lease receivables	1,191,746	2,311,365	2,333,537
Investments in associates	1,569,542	3,179,022	3,518,508
Loans to an associate	105,000	108,000	117,000
Investment in a joint venture	61,689	93,110	130,904
Loans to a joint venture	70,000	70,000	70,000
Loan receivables	45,852	368,707	59,282
Deferred tax assets	257,199	189,488	296,104
Equity instrument at fair value through other comprehensive income (FVTOCI)	92,637	109,637	66,911
Value-added tax recoverable	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
Restricted bank deposits	89,878	66,718	50,787
Derivative financial assets	57,059	52,507	–
Other non-current assets	836,054	518,899	162,757
	<u>69,418,696</u>	<u>66,903,351</u>	<u>58,277,977</u>
Current Assets			
Inventories	97,280	96,648	104,416
Finance lease receivables	378,120	403,745	403,955
Loan receivables	45,853	46,653	15,750
Trade and bills receivables	11,027,087	11,690,909	9,171,448
Other receivables, deposits and prepayments	526,636	328,705	464,234
Current tax assets	9,308	12,784	16,565
Amounts due from related parties	153,687	493,079	187,911
Value-added tax recoverable	639,350	574,891	480,392
Financial asset at fair value through profit or loss (FVTPL)	231,742	270,270	196,043
Restricted bank deposits	419	23	4,577
Cash and cash equivalents	5,466,388	5,219,149	4,400,727
	<u>18,575,870</u>	<u>19,136,856</u>	<u>15,446,018</u>

	<i>Note</i>	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	15	6,974,153	6,050,917	5,129,386
Amounts due to related parties		205,669	171,086	188,554
Bank and other borrowings – due within one year		12,074,562	11,928,439	12,844,020
Short-term debentures		5,538,424	7,589,471	7,060,658
Medium-term notes		1,605,153	2,091,245	96,656
Corporate bonds		421,169	1,025,841	26,128
Contract liabilities		139,148	104,525	56,380
Lease liabilities		60,831	63,060	37,875
Derivative financial liabilities		–	–	19,576
Income tax payable		304,349	96,693	138,726
Deferred income		38,271	19,361	228,336
		<u>27,361,729</u>	<u>29,140,638</u>	<u>25,826,295</u>
Net Current Liabilities		<u>(8,785,859)</u>	<u>(10,003,782)</u>	<u>(10,380,277)</u>
Total Assets less Current Liabilities		<u>60,632,837</u>	<u>56,899,569</u>	<u>47,897,700</u>
Non-current Liabilities				
Derivative financial liabilities		105,836	1,034	45,002
Bank and other borrowings – due after one year		21,653,219	20,919,297	12,389,762
Medium-term notes		4,494,291	2,494,339	4,488,679
Corporate bonds		599,785	999,642	1,999,284
Contract liabilities		5,777	18,317	12,440
Deferred tax liabilities		321,651	281,912	193,615
Deferred income		331,215	381,538	435,811
Lease liabilities		679,706	619,123	618,577
Other non-current liability		7,678	12,617	19,402
		<u>28,199,158</u>	<u>25,727,819</u>	<u>20,202,572</u>
Net Assets		<u><u>32,433,679</u></u>	<u><u>31,171,750</u></u>	<u><u>27,695,128</u></u>

	At	At	At
	31 December	31 December	1 January
	2022	2021	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)	(Restated)
Capital and Reserves			
Share capital	8,244,508	8,244,508	8,244,508
Reserves	<u>20,356,881</u>	<u>19,106,113</u>	<u>17,162,694</u>
Equity attributable to equity holders of the Company	28,601,389	27,350,621	25,407,202
Perpetual notes	3,027,962	3,027,962	1,525,582
Non-controlling interests	<u>804,328</u>	<u>793,167</u>	<u>762,344</u>
Total Equity	<u><u>32,433,679</u></u>	<u><u>31,171,750</u></u>	<u><u>27,695,128</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company is a joint stock company established in the People's Republic of China (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"), 北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.) ("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 北京國有資本運營管理有限公司 (Beijing State-owned Capital Operation Management Co., Ltd.) ("BSCOMC") which is established and is wholly-owned by 北京市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality).

The principal businesses of 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 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	

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.

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 RMB740,537,000 respectively, in which the Group will recognise the related deferred tax assets and deferred tax liabilities respectively.

3. RESTATEMENTS AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

3.1 Restatements

(a) Merger accounting

Acquisition of Beijing Jingneng International Energy Technology Co., Ltd. (北京京能國際能源技術有限公司) (“BJIET”)

On 31 March 2022, The Group completed the acquisition of 55% equity interest in BJIET from Beijing International Electric Engineering Co., Ltd. (北京國際電氣工程有限責任公司) (“BIEE”), a wholly subsidiary of BEH, at a cash consideration of RMB48,459,000.

Acquisition of Shenzhen Jingneng Financial Leasing Co., Ltd. (深圳京能融資租賃有限公司) (“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. (北京京能國際能源股份有限公司) (“**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 Acquisitions have 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 other comprehensive income 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.

3.2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In preparing the consolidated financial statements, the Directors have given careful consideration that at 31 December 2022, the Group has net current liabilities of RMB8,785,859,000. 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 RMB27.63 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.

4. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(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>

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2022

	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
Types of goods and services						
Sales of electricity	10,311,704	4,317,645	2,720,029	368,360	–	17,717,738
Sales of heat energy	2,154,126	–	–	–	–	2,154,126
Repairs and maintenance and other services	–	–	–	–	25,734	25,734
Timing of revenue recognitions						
A point in time	12,465,830	4,317,645	2,720,029	368,360	–	19,871,864
Over time	–	–	–	–	25,734	25,734
Geographical markets						
Mainland China	12,465,830	3,900,144	2,712,600	368,360	25,734	19,472,668
Overseas	–	417,501	7,429	–	–	424,930
Revenue from contracts with customers	<u>12,465,830</u>	<u>4,317,645</u>	<u>2,720,029</u>	<u>368,360</u>	<u>25,734</u>	<u>19,897,598</u>

For the year ended 31 December 2021 (Restated)

	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
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	<u>12,407,499</u>	<u>3,112,485</u>	<u>2,576,672</u>	<u>386,396</u>	<u>13,248</u>	<u>18,496,300</u>

(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.

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.

5. 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.

(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	<u>12,465,830</u>	<u>4,317,645</u>	<u>2,720,029</u>	<u>368,360</u>	<u>158,417</u>	<u>20,030,281</u>
Reportable segment results (note (i))	<u>1,854,165</u>	<u>2,170,952</u>	<u>1,479,320</u>	<u>142,564</u>	<u>(438,643)</u>	<u>5,208,358</u>
Reportable segment assets	<u>14,260,925</u>	<u>37,735,948</u>	<u>25,627,858</u>	<u>2,255,908</u>	<u>36,710,409</u>	<u>116,591,048</u>
Reportable segment liabilities	<u>(6,906,363)</u>	<u>(27,121,430)</u>	<u>(18,070,051)</u>	<u>(1,848,581)</u>	<u>(31,689,235)</u>	<u>(85,635,660)</u>
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	<u>586,271</u>	<u>3,602,240</u>	<u>4,914,881</u>	<u>8,567</u>	<u>74,622</u>	<u>9,186,581</u>

	Gas-fired power and heat energy generation <i>RMB'000</i>	Wind power <i>RMB'000</i>	Photovoltaic power <i>RMB'000</i>	Hydropower <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
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>

	At 31 December	
	2022	2021
	RMB'000	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)	<u>1,782,842</u>	<u>2,178,146</u>
Consolidated total liabilities	<u><u>55,560,887</u></u>	<u><u>54,868,457</u></u>

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: RMB14,619,531,000) 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	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
State Grid Corporation of China ¹	<u>15,689,479</u>	<u>14,619,531</u>

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

6. OTHER INCOME

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Government grants and subsidies related to:		
– Clean energy production	576,520	500,030
– Construction of assets	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	<u>86,980</u>	<u>57,462</u>
	<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.

7. OTHER EXPENSES

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (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>

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (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	(146,600)	85,343
Bargain purchase gain	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	(84,788)	–
Others	6,513	(6,108)
	<u>(201,274)</u>	<u>25,473</u>

9. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (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	<u>17,013</u>	<u>8,603</u>
Total interest income	<u><u>58,014</u></u>	<u><u>36,894</u></u>
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	<u>(128,558)</u>	<u>(174,965)</u>
Total finance costs	<u><u>1,500,967</u></u>	<u><u>1,372,967</u></u>
	Year ended 31 December	
	2022	2021
Capitalisation rate of borrowing costs to expenditure on qualifying assets	<u><u>3.52%</u></u>	<u><u>4.15%</u></u>

Note: A related non-bank financial institution refers to 京能集團財務有限公司 (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.

10. INCOME TAX EXPENSE

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

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.

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 ended 31 December	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Profit before taxation	<u>3,843,500</u>	<u>3,284,905</u>
PRC Enterprise Income Tax at 25% (2021: 25%)	960,875	821,226
Tax effect on:		
– Expenses not deductible for tax purposes	36,408	45,277
– Share of results of associates and a joint venture	(28,883)	51,747
– Tax losses not recognised	112,072	87,922
– Temporary differences not recognised	–	35,727
– Utilisation of tax losses not recognised previously	(3,776)	(10,218)
– PRC Enterprise Income Tax exemption and concessions	(273,112)	(424,612)
Effect of different tax rates of group entities operating in jurisdictions other than PRC	<u>11,292</u>	<u>8,535</u>
	<u>814,876</u>	<u>615,604</u>

11. PROFIT FOR THE YEAR

	Year ended 31 December	
	2022	2021
	RMB'000	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	<u>(5,983)</u>	<u>(5,625)</u>
Total depreciation and amortisation	<u>3,680,958</u>	<u>3,122,167</u>
Personnel costs:		
– Directors' emoluments	5,393	5,286
– Other personnel costs	<u>1,221,725</u>	<u>1,089,757</u>
Total personnel costs	<u>1,227,118</u>	<u>1,095,043</u>

14. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(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)
	11,027,087	11,690,909

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	2021
	RMB'000	<i>RMB'000</i>
		(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
	11,027,087	11,690,909

The Group's major customers are the PRC state-owned power grid companies with good credit rating.

15. TRADE AND OTHER PAYABLES

	At 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (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	2021
	<i>RMB'000</i>	<i>RMB'000</i> (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>

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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” (沙戈荒) 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-in-one 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

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” (沙戈荒); 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 of all production and management process. The Group will carry out comprehensive data management, with the fundamental aim to standardize data standards and improve data quality. Taking it as its primary tasks to build user-friendly and useful platform structure comprising data middle-end platform, technology middle-end platform and business middle-end platform, the Group will further explore data value and develop intelligent alert model for production equipment by giving full play to the role of the intelligent supervision system, striving to achieve real-time performance optimization and condition-based maintenance. The Group will push forward the transformation of digital empowerment into productivity, with an aim to achieve quality improvement and efficiency enhancement.

3. Focusing on safety production and environmental protection to promote sustainable development of the Company

In 2023, the Group will continue to adhere to the philosophy of “work safety is the top priority for business development”, implement work safety responsibility system covering all employees and put the “five refined” management concept into practice. The Group will conduct regular inspections to ensure safety production, carry out special rectification campaign of safety production risks, strengthen safety supervision over important areas, and enhance potential hazard identification and rectification, so as to ensure effective implementation of accountability system, sufficient fund guarantee, proper measure execution and potential hazards rectification, improving the safety level in a qualitative manner. The Group will continue to strengthen the standardization of work safety and the management and control of the work safety process, enhance the supervision of high-risk operations, and enhance the building of emergency management system and management capability, thus getting ready to deal with unexpected safety risk at any time.

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.

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. 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%.

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. (東源縣順風新能源有限公司), Huailai Zhongshang New Energy Technology Co., Ltd. (懷來中尚新能源科技有限公司) and Lingshou Qingzhi New Energy Technology Co., Ltd. (靈壽縣清智新能源科技有限公司), which are engaged in the construction of photovoltaic power generation projects; and acquired 100% equity

interests of Hengfeng Jingyuan Power Co., Ltd. (橫峰縣晶源電力有限公司), a minority shareholder of Hunyuan Jingjing New Energy Co., Ltd. (渾源京晶新能源有限公司) (“**Hunyuan Jingjing**”), turning it into a wholly-owned subsidiary of the Group.

In 2022, the Group established Qinzhou Jingneng Clean Energy Co., Ltd. (欽州京能清潔能源有限公司), Wen’an Jingneng New Energy Co., Ltd. (文安縣京能新能源有限公司), Zhangjiakou Wanquan District Jingneng Clean Energy Co., Ltd. (張家口萬全區京能清潔能源有限公司), Yichun Jingneng Clean Energy Co., Ltd. (宜春京能清潔能源有限公司), Jingneng Hunyuan Clean Energy Co., Ltd. (京能渾源清潔能源有限公司), Tianjin Jinnan Jingneng Clean Energy Co., Ltd. (天津津南京能清潔能源有限公司), which are engaged in the construction of photovoltaic power generation projects, and Tianjin Jingneng Dongjituo Clean Energy Co., Ltd. (天津京能東棘坨清潔能源有限公司), which is engaged in the construction of wind power generation projects.

In 29 March 2022, the Group entered into an equity transfer agreement with BIEE, pursuant to which, BIEE has agreed to sell and the Group has agreed to acquire 55% equity interest in BJJET at a consideration of RMB48.5 million. The acquisition was completed on 31 March 2022.

On 30 May 2022, the Group entered into the Equity Transfer Agreement with BEH and Shenzhen Jingneng Leasing, so as to swap 20% equity interest in Jingneng International held by the Group for 84.68% equity interest in Shenzhen Jingneng Leasing held by BEH, and settled the difference in the consideration of RMB542.1 million. The acquisition was completed on 30 September 2022.

4. Contingent Liabilities

As of 31 December 2022, the Group had no contingent liabilities.

5. Mortgage of Assets

As of 31 December 2022, the Group’s bank borrowings were secured by bank deposits of RMB43.9 million, accounts receivables of RMB1,782.1 million and finance lease receivables of RMB542.9 million; fixed assets of RMB2,795.8 million; the entire equity in New Gullen Range Wind Farm Pty Ltd. and Gullen Solar Pty Ltd., which were pledged to National Australia Bank, and the entire equity in Ningxia Boyang New Energy Co., Ltd. and Ningxia Kaiyang New Energy Co., Ltd., which were pledged to National Development Bank in China.

6. Subsequent Events

The Group had no other material events subsequent to the Reporting Period.

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, exploring the development of hydrogen energy and energy storage business and offshore wind power business.

Policy and Regulatory Risks

The Group primarily invests in and operates clean energy generation projects, which are encouraged by the country. The implement of the renewable energy quota policy brings out the benefits of the policy for further mitigating the power consumption problem of renewable energy; with the drop in power price of new energy resulting from the promotion of market-oriented reform of electric power, policy subsidies continued to decrease or were cancelled, and the volume of electric power traded kept increasing, the operation and development of new energy industry faced serious challenges.

The Group follows up major policy changes, properly keeps abreast of information changes, put more effort into research related to policy and technology, actively collects and studies policy information related to clean energy, pays close attention to the development and application of related new technologies, and actively carries out work in terms of technology reserves to prevent and resolve policy risk.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

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.

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.

COMPLIANCE WITH 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 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the year ended 31 December 2022.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions of the Company by the directors and supervisors of the Company. Upon making specific enquiries to all of the directors and supervisors of the Company, all directors and supervisors of the Company confirmed that during the Reporting Period, each of the directors and supervisors of the Company had fully complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year then ended as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in audited consolidated financial statements of the Group for the year of 2022 as approved by the Board on 28 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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 the IFRSs.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the HKExnews website of the Stock Exchange at <http://www.hkexnews.hk> and on the website of the Company at <http://www.jncec.com/>. The 2022 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders in due course and will be published on the websites of the Company and the Stock Exchange.

By order of the Board

Beijing Jingneng Clean Energy Co., Limited

KANG Jian

Deputy General Manager and Company Secretary

Beijing, the PRC

28 March 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Fengyang, Mr. Chen Dayu, Mr. Gao Yuming and Mr. Cao Mansheng; the non-executive Directors are Mr. Zhou Jianyu, Mr. Song Zhiyong and Ms. Zhang Yi; the independent non-executive Directors are Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie.