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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 REPORT AND ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2021 was RMB18,358.8 million, increased by 7.97% as compared with the previous year.
- Profit attributable to equity holders of the Company for the year ended 31 December 2021 was RMB2,368.1 million, increased by 2.81% as compared with the previous year.
- Basic and diluted earnings per share of the Company for the year ended 31 December 2021 was RMB28.72 cents.

FINAL DIVIDEND

- The Board recommended a final dividend of RMB7.037 cents per ordinary share (tax inclusive) for the year ended 31 December 2021, representing a total distribution of RMB580.2 million.

REPORTING HIGHLIGHTS

The board of directors (the “Board”) of Beijing Jingneng Clean Energy Co., Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group” or “we” or “us”) for the year ended 31 December 2021 (the “Reporting Period”), prepared under International Financial Reporting Standards (“IFRS”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

		31 December	2020
	Note	RMB'000	RMB'000
Revenue	4	18,358,832	17,003,306
Other income	6	903,173	797,393
Gas consumption		(9,053,875)	(8,804,303)
Depreciation and amortisation expense	11	(3,119,854)	(2,811,261)
Personnel costs	11	(1,079,248)	(869,925)
Repairs and maintenance		(642,622)	(594,657)
Other expenses	7	(827,254)	(788,793)
Other gains and losses	8	25,404	(13,160)
Impairment losses net reversed (recognised) under expected credit loss model		<u>1,146</u>	<u>(1,510)</u>
Profit from operations		4,565,702	3,917,090
Interest income	9	34,826	41,065
Finance costs	9	(1,309,289)	(1,150,847)
Share of results of associates		(169,195)	167,781
Share of result of a joint venture		<u>(37,794)</u>	<u>(22,063)</u>
Profit before taxation		3,084,250	2,953,026
Income tax expense	10	<u>(595,048)</u>	<u>(557,041)</u>
Profit for the year	11	<u>2,489,202</u>	<u>2,395,985</u>
Profit for the year attributable to:			
– Equity holders of the Company		2,368,131	2,303,390
– Holders of perpetual notes		59,895	31,950
– Non-controlling interests		<u>61,176</u>	<u>60,645</u>
		<u>2,489,202</u>	<u>2,395,985</u>
Earnings per share			
Basic and diluted (RMB cents)	13	<u>28.72</u>	<u>27.94</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Profit for the year	2,489,202	2,395,985
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value gain on equity instruments at fair value through other comprehensive income	42,726	9,026
Income tax relating to items that will not be reclassified to profit or loss	(10,681)	3,851
Share of other comprehensive income (expense) of an associate, net of related income tax	4,666	(4,666)
	36,711	8,211
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	(78,338)	92,475
Cash flow hedges:		
Gain during the year	21,521	20,007
Reclassification of reserves in relation with power purchase agreement	9,314	9,013
Income tax relating to items that may be reclassified subsequently to profit or loss	(7,468)	(7,569)
	(54,971)	113,926
Other comprehensive (expense) income for the year, net of income tax	(18,260)	122,137
Total comprehensive income for the year	2,470,942	2,518,122
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	2,349,871	2,425,527
– Holders of Perpetual notes	59,895	31,950
– Non-controlling interests	61,176	60,645
	2,470,942	2,518,122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

		As at 31 December 2021	As at 31 December 2020
	Note	RMB'000	RMB'000
Non-current Assets			
Property, plant and equipment		50,965,927	43,187,213
Right-of-use assets		1,479,217	1,431,342
Intangible assets		4,873,699	4,410,754
Goodwill		114,134	190,049
Investments in associates		3,179,022	3,518,508
Loans to an associate		108,000	117,000
Investment in a joint venture		93,110	130,904
Loans to a joint venture		70,000	70,000
Deferred tax assets		189,488	296,104
Equity instruments at fair value through other comprehensive income		109,637	66,911
Value-added tax recoverable		1,557,553	1,114,305
Deposit paid for acquisition of property, plant and equipment		677,532	1,072,426
Restricted bank deposits		66,718	50,787
Derivative financial assets		52,507	—
		<u>63,536,544</u>	<u>55,656,303</u>
Current Assets			
Inventories		96,648	104,416
Trade and bills receivables	14	11,678,316	9,159,317
Other receivables, deposits and prepayments		307,749	463,778
Current tax assets		12,784	16,565
Amounts due from related parties		482,339	170,193
Value-added tax recoverable		553,873	469,666
Financial asset at fair value through profit or loss		270,270	196,043
Restricted bank deposits		23	4,577
Cash and cash equivalents		5,097,300	4,297,450
		<u>18,499,302</u>	<u>14,882,005</u>

		A 31 D	
		2021	2020
	Note	RMB'000	RMB'000
Current Liabilities			
Trade and other payables	15	5,938,283	5,058,989
Amounts due to related parties		132,961	189,539
Bank and other borrowings – due within one year		11,272,518	12,318,322
Short-term debentures		7,589,471	7,060,658
Medium-term notes		2,091,245	96,656
Corporate bonds		1,025,841	26,128
Contract liabilities		80,877	56,380
Lease liabilities		89,762	64,659
Derivative financial liabilities		-	19,576
Income tax payable		87,453	125,381
Deferred income		19,361	228,336
		<u>28,327,772</u>	<u>25,244,624</u>
Non-current Liabilities		<u>(9,828,470)</u>	<u>(10,362,619)</u>
Assets and Current Liabilities		<u>53,708,074</u>	<u>45,293,684</u>
Non-current Liabilities			
Derivative financial liabilities		1,034	45,002
Bank and other borrowings – due after one year		19,044,077	10,896,268
Medium-term notes		2,494,339	4,488,679
Corporate bonds		999,642	1,999,284
Contract liabilities		18,317	12,440
Deferred tax liabilities		281,912	193,615
Deferred income		381,538	435,811
Lease liabilities		811,228	836,336
Other non-current liability		12,617	19,402
		<u>24,044,704</u>	<u>18,926,837</u>
Non-current Assets		<u>29,663,370</u>	<u>26,366,847</u>

	A 31 D	
	2021	2020
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capital Resources		
Share capital	8,244,508	8,244,508
Reserves	<u>18,031,790</u>	<u>16,249,142</u>
Equity attributable to equity holders of the Company	26,276,298	24,493,650
Perpetual notes	3,027,962	1,525,582
Non-controlling interests	<u>359,110</u>	<u>347,615</u>
Total Equity	<u>29,663,370</u>	<u>26,366,847</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 "SEHK").

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., English name for identification purpose) ("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.) ("BOCM") which is established and 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 activities 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.

3. APPLICATION OF AMENDMENTS TO IFRSs

A summary of the IFRSs that the Group has applied for the first time

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 annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform-Phase 2

The application of the amendments to IFRSs 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.

3.1 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 Financial Instruments: Disclosures (“IFRS 7”).

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year.

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 and the related Amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ³
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 ³
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to IFRS Standards	Annual Improvements to IFRSs 2018 – 2020 ²

Note :

- (1) Effective for annual periods beginning on or after 1 April 2021.
- (2) Effective for annual periods beginning on or after 1 January 2022.
- (3) Effective for annual periods beginning on or after 1 January 2023.
- (4) Effective for annual periods beginning on or after a date to be determined.

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 IFRS 3 Business Combinations and IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments:

- update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued (the “Conceptual Framework”) instead of the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other 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 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 Group will apply the amendments prospectively to business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

Amendments to IAS 16 Property, Plant and Equipment and IAS 40 Investment Property

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 application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

For the year ended 31 December 2020

	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	10,182,873	2,314,207	2,145,343	395,279	–	15,037,702
Sales of heat energy	1,963,288	–	–	–	–	1,963,288
Repairs and maintenance and other services	–	–	–	–	2,316	2,316
Timing of revenue recognition						
A point in time	12,146,161	2,314,207	2,145,343	395,279	–	17,000,990
Over time	–	–	–	–	2,316	2,316
Geographical market						
Mainland China	12,146,161	2,192,289	2,140,814	395,279	2,316	16,876,859
Overseas	–	121,918	4,529	–	–	126,447
Revenue from contracts with customers	12,146,161	2,314,207	2,145,343	395,279	2,316	17,003,306

(c) 主要销售条款

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.

(d) 尚未履行履约义务的交易价格

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021 and 2020 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. EGMEN 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.

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An analysis of the Group's reportable segment revenue, results, assets and liabilities for the years ended 31 December 2021 and 2020 by operating and reportable segment is as follows:

	G	P	H	O	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2021					
Reportable segment revenue from external customers/ consolidated revenue	<u>12,407,499</u>	<u>2,984,165</u>	<u>2,575,306</u>	<u>386,396</u>	<u>18,358,832</u>
Reportable segment results (note (i))	<u>1,679,449</u>	<u>1,787,458</u>	<u>1,367,081</u>	<u>109,628</u>	<u>4,563,836</u>
Reportable segment assets	<u>14,217,029</u>	<u>34,275,750</u>	<u>23,451,939</u>	<u>2,481,241</u>	<u>103,199,193</u>
Reportable segment liabilities	<u>(7,114,080)</u>	<u>(23,315,223)</u>	<u>(16,508,427)</u>	<u>(2,079,928)</u>	<u>(76,901,375)</u>
Additional segment information:					
Depreciation	901,935	950,305	901,209	104,030	2,862,280
Amortisation	13,103	181,805	36,596	25,511	257,574
Finance costs (note (ii))	79,276	447,936	473,086	52,195	1,309,289
Other income	583,942	283,365	18,174	1,278	903,173
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	193,117
Expenditures for reportable segment non-current assets	<u>363,113</u>	<u>7,058,107</u>	<u>3,704,770</u>	<u>46,695</u>	<u>11,178,780</u>

	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 2020						
Reportable segment revenue from external customers/ consolidated revenue	<u>12,146,161</u>	<u>2,314,207</u>	<u>2,145,343</u>	<u>395,279</u>	<u>2,316</u>	<u>17,003,306</u>
Reportable segment results (note (i))	<u>1,769,612</u>	<u>1,201,021</u>	<u>1,124,081</u>	<u>59,211</u>	<u>(220,629)</u>	<u>3,933,296</u>
Reportable segment assets	<u>14,228,337</u>	<u>25,533,743</u>	<u>21,806,751</u>	<u>2,655,860</u>	<u>26,767,756</u>	<u>90,992,447</u>
Reportable segment liabilities	<u>(7,315,937)</u>	<u>(17,365,587)</u>	<u>(16,202,380)</u>	<u>(2,130,946)</u>	<u>(25,474,975)</u>	<u>(68,489,825)</u>
Additional segment information:						
Depreciation	870,622	814,820	742,905	107,859	3,849	2,540,055
Amortisation	9,590	207,931	27,666	25,517	502	271,206
Finance costs (note (ii))	108,207	376,814	381,689	54,986	229,151	1,150,847
Other income	530,280	241,223	11,126	2,131	12,633	797,393
Including:						
- Government subsidies related to clean energy production	403,025	23,383	-	-	-	426,408
- Government grants related to construction of assets	33,313	2,632	6,961	1,053	-	43,959
- Income from carbon credits	6,088	123,411	3,239	-	-	132,738
- Others	87,854	91,797	926	1,078	12,633	194,288
Expenditures for reportable segment non-current assets	<u>345,244</u>	<u>3,696,412</u>	<u>2,972,708</u>	<u>34,886</u>	<u>5,034</u>	<u>7,054,284</u>

N ie :

- (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.

Results

Reportable segment profit	4,563,836	3,933,296
Inter-segment elimination	1,866	(16,206)

Profit from operations	4,565,702	3,917,090
Interest income	34,826	41,065
Finance costs	(1,309,289)	(1,150,847)
Share of results of associates	(169,195)	167,781
Share of result of a joint venture	(37,794)	(22,063)

Consolidated profit before taxation	3,084,250	2,953,026
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A 31 D	2021	2020
	RMB'000	RMB'000

Assets

Reportable segment assets	103,199,193	90,992,447
Inter-segment elimination	(27,024,030)	(26,237,537)

Unallocated assets:

– Investments in associates	3,179,022	3,518,508
– Loans to an associate	108,000	117,000
– Investment in a joint venture	93,110	130,904
– Loans to a joint venture	70,000	70,000
– Deferred tax assets	189,488	296,104
– Equity instruments at FVTOCI	109,637	66,911

Different presentation on:

– Value-added tax recoverable (note)	2,111,426	1,583,971
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Consolidated total assets	82,035,846	70,538,308
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	A 31 D 2021 RMB'000	2020 RMB'000
Liabilities		
Reportable segment liabilities	76,901,375	68,489,825
Inter-segment elimination	(27,009,690)	(26,221,331)
Unallocated liabilities:		
– Income tax payable	87,453	125,381
– Deferred tax liabilities	281,912	193,615
Different presentation on:		
– Value-added tax recoverable (note)	<u>2,111,426</u>	<u>1,583,971</u>
Consolidated total liabilities	<u><u>52,372,476</u></u>	<u><u>44,171,461</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.

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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 2021 and 2020. Therefore no geographical segment information is presented.

(c) I 2021 2020

Revenue of approximately RMB16,293,406 for the year ended 31 December 2021 (2020: RMB15,270,912) were derived from two external parties, the State Grid Corporation of China and Beijing District Heating (Group) Co., Ltd., which contributed 79% and 9% (2020: 79% and 11%) to the total revenue, respectively.

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

	31 D	
	2021	2020
	RMB'000	RMB'000
State Grid Corporation of China ¹	14,557,932	13,425,877
Beijing District Heating (Group) Co., Ltd. ²	N/A ³	1,845,035
	<u>14,557,932</u>	<u>15,270,912</u>

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

² Revenue from Gas-fired power and heat energy generation segment

³ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. OTHER INCOME

	31 Dec 2021	31 Dec 2020
	2021	2020
	RMB'000	RMB'000
Government grants and subsidies related to:		
– Clean energy production	500,030	426,408
– Construction of assets	46,895	43,959
Income from carbon credits (note (a))	163,131	132,738
Value-added tax refunds or exemptions (note (b))	136,493	137,861
Others	56,624	56,427
	<u>903,173</u>	<u>797,393</u>

Note:

- (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 EXPENSE

	31 D	2020
	2021	2020
	RMB'000	RMB'000
Other expenses comprise:		
Property management fees, and other service fee	411,685	399,734
Utilities, insurance, office, travelling, and transportation expenses	194,116	193,112
Expenses relating to short-term leases and other leases with terms expiring within 12 months	62,761	59,824
Others	158,692	136,123
	<u>827,254</u>	<u>788,793</u>

8. OTHER GAIN AND LOSS

	31 D	2020
	2021	2020
	RMB'000	RMB'000
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	(9,935)	(14,633)
Net exchange loss	(16,238)	(3,381)
Gain (loss) arising on change in fair value of financial asset at FVTPL	81,079	(50,844)
Fair value gain (loss) of fixed forward commodity contract recognised in profit or loss	85,343	(1,300)
Bargain purchase gain	34,190	151,051
Impairment losses recognised on goodwill	(75,915)	–
Impairment losses recognised on property, plant and equipment	(66,993)	(119,521)
Others	(6,127)	25,468
	<u>25,404</u>	<u>(13,160)</u>

9. INTEREST INCOME/FINANCE COSTS

	31 Dec 2021 RMB'000	2020 RMB'000
Interest income from:		
– Loans to an associate	4,593	5,364
– Loans to a joint venture	2,914	4,150
– Deposits with a related non-bank financial institution (note)	20,784	19,027
– Bank balances and deposits	<u>6,535</u>	<u>12,524</u>
Total interest income	<u><u>34,826</u></u>	<u><u>41,065</u></u>
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term notes	1,444,511	1,265,282
Interest on lease liabilities	39,743	27,927
Less: Amount capitalised in property, plant and equipment	<u>(174,965)</u>	<u>(142,362)</u>
Total finance costs	<u><u>1,309,289</u></u>	<u><u>1,150,847</u></u>
	31 Dec 2021	2020
Capitalisation rate of borrowing costs to expenditure on qualifying assets	<u><u>4.15%</u></u>	<u><u>4.35%</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

	31 December	31 December
	2021	2020
	RMB'000	RMB'000
Current tax:		
PRC Enterprise Income Tax	<u>485,788</u>	<u>533,311</u>
	<u><u>485,788</u></u>	<u><u>533,311</u></u>
Deferred tax:		
Current year	<u>109,260</u>	<u>23,730</u>
Income tax expense	<u><u>595,048</u></u>	<u><u>557,041</u></u>

PRC Enterprise Income Tax has been generally provided at the applicable Enterprise Income Tax rate of 25% (2020: 25%) on the estimated assessable profits of the group entities established in the PRC for the year ended 31 December 2021.

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 2021 and 2020.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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% (2020: 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:

	31 D	
	2021	2020
	RMB'000	RMB'000
Profit before taxation	<u>3,084,250</u>	<u>2,953,026</u>
PRC Enterprise Income Tax at 25% (2020: 25%)	771,063	738,257
Tax effect on:		
– Expenses not deductible for tax purposes	45,186	45,526
– Share of results of associates and a joint venture	51,747	(36,429)
– Tax losses not recognised	87,922	63,876
– Temporary differences not recognised	35,727	29,880
– Utilisation of tax losses not recognised previously	(10,218)	(2,917)
– PRC Enterprise Income Tax exemption and concessions	(394,914)	(283,684)
Effect of different tax rates of group entities operating in jurisdictions other than PRC	<u>8,535</u>	<u>2,532</u>
	<u>595,048</u>	<u>557,041</u>

11. PROFIT FOR THE YEAR

	31 D 2021 RMB'000	2020 RMB'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	7,661	9,162
Expense relating to short-term leases	62,761	59,824
Depreciation and amortisation:		
Depreciation of property, plant and equipment	2,797,605	2,486,418
Depreciation of right-of-use assets	70,300	60,126
Amortisation of intangible assets	257,574	271,206
Less: Amount capitalised to construction in progress	(5,625)	(6,489)
Total depreciation and amortisation	<u>3,119,854</u>	<u>2,811,261</u>
Personnel costs:		
Directors' emoluments	5,286	3,691
Other personnel costs	<u>1,073,962</u>	<u>866,234</u>
Total personnel costs	<u>1,079,248</u>	<u>869,925</u>

12. DIVIDEND

- (a) 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.
- (b) A final dividend of RMB7.22 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2019 amounting to RMB595,253,000 was approved in the Company's annual general meeting held on 28 May 2020 and subsequently paid on 28 July 2020.
- (c) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of RMB7.037 cents per ordinary share (tax inclusive), totaling RMB580,166,000 has been proposed by the Board and is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

13. EARNING PER HARE

The calculation of the basic earnings per share attributable to ordinary shareholders of the Company is based on the following data:

	31 D	
	2021	2020
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	<u>2,368,131</u>	<u>2,303,390</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>8,244,508</u>	<u>8,244,508</u>

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.

14. TRADE AND BILLS RECEIVABLE

	A 31 D 2021 RMB'000	2020 RMB'000
Trade receivables		
– goods and services	2,017,384	2,198,687
– clean energy power price premium	9,421,023	6,683,224
Bills receivable	<u>256,304</u>	<u>294,875</u>
	11,694,711	9,176,786
Less: Allowance for credit losses	<u>(16,395)</u>	<u>(17,469)</u>
	<u><u>11,678,316</u></u>	<u><u>9,159,317</u></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:

	A 31 D 2021 RMB'000	2020 RMB'000
Within 60 days	3,046,779	2,849,843
61 to 365 days	3,076,268	2,649,928
1 to 2 years	3,057,498	2,200,362
2 to 3 years	1,961,944	906,255
Over 3 years	<u>535,827</u>	<u>552,929</u>
	<u><u>11,678,316</u></u>	<u><u>9,159,317</u></u>

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	2020
	2021	2020
	RMB'000	RMB'000
Trade payables	2,481,748	2,384,450
Payables for acquisition of property, plant and equipment	1,760,087	1,601,100
Retention payables	881,261	446,166
Bills payable	-	20,000
Salary and staff welfares	111,416	103,870
Non-income tax payables	362,332	164,689
Others	341,439	338,714
	<u>5,938,283</u>	<u>5,058,989</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	2020
	2021	2020
	RMB'000	RMB'000
Within 30 days	1,471,876	1,676,193
31 to 365 days	515,932	563,194
1 to 2 years	397,860	115,688
2 to 3 years	64,198	37,516
Over 3 years	31,882	11,859
	<u>2,481,748</u>	

I. REVIEW OF THE ELECTRICITY MARKET

In 2021, the national electricity supply and demand situation is generally tight. Facing multiple challenges such as the difficult and complicated international situations and the spread of the domestic epidemic, the Group adhered to the general principle of seeking progress while maintaining stability, resulting a double-digit growth of the electricity consumption throughout the year, and green and low-carbon development of the installed power structure. In 2021, the national electricity consumption reached 8.31 trillion kWh, representing a year-on-year increase of 10.3%. The national electricity consumption in each quarter increased by 21.2%, 11.8%, 7.6% and 3.3% respectively, mainly affected by factors such as the sustained recovery of the domestic economy and the rapid growth of foreign trade exports.

According to the statistics from China Electricity Council, as of the end of December 2021, the national electricity installed capacity in total was 2.38 billion kW, representing a year-on-year increase of 7.9%. Among which, the capacity of thermal power generation was 1.30 billion kW, accounting for 54.6% of the total installed capacity, representing a year-on-year increase of 4.1%; the capacity of on-grid wind power generation was 330 million kW, accounting for 13.9% of the total installed capacity, representing a year-on-year increase of 16.6%; the capacity of on-grid solar power generation was 310 million kW, accounting for 13.0% of the total installed capacity, representing a year-on-year increase of 20.9%; the capacity of hydropower generation was 390 million kW, accounting for 16.4% of the total installed capacity, representing a year-on-year increase of 5.6%. The national power generation from non-fossil fuel installed capacity totaled 1.12 billion kW, accounting for 47.0% of the total installed capacity, representing a year-on-year increase of 13.4%, increased by 2.3 percentage points over the end of previous year, and exceeded the proportion of the power generation from coal installed capacity for the first time in history.

In 2021, the national power generation in total went up by 9.8% as compared with the previous year. Among which, the capacity of thermal power generation was 5.6 trillion kWh, representing a year-on-year increase of 9.1%; the capacity of wind power generation was 655.6 billion kWh, representing a year-on-year increase of 40.5%; the capacity of solar power generation was 327.0 billion kWh, representing a year-on-year increase of 25.2%; and the capacity of hydropower generation was 1.3 trillion kWh, representing a year-on-year decrease of 1.1%. The national non-fossil fuel generation totaled 2.9 trillion kWh, representing a year-on-year increase of 12.0%.

In 2021, the utilization hour of thermal power generation was 4,448 hours, representing a year-on-year increase of 237 hours; the utilization hour of on-grid wind power generation was 2,232 hours, representing a year-on-year increase of 154 hours; the utilization hour of on-grid solar power generation was 1,281 hours, remaining the same as last year; the utilization hour of hydropower generation equipments was 3,622 hours, representing a year-on-year decrease of 203 hours.

In 2021, the electricity trading centers across the country managed to organise electricity transaction of 3,778.7 billion kWh in the market, representing a year-on-year increase of 19.3%, accounting for 45.5% of the national electricity consumption, representing a year-on-year increase of 3.3 percentage points.

II. Business Review 2021

In 2021, China has achieved new results from its high-quality economic development, and made a good start in the “14th Five-Year Plan”. 2021 is also the 10th anniversary since the Group’s successful listing on Stock Exchange, as well as a critical year of continuing to innovate while maintaining the existing achievements in the “14th Five-Year Plan”. In 2021, the Group continued to improve its efficiency, enhanced its vitality, created its value, strived to make its main business of clean energy stronger, better and larger, and achieved a milestone progress in the high-quality development by implementing the new development concept, insisting on the general principle of seeking progress while maintaining stability, taking the promotion of high-quality development as its theme and deepening reformation as the driving force, and adhering to the principles of “advance innovation and improve quality and efficiency with strict corporate governance to make an outstanding development” as the mainline.

1. Improve quality and efficiency and enhance the main business performance to a new level

In 2021, the Group comprehensively enhanced the Company’s development capabilities, competitiveness and management standards by persistently adhering to the new development concept and continually strengthening the basic management and innovation drive. As of 31 December 2021, the consolidated installed capacity of the Group was 12.444 million kW, with an increase in installed capacity of 1.583 million kW, representing a year-on-year increase of 14.6%, which was nearly 7 percentage points higher than the national installed capacity. The installed capacity of the gas-fired power and heat energy generation segment was 4.702 million kW, accounting for 37.8% of the total installed capacity, higher than the national increase of 9.4 percentage points. Compared with 2020, the increase was 14.6%, and the increase was 0.6 percentage points.

2. Focus on dual-carbon and sustain the green development at a new speed

In 2021, the Group continued to adhere to the “two-wheel drive” of independent development and project mergers and acquisitions, leverage the geographical advantages of regional companies, and focus on key projects for breakthroughs. In the year, the Group completed the development of wind power and photovoltaic projects with an installed capacity of 3.81 million kW, representing an increase of 1.5 million kW as compared with that of the previous year. Among them, the installed capacity of self-developed projects that had construction indicators amounted to 2.794 million kW, and the installed capacity of projects completed through mergers and acquisitions amounted to 1.016 million kW, which exceeded the total amount of renewable energy developed by the Group during the “13th Five-Year Plan” period.

In 2021, the Group actively promoted the large-scale energy base projects in Ximeng, Datong and Chengde by insisting on the goal of “carbon neutrality” in Beijing, and focusing on the Green-Power-to-Beijing. Meanwhile, the Group carried out the comprehensive and preliminary work for these projects by means of independent development, cooperative development, and mergers and acquisitions. The Group has obtained the approval for the multi-energy complementary demonstration project with integrated energy of wind, solar, fire and hydrogen storage in Chagan Nur; completed the filing for the 1 million kW energy base project in Guangxi Qinbei, filling the gap of the regional project in Guangxi; signed the development agreement for the Jingneng 10 million kW green integrated energy base project in Datong, which was included in the three-year rolling project reserve of new energy and renewable energy in Datong; been in the process of finalising a cooperation agreement for the 10 million kW Green-Power-to-Beijing project with integrated energy of wind, solar and hydrogen storage in Chengde, with the Chengde Preparatory Office established to carry out the preliminary work; submitted the Dongyuan cogeneration project to Guangdong Energy Bureau, and strived for it to be included in the “14th Five-Year Plan” for energy of Guangdong Province; signed a cooperation framework agreement with Beihai City for the Beihai gas project in Guangxi; and promoted the county-wide distributed photovoltaic power project, and completed the reporting work for 8 counties (districts and cities) with a total reported capacity of 0.84 million kW.

During the “14th Five-Year Plan” period, Beijing will deepen the energy restructuring and promote the intelligent transformation to green and low-carbon energy, so that the proportion of renewable energy in Beijing will reach about 14% by 2025. In order to achieve this goal, in 2021, the Group undertook the survey of district-wide distributed photovoltaic resources of Beijing initiated by the Beijing Municipal Development and Reform Commission, and the preparation of pilot programs and guidelines, making contributions to the capital’s transformation to low-carbon energy structure. After this task, the Group established a comprehensive connection with the photovoltaic resource market in Beijing, laying a solid foundation for future investments in photovoltaic projects in Beijing.

3. Optimise the structure and reduce the capital cost to a new degree

While ensuring the high-speed and high-quality development, the Group has maintained an AAA credit rating and its low-cost advantage when developing its business in the renewable energy market. In 2021, the Group continued to optimise its capital structure, with a consolidated capital cost of 3.74%, representing a decrease of 0.13 percentage points. By taking full advantages of its credit rating, the Group raised low-interest funds in the bond market, leading to a stable gearing ratio with an increase in both investment and installed capacity. The Group also issued the first tranche RMB500 million green medium-term notes (carbon neutral bonds) for the energy industry and Beijing-owned enterprises; and obtained the confirmation from the Export-Import Bank's BRICS loans and support from low-interest funds for the invested wind power projects.

4. Perform the innovation-driven development and insist on the reform and transformation by new efforts

In 2021, the Group insisted on taking technology innovation as the primary driving force, continued to increase investment in technology, and accelerated digital transformation progress. The Group also promoted the construction of intelligent power plants producing clean energy, and completed the construction of centralized control centers in Dujiangyan, Xining, Zhangjiakou and Hohhot, leading to the initial formation of the three-in-one integrated management structure of "Intelligent Platform Supervision Center – Branch Centralized Control Center – Plant and Station", and laying a solid foundation for the "smart revolution" of the production and operation mode. In 2021, the Group implemented 47 technology projects with an capital investment of RMB610 million, representing a year-on-year increase of 71.5%; and established 4 new high-tech enterprises, received 2 science and technology awards, and obtained 22 patent licensing and 20 software copyrights, of which 2 technology projects received capital support of RMB35 million from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

5. Serve the Winter Olympics and display the state-owned enterprises image with the new commitments

Beijing is a "Dual Olympic city", and Jingneng Clean Energy is a "Double Olympics enterprise". In 2008, Beijing Taiyanggong Gas-fired Cogeneration Plant and Beijing Lumingshan Guanting Wind Farm, which are owned by the Group, provided clean energy power for the Beijing Summer Olympics. Thereafter in 2021, the Group achieved full capacity grid connection between the Beijing-Zhangjiakou Olympics 1.2 million kW wind power project and the comprehensive energy utilization project in the Yanqing Winter Olympics competition area, and helped 26 venues in the three major competition areas of the Beijing Winter Olympics to achieve 100% green power supply for the first time and light up the lights in Beijing via the wind from Zhangbei. Through the Olympic Games, Beijing displayed China's commitments to the world, and Jingneng Clean Energy displayed its commitments as one of the capital's state-owned enterprises to the world. The Group will keep on working hard, aiming to become a world-class clean energy service provider in Beijing.

III. Operating Results

1. Overview

In 2021, the Company achieved profit for the year amounted to RMB2,489.2 million, representing an increase of 3.89% as compared with RMB2,396.0 million for 2020. Profit attributable to the equity holders amounted to RMB2,368.1 million, representing an increase of 2.81% as compared with RMB2,303.4 million for 2020.

2. Operating Income

The total operating income increased by 7.97% from RMB17,003.3 million for 2020 to RMB18,358.8 million for 2021, due to an increase in installed capacity 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 2.15% from RMB12,146.2 million for 2020 to RMB12,407.5 million for 2021, of which, revenue from sales of electricity increased by 2.67% from RMB10,182.9 million for 2020 to RMB10,455.0 million for 2021, due to the increase in sales volume of electricity of this segment. Revenue from sales of heat energy decreased by 0.55% from RMB1,963.3 million for 2020 to RMB1,952.5 million for 2021, due to the decrease in sales volume of heating supply of this segment.

Wind Power Segment

The operating income from wind power segment increased by 28.95% from RMB2,314.2 million for 2020 to RMB2,984.2 million for 2021, due to the increase in sales volume of electricity as a result of an increase in the average wind speed and an increase in the installed capacity in this segment.

Personnel Cost

Personnel cost increased by 24.06% from RMB869.9 million for 2020 to RMB1,079.2 million for 2021, due to the increase in the number of employees as a result of the business development of the Group, and additional personnel costs expensed following the commencement of production of new projects.

Repairs and Maintenance

Repairs and maintenance increased by 8.05% from RMB594.7 million for 2020 to RMB642.6 million for 2021, due to an increase in maintenance costs resulting from overhaul of individual units of the gas-fired power and heat energy generation segment.

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; (7) other miscellaneous operating expenses.

Other expenses increased by 4.88% from RMB788.8 million for 2020 to RMB827.3 million for 2021, due to an increase in operating expenses as a result of the commencement of production of new projects.

Other Gains and Losses

The Group recorded other losses of RMB13.2 million for 2020, while recorded other gains of RMB25.4 million for 2021, which was due to the increase in the gain from fair value change of H shares of CGN Power Co., Ltd. held by the Company.

5. *Operating Profit*

As a result of the above, operating profit increased by 16.56% from RMB3,917.1 million for 2020 to RMB4,565.7 million for 2021.

Gas-fired Power and Heat Energy Generation Segment

The operating profit of gas-fired power and heat energy generation segment decreased by 5.09% from RMB1,769.6 million for 2020 to RMB1,679.5 million for 2021, due to an increase in maintenance costs in this segment.

Wind Power Segment

The operating profit of wind power segment increased by 48.83% from RMB1,201.0 million for 2020 to RMB1,787.5 million for 2021, due to an increase in average wind speed, the increase in the equipment utilization and the increase in the installed capacity in this segment after they are put into production.

Photovoltaic Power Segment

The operating profit of photovoltaic power segment increased by 21.62% from RMB1,124.1 million for 2020 to RMB1,367.1 million for 2021, due to an increase in the equipment utilization and the increase in the installed capacity in this segment after they are put into production.

Hydropower Segment

The operating profit of hydropower segment increased by 85.14% from RMB59.2 million for 2020 to RMB109.6 million for 2021, due to the impairment losses of individual fixed assets in this segment provided in the previous year.

Other Segment

Other operating profit increased by 59.63% from a loss of RMB236.8 million for 2020 to a loss of RMB378.0 million for 2021, due to the goodwill impairment resulting from the

9. *Income Tax Expense*

Income tax expense increased by 6.82% from RMB557.0 million for 2020 to RMB595.0 million for 2021. Effective tax rate was 19.29% for 2021.

10. *Profit for the year*

As a result of the foregoing, profit for the year increased by 3.89% from RMB2,396.0 million for 2020 to RMB2,489.2 million for 2021.

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 2.81% from RMB2,303.4 million for 2020 to RMB2,368.1 million for 2021.

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1. *Overview*

As of 31 December 2021, total assets of the Group amounted to RMB82,035.8 million, total liabilities amounted to RMB52,372.5 million and total equity amounted to RMB29,663.3 million, among which equity attributable to the equity holders amounted to RMB26,276.3 million.

2. *Particulars of Assets and Liabilities*

Total assets increased by 16.30% from RMB70,538.3 million as at 31 December 2020 to RMB82,035.8 million as at 31 December 2021, due to the increase in investment in new projects and merger and acquisition projects as well as the increase in renewable energy subsidy receivables. Total liabilities increased by 18.57% from RMB44,171.5 million as at 31 December 2020 to RMB52,372.5 million as at 31 December 2021, due to increased debt as a result of increased projects. Total equity increased by 12.50% from RMB26,366.8 million as at 31 December 2020 to RMB29,663.3 million as at 31 December 2021, due to the accretion from business results and the issuance of green medium-term notes. Equity attributable to equity holders of the Company increased by 7.28% from RMB24,493.7 million as at 31 December 2020 to RMB26,276.3 million as at 31 December 2021, due to the accretion from business results in 2021.

3. *Liquidity*

As of 31 December 2021, current assets amounted to RMB18,499.3 million, including monetary capital of RMB5,097.3 million, bills and account receivables of RMB11,678.3 million (mainly comprising receivables from sales of electricity, sales of heat and renewable energy subsidy), and prepayment and other current assets of RMB1,723.7 million (mainly comprising deductible value-added tax and other account receivables). Current liabilities amounted to RMB28,327.8 million, including short-term borrowings of RMB11,272.5 million, short-term financing debentures of RMB7,589.5 million, medium-term notes due within one year of RMB2,091.2 million, corporate bonds of RMB1,025.8 million, trade and other payables of RMB5,938.3 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB410.5 million, mainly comprising income tax payable and amounts due to related parties.

Net current liabilities decreased by 5.15% from RMB10,362.6 million as at 31 December 2020 to RMB9,828.5 million as at 31 December 2021.

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, increased by 1.78% from 55.28% as at 31 December 2020 to 57.06% as at 31 December 2021, due to the increase in debts as a result of investment in projects.

The Group's long-term and short-term borrowings increased by 20.69% from RMB36,886.0 million as at 31 December 2020 to RMB44,517.0 million as at 31 December 2021, including short-term borrowings of RMB11,272.5 million, long-term borrowings of RMB19,044.1 million, medium-term notes of RMB4,585.5 million, short-term financing debentures of RMB7,589.5 million and corporate bonds of RMB2,025.4 million.

Bank deposits and cash held by the Group increased by 18.61% from RMB4,297.5 million as at 31 December 2020 to RMB5,097.3 million as at 31 December 2021.

1. *Financing*

On 4 January 2021, the Group completed the issuance of the first tranche RMB2,000.0 million 179-day ultra-short-term financing debentures of 2021 at an interest rate of 2.65%;

On 18 March 2021, the Group completed the issuance of the second tranche RMB2,000.0 million 238-day ultra-short-term financing debentures of 2021 at an interest rate of 2.80%;

On 23 April 2021, the Group completed the issuance of the third tranche RMB2,000.0 million 270-day ultra-short-term financing debentures of 2021 at an interest rate of 2.99%;

On 24 June 2021, the Group completed the issuance of the fourth tranche RMB2,000.0 million 266-day ultra-short-term financing debentures of 2021 at an interest rate of 2.68%;

On 27 August 2021, the Group completed the issuance of the fifth tranche RMB1,500.0 million 270-day ultra-short-term financing debentures of 2021 at an interest rate of 2.50%;

On 4 November 2021, the Group completed the issuance of the sixth tranche RMB2,000.0 million 266-day ultra-short-term financing debentures of 2021 at an interest rate of 2.52%;

On 15 July 2021, the Group completed the issuance of the first tranche RMB500.0 million green medium-term notes of 2021, with a period of 2+N years, at an interest rate of 3.23%;

On 16 December 2021, the Group completed the issuance of the second tranche RMB1,000.0 million green medium-term notes of 2021, with a period of 3+N years, at an interest rate of 3.30%.

2. *Capital Expenditure*

In 2021, the Group's capital expenditure amounted to RMB11,178.8 million, including RMB363.1 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB7,058.1 million incurred for construction projects in the wind power segment, RMB3,704.8 million incurred for construction projects in the photovoltaic power segment, RMB46.7 million incurred for construction projects in the hydropower segment, and RMB6.1 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 2021 acquired seven wholly-owned subsidiaries, namely “Ningxia Boyang New Energy Co., Ltd. (寧夏博陽新能源有限公司)”, “Ningxia Kaiyang New Energy Co., Ltd. (寧夏愷陽新能源有限公司)”, “Pingluo Xuqing New Energy Co., Ltd. (平羅縣旭清新能源有限公司)”, “Hebei Rongzhi

I. Risk Factors and 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 (due to the quota policy business, and) in the development of the Group, the

2022 is a critical year for the Group to improve quality and efficiency and achieve forward-leaping development under the “14th Five-Year Plan”. The Group will continue to adhere to the general principle of seeking progress while maintaining stability, follow the strategic guidance of the “14th Five-Year Plan”, and focus on serving Beijing and assisting the capital in achieving carbon neutrality firstly, as well as developing the main clean energy business with high quality and high speed. The Group will follow the major business line of “reform and innovation, transformation and upgrading, improvement of quality and efficiency, and culture fusion”, strengthen the technology innovation, consolidate the foundation for production safety, accelerate the informationalisation and digitalisation construction, and forge ahead in unity with practicality and effectiveness, aiming to achieve the overall development goal of “being superior, stronger, faster and better”.

1. Follow the strategic guidance to further improve the green development

In 2022, the Group will continue to implement the development concepts and goals under the “14th Five-Year Plan”, practically implement the “wind power and photovoltaic power integration strategy”, promote the scale of energy base projects, and highlight the features of distributed projects. Relying on “Green-Power-to-Beijing”, the Group will effectively implement the “wind power, photovoltaic power and thermal power integration strategy”, take full advantages of state-owned enterprises in the capital, and promote the preliminary work of energy base projects in Datong and Chengde by insisting on the dual carbon goals and demand of Green-Power-to-Beijing. In regions with traditional advantages, the Group will focus on introducing enterprises to cooperate in accelerating the development of the industry. In regions newly expanded into, the Group will create new cooperation models, and seize resources through increased cooperation efforts. The Group will increase efforts in projects of high-quality resource mergers and acquisitions, and ensure that the priority can be given to projects of asset mergers and acquisitions; take a two-pronged approach for both self-construction and mergers and acquisitions to ensure both areas are properly handled; and seize resources of the counties of Beijing, Tianjin and Hebei, especially Beijing, to promote distributed photovoltaic power projects, with priority given to the development of projects which have significant demonstration and leading role.

2. Perform the reform and innovation to further enhance core competence

In 2022, the Group will continue to allocate more resources in technology innovation with focus on technological empowerment, and promote the “key variable” of technology innovation to become the “maximum increment” for high-quality development. By accelerating the digital transformation of the industry, the Group will realize business informationalisation, supervision digitization, and intelligent operation and maintenance. By accelerating the construction of intelligent supervision centers and region-wide centralized control centers, the Group will extend its supervision coverage to more than 100 wind power plants, photovoltaic power plants, hydropower plants and gas-fired power plants. By all means, the Group will identify all potential risks, perceive the operation status, make all operation data under control, and manage its business operation online, to improve the operation efficiency through the upgraded operation management model.

3. *Insist on safety and environmental protection to further upgrade scientific management and control*

In 2022, the Group will continue to strengthen the management and control of production safety, and uphold the concept of safety development. The Group will earnestly implement the new “Production Safety Law”, and ensure that all employees effectively implement the production safety accountability system and the requirements of “three managements and three musts”. During the epidemic, the Group will take adequate measures for safety and epidemic prevention and control to ensure a stable safety situation; promote energy conservation and emission reduction by actions of “energy efficiency improvement, energy conservation and emission reduction”, and comprehensively implement energy conservation measures, to enhance comprehensive utilization of resources, improve energy efficiency, and promote green and low-carbon development level; strengthen the construction of infrastructure emergency capabilities by establishing a scientific safety system, and widely apply safety information management systems to ensure the realization of infrastructure safety goals.

4. *Set up the dual carbon goal to help re-development of carbon assets*

The Group possessed the natural attribute of renewable energy. After setting up the “dual carbon” goal, the Group will more actively participate in China’s strategy of green and low-carbon energy transformation, and make more efforts to develop the green electricity transactions, green certificate transactions and carbon transactions. The Group will formulate different carbon asset strategies for different projects. In 2022, based on the formulation of the “14th Five-Year Plan”, the Group will establish objectives, routes and timetables of “peak carbon dioxide emission”, coordinate the carbon emissions and carbon assets of all subordinate gas-fired power plants and regional branches, and establish a carbon asset management account, to formulate a unified plan of dual-carbon target. In this year, the Beijing pilot carbon market will be incorporated into the national carbon market. The Group will pay close attention to the changes in the national carbon market policy and market prices, as well as the upcoming CCER trading policy in the national carbon market, and actively participate in carbon market transactions, so as to give full play to the Group’s natural advantages in this segment. The Group will make considerable efforts to realize the dual carbon goal as soon as possible.

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 2021.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company at the annual general meeting for the year ended 31 December 2021 (the "AGM") to be held on 29 June 2022, for their consideration and approval of the payment of a final dividend of RMB7.037 cents per share (tax inclusive) for the year ended 31 December 2021 (the "2021 Final Dividend") payable to the shareholders of the Company, whose names are listed in the register of members of the Company on 12 July 2022, in an aggregate amount of approximately RMB580.2 million. The 2021 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 2021 Final Dividends is expected to be paid on or around 12 August 2022.

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 2021 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 2021 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2021 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 2021 Final Dividends, the H share register of members of the Company will be closed from 24 June 2022 to 29 June 2022 (both days inclusive) and from 7 July 2022 to 12 July 2022 (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 2022.

In order to qualify for receiving the proposed 2021 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 2022.

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 2021.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION

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 2021, and consolidated statement of profit or loss and 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 the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements, issued by the Hong Kong Institute of Certified Public Accountants, and consequently no assurance 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 2021 annual results and the financial statements for the year ended 31 December 2021 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 2021 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

BAI JIN, Chairman
KANG JIN

Deputy General Manager and Company Secretary

Beijing, the PRC

29 March 2022

At the date of this certificate, the executive directors of the Company are Mr. Zhang Fenggang, Mr. Chen Da, Mr. Gao Yigang and Mr. Cao Mahe; the non-executive directors of the Company are Mr. Ren Qigang, Mr. Song Zhigang and Mr. Wang Baogang; the independent non-executive directors of the Company are Mr. Huang Xiang, Mr. Chen Yitong, Mr. Xu Dagang and Mr. Zhang Jie.