

Contents

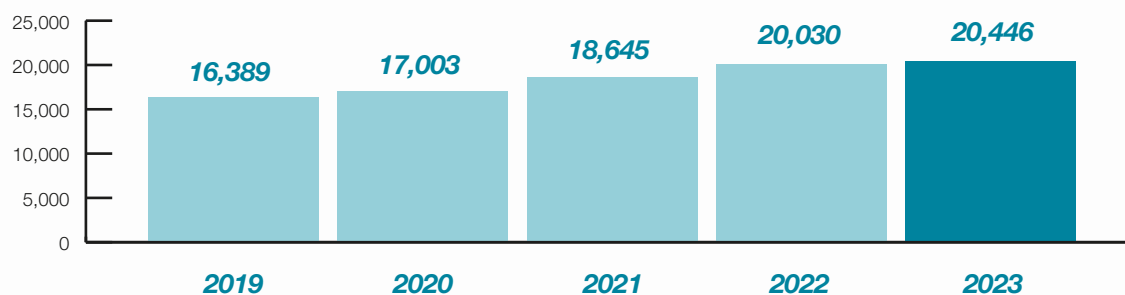
Financial Highlights	2	Corporate Governance Report	75
Financial Summary	3	Independent Auditor's Report	91
Corporate Profile	5	Consolidated Statement of Profit or Loss	96
Chairman's Statement	6	Consolidated Statement of Profit or Loss and Other Comprehensive Income	97
General Manager's Statement	7	Consolidated Statement of Financial Position	98
Management Discussion and Analysis	8	Consolidated Statement of Changes in Equity	101
Human Resources	28	Consolidated Statement of Cash Flows	104
Profiles of Directors, Supervisors and Senior Management	30	Notes to the Consolidated Financial Statements	107
Report of the Directors	41	Definitions	248
Report of the Board of Supervisors	72	Corporate Information	250



Financial Highlights

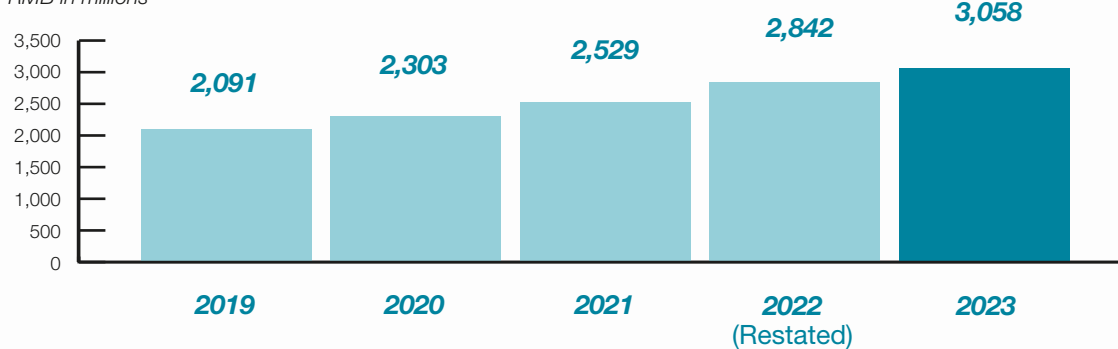
REVENUE

RMB in millions



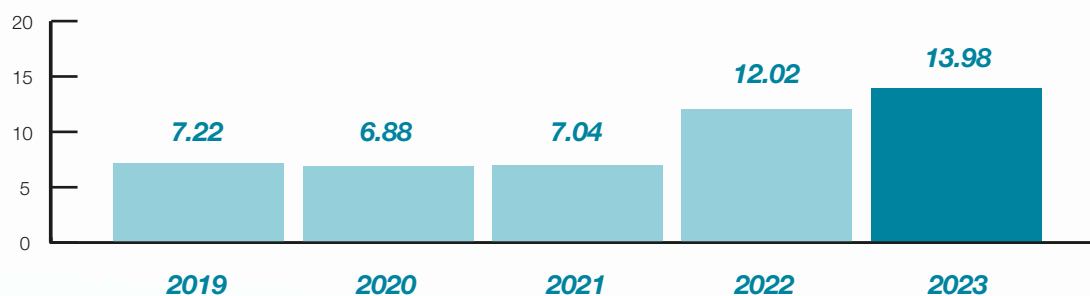
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

RMB in millions



DIVIDEND PER SHARE

RMB cents



Financial Summary

		Year ended 31 December			
	2023 RMB'000	2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000	2019 RMB'000
Revenue	20,446,028	20,030,281	18,645,255	17,003,306	16,388,643
Other income	1,126,679	1,055,415	904,011	797,393	1,051,030
Profit from operations	5,187,881	5,170,923	4,827,967	3,917,090	3,721,816
Profit before taxation	4,143,795	3,843,500	3,284,905	2,953,026	2,675,292
Income tax expense	(908,592)	(820,086)	(615,604)	(557,041)	(507,961)
Profit for the year	3,235,203	3,023,414	2,669,301	2,395,985	2,167,331
Total comprehensive income	3,264,770	2,996,058	2,651,041	2,518,122	2,184,760
Profit for the year attributable to:					
– Ordinary shareholders of the Company	3,057,641	2,841,680	2,528,902	2,303,390	2,090,770
– Holders of perpetual notes	92,240	100,750	59,895	31,950	–
– Non-controlling interests	85,322	80,984	80,504	60,645	76,561
	3,235,203	3,023,414	2,669,301	2,395,985	2,167,331
Total comprehensive income for the year attributable to:					
– Ordinary shareholders of the Company	3,087,208	2,814,324	2,510,642	2,425,527	2,108,199
– Holders of perpetual notes	92,240	100,750	59,895	31,950	–
– Non-controlling interests	85,322	80,984	80,504	60,645	76,561
	3,264,770	2,996,058	2,651,041	2,518,122	2,184,760
Earnings per share (RMB cents)					
Basic and diluted	37.09	34.47	30.67	27.94	25.36

Financial Summary

	2023 RMB'000	As at 31 December			
		2022 RMB'000 (Restated)	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total assets	93,594,441	88,000,237	86,040,207	70,538,308	59,723,159
Non-current assets	73,782,632	69,424,367	66,903,351	55,656,303	49,542,293
Current assets	19,811,809	18,575,870	19,136,856	14,882,005	10,180,866
Total liabilities	59,073,763	55,578,016	54,868,457	44,171,461	36,647,850
Current liabilities	22,211,211	27,361,729	29,140,638	25,244,624	19,437,526
Non-current liabilities	36,862,552	28,216,287	25,727,819	18,926,837	17,210,324
Net assets	34,520,678	32,422,221	31,171,750	26,366,847	23,075,309
Capital and reserves					
Share capital	8,244,508	8,244,508	8,244,508	8,244,508	8,244,508
Reserves	22,433,538	20,345,423	19,106,113	16,249,142	14,428,160
Equity attributable to equity holders of the Company	30,678,046	28,589,931	27,350,621	24,493,650	22,672,668
Perpetual notes	3,023,455	3,027,962	3,027,962	1,525,582	–
Non-controlling interests	819,177	804,328	793,167	347,615	402,641
Total equity	34,520,678	32,422,221	31,171,750	26,366,847	23,075,309

Corporate Profile

Beijing Jingneng Clean Energy Co., Limited (hereinafter referred to as the “**Company**”) was established in August 2010, and is a subsidiary controlled by BEH. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2011. The Company and its subsidiaries (collectively referred to as the “**Group**”) operate business in 26 provinces, municipalities and autonomous regions, such as Beijing, Inner Mongolia, Ningxia, Sichuan, Hunan and Guangdong, and involves in wind power, photovoltaic power, gas-fired power and heat energy generation, small-to-medium-sized hydropower, energy storage and other clean energy generation businesses, which help the Group claim the title of the leading wind power and photovoltaic power operator in China and the largest gas-fired heat and power supplier in Beijing as well as an industry-leading clean energy brand.

As of 31 December 2023, the total consolidated installed capacity of the Company reached 14,482 MW, of which the installed capacity of renewable energy was 9,780 MW. The installed capacity of wind power generation of the Company reached 5,566 MW with the majority located in Inner Mongolia region, Shaan-Gan-Ning region and Beijing-Tianjin-Hebei region in China where wind resources are abundant; the installed capacity of photovoltaic power generation of the Company reached 3,818 MW, which is distributed in northwest China, north China and south China regions with relatively abundant solar resource; the Company operates seven gas-fired cogeneration plants with an installed capacity of 4,702 MW in Beijing, accounting for over 40% of gas-fired power generation of Beijing and accounting for over 40% of centralized heating supply of Beijing, being the leading gas-fired heat and power supplier in Beijing; the Company also operates other clean energy business like small-to-medium-sized hydropower which has a consolidated installed capacity of 396 MW mainly distributed in southwest China with abundant water resources.

Always with a focus on economic efficiency and a goal of promoting high-quality development, the Company continues to optimise the industrial layout and implement the efficient strategy of wind and photovoltaic power generation. The Company strictly follows the principle of “seeking progress while maintaining steady development”, deeply practices the major strategic decision of “Peaking Carbon Dioxide Emission and Achieving Carbon Neutrality”, and takes green development as the first priority, technological innovation as the first driving force, and talent team as the utmost important resource, so as to promote the sustainable development with higher quality and efficiency, and advance our efforts in developing the Company into a more intelligent, carbon-efficient, flexible and resilient world-class clean energy service provider in the capital.

Chairman's Statement

Dear Shareholders,

2023 marked the first year to fully implement the guiding principles of the 20th CPC National Congress. Faced with a complex and difficult environment for development and overlapping risks and challenges, all employees of the Group forged ahead against all odds, pressed on with concrete efforts for achievements, and shouldered responsibilities to strengthen our original aspiration. We demonstrated our responsibility and initiative in taking on major challenges, embodied our hardworking and dedication in establishing first-mover advantage, and manifested our resilience in value creation, making historic breakthroughs and achievements in all aspects.

Since 2023, the geopolitical situation has deteriorated with intensified tensions, and the restructuring of global energy demand and supply landscape was accelerated. The Chinese economy still faces multiple challenges and pressures, including shrinking overseas demand and lackluster domestic demand, cutting overcapacity in traditional industries and slowing down of emerging industries, phased decline in market prices and lack of corporate confidence, and the coexistence of containment by developed economies and catch-up by emerging economies. In the backdrop of profound and sweeping changes in the world, China's economy has embarked on a recovery curve with the support of energy industry despite sustained pressure.

In 2023, the clean energy industry contributed RMB11.4 trillion to China's GDP, accounting for 9% with the top ranking among all industries; the total installed capacity of renewable energy power generation in China reached 1,516 gigawatts (GW), surpassing the installed capacity of thermal power generation for the first time in history.

It was pointed out at the national energy work conference that the key tasks of China's energy work in 2024 is to achieve the "double enhancement" of capabilities for ensuring energy supply and green development. The conference established that China aims to build 200 GW of newly installed wind and solar capacity in 2024, keeping a strong momentum for rapid growth. The Group will adhere to its established development strategy, and gain an accurate understanding of the domestic and overseas environment and our current development stage. We will further cement solid foundations for steady growth, cultivate new growth drivers, remain resolute in our determination to abolish the obsolete and outdated economic drivers, with an aim to take solid steps to ensure the accomplishment of various tasks in 2024.

We wrapped up the year of 2023 with successes and achievements. In 2024, the Group will work hard and fight adversity in close solidarity and with the unyielding spirit, break the waves and sail out for our journey ahead with confidence and courage to advance our efforts in developing the Company into a more intelligent, carbon-efficient, flexible and resilient world-class clean energy service provider in the capital.

On behalf of the Board of Directors of the Company, I hereby extend my heartfelt gratitude to all shareholders for their long-term support and trust.

General Manager's Statement

Dear Shareholders, the Board of Directors and the Board of Supervisors,

In 2023, the Group management united and led all employees under the outstanding leadership of the Board, conscientiously implemented the guiding principles of the annual work meeting, pressed ahead in solidarity, and made major breakthroughs in all aspects of work, with significant improvement in the comprehensive management strength, overall stable performance in work safety, and the record high in asset, operation and growth indicators, continuously maintaining a positive development momentum with steady and good progress.

As at the end of 2023, the Group had total assets of RMB93.59 billion and a total installed capacity of 14.482 million kW under operation, among which, the installed capacity of renewable energy power generation reached 9.78 million kW, representing 68% of the total installed capacity. The annual power generation was 38.89 billion kWh and annual heat generation was 27.16 million GJ. The operating revenue for the year was RMB20.446 billion, achieving a profit before tax of RMB4.144 billion.

In 2023, we achieved higher efficiency in project development, and completed developed capacity of 5.33 million kW for the year, which tripled from the previous year. We successfully obtained development indicators for the project of hydrogen production with wind power in Hinggan League, and made major progress in the Gigawatt-level offshore wind power project in Shantou. We realized better quality in project construction, and the Zhangjiakou-Beijing renewable energy comprehensive application demonstration project was awarded with the "Gold Award for National Quality Project", being the first onshore wind power project to receive such honor. We unleashed more dynamic innovation drive, and the smart monitoring centres of the Company were fully completed, with more than 100 wind farms and photovoltaic power projects basically achieving the new regional operation and maintenance model of "unattended or few people on duty, and intelligent operation and maintenance". We made more vigorous efforts in fulfilling our responsibilities, and were successfully included into the "ESG Pioneer 30 Index among the Listed Companies under the Beijing Municipal State-owned Assets Supervision and Administration Commission (北京市屬國有控股上市公司ESG先鋒30指數)", being the sole recipient with the highest 4.5-star rating.

In 2024, the Group will adapt to the sweeping trend of promoting transition to green and low-carbon social and economic development, make all-out effort to expedite diversified and high-efficient development, focus on market expansion, deepen quality improvement and efficiency enhancement, speed up digital empowerment, and consolidate risk prevention and control, so as to further strengthen its core corporate competitiveness. By doing so, we advance our efforts in developing the Company into a more intelligent, carbon-efficient, flexible and resilient world-class clean energy service provider in the capital, create greater returns for all investors, and contribute our strength as a state-owned enterprise in Beijing for the realization of the "carbon peak and carbon neutrality" goals.

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

Management Discussion and Analysis

I. REVIEW OF THE ELECTRIC POWER INDUSTRY

In 2023, China had witnessed safe and reliable electricity supply, and recorded positive growth in electricity consumption, achieving a supply-demand balance as a whole and continuous advancement in the green and low-carbon transition. In 2023, the national electricity consumption reached 9.22 trillion kWh, representing a year-on-year increase of 6.7%, up by 3.1 percentage points over 2022. Driven by the rebound and growth in the national economy, the electricity consumption recorded greater growth over the previous year.

The electric power industry continued to push forward the green and low-carbon transition. According to the statistics from China Electricity Council and the National Energy Administration, the national electricity installed capacity in total was 2.92 billion kW as at the end of 2023, representing a year-on-year increase of 13.9%, among which, the installed capacity of non-fossil fuel was 1.57 billion kW, representing a year-on-year increase of 23.6% with its proportion to the total installed capacity exceeding 50% for the first time and overtaking the installed capacity of thermal power generation for the first time. The installed capacity of wind power generation was 440 million kW, representing a year-on-year increase of 20.7%, and the installed capacity of photovoltaic power generation was 610 million kW, representing a year-on-year increase of 55.2%. The national installed capacity of on-grid wind and photovoltaic power generation increased from 760 million kW as at the end of 2022 to 1.05 billion kW as at the end of 2023 after breaking the thresholds of 800 million kW, 900 million kW and 1 billion kW in a row, representing a year-on-year increase of 38.2% with its proportion to the total installed capacity increasing to 36.0%, up by 6.4 percentage points as compared to the previous year.

In 2023, the power generation of power plants above the national scale was 8.9 trillion kWh, representing a year-on-year increase of 5.2%. The on-grid wind power and solar power generation recorded a year-on-year increase of 16.2% and 36.7% respectively. The electricity trading centers across the country managed to organise electricity transaction of 5.7 trillion kWh in the market, representing a year-on-year increase of 7.9%, accounting for 61.4% of the national electricity consumption, up by 0.6 percentage points over the previous year.

In 2023, the utilisation hour of power generation equipment of power plants with a capacity of 6,000 kW or above in China was 3,592 hours, representing a year-on-year decrease of 101 hours. Among which, the utilisation hour of on-grid wind power generation was 2,225 hours, representing a year-on-year increase of 7 hours; the utilisation hour of on-grid solar power generation was 1,286 hours, representing a year-on-year decrease of 54 hours; the utilisation hour of hydropower generation was 3,133 hours, representing a year-on-year decrease of 285 hours; the utilisation hour of thermal power generation was 4,466 hours, representing a year-on-year increase of 76 hours, of which the utilisation hour of gas power generation was 2,436 hours, representing a year-on-year decrease of 4 hours.

Management Discussion and Analysis

II. BUSINESS REVIEW FOR THE YEAR OF 2023

The year 2023 served as the opening chapter to fully implement the guiding principles of the 20th CPC National Congress. The Group maintained a positive development momentum with steady and good progress. With remarkable progress in its economies of scale, corporate governance and comprehensive strength, the Group opened a new chapter in production safety, green development and industrial upgrading, bringing a new development pattern and new prospects to the Company.

1. Focusing on high-quality development with revenue and profit hitting a new high

In 2023, the Group recorded an operating income of RMB20.446 billion and a profit before taxation of RMB4.144 billion, reaching a new historic high. Among which, profit before taxation from the gas-fired power generation segment was RMB1.865 billion, representing a year-on-year increase of 3.50%; profit before taxation from the renewable energy power generation was RMB2.909 billion, representing a year-on-year increase of 11.72%. In 2023, the return on net assets of the Group attributable to equity holders of the Company was 10.32%, representing a year-on-year increase of 0.16 percentage points, keeping at a relatively high level for several years in a row.

In 2023, in order to effectively respond to the power market reform and enhance the core competitiveness of its subsidiaries in the power market, the Group made great efforts to explore the spot market by complementing with spot trading and improving the power marketing system while maintaining the stability of medium to long-term trades, and invited a number of experts specialising in power sales and marketing to deliver trainings on trading rules, trading strategies and spot trading practice with a focus on Guangdong, Shanxi, western Inner Mongolia, Ningxia and other representative areas.

In 2023, the Group ramped up efforts to deepen the reform of state-owned enterprises and further advanced the Double Hundred Action for SOE Reform. Focusing on economic benefits and upholding the people-oriented philosophy, the Group actively promoted the equity incentive plan to forge a community with shared interests by deeply aligning the long-term interests of employees with the long-term growth of the Company. The implementation of this plan will fully motivate the enthusiasm, initiatives and creativity of talents and key employees, which will help to improve the operating performance and core competitiveness of the Company and promote high-quality development of the Company.

2. Focusing on Carbon Peaking and Carbon Neutrality strategy with developed capacity of renewable energy tripled from the previous year

In 2023, the Group took proactive measures to cope with the intensified market competition with a focus on the Carbon Peaking and Carbon Neutrality strategy. The Group completed developed capacity of renewable energy of 5.33 million kW for the year, which tripled from the previous year, of which the capacity of independently-developed projects was 4.8 million kW, and the capacity of acquired projects was 0.53 million kW.

In 2023, new progress had been made for the development of the Group's key projects. The Group successfully obtained development indicators for several projects including the project in Lingshou, Shijiazhuang and the project of hydrogen production with green power in Hinggan League. The pumped storage project in Mentougou District has been filed with the National Energy Administration as the recommended station of Beijing City.

In 2023, the Group scored new achievements in the development of its new energy business. The Group was included in the shortlist of the "final round" for the bidding and allocation of the offshore wind power project in Shantou; obtained approval for the "flywheel + iron-zinc self-stratified liquid flow energy storage" project of Jingneng Yichang Thermal Power from Energy Administration of Hubei Province; completed the filing for hydrogen production station for the wind power hydrogen production project in Hinggan League, and filed the application for the first batch of "demonstration projects featuring advanced green and low-carbon technologies" to Inner Mongolia Autonomous Region.

In 2023, the Group achieved new breakthroughs in the development of the renewable energy projects in Beijing. The Group successfully completed filing for the distributed photovoltaic project operated by Starmusic (星海琴行) with a capacity of 18,000 kW, and completed the development of the project planning and implementation proposal for the comprehensive energy center of Jingfeng Gas.

In 2023, while striving to mitigate the negative impact of the pandemic on the first two years for the implementation of the "14th Five-Year Plan", the Group continued to adhere to the "two-wheel drive" strategy, and achieved a new record high in development scale by strenuously promoting the large-scale and diversified development of renewable energy, laying a solid foundation for the high-quality development during the later stage of the "14th Five-Year Plan".

Management Discussion and Analysis

3. Focusing on high-quality growth with power generation reaching a record high

In 2023, the Group firmly seized the strategic initiative and took a lead in the development trend by continuously promoting the “wind power and photovoltaic power integration strategy”, so as to realize the important transition from “quantitative accumulation” to “qualitative leap”. As of 31 December 2023, the installed capacity of renewable energy power generation of the Group reached 9.78 million kW, more than doubling the installed capacity of gas-fired power generation. In recent years, the installed capacity structure of Group has gradually shifted from “gas-fired power generation in dominance” to “expediting the renewable energy power generation to catch up” and finally to “renewable energy taking the lead”. This transition in energy mix has achieved a “qualitative leap”.

As of 31 December 2023, newly-added on-grid installed capacity of the wind power generation segment was 500,000 kW, representing a year-on-year increase of 9.9%, with the installed capacity of this segment ranking top among our principal businesses; and newly-added on-grid installed capacity of the photovoltaic power generation segment was 286,000 kW, representing a year-on-year increase of 8.1%. In addition, the Group had projects under trial operation with an installed capacity of approximately 1.693 million kW, all being renewable energy projects; in-progress projects with a capacity of approximately 1.582 million kW, of which the in-progress renewable energy projects had an installed capacity of approximately 1.432 million kW. The installed capacity of reserve projects amounted to over 28 million kW, of which the installed capacity of renewable energy reserve projects was over 25.60 million kW.

In 2023, the total power generation of the Group for the year was 38.89 billion kWh, representing a year-on-year increase of 6.2%. Among which, the power generation of the renewable energy reached 19.47 billion kWh, representing an increase of 1.88 billion kWh as compared to the previous year or a year-on-year increase of 10.7%, which exceeded the power generation of the gas-fired power generation segment. The power generation of the Group's wind power generation segment reached 12.60 billion kWh, representing an increase of 1.73 billion kWh as compared to the previous year or a year-on-year increase of 15.9%, and the equipment utilisation hour of this segment was 2,304 hours, representing an increase of 82 hours as compared to the previous year, 79 hours longer than the national average level; the power generation of the photovoltaic power generation segment reached 5.29 billion kWh, representing an increase of 280 million kWh as compared to the previous year or a year-on-year increase of 5.4%, and the equipment utilisation hour of this segment was 1,387 hours, 101 hours longer than the national average level.

The Group achieved remarkable progress in the transition to renewable energy, which started to show positive results in the large-scale and high-efficient development, with quality renewable energy projects becoming the robust drivers for the high-quality development of the Group.

4. Focusing on cost reduction and potential tapping in an effort to improve quality and enhance efficiency

In 2023, with a focus on cost reduction and potential tapping, the Group leveraged on its advantage in economies of scale and implemented centralised procurement, cutting operation costs by over RMB30 million. The Group gave full play to the digital operation advantage of the centralised control centers to reduce onsite repetitive tasks by approximately 70%, thus increasing the operation management capacity per capita by approximately 35%, leading to a reduction of approximately 400 operation and maintenance staff. The Group fixed work posts and defined personnel quota in a scientific manner to keep the total headcount at a reasonable level, with the staffing of the gas-fired power generation segment being 2% lower than the standard level and the staffing of the regional branch companies being 10.8% lower than the standard level. The Group explored diversified financing channels, with the average capital costs being only 2.85%, down by 58 percentage points from the previous year and representing a year-on-year decrease of 17%.

In 2023, the Group made strenuous efforts to improve quality and enhance efficiency, and has implemented a radial solution to the power curtailment issue confronted by the wind and photovoltaic power projects, resulting an increase in power generation of approximately 400 million kWh for the year. The Group carried out carbon quota trading for approximately 0.5 million tons, recording a revenue from carbon assets of approximately RMB30 million.

5. Focusing on innovation and development with initial success in digital transformation

In 2023, the Group was committed to enhancing the top-level design of digital transformation and pursuing the deepened integration of digitalization and main business, and further optimized and improved three-tier intelligent supervision system, initially achieving the production and operation model of “unattended or few people on duty, centralised monitoring, and intelligent operation and maintenance”. Through digital transformation, we integrated business processes, explored data value, and achieved the digital application of unified storage platform for materials, safety

Management Discussion and Analysis

6. Focusing on social responsibilities and fulfilling responsibilities of state-owned enterprises

The Group has always insisted on preventing and resolving material risks from the root cause, establishing a system-wide risk prevention and control system with comprehensive coverage of all levels of the hierarchy and all business segments. We have built a safety accountability system with grid management and linear communication to promote the solid implementation of safety management duty performance checklists; we focused on safety evaluation and safety patrol and inspections to put in place a potential hazard identification and rectification system that combines self-inspection by the subsidiaries and supervision by the Company; we adhered to the guidance of safety culture and further built consensus on safety by raising safety awareness among all employees. Six subsidiaries of the Group were awarded “National Demonstration Enterprise of Safety Culture Construction”, and Beijing Jingneng Jingxi Gas-fired Power Co., Ltd. won the first place among the National Model Units for Power Generation Reliability.

Bearing in mind the missions and responsibilities of state-owned enterprises in the capital, the Group focused on building intrinsic safety enterprise, made all-out efforts to ensure the two important things of safety and supply guarantee, and firmly held the “fundamentals” for safe development. We refined and improved work measures, overcame adverse impacts such as bad weather, and completed important power and heat supply missions including the “Two Sessions” (NPC and CPPCC) and “China International Fair for Trade in Services” with high quality. Faced with the extreme cold weather in Beijing at the end of 2023, the Group effectively organised the gas-fired power plants in Beijing to get prepared for demands for heavy-loading heat supply and higher heat energy temperature during the cold wave and blizzard period, so as to ensure supply needs of the municipal heat supply network. We demonstrated the key role of a state-owned enterprise in the capital at critical moments, with simultaneous progresses made in fulfilling political, economic and social responsibilities of the Company.

As one of the “Double Olympics enterprise”, the Group has completed the construction of Beijing-Zhangjiakou Olympics wind power project with high quality, which was awarded with the “Gold Award for National Quality Project” for onshore wind power project, being the sole recipient nationwide, and continues to “light up the lights in Beijing via the wind from Zhangbei”. While vigorously developing its main business, the Group has not forgotten to actively fulfill its social responsibilities and consolidated the achievements made in poverty alleviation in coordination with the extensive drive for rural vitalization. It has implemented a total of over 20 assistance projects to strengthen local industries and donated over RMB30 million to society. The Group was awarded the highest ESG star rating among the listed companies under the Beijing Municipal State-owned Assets Supervision and Administration Commission, demonstrating the positive image of JNCEC as a “responsible SOE”.

III. BUSINESS OUTLOOK FOR 2024

2024 marks the 75th anniversary of the founding of the People's Republic of China, it's a crucial year to fully implement the 14th Five-year Plan. The Group is always committed to the priority of high-quality development, focusing on the growth of the clean energy main business, ensuring the energy supply security, and serving the realization of carbon neutrality in the capital. We make solid efforts to accomplish various tasks such as increasing efficiency, promoting reform, and preventing risks, strive to seek rapid and optimal progress while maintaining steady development, and take the initiative to reach new heights. In doing do, we hope to build the Group into a world-class "smarter, more carbon-efficient, more flexible, and more resilient" clean energy service provider for the capital.

1. **Stepping up efforts to expedite the realization of 12.50 million kW target for installed capacity of non-fossil fuel and striving to surpass the development target of a total installed capacity of 17.35 million kW**

In 2024, the Group will focus the implementation of Carbon Peaking and Carbon Neutrality Goals, continue to consolidate and uphold the "wind power and photovoltaic power integration strategy", and improve the overall acquisition and development capabilities for high-quality resources. In terms of the layout of conventional projects, we will deepen the development in regions with existing advantages to build a number of handpicked high-quality projects with scale effects, stable power consumption, and high yields, and devote great energy to facilitate the approval and implementation of offshore wind power project in Shantou; in terms of breakthroughs in base projects, we will make all-out efforts to advance the preliminary work of large base projects such as Chengde and Xilingol League by leveraging on the advantages of "Green-Power-to-Beijing", and actively take part in the desertification control project with wind and photovoltaic power generation projects; in terms of emerging business development, we will make every effort to plan the layout of pumped storage projects, push forward the earlier inclusion of Mentougou project into the national special plan.

In 2024, the Group will keep to the 12.50 million kW target for installed capacity of non-fossil fuel, further expedite the construction of in-progress projects, and strictly control project quality and cost, making best efforts to promote on-grid power generation of high-quality projects; further solidify the preparation work for the construction of new projects, and seek to push forward the early start for construction and production, striving to surpass the development target of a total installed capacity of 17.35 million kW.

Management Discussion and Analysis

2. Taking multiple measures to eliminate the tariff adjustment impact of gas-fired power plants in Beijing and striving to surpass the profit target of RMB4.1 billion

In January 2024, the Group received the Notice on Relevant Issues Concerning the On-grid Tariff of Gas-fired Power Plants in Beijing issued by the Beijing Municipal Commission of Development and Reform, and the adjustment in tariff will have an impact on the total profit of the gas-fired power generation segment of the Group ranging from RMB600 million to RMB700 million in 2024.

In the backdrop of tariff adjustment of gas-fired power plants in Beijing, in 2024, the Group will continue to ensure people's livelihoods by providing stable electricity and heat supply, make overall planning in advance on heating supply plan and unit operation method of gas-fired power generation segment, step up efforts to enhance equipment reliability, so as to create favorable conditions for stable heating supply and power generation increase. We will optimize power generation schedule and maintenance plan to seize the heavy load period; explore hydrogen-blended combustion technology for gas turbines and strive to reduce gas consumption; proactively seek and meet customer needs by leveraging geographical advantages and accelerate the transformation into regional comprehensive energy center; pursue heating supply and power generation synergies and tap into heat and cold markets; and continuously increase the market share of heating supply for the capital to hedge against the adverse impact of tariff adjustments in the gas-fired power generation segment.

In addition, in terms of renewable energy business, the Group will accelerate the construction of in-progress projects to expand on-grid capacity at a speedy pace. The Group will solidify the preparation work to promote the early commencement and commissioning of projects. In addition, the Group will step up efforts in project development and comprehensively enhance the capability to acquire and develop high-quality resources. Meanwhile, the Group will strengthen research on regional power policies and power market trading rules, improve power marketing for wind power and photovoltaic power generation projects, coordinate medium to long-term trade and spot trading ratios, and monitor local volume and price structures and inter-grid and trans-provincial spot trading. We will formulate the best trading strategies to further increase project utilisation hours, actively participate in green power and green (renewable energy) certificate trading to increase the value per kWh, and strive to further improve the development quality of the Company with market-oriented marketing methods.

In 2024, the Group will ensure the coordinated development of “quality enhancement of existing projects” and “handpicking incremental projects”, and cultivate the dual advantages in operational cost and operation model, with an aim to strengthen its core competitiveness. The Group will actively implement energy conservation and consumption reduction, improve cost control; strengthen regional high-efficient operation, give full play to the management efficiency of the “unattended or few people on duty, centralised monitoring, and intelligent operation and maintenance” operation model of centralised control center, further reduce operational cost and keep enhancing the risk resilience of existing projects; continue to expand financing channels and optimize financial structure, and make efforts to realize the goals of cost-reduction, stabilizing leverage, and reducing accounts receivables and inventory.

In general, the Group will take various measures such as increasing the incremental scale of wind power and photovoltaic power projects, improving the efficiency of the existing wind power and photovoltaic power projects and unleashing the internal potentials of gas-fired power plants, striving to surpass the profit target of RMB4.1 billion and eliminate the impact of tariff adjustments in gas-fired power plants in Beijing.

3. Taking multiple measures to realize leapfrog development in digital transformation and actively build the new quality productive forces of the Group

In 2024, the Group will give full play to the leading role of technological innovation, focus on industry digitalisation and governance modernisation, and promote the in-depth integration of “digital + energy”. We will try our best to complete overall planning for digital transformation with unified structures, standards and platforms; continue to implement the functional improvement and iterative upgrading of smart monitoring center, enhance management efficiency by reengineering digital management process, and further explore data value; strive to build a digital intelligent company with “scenario-based experience, intelligent production, smart management and integrated development”.

In 2024, the Group will continue to increase investment in sci-tech research and development, promote the construction of a digital operation platform that integrates production, operations and finance, gradually realize the shift of functions from real-time supervision to decision-making assistance. The Group will promote the transition to new operation and management model by driving digital transformation, and effectively transform digital empowerment into competitive advantages and operational efficiency. Focusing on the innovation drive as the key to underpin the “new” and enhancing “quality” with high-quality development, we will continue the industry upgrading with higher development efficiency and effectiveness, and actively build the new quality productive forces of the Group.

Management Discussion and Analysis

4. Exerting our utmost efforts to strictly implement work safety management to ensure safety and facilitate the stability and new development of the Group

Gas-fired Power and Heat Energy Generation Segment

The operating income from the gas-fired power and heat energy generation segment increased by 0.82% from RMB12,465.8 million for 2022 to RMB12,568.2 million for 2023, of which, revenue from sales of electricity increased by 1.46% from RMB10,311.7 million for 2022 to RMB10,462.1 million for 2023, due to the increase in sales volume of electricity of this segment. Revenue from sales of heat energy decreased by 2.23% from RMB2,154.1 million for 2022 to RMB2,106.1 million for 2023, due to the extension of heating supply period during the previous year.

Wind Power Segment

The operating income from wind power segment increased by 4.50% from RMB4,317.6 million for 2022 to RMB4,511.9 million for 2023, 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 8.74% from RMB2,720.0 million for 2022 to RMB2,957.8 million for 2023, due to an increase in sales volume of electricity as a result of the 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 12.40% from RMB368.4 million for 2022 to RMB322.7 million for 2023, 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 46.05% from RMB158.5 million for 2022 to RMB85.4 million for 2023, due to a decrease in revenue from external finance lease.

3. Other Income

Other income increased by 6.76% from RMB1,055.4 million for 2022 to RMB1,126.7 million for 2023, due to the increase in 50% refund of value-added tax for the increase in revenue from sales of electricity in wind power segment and the increase in income from carbon credits.

Management Discussion and Analysis

4. Operating Expenses

Operating expenses increased by 2.95% from RMB15,914.8 million for 2022 to RMB16,384.8 million for 2023, due to the cost expensed following the increase in the installed capacity which has been put into production in the wind power segment and the photovoltaic power segment.

Gas Consumption

Gas consumption increased by 1.94% from RMB9,186.9 million for 2022 to RMB9,365.4 million for 2023, due to an increase in gas consumption as a result of the increase in sales volume of electricity of the gas-fired power and heat energy generation segment.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 4.53% from RMB3,681.0 million for 2022 to RMB3,847.9 million for 2023, due to an increase in installed capacity which has been put into production in the wind power segment and the photovoltaic power segment.

Personnel Cost

Personnel cost increased by 10.29% from RMB1,227.1 million for 2022 to RMB1,353.4 million for 2023, due to the increase in the number of employees as a result of the business development of the Group, and personnel costs expensed following the commencement of production of new projects.

Repairs and Maintenance

Repairs and maintenance decreased by 42.60% from RMB560.5 million for 2022 to RMB321.7 million for 2023, due to the overhaul carried out on certain generator units of the gas-fired power and heat energy generation segment in last year and the reduction of cost during the year.

Other Expenses

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

Other expenses increased by 14.24% from RMB1,054.7 million for 2022 to RMB1,204.9 million for 2023, due to an increase in operating expenses as a result of the commencement of production of new projects of the wind power segment and the photovoltaic power segment.

Other Gains and Losses

Other gains and losses increased by 40.83% from a loss of RMB201.3 million for 2022 to a loss of RMB283.5 million for 2023. Losses for the year was attributable to the provisions for impairment on the assets of certain power stations.

5. Operating Profit

As a result of the above, operating profit increased by 0.33% from RMB5,170.9 million for 2022 to RMB5,187.9 million for 2023.

Gas-fired Power and Heat Energy Generation Segment

The operating profit of gas-fired power and heat energy generation segment increased by 1.32% from RMB1,854.2 million for 2022 to RMB1,878.6 million for 2023, due to a decrease in maintenance costs in this segment and the increase in sales volume of electricity.

Wind Power Segment

The operating profit of wind power segment increased by 15.29% from RMB2,171.0 million for 2022 to RMB2,502.9 million for 2023, due to an increase in the installed capacity of this segment which has been put into production.

Photovoltaic Power Segment

The operating profit of photovoltaic power segment decreased by 9.25% from RMB1,479.3 million for 2022 to RMB1,342.4 million for 2023, due to the provision for impairment losses of certain assets of this segment.

Hydropower Segment

The operating profit of hydropower segment decreased by 108.98% from RMB142.6 million for 2022 to a loss of RMB12.8 million for 2023, due to the impairment losses of certain assets in this segment in the year.

Other Segment

Losses incurred by other segment increased from a loss of RMB438.6 million for 2022 to a loss of RMB538.1 million for 2023, due to an increase in the amount of issue discounts as a result of an increase in issuance size of asset-backed securities backed by accounts receivables.

Management Discussion and Analysis

6. Finance Costs

Finance costs decreased by 17.16% from RMB1,501.0 million for 2022 to RMB1,243.4 million for 2023, due to the decrease in financing costs of the Company, with the average interest rate decreasing by 0.58 percentage points from 3.43% for 2022 to 2.85% for 2023.

7. Share of Results of Associates and a Joint Venture

Share of results of associates and a joint venture increased from a profit of RMB115.5 million for 2022 to a profit of RMB131.2 million for 2023, due to the increase in results of Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd. attributable to the Group.

8. Profit before Taxation

As a result of the foregoing, profit before taxation increased by 7.81% from RMB3,843.5 million for 2022 to RMB4,143.8 million for 2023.

9. Income Tax Expense

Income tax expense increased by 10.79% from RMB820.1 million for 2022 to RMB908.6 million for 2023. Effective tax rate was 21.93% for 2023.

10. Profit for the year

As a result of the foregoing, profit for the year increased by 7.01% from RMB3,023.4 million for 2022 to RMB3,235.2 million for 2023.

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 7.60% from RMB2,841.7 million for 2022 to RMB3,057.6 million for 2023.

V. FINANCIAL POSITION

1. Overview

As of 31 December 2023, total assets of the Group amounted to RMB93,594.4 million, total liabilities amounted to RMB59,073.7 million and total equity amounted to RMB34,520.7 million, among which equity attributable to the equity holders amounted to RMB30,678.0 million.

2. Particulars of Assets and Liabilities

Total assets increased by 6.36% from RMB88,000.2 million as at 31 December 2022 to RMB93,594.4 million as at 31 December 2023, due to the increase in investment in new projects and merger and acquisition projects. Total liabilities increased by 6.29% from RMB55,578.0 million as at 31 December 2022 to RMB59,073.7 million as at 31 December 2023, which was attributable to the increase in liabilities due to the increasing number of projects. Total equity increased by 6.47% from RMB32,422.2 million as at 31 December 2022 to RMB34,520.7 million as at 31 December 2023, which is attributable to the increase in accumulated business results. Equity attributable to equity holders of the Company increased by 7.30% from RMB28,589.9 million as at 31 December 2022 to RMB30,678.0 million as at 31 December 2023, which was attributable to the increase in accumulated business results in 2023.

3. Liquidity

As of 31 December 2023, current assets amounted to RMB19,811.8 million, including monetary capital of RMB6,605.1 million, bills and accounts receivables of RMB10,921.9 million (mainly comprising receivables from sales of electricity and sales of heat), finance receivables of RMB434.9 million, and prepayment and other current assets of RMB1,849.9 million (mainly comprising deductible value-added tax and other accounts receivables).

Current liabilities amounted to RMB22,211.2 million, including short-term borrowings of RMB9,744.0 million, short-term financing debentures of RMB4,828.9 million, medium-term notes due within one year of RMB93.2 million, corporate bonds of RMB13.8 million, bills payables and accounts payables of RMB6,691.9 million (mainly comprising payables for gas, payables for construction projects and purchase of equipment). Other current liabilities amounted to RMB839.4 million, mainly comprising income tax payable and amounts due to related parties, etc.

Net current liabilities decreased by 72.69% from RMB8,785.9 million as at 31 December 2022 to RMB2,399.4 million as at 31 December 2023, mainly due to the change in finance structure and the issue of asset-backed securities backed by the accounts receivables for the repayment of due liabilities.

Management Discussion and Analysis

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 0.14 percentage points from 55.79% as at 31 December 2022 to 55.65% as at 31 December 2023.

The Group's long-term and short-term borrowings increased by 7.62% from RMB46,386.6 million as at 31 December 2022 to RMB49,920.8 million as at 31 December 2023, including short-term borrowings of RMB9,744.0 million, long-term borrowings of RMB28,148.8 million,

and 15,466.6 million as at 31 December 2023.

VI. OTHER SIGNIFICANT EVENTS

1. Financing

On 13 February 2023, the Group completed the issuance of the first tranche RMB1,500 million 269-day ultra-short-term financing debentures of 2023 at an interest rate of 2.36%;

On 17 April 2023, the Group completed the issuance of the second tranche RMB2,000 million 178-day ultra-short-term financing debentures of 2023 at an interest rate of 2.29%;

On 14 June 2023, the Group completed the issuance of the third tranche RMB1,500 million 176-day ultra-short-term financing debentures of 2023 at an interest rate of 1.92%;

On 17 August 2023, the Group completed the issuance of the fourth tranche RMB1,000 million 245-day ultra-short-term financing debentures of 2023 at an interest rate of 2.12%;

On 21 August 2023, the Group completed the issuance of the fifth tranche RMB1,000 million 241-day ultra-short-term financing debentures of 2023 at an interest rate of 2.12%;

On 9 October 2023, the Group completed the issuance of the sixth tranche RMB1,700 million 269-day ultra-short-term financing debentures of 2023 at an interest rate of 2.40%;

On 7 November 2023, the Group completed the issuance of the seventh tranche RMB1,100 million 268-day ultra-short-term financing debentures of 2023 at an interest rate of 2.51%;

On 11 April 2023, the Group completed the issuance of the first tranche RMB1,000 million medium-term notes of 2023, with a period of 2+N years and at an interest rate of 3.20%;

On 4 May 2023, the Group completed the issuance of the second tranche RMB2,000 million medium-term notes of 2023, with a period of 5 years and at an interest rate of 3.22%.

On 10 July 2023, the Group completed the issuance of the third tranche RMB500 million medium-term notes of 2023, with a period of 3+N years and at an interest rate of 3.19%;

On 21 December 2023, the Group completed the issuance of the fourth tranche RMB500 million medium-term notes of 2023, with a period of 3+N years and at an interest rate of 3.09%.

The commissions paid for each of the above fund raising activities were no more than RMB2 million.

Management Discussion and Analysis

2. Capital Expenditure

In 2023, the Group's capital expenditure amounted to RMB8,479.6 million, including RMB220.6 million incurred for construction projects in the gas-fired power and heat energy generation segment, RMB4,309.4 million incurred for construction projects in the wind power segment, RMB3,922.8 million incurred for construction projects in the photovoltaic power segment, RMB13.1 million incurred for construction projects in the hydropower segment, and RMB13.7 million incurred for construction projects in other segment.

3. Acquisition and Establishment of Subsidiaries

According to the development plan of the Company, in 2023, the Company acquired seven project companies including Guangdong Ansheng New Energy Co., Ltd. (廣東安晟新能源有限公司) and Xiamen Yangwanzhang Clean Energy Co., Ltd. (廈門陽萬丈清潔能源有限公司) which are engaged in the construction of photovoltaic power generation projects; acquired Ningxia Zehua New Energy Co., Ltd. (寧夏澤華新能源有限公司), which is engaged in the construction of wind power projects; acquired all equity interests of Hengfeng County Jingneng Power Co., Ltd. (橫峰縣晶能電力有限公司), a minority shareholder of Shouyang Jingshou Photovoltaic Power Generation Co., Ltd. (壽陽京壽光伏發電有限公司) ("**Shouyang Jingshou**"), turning Shouyang Jingshou into a wholly-owned subsidiary of the Company, and acquired all equity interests of Hengfeng County Jingtai Power Co., Ltd. (橫峰縣晶泰電力有限公司), a minority shareholder of Haixing Jingxing New Energy Co., Ltd. (海興京興新能源有限公司) ("**Haixing Jingxing**"), turning Haixing Jingxing into a wholly-owned subsidiary of the Company.

In 2023, the Company established Shantou Jingneng Clean Energy Co., Ltd. (汕頭京能清潔能源有限公司), which is engaged in offshore wind power generation; established Jingneng Laiyuan Clean Energy Co., Ltd. (京能涞源清潔能源有限公司), Jingneng Luanping Clean Energy Co., Ltd. (京能灤平清潔能源有限公司), Zhangbei Jingneng Haolong Clean Energy Co., Ltd. (張北京能昊龍清潔能源有限公司) and Guilin Jingneng Clean Energy Co., Ltd. (桂林京能清潔能源有限公司), which are engaged in energy storage business; established nine companies including Nanning Jingneng Clean Energy Co., Ltd. (南寧京能清潔能源有限公司), Beijing Jingneng Comprehensive Energy Co., Ltd. (北京京能綜合能源有限公司), Huazhou Jingzhi New Energy Co., Ltd. (化州京智新能源有限公司) and Heilongjiang Jingwang New Energy Co., Ltd. (黑龍江京望新能源有限公司), which are engaged in the construction of photovoltaic power generation projects.

In 2023, the Company completed the deregistration of Shenzhen Jingneng Clean Energy Finance Lease Co., Ltd. (深圳京能清潔能源融資租賃有限公司) and Chaoyang County Jingneng New Energy Co., Ltd. (朝陽縣京能新能源有限公司); and completed the disposal of the 50% equity interests in Beijing Tian Yin Di Re Development Co., Ltd. (北京市天銀地熱開發有限責任公司) in November. Tengchong County Hou Qiao Yong Xing River HydroPower Generation Development Co., Ltd. (騰沖縣猴橋永興河水電開發有限公司) has turned into a branch company of Sichuan Dachuan Power Co., Ltd., a subsidiary of the Company, from a subsidiary of the Company.

Management Discussion and Analysis

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, 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.

Human Resources

The Company upholds the management philosophy of “people-oriented and pursuit of excellence”, strives to create a harmonious working environment, and strengthens efforts in building of talents team. While focusing on the development of the Company, it attaches importance to staff training and employees’ benefits. The overall human resources condition of the Company in 2023 is summarized as follows:

I. SUMMARY OF HUMAN RESOURCES

The Company had a total of 3,301 employees as at 31 December 2023. The age of staff tended to be young, with the proportion of employees under the age of 35 accounting for over 46.56%; employees are generally highly educated, with the proportion of holders of Bachelor degree and above degrees accounting for approximately 71.79% of the total staff. Please refer to the following tables for details of the age and degree structure of employees:

1. Age Structure:

Age distribution	Number of employees	Percentage	Cumulative percentage
Under 35	1,537	46.56%	46.56%
36 to 45	901	27.29%	73.85%
46 to 55	730	22.12%	95.97%
Over 56	133	4.03%	100.00%
Total	3,301	100.00%	—

2. Degree Structure:

Educational background	Number of employees	Percentage	Cumulative percentage
Doctorate degree	3	0.09%	0.09%
Master’s degree	216	6.54%	6.63%
Bachelor’s degree	2,151	65.16%	71.79%
College or below	931	28.21%	100.00%
Total	3,301	100.00%	—

II. EMPLOYEES' INCENTIVES

With an aim to cope with its development, the Group, on the basis of position-oriented targets accountability system, has further established a performance appraisal system for all employees and a multi-level and medium-to-long term incentive mechanism. Through clearly defining position-oriented performance targets, the Company is able to assess and appraise employees' performance in an objective manner. By materializing reward and penalty in the performance-based portion of the employees' remuneration based on appraisal results, the Company is able to fully boost the potential and the morale of employees, thus achieving the coexistence of incentives and restraints. The Group also developed specific award policies in respect of three areas including project development, engineering construction as well as operation and management, with an aim to develop three-in-all incentive mechanism and facilitate the fulfillment of the established tasks of the Company. In addition, at the extraordinary general meeting held on 2 February 2024, the Shareholders of the Company considered and approved the adoption of the H Share Appreciation Rights Scheme and the grant under the scheme. Details are set out in the section headed "Report of the Directors – H Share Appreciation Rights Scheme".

III. EMPLOYEES' REMUNERATION

The Company continues to improve the measures on payroll management, so as to achieve closed-loop full-process management covering budget, execution, adjustment and settlement. The Company has implemented a linkage mechanism between wage and performance for various types of enterprises, whereby corporate efficiency varies with the salary and wage in the same direction.

IV. EMPLOYEES' TRAINING

Upholding the core value of "people first and pursuit for excellence" and the talent philosophy of "nurturing everyone into a talent by unleashing their utmost potential", the Company makes it a priority to cultivate a high-quality workforce, with an aim to enhance the core competitive strength of the Company. The Company adhered to the goal of "cultivating and building a well-structured workforce with sufficient number of high-quality and innovative talents", so as to ensure a stable talent supply for the high-quality development of the Company.

Insisting on the development philosophy of "fostering an enterprise with strong talent base" and focusing on the goal of building "three teams" featured with clean energy characteristics, the Company provides tailor-made training with content-rich and diversified courses by employing the "3+3+X" training mode and training need matrix based on the age structure of "old, middle and young talent" and position nature of "management, technique, skill, party affairs and new employees", recording the attendance rate of 100% of the staff.

V. EMPLOYEES' BENEFITS

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

Profiles of Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Mr. CHEN Dayu (陳大宇), aged 53, is the Chairman of the Board, an executive Director and the chairman of the Strategy Committee under the Board of the Company. Mr. Chen served as a specialist engineer in the power production and operation department and power energy business department of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) from December 2004 to April 2007; deputy general manager of Inner Mongolia Shangdu Power Generation Co., Ltd. (內蒙古上都發電有限責任公司) from April 2007 to May 2009; deputy general manager of Ningxia Jingneng Ningdong Electric Power Co., Ltd. (寧夏京能寧東發電有限責任公司) from May 2009 to September 2010; general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. (北京京能高安屯燃氣熱電有限責任公司) from September 2010 to November 2017; secretary of CPC Committee, executive director and general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from November 2017 to January 2018; secretary of CPC Committee and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from January 2018 to December 2018; secretary of CPC General Branch and executive director of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. from December 2018 to May 2020; head of enterprise management division of BEH from February 2020 to November 2020; and chairman of the board of Beijing Jingneng International Energy Technology Co., Ltd. from September 2021 to September 2022. Mr. Chen served as the deputy party secretary of the Company from October 2020 to March 2024; the general manager of the Company from November 2020 to April 2024. He has been serving as an executive Director since February 2021; the party secretary of the Company since March 2024; and the Chairman of the Board of the Company since April 2024. Mr. Chen graduated from Department of Power Engineering of North China Electric Power University (華北電力學院) in 1992, majoring in production process automation and obtained a bachelor's degree in engineering. He studied on-the-job in the Department of Electrical Engineering and Applied Electronic Technology of Tsinghua University (清華大學), majoring in electrical engineering and obtained a master's degree in engineering in January 2014. Mr. Chen holds the senior engineer professional and technical qualification.

Mr. LI Minghui (李明輝), aged 47, is an executive Director and the general manager, a member of the Strategy Committee and the Legal and Compliance Management Committee under the Board of the Company. He has more than 15 years of management experience in the electric power industry. Mr. Li served as the deputy general manager (in charge of the work) of Xilin Gol Jixiang Huaya Wind Power Generation Co., Ltd. (錫林郭勒吉相華亞風力發電有限責任公司) from July 2007 to September 2008; the deputy general manager of Inner Mongolia Wind Power Branch of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司內蒙古風電分公司) from September 2008 to July 2009; the deputy general manager of Beijing Jingneng New Energy Co., Ltd. (北京京能新能源有限公司) from July 2009 to January 2018; the general manager of Beijing Jingfeng Thermal Power Co., Ltd. (北京京豐熱電有限責任公司) and Beijing Jingfeng Gas Power Generation Co., Ltd. (北京京豐燃氣發電有限公司) from January 2018 to June 2020; the deputy party secretary of Beijing Jingfeng Gas Power Generation Co., Ltd. (北京京豐燃氣發電有限公司) from March 2018 to June 2020; the provisional secretary of the party committee of Beijing Branch of the Company from June 2020 to November 2020 and then its secretary of the party committee from November 2020 to September 2022; and the executive director of Beijing Jingneng New Energy Co., Ltd. (北京京能新能源有限公司) from June 2020 to September 2022. Mr. Li has been the deputy general manager of the Company from November 2022 to April 2024; an executive Director of the Company since August 2023; the deputy party secretary of the Company since March 2024; and the general manager of the Company since April 2024. Mr. Li graduated from North China Electric Power University (華北電力大學) in July 1998 with a bachelor's degree in electric power system and automation. Mr. Li studied on-the-job in Tsinghua University (清華大學) and obtained a master's degree in electrical engineering in January 2016. Mr. Li holds the senior engineer professional and technical qualification.

Profiles of Directors, Supervisors and Senior Management

Mr. ZHANG Wei (張偉), aged 56, is an executive Director, a member of the Strategy Committee under the Board, the deputy general manager, the secretary of the Board of Directors and the joint company secretary of the Company. He has more than 15 years of experience in finance and capital operation management. Mr. Zhang served as the director of the preparatory office of the finance company of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司財務公司) and the general manager of BEH Shenyang Finance Co., Ltd. (京能集團瀋陽財務有限公司) from January 2006 to May 2006; the general manager of BEH Finance Co., Ltd. (京能集團財務有限公司) from May 2006 to May 2018 and the secretary of the party branch of the same company from March 2007 to May 2018; the head of the property rights and capital operation department of BEH from May 2018 to July 2022 and the head of the assets and capital management department of BEH from July 2022 to March 2023; the chairman of the supervisory committee of Beh-Property Co., Ltd. (京能置業股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600791) and BEH Finance Co., Ltd. (京能集團財務有限公司) from October 2018 to March 2023; a member of the investment decision-making committee of Chongqing Fudu Equity Investment Fund Partnership Enterprise (Limited Partnership) (重慶富都股權投資基金合夥企業(有限合夥)), a member of the investment advisory committee of Xiamen Saifu Equity Investment Partnership Enterprise (Limited Partnership) (廈門賽富股權投資合夥企業(有限合夥)), a member of the strategic advisory committee and an observer of the investment decision-making committee of Beijing Z-Park Fund Investment Center (Limited Partnership) (北京中關村併購母基金投資中心(有限合夥)), a member of the investment decision-making committee of Beijing Shunlong Investment Development Fund (Limited Partnership) (北京順隆投資發展基金(有限合夥)), and a director of Beijing Shunlong Private Debt Investment Fund 8eaeTal ros(committee).

Profiles of Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Mr. ZHOU Jianyu (周建裕), aged 56, is a non-executive Director and the chairman of the Legal and Compliance Management Committee under the Board of the Company. Mr. Zhou served as a staff member of the fourth plant (the “**Fourth Plant**”) of Beijing Coal Corporation (北京市煤炭總公司), the deputy director and then the director of the briquette workshop of the Fourth Plant, the assistant to the director of the Fourth Plant, the director of the seventh plant of Beijing Coal Corporation, and the director and deputy general manager of the first plant of Beijing Coal Corporation from June 1989 to October 2001; successively served as the deputy general manager, a member of the standing committee of the Communist Party Committee, executive deputy general manager and a director of Beijing Jintai Hengye Co., Ltd. (北京金泰恒業有限責任公司) from October 2001 to April 2010; served as the secretary of the Communist Party Committee and the chairman of the board of directors of Beijing Jintai Group Co., Ltd. (北京金泰集團有限公司) from April 2010 to September 2018; served as the deputy general manager of Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司) from September 2010 to October 2010; served as a member of the standing committee of the Communist Party Committee and deputy general manager of Beijing Jingmei Group Co., Ltd. from October 2010 to January 2018; served as the secretary of the Communist Party Committee and the chairman of the board of directors of Beijing Jingmei Group Co., Ltd. from January 2018 to September 2018; presided over the work of the board of directors of Beh-Property Co., Ltd. (北京京能置業股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600791) from May 2018 to October 2018; and served as the secretary of the Communist Party Committee and the chairman of the board of directors of Beh-Property Co., Ltd. from October 2018 to February 2021. He has been serving as a full-time investment director of BEH since February 2021; a supervisor of China Aluminum Ningxia Energy Group Co., Ltd. (中鋁寧夏能源集團有限公司) since March 2021; a supervisor of Beijing Jingtai Transportation Investment Operation Co., Ltd. (北京靜態交通投資運營有限公司) since November 2021; a director of BDHG, Beijing Jingneng Thermal Development Co., Ltd. (北京京能熱力發展有限公司) and Beijing Jingneng Technology Co., Ltd. (北京京能科技有限公司) since June 2022; a non-executive Director of the Company since September 2022; and a director of Beijing Jingneng Power Co., Ltd. (a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 600578) since December 2022. Mr. Zhou graduated from China University of Mining and Technology (中國礦業大學), majoring in coal chemical industry, with a bachelor's degree in engineering in June 1989. In September 1998, Mr. Zhou graduated from Renmin University of China (中國人民大學) of the on-the-job postgraduate study in business administration. In July 2013, Mr. Zhou studied on-the-job in Peking University's senior management MBA program and obtained a master's degree in business administration. Mr. Zhou holds the senior economist professional and technical qualification and the senior engineer professional and technical qualification.

Mr. SONG Zhiyong (宋志勇), aged 33, is a non-executive Director and a member of the Audit Committee under the Board of the Company. Mr. Song consecutively served as the business assistant, business head and business manager of the equity management department of Beijing State-owned Capital Operation Management Center (北京國有資本經營管理中心) from August 2016 to May 2021; and the business manager of the equity management department of BSCOMC from May 2021 to November 2021, during which he was seconded to Beijing Municipal Bureau of Finance (北京市財政局) from October 2020 to September 2021. He has been serving as the business manager of the capital operation department of BSCOMC since November 2021; and a non-executive Director of the Company since March 2022. Mr. Song graduated from the Law School of Tsinghua University with a master's degree in law in July 2016.

Profiles of Directors, Supervisors and Senior Management

Ms. ZHANG Yi (張軼), aged 53, is a non-executive Director and a member of the Remuneration and Nomination Committee under the Board of the Company. Ms. Zhang has extensive work experience in investment management, risk control and compliance management. Ms. Zhang successively served as a cadre of the business department of the People's Insurance Company of China (中國人民保險公司), the deputy director and then the director of the bond division of the fund utilization department, and the manager of the bond business department of the investment management center of China Insurance Reinsurance Company (中保再保險有限公司) from August 1993 to February 2005; successively served as the assistant general manager, deputy general manager and general manager of risk control and compliance department, general manager of general management department, and general manager of internal control and compliance risk management department of China Re Asset Management Co., Ltd. (中再資產管理股份有限公司) from February 2005 to April 2015; served as the general manager of the asset management department of China Continent Property & Casualty Insurance Co., Ltd. (中國大地財產保險股份有限公司) from May 2015 to January 2019; and successively served as the chief risk management executive officer, compliance officer, risk control director and general manager of risk control center of China Re Asset Management Co., Ltd. from January 2019 to November 2022. She has been serving as an executive director and the general manager of China Re Asset Management (Hong Kong) Co., Ltd. since July 2022; and a non-executive Director of the Company and a non-executive director of CSSC (Hong Kong) Shipping Company Limited (中國船舶(香港)航運租賃有限公司) (a company listed on the Hong Kong Stock Exchange with stock code 03877) since September 2022. Ms. Zhang graduated from Dongbei University of Finance and Economics (東北財經大學), majoring in international finance, and obtained a bachelor's degree in economics in July 1993. Ms. Zhang holds the economist professional and technical qualification.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. ZHAO Jie (趙潔), aged 67, is an independent non-executive Director, the chairman of the Remuneration and Nomination Committee and a member of the Audit Committee under the Board of the Company. Ms. Zhao successively held various positions in North China Electric Power Design Institute (華北電力設計院), including deputy chief of the electrical department, chief design engineer, deputy chief of the engineering department, deputy chief engineer, and vice president from March 1983 to August 1998; the vice president and professor-level senior engineer of Electric Power Planning & Engineering Institute (電力規劃設計總院) from September 1998 to November 2011, during which she concurrently served as the general manager of China Power Engineering Consulting Corporation (中國電力建設工程諮詢公司) from April 1999 to June 2003; the deputy general manager of China Power Engineering Consulting Group Co., Ltd (中國電力工程顧問集團公司) from June 2003 to November 2011; the deputy general manager of China Energy Engineering Group Co., Ltd. (中國能源建設集團有限公司) and the president of Electric Power Planning & Engineering Institute from November 2011 to July 2015; the deputy general manager of China Energy Engineering Corporation Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 3996) from July 2015 to March 2017, and retired in March 2017. Ms. Zhao has been serving as an independent non-executive Director of the Company and an independent director of Beijing Jingneng Power Co., Ltd. (a company listed on the Main Board of the Shanghai Stock Exchange, stock code: 600578) since June 2021. Ms. Zhao graduated from the department of electricity of Tsinghua University Branch Campus majoring in electrical engineering in March 1983 and obtained a bachelor's degree.

Profiles of Directors, Supervisors and Senior Management

Mr. WANG Hongxin (王洪信), aged 60, is an independent non-executive Director and a member of the Legal and Compliance Management Committee under the Board of the Company, and has more than 25 years of experience in corporate governance and equity and securities investment management. Mr. Wang served as the secretary to the board of directors, director, deputy general manager and member of the party committee of Maoming Yongye (Group) Co., Ltd. (茂名永業(集團)股份有限公司, currently known as Guangdong Highsun Group Co., Ltd. (廣東海印集團股份有限公司)) (a company listed on the Shenzhen Stock Exchange with stock code of 000861) from June 1998 to December 2003; an assistant to the general manager of China National Materials Development and Investment Corporation (中國物資開發投資總公司) from March 2004 to May 2005; an executive director and managing director of China Chengtong Development Group Co., Ltd. (中國誠通發展集團有限公司) (a company listed on the Hong Kong Stock Exchange with stock code of 00217) from May 2005 to June 2017; a director and deputy secretary of the party committee of China Chengtong Hong Kong Limited (中國誠通香港有限公司) from October 2008 to December 2017; the general manager of Zhuhai Yunkang Tongsheng Equity Investment Fund Management Co., Ltd. (珠海雲康同盛股權投資基金管理有限公司) from January 2018 to July 2019; the deputy general manager and the general manager of Dali Pharmaceutical Co., Ltd. (大理藥業股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 603963) from October 2019 to April 2021; and an executive director, chief executive officer, chairman of China region and chief investment officer of Zhong Ji Longevity Science Group Limited (中基長壽科學集團有限公司) (a company listed on the Hong Kong Stock Exchange with stock code of 00767) from May 2021 to February 2022. Mr. Wang has been serving as the managing director of Shanghai Shunxingu Semiconductor Technology Co., Ltd. (上海順心穀半導體科技有限公司) since August 2022, the chairman and general manager of Wuhan Daotian Plasma Technology Co., Ltd. (武漢稻田等離子技術有限公司) since February 2023, and an independent non-executive Director of the Company since August 2023. He has been serving as a juror of the High Court of Hong Kong since April 2022. Mr. Wang graduated from the department of Chinese Language and Literature of Jilin Normal University (吉林師範大學), majoring in Chinese Language and Literature and obtained a bachelor's degree in July 1986. He studied on-the-job in the Executive MBA (EMBA) program of Guanghua School of Management of Peking University and obtained a master's degree in July 2003. Mr. Wang holds qualification as securities analyst and fund manager.

Mr. QIN Haiyan (秦海岩), aged 53, is an independent non-executive Director and a member of the Strategy Committee under the Board of the Company, and has more than 20 years of experience in the field of renewable energies such as wind and solar energy as well as in the field of products inspection and testing. Mr. Qin served as an engineer at China Classification Society (中國船級社) from July 1994 to July 2003. He has been serving as the head of Beijing General Certification Center (北京鑒衡認證中心) since January 2004 and the secretary general of the Chinese Wind Energy Association under China Renewable Energy Society (中國可再生能源學會風能專業委員會) since July 2004. He served as an independent director, a member of the strategic committee and the remuneration and assessment committee, and chairman of the nomination committee of CECEP Wind-Power Corporation (中節能風力發電股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 601016) from July 2017 to July 2023. Mr. Qin has been serving as an independent director and a member of the strategic committee of Shenergy Company Limited (申能股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600642) since June 2020; an independent director and a member of the strategic committee, the nomination committee and the remuneration and assessment committee of Nyocor Co., Ltd. (金開新能源股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600821) since September 2020; an independent non-executive director and a member of the nomination committee of China Datang Corporation Renewable Power Co., Limited (中國大唐集團新能源股份有限公司) (a company listed on the Hong Kong Stock Exchange with stock code of 01798) since June 2022, and an independent non-executive Director of the Company since August 2023. Mr. Qin graduated from the Department of Power Mechanical Engineering (動力機械工程系) of Shanghai Jiao Tong University (上海交通大學) in July 1994, majoring in thermal power machinery and equipment (熱能動力機械與裝置專業), and obtained his bachelor's degree. He graduated from the School of Business of Renmin University of China (中國人民大學商學院) in July 2002, majoring in business administration, and obtained a master's degree. In October 2010, Mr. Qin was awarded with the second prize of the Chinese Mechanical Industry Science and Technology Award (中國機械工業科學技術獎二等獎).

Profiles of Directors, Supervisors and Senior Management

Ms. HU Zhiying (胡志穎), aged 46, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee under the Board of the Company, and has more than 20 years of experience in financial management and accounting. Ms. Hu served as a lecturer at the School of Economics and Management of University of Science and Technology Beijing (北京科技大學) from April 2004 to June 2011. She concurrently served as an independent director and chairman of the audit committee of Sinosteel Tiancheng Environmental Protection Science & Technology Co., Ltd. (中鋼集團天澄環保科技股份有限公司) from July 2004 to October 2009. From January 2016 to January 2017, she served as a visiting scholar at University of Texas at Dallas in the United States (美國德州大學達拉斯分校). From January 2017 to July 2017, she served as an independent director of Zhejiang Yingfeng Technology Co., Ltd. (浙江迎豐科技股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 605055). She has been a member of the Agricultural and Environmental Audit Professional Committee of the Beijing Audit Institute (北京審計學會農業與資源環境審計專業委員會) from November 2021 to November 2023; an associate professor and a postgraduate tutor of the finance and accounting department of the School of Economics and Management of University of Science and Technology Beijing since June 2011; the deputy chairman of the Financial Management Branch of the Construction Accounting Society of China (中國建設會計學會財務管理分會) since June 2023; and an independent non-executive Director of the Company since August 2023. Ms. Hu graduated from Xiamen University (廈門大學) in July 1998, majoring in accounting, and obtained a bachelor's degree. She obtained her master's degree in accounting in July 2001 and obtained her Ph.D degree in accounting in July 2004 from Chinese Academy of Fiscal Sciences (中國財政科學研究院). Ms. Hu was elected as a leader in academic accounting by the Ministry of Finance (財政部學術類會計領軍人才) in 2017. She is a non-practicing member of the Chinese Institute of Certified Public Accountants.

Profiles of Directors, Supervisors and Senior Management

SUPERVISORS

Mr. WANG Xiangneng (王祥能), aged 59, is the chairman of the Board of Supervisors of our Company. Mr. Wang served as the accountant of the Infrastructure Office of the Administration of Institutional Affairs of the Chinese Academy of Social Sciences (中國社會科學院機關事務管理局基建處) from July 1986 to July 1988 (during which period, he volunteered to teach in Tangyin County, Henan as a member of the Central State-level Lecturer Team (中央國家機關講師團) from June 1987 to June 1988); accountant of the finance department of National Agriculture Investment Co. Ltd. (國家農業投資公司) from July 1988 to September 1994; business director of finance and accounting department of State Development and Investment Co., Ltd. (國家開發投資公司) from September 1994 to May 1997; vice president and chief accountant of the State Bureau of Surveying and Mapping China Testing and Audit Firm (國家測繪局中測審計事務所) from May 1997 to December 1998; president and chief accountant of the State Bureau of Surveying and Mapping China Testing and Audit Firm (國家測繪局中測審計事務所) from December 1998 to September 1999; certified public accountant of Zhongchengxin Accounting Firm (中誠信會計師事務所) from September 1999 to March 2000; certified public accountant of Otdi Accounting Firm (奧特迪會計師事務所) from March 2000 to October 2001; certified public accountant of Beijing Zhongguanghua Accounting Firm (北京中光華會計師事務所) from October 2001 to May 2002; manager of the finance department and manager of the planning and finance department of Beijing International Power Development and Investment Company (北京國際電力開發投資公司) from May 2002 to November 2004; manager of the finance department and manager of the planning and finance department of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) from December 2004 to December 2009; chairman of the board of supervisors of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) from July 2006 to March 2023 and its vice president and party committee member from December 2009 to June 2013; deputy general manager of Beijing Jingneng Thermal Power Co., Ltd. (北京京能熱電股份有限公司) (currently known as Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 600578)) from June 2013 to May 2018; vice chairman of the board of directors of Guohua Energy Co., Ltd. (國華能源有限公司) from November 2017 to June 2021; deputy general manager of Beijing Jintai Group Co. Ltd (北京金泰集團有限公司) from May 2018 to September 2018; supervisor of Jingneng Service Management Co., Ltd. (京能服務管理有限公司) from November 2019 to November 2021; and the chairman of the board of supervisors of Guohua Energy Co., Ltd. from June 2021 to February 2023. He has been a full-time investment director of BEH since September 2018; the chairman of the board of supervisors of Beijing Jingneng Energy Technology Research Co., Ltd. (北京京能能源技術研究有限責任公司) since December 2018; the chairman of the board of supervisors of Jingneng Electricity Logistic Services Co., Ltd. (京能電力後勤服務有限公司) since January 2019; supervisor of Beijing Jingneng Tongxin Investment Management Co., Ltd. (北京京能同鑫投資管理有限公司) since May 2019; the chairman of the Board of Supervisors of the Company, Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 600578) and Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司) since June 2019; chairman of the board of supervisors of Beijing Jingxi Ecological Culture & Tourism Investment Co., Ltd. (北京京西生態文旅投資有限公司) since July 2021; and chairman of the board of supervisors of Jingneng Service Management Co., Ltd. (京能服務管理有限公司) and Beijing Jingneng Financial Leasing Co., Ltd. since November 2021. Mr. Wang graduated from Department of Capital Construction Economics of Zhongnan University of Economics and Law, majoring in capital construction finance and credit with a bachelor's degree in economics in July 1986. He graduated from the Advanced Course for Postgraduates majoring in Accounting in Capital University of Economics and Business in July 2004 and graduated from School of Software and Microelectronics of Peking University majoring in software engineering with a master's degree in engineering in January 2008.

Profiles of Directors, Supervisors and Senior Management

Mr. SUN Li (孫力), aged 58, is a Supervisor of the Company. Mr. Sun served as the deputy director of the News Department of the General Office of the Ministry of Water Resources from August 1996 to December 1998; a cadre of the Office of Preparation for Water Resources Dispatch Building of the Ministry of Water Resources from January 1999 to May 2002; the head of general manager office of Beijing International Power Development and Investment Corporation from May 2002 to December 2004; the head of the office of board of directors, director of human resources department, party branch secretary and head of the general manager office of Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司) from December 2004 to December 2014; the head of the general manager office, head of human resources department and deputy director of the organization department of the party committee of BEH from December 2014 to May 2018; the secretary of party committee and executive director of Beijing Yuanshen Energy Saving Technology Co., Ltd. (北京源深節能技術有限責任公司) from May 2018 to June 2020; and a director of Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) from January 2022 to March 2023. Mr. Sun has been a full-time investment director of BEH since June 2020; a supervisor of Jingneng Xilinguole Energy Co., Ltd. (京能錫林郭勒能源有限公司) and a director of Beijing Haohua Energy Resource Co., Ltd. (北京昊華能源股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code 601101) since July 2020; a Supervisor of the Company since September 2020; the chairman of the board of supervisors of Investment Beijing International Co., Ltd. (投資北京國際有限公司) since November 2020; a director of BAIC Motor Corporation Limited (北京汽車股份有限公司) (a company listed on the Hong Kong Stock Exchange with stock code 01958) since January 2021; a director of Beh-Property Co., Ltd. (京能置業股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code of 600791) since May 2021; a director of Beijing Jingneng Leasing since November 2021; and a supervisor of BDHG and Beijing Jingneng Thermal Development Co., Ltd. (北京京能熱力發展有限公司) since January 2022. Mr. Sun graduated from the Department of Journalism of Chinese People's Police University (中國人民警官大學) majoring in journalism and obtained a bachelor's degree of Arts in July 1988, and graduated from the School of Business Administration of Renmin University of China (中國人民大學) majoring in business administration and obtained a master's degree in business administration in June 2001.

Ms. QIN Yi (秦懿), aged 41, is an employee Supervisor of the Company, and has been the senior manager of the legal compliance department of the Company since January 2024. Ms. Qin served as an auditor of Ascenda (Beijing) Certified Public Accountants (天健光華(北京)會計師事務所有限公司, currently known as Ascenda Certified Public Accountants (天健正信會計師事務所有限公司)) from April 2010 to January 2012; the project manager of Da Hua Certified Public Accountants Co., Ltd. (大華會計師事務所有限公司) from January 2012 to January 2013; the senior project manager of Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)) from January 2013 to December 2015. She served as the head of audit department of the Company from December 2015 to July 2018; the business manager of the legal and internal control department of the Company from July 2018 to July 2021; and the business manager of the legal compliance department of the Company from July 2021 to January 2024. Ms. Qin graduated from the IEN International Institute of Dalian Jiaotong University (大連交通大學愛恩國際學院) with a bachelor's degree in accounting in July 2005. She graduated from Flinders University (弗林德斯大學) in South Australia with a bachelor's degree in accounting in September 2007. She obtained a master's degree from University of Queensland (昆士蘭大學) in Australia in July 2009, majoring in applied finance. Ms. Qin holds the intermediate accountant professional and technical qualification.

SENIOR MANAGEMENT

Mr. CHEN Dayu (陈 大 宇), aged 53, is the Chairman of the Board and an executive Director of the Company. Please refer to his biography under the paragraph headed “– Executive Directors” above.

Mr. LI Minghui (李 明 辉), aged 47, an executive Director and the general manager of the Company. Please refer to his biography under the paragraph headed “– Executive Directors” above.

Mr. ZHANG Wei (张 伟), aged 56, is an executive Director, a deputy general manager, the secretary of the Board of Directors and the joint company secretary of the Company. Please refer to his biography under the paragraph headed “– Executive Directors” above.

Mr. ZHAO Jianbo (赵 建 波), aged 56, is a deputy general manager of the Company and has more than 30 years working experience in the electric power industry. Mr. Zhao successively served as the director of the engineering department, the assistant to the general manager and chief engineer of Inner Mongolia Daihai Power Generation Co., Ltd. (内 蒙 古 大 海 子 电 力 有 限 公 司) from January 2005 to November 2007; the deputy general manager of Inner Mongolia Jingtai Power Generation Co., Ltd. (内 蒙 古 景 泰 电 力 有 限 公 司),

Profiles of Directors, Supervisors and Senior Management

Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) and deputy general manager of Beijing Jingneng Coal-fired Power Asset Management Co., Ltd. (北京京能煤電資產管理有限公司) from June 2013 to December 2018; deputy general manager of Beijing Energy Investment from November 2015 to January 2019; and the chairman of the board of Shenzhen Jingneng Clean Energy Finance Lease Co., Ltd. (深圳京能清潔能源融資租賃有限公司) from October 2018 to June 2023. She has been the chief accountant of the Company since May 2018; director of Beijing Jingneng Clean Energy (Hong Kong) Limited, director of Beijing Jingneng Clean Energy (Australia) Holdings Limited (北京京能清潔能源澳洲控股公司), director of New Gullen Range Wind Farm Pty Ltd. (澳洲新格倫風電場項目公司), director of Gullen Solar Pty Ltd. (格倫光伏項目公司) and director of Bayara Wind Farm Pty Ltd. (拜亞拉風電場項目公司) since July 2018; director of BEH Finance since June 2020; director of the State-owned Enterprise Branch of the Beijing Non-Party Senior Intellectuals Association since December 2020; and a deputy general manager of the Company since May 2022. Ms. Fang graduated from the finance department of Jilin Finance and Trade College majoring in finance with a bachelor's degree in economy in July 1992. Mr. Fang holds the senior accountant professional and technical qualification.

Mr. WANG Gang (王剛), aged 54, is a deputy general manager of the Company and has more than 20 years of experience in project management of power industry. Mr. Wang successively served as a laboratory technician of building engineering agency, site technician of main workshop, deputy chief engineer, deputy chief engineer of Sanhe Project Management Department, deputy manager and chief engineer, deputy manager of Pandian project department and deputy manager of Tangdian technical transformation project department of Jixian Power Plant of Beijing Thermal Power Construction Company (北京火電建設公司蘆縣電廠) from July 1992 to August 2003; project manager of power investment construction department of Beijing International Power Development Investment Corporation (北京國際電力開發投資公司) from November 2003 to November 2004; project manager of power energy construction department of Beijing Energy Investment from December 2004 to September 2007; deputy general manager of Beijing International Power New Energy Co., Ltd. (北京國際電力新能源有限公司) from September 2007 to July 2009; deputy general manager of Shanxi Jingyu Power Generation Co., Ltd. (山西京玉發電有限責任公司) from July 2009 to March 2012 (during which period, he majored in business administration at the School of Economics and Management of North China Electric Power University (華北電力大學) from May 2009 to March 2012 and obtained a master's degree); deputy general manager of Beijing Jingneng Gao'antun Gas-fired Thermal Power Co., Ltd. (北京京能高安屯燃氣熱電有限責任公司) from March 2012 to October 2014; the provisional secretary of the party committee and deputy general manager of Shanxi Jingneng Zuoyun Thermal Power Co., Ltd. (山西京能左雲熱電有限責任公司) from October 2014 to August 2016; the provisional secretary of the party committee of Jingneng (Xilinguole) Power Generation Co., Ltd. (京能(錫林郭勒)發電有限公司) and deputy general manager of Shanxi Jingtong Thermal Power Co., Ltd. (山西京同熱電有限公司) from August 2016 to March 2017; and the provisional secretary of the party committee and secretary of party committee of Jingneng (Xilinguole) Power Generation Co., Ltd. from March 2017 to January 2018. He has been the deputy general manager of the Company since 2018. Mr. Wang graduated from the school of economics and management of North China Electric Power University (華北電力大學) majoring in business administration, with a master's degree in business administration. Mr. Wang holds the senior engineer professional and technical qualification.

Profiles of Directors, Supervisors and Senior Management

COMPANY SECRETARY

Mr. ZHANG Wei and Mr. LEUNG Chi Kit serve as the joint company secretaries of the Company. Please refer to the biography of Mr. ZHANG Wei under the paragraph headed “– Executive Directors” above.

Mr. LEUNG Chi Kit, a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider), has more than 10 years of experience in company secretarial field. Mr. Leung is also an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Report of the Directors

The Board of Directors of the Company now presents the annual report of the year 2023 (the “**Annual Report**”) and the audited consolidated financial statements of the Group (the “**Financial Statements**”) for the year ended 31 December 2023 to Shareholders.

REGISTERED SHARE CAPITAL

As of 31 December 2023, the total registered share capital of the Company was RMB8,244,508,144, divided into 8,244,508,144 shares of RMB1.00 each, including 5,414,831,344 domestic legal person shares and 2,829,676,800 H Shares. Details of movements in the registered share capital of the Company during the year are set out in note 40 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2023.

DEBENTURES IN ISSUE

The Company issued debentures in light of the demand of business operation and capital expenditures, as well as the market condition. Details of debentures in issue of the Company for the year ended 31 December 2023 are set out in the subsection “1. Financing” of section “VI. OTHER SIGNIFICANT EVENTS” in “Management Discussion and Analysis”.

FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

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

Report of the Directors

EQUITY-LINKED AGREEMENT

For the year ended 31 December 2023, the Company did not enter into or have any equity-linked agreement, nor did any equity-linked agreement exist at the end of the year 2023.

PERMITTED INDEMNITY PROVISION

The Company has purchased appropriate liability insurance for its Directors, Supervisors and senior management. The permitted indemnity provisions are set out in such liability insurance. Save as disclosed the above, no permitted indemnity provision was made by the Company for the year ended 31 December 2023 and no permitted indemnity provision was in force as at the date of this Annual Report.

PLEDGING OF SHARES BY THE CONTROLLING SHAREHOLDER

The controlling shareholder of the Company did not pledge any of its shares in the Company to secure the Company's debts or to secure guarantees of the Company or were held as support for the other liabilities for the year ended 31 December 2023.

CHARGES ON THE GROUP ASSETS

As at 31 December 2023, certain of the Group's bank borrowings were secured by the pledge of the Group's property, plant and equipment of RMB2,489.8 million, trade receivables of RMB2,512.0 million, finance lease receivables of RMB309.7 million and restricted bank deposits of RMB46.9 million. Details of these are set out in note 45 to the Financial Statements.

LOAN AGREEMENTS OR FINANCIAL ASSISTANCE OF THE COMPANY

The Company did not provide any financial assistance nor guarantee to its affiliated companies for the year ended 31 December 2023, which gives rise to a disclosure under Rule 13.16 of the Listing Rules. The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling shareholder nor breach the terms of any loan agreements for the year ended 31 December 2023.

SHARE SCHEME

The Company did not adopt any share scheme in the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

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

H SHARE APPRECIATION RIGHTS SCHEME

In order to (i) enhance corporate competitiveness, create common interests, fully utilize the positiveness, proactivity and creativity of outstanding talents and core staff, improve the operational results and core competitiveness of the Company and facilitate the long-term and stable development of the Company; (ii) create favorable news to the capital market, bolster the confidence in the capital market and maintain the market value of the Company; and (iii) effectively build and continue to improve the management structure with clear distinction between powers and responsibilities and efficient decision-making, further optimize the performance-based compensation incentive mechanism, establish a market-based assessment system in line with the developmental needs of the Company, and effectively retain and attract the core staff necessary for the development of the Company, the shareholders of the Company have considered and approved the adoption of the H share appreciation rights scheme (the “**Scheme**”) and the grant under the Scheme (the “**Grant**”) at the extraordinary general meeting held on 2 February 2024. The Scheme was approved by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality on 22 January 2024. On 2 February 2024, the Board announced the satisfaction of the conditions for the Scheme and the Grant, and the first Grant under the Scheme to 113 incentive recipients with a total of 103,062,511 appreciation rights shares. For details on the major terms, conditions and grants of the Scheme, please refer to the announcement dated 12 December 2023, the circular dated 17 January 2024, the poll results announcement dated 2 February 2024 and the inside information announcement dated 2 February 2024 of the Company. Due to the adoption of the new H share appreciation rights scheme, the H share appreciation rights scheme which was passed on 28 May 2020 was terminated on 2 February 2024.

PRINCIPLE BUSINESS

The Company is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small to medium hydropower and other clean energy projects. All electricity generated is sold to local grid companies. Details of the major subsidiaries and associates of the Company are set out in notes 51 and 21 to the Financial Statements, respectively.

Report of the Directors

RESULTS

COMPLIANCE WITH LAWS AND REGULATIONS

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

DIVIDEND POLICY

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

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

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

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

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

Report of the Directors

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company at the annual general meeting for the year ended 31 December 2023 (the “**AGM**”) to be held on 26 June 2024, for their consideration and approval of the payment of a final dividend of RMB13.98 cents per share (tax inclusive) for the year ended 31 December 2023 (the “**2023 Final Dividends**”) to the Shareholders, whose names are listed in the register of members of the Company on 8 July 2024, in an aggregate amount of approximately RMB1,152.6 million. The 2023 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 2023 Final Dividends are expected to be paid on or around 31 July 2024.

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 2023 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 2023 Final Dividends based on the 1994 Notice. Therefore, the Company will not withhold any amount of the 2023 Final Dividends to be distributed to the Individual H Shareholders to pay the PRC individual income tax.

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

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

Other than the above, the Board of Directors does not recommend any distribution of dividend for the year ended 31 December 2023.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholders' entitlement to attend and vote at the AGM and to the proposed 2023 Final Dividends, the H share register of members of the Company will be closed from 21 June 2024 to 26 June 2024 (both days inclusive) and from 3 July 2024 to 8 July 2024 (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 20 June 2024.

In order to qualify for receiving the proposed 2023 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 2 July 2024.

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in Consolidated Statement of Changes in Equity. The Company's reserves available for distribution to shareholders as at 31 December 2023 represents the retained profits of approximately RMB11,996 million (2022: RMB10,903 million).

DONATIONS

During the Reporting Period, the Group made external donations of approximately RMB36 million (excluding personal donations of employees).

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank borrowings and other borrowings of the Group as at 31 December 2023 are set out in note 34 to the Financial Statements.

Report of the Directors

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Part of the information of the Directors, Supervisors and senior management of the Company for the year ended 31 December 2023 and as of the date of this Annual Report is illustrated below.

Name	Title in the Company	Date of Appointment or Re-election
CHEN Dayu ⁽¹⁾	Executive Director and Chairman of the Board	19 February 2021/ 25 April 2024
LI Minghui ⁽²⁾	Executive Director and general manager	29 August 2023/ 25 April 2024
ZHANG Wei ⁽³⁾	Executive Director, deputy general manager, secretary of the Board of Directors and joint company secretary	29 August 2023/ 23 April 2023/ 20 June 2023/ 20 June 2023
ZHANG Fengyang ⁽⁴⁾	Executive Director and Chairman of the Board	28 May 2020/ 20 November 2020
GAO Yuming ⁽⁵⁾	Executive Director	19 February 2021
CAO Mansheng ⁽⁶⁾	Executive Director	28 May 2020
ZHOU Jianyu	Non-executive Director	6 September 2022
SONG Zhiyong	Non-executive Director	29 March 2022
ZHANG Yi	Non-executive Director	6 September 2022
HUANG Xiang ⁽⁷⁾	Independent non-executive Director	28 May 2020
CHAN Yin Tsung ⁽⁸⁾	Independent non-executive Director	28 May 2020
XU Daping ⁽⁹⁾	Independent non-executive Director	20 November 2020
ZHAO Jie	Independent non-executive Director	24 June 2021
WANG Hongxin ⁽¹⁰⁾	Independent non-executive Director	29 August 2023
QIN Haiyan ⁽¹¹⁾	Independent non-executive Director	29 August 2023
HU Zhiying ⁽¹²⁾	Independent non-executive Director	29 August 2023
WANG Xiangneng	Chairman of the Board of Supervisors	28 May 2020
SUN Li	Supervisor	25 September 2020
HOU Bolong ⁽¹³⁾	Supervisor	25 January 2022
QIN Yi ⁽¹⁴⁾	Supervisor	29 August 2023
FANG Xiujun	Deputy general manager and chief accountant	10 May 2022/ 25 May 2018
WANG Gang	Deputy general manager	25 May 2018
ZHAO Zhigang ⁽¹⁵⁾	Deputy general manager	10 May 2022
ZHAO Jianbo ⁽¹⁶⁾	Deputy general manager	21 November 2023
KANG Jian ⁽¹⁷⁾	Deputy general manager and secretary of the Board	11 March 2010/ 14 December 2009

Report of the Directors

Notes:

- (1) The appointment of Mr. CHEN Dayu as the Chairman of the Board took effect on 25 April 2024.
- (2) The appointment of Mr. LI Minghui as an executive Director took effect on 29 August 2023; and his appointment as the general manager took effect on 25 April 2024.
- (3) The appointment of Mr. ZHANG Wei as an executive Director took effect on 29 August 2023.
- (4) The resignation of Mr. ZHANG Fengyang as an executive Director and the Chairman of the Board took effect on 25 April 2024.
- (5) The resignation of Mr. GAO Yuming as an executive Director took effect on 29 August 2023.
- (6) The resignation of Mr. Cao Mansheng as an executive Director took effect on 29 August 2023.
- (7) The resignation of Mr. HUANG Xiang as an independent non-executive Director took effect on 29 August 2023.
- (8) The resignation of Mr. CHEN Yin Tsung as an independent non-executive Director took effect on 29 August 2023.
- (9) The resignation of Mr. XU Daping as an independent non-executive Director took effect on 29 August 2023.
- (10) The appointment of Mr. WANG Hongxin as an independent non-executive Director took effect on 29 August 2023.
- (11) The appointment of Mr. QIN Haiyan as an independent non-executive Director took effect on 29 August 2023.
- (12) The appointment of Ms. HU Zhiying as an independent non-executive Director took effect on 29 August 2023.
- (13) The resignation of Mr. HOU Bolong as a Supervisor took effect on 29 August 2023.
- (14) The appointment of Ms. QIN Yi as a Supervisor took effect on 29 August 2023.
- (15) The resignation of Mr. ZHAO Zhigang as a deputy general manager took effect on 21 November 2023.
- (16) The appointment of Mr. ZHAO Jianbo as a deputy general manager took effect on 21 November 2023.
- (17) The resignation of Mr. KANG Jian as a deputy general manager and secretary of the Board took effect on 20 June 2023.

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of Directors, Supervisors and senior management of the Company are set out on pages 30 to 40 of the Annual Report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

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

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

Report of the Directors

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

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

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

Details of the emoluments of each senior management of the Company (excluding Directors who also hold executive positions) in 2023 are set out below:

	Number of employees in 2023
Nil to HK\$1,000,000	1
HK\$1,000,001 to HK\$1,500,000	0
HK\$1,500,001 to HK\$2,000,000	2

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

At the end of the year of 2023 or at any time during the year, there were no transaction, arrangement or contracts of significance to which the Company or any of its subsidiaries was a party, and in which any of the Directors or Supervisors had a material interest.

Report of the Directors

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

As at 31 December 2023, no Director, Supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 December 2023, to the knowledge of the Directors of the Company, the persons (other than a Director, Supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Note: (L) – Long position

Name of shareholders	Types of Shares	Capacity	Number of shares/ underlying shares held (share)	Percentage of relevant class of share capital (%)	Percentage of total share capital (%)
BEH ^(Note 1 and Note 2)	Domestic share	Beneficial interest and interest of a controlled corporation	5,190,483,053 (L)	95.86	62.96
	H share	Interest of a controlled corporation	471,612,800 (L)	16.67	5.72
BSCOMC ^(Note 1 and Note 2)	Domestic share	Beneficial interest and interest of a controlled corporation	5,414,831,344 (L)	100.00	65.68
	H share	Interest of a controlled corporation	471,612,800 (L)	16.67	5.72
Beijing Energy Investment ^(Note 2)	H share	Beneficial interest	471,612,800 (L)	16.67	5.72
Beijing Enterprises Holdings Limited ^(Note 3)	H share	Interest of a controlled corporation	196,964,000 (L)	6.96	2.39
Beijing Enterprises Energy Technology Investment Co., Limited ^(Note 3)	H share	Beneficial interest	196,964,000 (L)	6.96	2.39
Central Huijin Investment Ltd. ^(Note 4)	H share	Interest of a controlled corporation	656,036,000 (L)	23.18	7.96
China Reinsurance (Group) Corporation ^(Note 4)	H share	Beneficial interest and interest of a controlled corporation	656,036,000 (L)	23.18	7.96
China Property & Casualty Reinsurance Company Ltd. ^(Note 4)	H share	Beneficial interest	196,704,000 (L)	6.95	2.39

Report of the Directors

Notes:

1. BDHG directly held 16,035,322 domestic shares of the Company. As far as the Company is aware, BDHG was wholly-owned by BEH. In accordance with the SFO, BEH was deemed to be interested in 16,035,322 domestic shares held by BDHG.

BEH directly held 5,174,447,731 domestic shares of the Company. In accordance with the SFO, BEH had/was deemed to be interested in an aggregate of 5,190,483,053 domestic shares of the Company.

BSCOMC directly held 224,348,291 domestic shares of the Company. As far as the Company is aware, BEH was wholly-owned by BSCOMC. In accordance with the SFO, BSCOMC had/was deemed to be interested in an aggregate of 5,414,831,344 domestic shares of the Company.
2. Beijing Energy Investment directly held 471,612,800 H Shares of the Company. As far as the Company is aware, Beijing Energy Investment was wholly-owned by BEH, while BEH was wholly-owned by BSCOMC. In accordance with the SFO, BEH and BSCOMC were deemed to be interested in 471,612,800 H Shares held by Beijing Energy Investment.
3. Beijing Enterprises Energy Technology Investment Co., Limited directly held 196,964,000 H Shares of the Company. As far as the Company is aware, Beijing Enterprises Energy Technology Investment Co., Limited was wholly-owned by Beijing Enterprises Holdings Limited. In accordance with the SFO, Beijing Enterprises Holdings Limited was deemed to be interested in 196,964,000 H Shares held by Beijing Enterprises Energy Technology Investment Co., Limited.
4. China Property & Casualty Reinsurance Company Ltd. directly held interests in 196,704,000 H Shares of the Company. China Reinsurance (Group) Corporation held direct interests in 459,332,000 H Shares of the Company. As far as the Company is aware, China Property & Casualty Reinsurance Company Ltd. was wholly-owned by China Reinsurance (Group) Corporation, while 71.56% interests of China Reinsurance (Group) Corporation was owned by Central Huijin Investment Ltd. In accordance with the SFO, China Reinsurance (Group) Corporation and Central Huijin Investment Ltd. were deemed to have interests in 656,036,000 H Shares of the Company.

MANAGEMENT CONTRACT

No contract concerning the management and administration of all or any substantial part of our business was entered into by the Company or existed in 2023.

CONTRACT OF SIGNIFICANCE

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

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

Pursuant to the announcement of the Company dated 8 November 2022, the Company obtained approval from the Board of the Company on other financial services under items 1 to 3, item 5 and item 7 as well as the transactions and annual caps under item 8 and item 10 for the year 2023, 2024 and 2025.

Pursuant to the announcement of the Company dated 29 December 2022, the Company obtained approval from the extraordinary general meeting of the Company on the deposit services under item 4, item 6 and item 7 as well as the transactions and annual caps under item 9, item 11 and item 12 for the year 2023, 2024 and 2025.

Report of the Directors

Connected transactions under		Connected persons	Annual caps for 2023 (RMB million)	Actual transaction value in 2023 (RMB million)
1.	Framework Equipment Maintenance Agreement	BEH	250.0	93.4
2.	Framework Service Agreement	BEH	170.0	138.5
	– property management services		85.0	71.2
	– administration services		85.0	67.3
3.	EPC Framework Agreement	BEH	26.5	6.9
4.	Framework Heat Sale and Purchase Agreement	BEH	2,351.8	1,800.2
5.	Equipment Purchase Framework Agreement	BEH	160.0	–
6.	Finance Leasing Framework Agreement (I)	Beijing Jingneng Leasing	1,000.0	–
7.	Financial Services Framework Agreement	BEH Finance		
	– deposit services		8,000.0	6,433.2
	– loan services <i>(Note 1)</i>		N/A	N/A
	– other financial services		15.0	0.4
8.	Property Lease Framework Agreement	BEH	60.1	52.1
9.	Finance Leasing Business Framework Agreement	BEH	3,700.0	3,313.2
10.	Operation Management Services Framework Agreement	Beijing Jingneng Leasing	21.0	16.2
11.	Finance Leasing Framework Agreement (II)	Shenzhen Jingneng Leasing	3,000.0	551.9
12.	Financial Assistance Framework Agreement	Shenzhen Jingneng Leasing	4,000.0	500.0

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

Continuing Connected Transactions between the Group and BEH and its Associates

BEH, a controlling shareholder of the Company, directly and indirectly held 68.68% of the total issued share capital of the Company as at 31 December 2023. Accordingly, BEH and its associates, including BEH Finance and Beijing Jingneng Leasing, which are subsidiaries of BEH, are connected persons of the Company pursuant to the Listing Rules.

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

Report of the Directors

Framework Equipment Maintenance Agreement between BEH and the Company

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

Framework Service Agreement between BEH and the Company

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

Report of the Directors

EPC Framework Agreement between BEH and the Company

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

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

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

Equipment Purchase Framework Agreement between BEH and the Company

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

This transaction did not record any transaction amount in 2023 due to the change in the procurement mode of the Group.

Report of the Directors

Finance Lease/Leasing Framework Agreement between the Company and BEH and/or Beijing Jingneng Leasing

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

Financial Services Framework Agreement between BEH Finance and the Company

The Company and BEH Finance entered into the Financial Services Framework Agreement on 25 October 2016. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019. Due to the expiration of such agreement on 31 December 2019 and the Company's increasing demand for financial services (deposit services, loan services and other financial services), the Company entered into the new Financial Services Framework Agreement with BEH Finance on 16 October 2019. The term of such new agreement is three years commencing from 1 January 2020 and ending on 31 December 2022. Considering the needs of the Company and the fact that Shenzhen Jingneng Leasing has become a subsidiary of the Company, the original annual cap will not be sufficient. On 27 July 2022, the Company entered into a supplemental agreement with BEH Finance to revise the annual cap for the deposit services for the year ending 31 December 2022 from RMB5,000 million to RMB6,500 million. The supplemental agreement and the revised cap have been approved at the third extraordinary general meeting of 2022 on 6 September 2022. As the Financial Services Framework Agreement entered into on 16 October 2019 and its supplemental agreement expired on 31 December 2022 and due to the increasing demand of the Company for financial services, the Company entered into a new Financial Services Framework Agreement with BEH Finance on 8 November 2022. The term of such new agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The Company estimates that for each of the three years ending 31 December 2025, the proposed annual caps for the deposit services will be RMB8,000 million, RMB9,500 million and RMB11,000 million respectively; and the proposed annual caps for other financial services will all be RMB15 million. Given the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or not less favourable than those offered

Report of the Directors

by independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, no cap has been set for such loan services. The deposit services under the new Financial Services Framework Agreement and their annual caps have been approved at the fourth extraordinary general meeting of 2022 of the Company on 29 December 2022.

Property Lease Framework Agreement between BEH and the Company

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

Finance Leasing Business Framework Agreement between BEH and the Company

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

Report of the Directors

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

Shenzhen Jingneng Leasing

On 20 June 2022, the acquisition of 84.68% equity interest in Shenzhen Jingneng Leasing (“**Shenzhen Jingneng Leasing Equity Acquisition**”) was considered and approved by the Shareholders at the general meeting of the Company. Upon completion of the Shenzhen Jingneng Leasing Equity Acquisition, Shenzhen Jingneng Leasing has become a non-wholly owned subsidiary of the Company. As at 31 December 2023, Shenzhen Jingneng Leasing was directly held as to approximately 84.68% equity interest by the Company and as to approximately 15.32% equity interest by Beijing Energy Investment, a wholly-owned subsidiary of BEH. According to Rule 14A.16(1) of the Listing Rules, Shenzhen Jingneng Leasing is a connected subsidiary of the Company.

BEH and its Associates

BEH is the controlling shareholder of the Company.

Beijing Jingneng Leasing and Beijing Jingneng Construction Group Co., Ltd. (北京京能建設集團有限公司) (“**Beijing Jingneng Construction**”) are wholly owned by BEH.

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

Inner Mongolia Jingtai Power Co., Ltd. (內蒙古京泰發電有限責任公司) (“**Inner Mongolia Jingtai**”), Ningxia Jingneng Ningdong Electric Power Co., Ltd. (寧夏京能寧東發電有限責任公司) (“**Ningxia Jingneng Ningdong**”), Inner Mongolia Jingneng Kangbashi Thermal Power Co., Ltd. (內蒙古京能康巴什熱電有限責任公司) (“**Inner Mongolia Jingneng Kangbashi**”), Shanxi Jingyu Power Generation Co., Ltd. (山西京玉發電有限責任公司) (“**Shanxi Jingyu**”), Huzhou Yuanxing Energy Co., Ltd. (湖州源興能源有限公司) (“**Huzhou Yuanxing**”), Shanxi Jingneng Lvlin Power Generation Co., Ltd. (山西京能呂臨發電有限公司) (“**Shanxi Jingneng Lvlin**”), Langfang Huayuan Shengshi Heating Co., Ltd. (廊坊市華源盛世熱力有限公司) (“**Langfang Huayuan Shengshi**”), Inner Mongolia Jingneng Shuangxin Power Generation Co., Ltd. (內蒙古京能雙欣發電有限公司) (“**Inner Mongolia Jingneng Shuangxin**”), Jiangxi Yichun Jingneng Thermal Power Co., Ltd. (江西宜春京能熱電有限責任公司) (“**Jiangxi Yichun Jingneng**”), Jingneng Yuanshen (Jiaxing) Energy Technology Co., Ltd. (京能源深(嘉興)能源科技有限公司) (“**Yuanshen Jiaxing**”), Huzhou Yuanxun Energy Technology Co., Ltd. (湖州源潯能源科技有限公司) (“**Huzhou Yuanxun**”) and Ningxia Hongdunzi Coal Co., Ltd. (寧夏紅墩子煤業有限公司) (“**Ningxia Hongdunzi**”) are indirect non-wholly owned subsidiaries of BEH.

Report of the Directors

Inner Mongolia Daidian Real Estate Development Co., Ltd. (內蒙古岱電房地產開發有限公司) (“**Inner Mongolia Daidian**”), Jingneng Power Zhuozhou Technology Environmental Protection Co., Ltd. (京能電力涿州科技環保有限公司) (“**Jingneng Power Zhuozhou**”), Jingneng Yuanshen Taizhou Energy Technology Co., Ltd. (京能源深泰州能源科技有限公司) (“**Yuanshen Taizhou**”), Jingneng Yuanshen (Suzhou) Energy Technology Co., Ltd. (京能源深(蘇州)能源科技有限公司) (“**Yuanshen Suzhou**”), Tongxiang Kemao New Energy Co., Ltd. (桐鄉科茂新能源有限公司) (“**Tongxiang Kemao**”) (Tongxiang Kemao New Energy Co., Ltd. Nanxun branch (“**Tongxiang Nanxun**”), Tongxiang Kemao New Energy Co., Ltd. Nanhu branch (“**Tongxiang Nanhu**”), Tongxiang Kemao New Energy Co., Ltd. Ningbo branch (“**Tongxiang Ningbo**”), Tongxiang Kemao New Energy Co., Ltd. Pinghu branch (“**Tongxiang Pinghu**”) and Tongxiang Kemao New Energy Co., Ltd. Shaoxing Keqiao branch (“**Tongxiang Shaoxing**”) are branches of Tongxiang Kemao) are indirect wholly-owned subsidiaries of BEH.

Yongsheng Huiguang Photovoltaic Power Generation Co., Ltd. (永勝惠光光伏發電有限公司) (“**Yongsheng Huiguang**”) is an indirect non-wholly owned subsidiary of Beijing Energy International, a 30%-controlled company of BEH.

Yongren Huiguang Photovoltaic Power Generation Co., Ltd. (永仁惠光光伏發電有限公司) (“**Yongren Huiguang**”) is an indirect wholly-owned subsidiary of Beijing Energy International, a 30%-controlled company of BEH.

Baotou Shenghua Coal Sales Co., Ltd. (包頭市盛華煤炭銷售有限公司) (“**Baotou Shenghua**”) and Jingneng Xilin Guole Energy Co., Ltd. (京能錫林郭勒能源有限公司) (“**Jingneng Energy**”) are direct non-wholly owned subsidiaries of BEH.

Tianjin HNA East Coast Development Co., Ltd. (天津海航東海岸發展有限公司) (“**Tianjin HNA East Coast**”) is a non-wholly owned subsidiary of Beh-Property Co., Ltd., a 30%-controlled company of BEH.

Jingneng (Jiaxing Xiuzhou) New Energy Co., Ltd. (京能(嘉興秀洲)新能源有限公司) (“**Jingneng Jiaxing**”) and Chaling Jingneng New Energy Co., Ltd. (茶陵京能新能源有限公司) (“**Chaling Jingneng**”) are wholly owned by Beijing Lianhe Rongbang New Energy Technology Co., Ltd. (北京聯合榮邦新能源科技有限公司) which is in turn owned as to 99.43% by Beijing Energy International Investment Limited (“**Beijing Energy International Investment**”), an indirect wholly-owned subsidiary of Beijing Energy International, and as to 0.57% by Silk Road New Energy (Changzhou) Co., Ltd. (絲綢之路新能源(常州)有限公司), an indirect non-wholly owned subsidiary of Beijing Energy International Investment.

Jiayan (Beijing) New Energy Co., Ltd. (嘉燕(北京)新能源有限公司) (“**Jiayan Beijing**”) is owned as to 95% by Beijing Jingneng International Integrated Smart Energy Co., Ltd. (北京京能國際綜合智慧能源有限公司), an indirect wholly-owned subsidiary of Beijing Energy International.

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

Report of the Directors

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

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

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

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

(1) Sales and Leaseback Agreement

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

Report of the Directors

Pursuant to the above sales and leaseback agreements, Shenzhen Jingneng Leasing purchased the leased assets from BEH's associates and then leased the same back to such BEH's associates for an agreed term and receive lease payment on a periodic basis. Please refer to the announcement of the Company dated 20 June 2022 for details of the sales and leaseback agreements. For the sales and leaseback agreements entered into between Shenzhen Jingneng Leasing and Baotou Shenghua on 25 April 2021 and 7 May 2021, Shenzhen Jingneng Leasing and BEH entered into the creditor's rights transfer agreement on 23 April 2023. Please refer to *"Connected Transactions between the Group and BEH and/or its associates – Creditor's Rights Transfer Agreement between Shenzhen Jingneng Leasing and BEH"* for details.

For the aforesaid sales and leaseback agreements, except the sales and leaseback agreements with Inner Mongolia Jingtai, Huayuan Shengshi, Jingneng Power Zhuozhou, Beijing Jingneng Construction and Inner Mongolia Jingneng Shuangxin which remained unchanged, other agreements have been settled early or subject to interest rate adjustments pursuant to the finance leasing framework agreement.

(2) Direct Finance Leasing Agreements

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

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

The aforesaid direct finance leasing agreements have been settled early or subject to interest rate adjustment pursuant to the finance leasing business framework agreement.

Report of the Directors

(3)

Report of the Directors

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

On 15 May 2020, Shenzhen Jingneng Leasing and Beijing Energy International entered into the finance lease business framework agreement, pursuant to which Shenzhen Jingneng Leasing has agreed to provide finance leasing services to Beijing Energy International and its subsidiaries for the three years ending 31 December 2022. The proposed annual caps for the finance lease business framework agreement for each of the three years ending 31 December 2022 are all RMB500 million. On 5 August 2020, Shenzhen Jingneng Leasing and Beijing Energy International entered into a supplemental agreement to the finance lease business framework agreement to refine the scope of services to be provided, pursuant to which the scope of finance leasing services to be provided by Shenzhen Jingneng Leasing and/or its associates to Beijing Energy International and its subsidiaries would be limited to direct leasing services only. Save for the amendments in the supplemental agreement, all other terms of the finance lease business framework agreement remain unchanged. In light of the business needs of Beijing Energy International, on 9 March 2022, Shenzhen Jingneng Leasing and Beijing Energy International entered into the second supplemental agreement to the finance lease business framework agreement to adjust the annual cap for the transactions contemplated under the finance lease business framework agreement for the year ending 31 December 2022. Pursuant to the second supplemental agreement, the annual caps for the transactions contemplated under the finance lease business framework agreement for the year ending 31 December 2022 would be increased to RMB3,000 million. Save for the above amendment, all other terms of the finance lease business framework agreement remain unchanged. For any specific transaction contemplated under the finance lease business framework agreement, the Company is also required to comply with all applicable reporting, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon the completion of the Shenzhen Jingneng Leasing Equity Acquisition.

Report of the Directors

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

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

Continuing Connected Transactions between the Company and Shenzhen Jingneng Leasing

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

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

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

The transaction amount of this transaction in 2023 was relatively small, which was because that the financing interest rates for the wind and photovoltaic power generation projects in 2023 were lower than the financing costs charged by Shenzhen Jingneng Leasing due to the support for green industries by the financial policies, thus the project companies opted to seek borrowings from the financial institutions directly.

Report of the Directors

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

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

The transaction amount of this agreement in 2023 was relatively small due to the relatively small fund requirement as a result of a relatively small business scale.

Connected Transactions between the Group and BEH and/or its associates

Construction General Contracting Agreement between Beijing Shangzhuang Gas-fired Thermal Power Co., Ltd. and Beijing Jingneng Construction

On 16 December 2023, Beijing Shangzhuang Gas-fired Thermal Power Co., Ltd. (“**Shangzhuang Power**”), a subsidiary of the Company, entered into the Construction General Contracting Agreement with Beijing Jingneng Construction, pursuant to which, Shangzhuang Power engaged Beijing Jingneng Construction to provide construction general contracting services regarding the construction of integrated energy supervision and control center and refrigeration station project. Pursuant to the Construction General Contracting Agreement, the total fees charged by Beijing Jingneng Construction to Shangzhuang Power shall be RMB168.9 million (tax inclusive) including but not limited to project construction fee, safe and civilized construction fee of approximately RMB4.65 million, professional engineering fee of approximately RMB21.65 million and provisional amount of approximately RMB18.35 million. Shangzhuang Power initiated open tender for selecting the construction general contracting service providers and Beijing Jingneng Construction finally won the bid.

BEH is the controlling shareholder of the Company. Beijing Jingneng Construction, as a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Construction General Contracting Agreement and the transaction under the Construction Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the transaction under the Construction General Contracting Agreement exceeds 0.1% but is less than 5%, the transaction under the Construction General Contracting Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Creditor's Rights Transfer Agreement between Shenzhen Jingneng Leasing and BEH

On 23 April 2023, Shenzhen Jingneng Leasing, as the vendor, entered into the Creditor's Rights Transfer Agreement with BEH, as the purchaser, pursuant to which BEH agreed to purchase, and Shenzhen Jingneng Leasing agreed to sell, the creditor's rights under the Sale and Leaseback Agreement on Fully Enclosed Coal Storage Shed and Section I, II and III for the Special Railway Line of Baotou Shenghua Coal Sales Co., Ltd. and the Sale and Leaseback Agreement on Quick Loading System of Baotou Shenghua Coal Sales Co., Ltd. which were entered into between Shenzhen Jingneng Leasing and Baotou Shenghua on 25 April 2021 and 7 May 2021, respectively, at a consideration of approximately RMB145.76 million.

Shenzhen Jingneng Leasing is a non-wholly owned subsidiary of the Company. BEH is the controlling shareholder of the Company. Accordingly, the transaction under the Creditor's Rights Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios are more than 0.1% but less than 5%, the transaction under the Creditor's Rights Transfer Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Disposal of 50% Equity Interest in Beijing Tianyin by the Company

The Company initiated a listing-for-sale process to dispose of its 50% equity interest in Beijing Tianyin Geothermal Development Co., Ltd. ("Beijing Tianyin") on China Beijing Equity Exchange (北 京 股 权 交 易 所) and BDHG won the public bidding for the 50% equity interest in Beijing Tianyin. On 3 August 2023, the Company entered into the Equity Transaction Agreement with BDHG, pursuant to which, BDHG has agreed to purchase and the Company has agreed to sell 50% equity interest in Beijing Tianyin at a total consideration of RMB69,445,000.

BEH is the controlling shareholder of the Company. BDHG, as a wholly-owned subsidiary of BEH, is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Equity Transaction Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the transaction contemplated under the Equity Transaction Agreement exceeds 0.1% but is less than 5%, the transaction contemplated under the Equity Transaction Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Note 47 to the Financial Statements disclosed the related party transactions. Pursuant to the Listing Rules, notes 47(d)(i) to 47(d)(ix) constitute continuing connected transactions between the Group and BEH and its associates as disclosed above. The Company has complied with the disclosure requirements governing connected transactions under the Listing Rules.

Report of the Directors

Review and Confirmation

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

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

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

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

Confirmation of the Auditor

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that the auditor has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions related to those transacted in the year of 2023 disclosed by the Group on pages 53 to 67 in accordance with Rule 14A.56 of the Listing Rules.

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

COMPLIANCE WITH THE NON-COMPETITION AGREEMENT

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the total volume of purchases from the five largest suppliers of the Company accounted for 73% of the total purchase volume of the year. The purchase from the largest supplier accounted for 48% of the total volume of purchases of the year.

For the year ended 31 December 2023, the total revenue generated from the five largest customers of the Company accounted for 98% of the total revenue of the year. The revenue generated from the largest customer accounted for 80% of the total revenue of the year.

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

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

Report of the Directors

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to note 46 to the Financial Statements for detailed information on the retirement and employee benefits scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Stock Exchange, the Company always strives to maintain a high level of corporate governance and complied with all code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 of the Listing Rules for the year ended 31 December 2023.

RELATIONSHIP WITH STAKEHOLDERS

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

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

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

We believe that our suppliers are equally important in driving quality delivery of our project developments.

Report of the Directors

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended 31 December 2023, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's 2023 annual results and the financial statements for the year ended 31 December 2023 were prepared in accordance with the International Financial Reporting Standards ("IFRSs").

AUDITORS

Deloitte Touche Tohmatsu and Baker Tilly International Certified Public Accountants (Special General Partnership) were appointed as the international and domestic auditors of the Company, respectively, for the year ended 31 December 2023. The Company's Financial Statements for the year 2023 prepared in accordance with IFRSs have been audited by Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu has been the auditor of the Company for the past twelve years.

FINANCIAL HIGHLIGHTS

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

MISCELLANEOUS

The Company was not aware that any Shareholders had waived or agreed to waive any dividend arrangement for the year ended 31 December 2023.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
Mr. CHEN Dayu
Executive Director

Beijing, the PRC
26 March 2024

In 2023, all members of the Supervisory Committee of the Company complied strictly with the relevant provisions of the Company Law of the PRC (the “Company Law”), the Articles of Association, and the Listing Rules. With the strong support and close cooperation of the CPC Committee, the Board and the shareholders of the Company, the Supervisory Committee strictly followed the Rules of Procedure for the Supervisory Committee, diligently performed its supervisory duties, put more efforts into supervision of the Company’s operation and management, carefully reviewed the Company’s financial reports, and exercised supervision over the legal compliance and rationality of the Directors and Senior Management of the Company for performing their duties, which effectively safeguarded the legal interests of shareholders, the Company and its employees. The main works of the Board of Supervisors during the Reporting Period are as follows:

I. SUPERVISORY COMMITTEE’S WORK IN 2023

(i) Supervisory Committee’s Meetings Held

In 2023, the Supervisory Committee of the Company held four meetings, and the convening of the meetings, the signing of the proposals and the exercise of Supervisors’ rights were in compliance with the relevant provisions of the Company Law, the Articles of Association and the Rules of Procedure for the Supervisory Committee.

2023 first meeting of the fourth session of the Supervisory Committee was held on 28 March 2023 at No. 802 Meeting Room of the Company, at which the “Proposal on the 2022 Work Report of the Supervisory Committee”, the “Proposal on the Audited Financial Report for 2022 (Prepared in accordance with the IFRS)”, the “Proposal on the Audited Financial Report for 2022 (Prepared in accordance with the China Accounting Standards for Business Enterprises)”, the “Proposal on the Profit Distribution Scheme for 2022”, the “Proposal on 2022 Environmental, Social and Governance Report”, the “Proposal on 2022 Annual Report and Annual Results Announcement” and the “Proposal on Financial Budget (International Standards) Report for 2023” were considered and approved.

2023 second meeting of the fourth session of the Supervisory Committee was held on 25 July 2023 at No. 802 Meeting Room of the Company, at which the “Proposal on the Nomination of Candidates for Shareholder Representative Supervisors in the Fifth Session of the Supervisory Committee” was considered and approved.

2023 first meeting of the fifth session of the Supervisory Committee was held on 29 August 2023 at No. 802 Meeting Room of the Company, at which the “Proposal on Election of Mr. WANG Xiangneng as the Chairman of the Fifth Session of the Supervisory Committee of Beijing Jingneng Clean Energy Co., Limited” and the “Proposal on the Interim Financial Report (Prepared in accordance with the IFRS) for 2022” were considered and approved.

2023 second meeting of the fifth session of the Supervisory Committee was held on 12 December 2023 by way of telecommunication, at which the “Proposal on Termination of the 2020 Share Appreciation Rights Scheme of Beijing Jingneng Clean Energy Co., Limited” and the “Proposal on Adoption of the Share Appreciation Rights Scheme of Beijing Jingneng Clean Energy Co., Limited” were considered and approved.

Report of the Board of Supervisors

(ii) Attendance at the Board Meeting

In 2023, the Supervisory Committee attended all meetings held by the Board of the Company. At each meeting, the Supervisory Committee issued relevant opinions and suggestions according to the agenda and supervisory responsibilities, and supervised the procedures and voting results of the meetings according to laws, to ensure that the meetings were carried out in an orderly manner according to laws.

(iii) Trainings for Supervisors

In August 2023, the members of the Supervisory Committee of the Company participated in trainings on the environmental, social and governance (ESG) work improvement recommendation and work planning to get a better understanding of the ESG-related development background and trend, latest regulatory requirements, linkage between the ESG issue and the capital market as well as the future ESG-related improvement of the Company.

In October 2023, the members of the Supervisory Committee of the Company participated in the training for continuous obligations of the directors and supervisors of those companies listed on the Main Board of the Hong Kong Stock Exchange, and acquired systematic in-depth knowledge about the duties and responsibilities of the Company's supervisors, corporate governance, rules and regulations, enforcement trends and cases, which further enhanced their abilities of performing their duties.

II. SUPERVISION OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS IN 2023

During the reporting period, the Supervisory Committee of the Company conscientiously performed various supervisory duties and actively carried out work in accordance with the Company law, the Articles of Association and the Rules of Procedure for the Supervisory Committee. The Supervisory Committee conducted a series of supervisory and auditing activities on the Company's standardized operation, financial status, major events, connected transactions, information disclosure and the implementation of Proposals of the general meeting. The Supervisory Committee expressed the following supervisory opinions on the following matters:

(i) Inspecting whether the Company was in lawful operation

Through their presence at Board meetings of the Company in 2023, the members of the Supervisory Committee had reviewed the Proposals submitted to the Board for approval, including the Work Report of the General Manager, the Work Report of the Board, the Audited Financial Report (IFRS), the Financial Budget Report and relevant Proposals in relation to the significant decisions made by the Board and the Company in operations and management. By means of attending meetings held mentioned above, the members supervised the decision-making process regarding major issues and the duty-performing behaviors of Board members and senior management. The Supervisory Committee was of the view that the significant decisions were made in compliance with laws and rules. All Board members and senior management of the Company were featured by their hardworking, due diligence and dedication. Nothing was found to be in violation of law, regulations or the Articles of Association, or damage to the Company's interests.

Report of the Board of Supervisors

(ii) Inspection on the Company's financial condition

Members of the Supervisory Committee conducted effective and careful inspection and review on the Company's relevant financial information for 2023. The Supervisory Committee considered that the Company's financial management system was sound and effective, with standardized financial operation and good financial status. The Supervisory Committee carefully reviewed the financial report for 2022 and the interim financial report for 2023 submitted by the Board to the general meeting. The Supervisory Committee believes that the reports followed the principle of consistency and truly, accurately and objectively reflected the Company's financial situation and operating results.

(iii) Inspection on the Company's connected transactions

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

(iv) Inspecting on the Company's information disclosure

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

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

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

III. WORK ARRANGEMENT OF THE SUPERVISORY COMMITTEE FOR 2024

In 2024, the Supervisory Committee will fully fulfill its supervisory duties, comply strictly with the relevant provisions of the Company Law, the Articles of Association, the Rules of Procedure for the Supervisory Committee and the Listing Rules of the Hong Kong Stock Exchange, abide by the principle of good faith, and impose effective supervision on the Company and its Directors and senior management; pay close attention on the production, operation and management of the Company and monitor the significant measures of the Company, so as to promote the growth of the Company's economic benefits and safeguard the interests of all Shareholders and of the Company.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

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

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

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

In the opinion of the Directors, during the year ended 31 December 2023, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made of all the Directors and Supervisors of the Company. All the Directors and Supervisors have confirmed that they have complied with the Model Code during the year ended 31 December 2023.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

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

Corporate Governance Report

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

The Board currently comprises 10 members, consisting of 3 executive Directors, 3 non-executive Directors and 4 independent non-executive Directors.

The Board of the Company comprises the following Directors:

Executive Directors

CHEN Dayu (*Chairman*)

LI Minghui (*General Manager*)

ZHANG Wei

Non-executive Directors

ZHOU Jianyu

SONG Zhiyong

ZHANG Yi

Independent Non-executive Directors

ZHAO Jie

WANG Hongxin

QIN Haiyan

HU Zhiying

The biographical information of the Directors are set out in the section headed "Profiles of Directors, Supervisors and Senior Management" on pages 30 to 40 of this Annual Report.

None of the members of the Board is related to one another.

Chairman and General Manager

The Chairman of the Board is Mr. CHEN Dayu and the General Manager of the Company is Mr. LI Minghui. The positions of the Chairman of the Board and the General Manager are held by separate persons in order to preserve independence and a balance of views and judgment. The Chairman of the Board provides leadership and is responsible for the effective functioning and leadership of the Board in accordance with good corporate governance practice. The General Manager focuses on implementing objectives, policies and strategies approved and delegated by the Board.

Corporate Governance Report

Independent non-executive Directors

During the year ended 31 December 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

Directors' Re-election

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

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

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively

Corporate Governance Report

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

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

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

Continuous Professional Development of Directors

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

Every newly appointed Director will receive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Corporate Governance Report

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

During the year 2023, the Company organized training sessions conducted by the legal advisers for the Directors, namely Mr. CHEN Dayu, Mr. LI Minghui, Mr. ZHANG Wei, Mr. ZHANG Fengyang (resigned on 25 April 2024), Mr. GAO Yuming (resigned on 29 August 2023), Mr. CAO Mansheng (resigned on 29 August 2023), Mr. ZHOU Jianyu, Mr. SONG Zhiyong, Ms. ZHANG Yi, Mr. HUANG Xiang (resigned on 29 August 2023), Mr. XU Daping (resigned on 29 August 2023), Mr. CHAN Yin Tsung (resigned on 29 August 2023), Ms. ZHAO Jie, Mr. WANG Hongxin, Mr. QIN Haiyan and Ms. HU Zhiying. The training session(s) covered a wide range of relevant topics including directors' duties and responsibilities, corporate governance and regulatory updates, etc.

The training records of the Directors for the year ended 31 December 2023 are summarized as follows:

Directors	Type of Training ^{Note}
Executive Directors	
CHEN Dayu	A
LI Minghui	A
ZHANG Wei	A
ZHANG Fengyang (resigned on 25 April 2024)	A
GAO Yuming (resigned on 29 August 2023)	A
CAO Mansheng (resigned on 29 August 2023)	A
Non-executive Directors	
ZHOU Jianyu	A
SONG Zhiyong	A
ZHANG Yi	A
Independent non-executive Directors	
HUANG Xiang (resigned on 29 August 2023)	A
XU Daping (resigned on 29 August 2023)	A
CHAN Yin Tsung (resigned on 29 August 2023)	A
ZHAO Jie	A
WANG Hongxin	A
QIN Haiyan	A
HU Zhiying	A

Note:

Type of Training

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

Corporate Governance Report

BOARD COMMITTEES

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

Members of each Board committee comprise independent non-executive Directors and the list of the chairman and members of each Board committee is set out under "Corporate Information" on page 250.

Audit Committee

The Audit Committee comprises 1 non-executive Director, namely Mr. SONG Zhiyong and 2 independent non-executive Directors, namely Ms. ZHAO Jie and Ms. HU Zhiying (appointed as the chairman on 29 August 2023), with independent non-executive Directors in majority (including one independent non-executive Director with the accounting expertise). None of the members of the Audit Committee is a former partner of the Company's existing auditors.

Mr. CHAN Yin Tsung and Mr. HUANG Xiang ceased to be the chairman and member of the Audit Committee of the Company respectively on 29 August 2023.

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

During the year ended 31 December 2023, the Audit Committee held two meetings to review the interim and annual financial results and reports and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, effectiveness of the internal audit function, scope of work and appointment of external auditors.

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

Corporate Governance Report

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises 3 members, namely Ms. ZHAO Jie (appointed as the chairman on 29 August 2023), and Ms. HU Zhiying, both are independent non-executive Directors, and Ms. ZHANG Yi, a non-executive Director.

Mr. HUANG Xiang and Mr. XU Daping ceased to be the chairman and member of the Remuneration and Nomination Committee of the Company respectively on 29 August 2023.

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

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

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

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

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

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

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

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

Corporate Governance Report

Strategy Committee

The current members of the Strategy Committee are 3 executive Directors, which are Mr. CHEN Dayu (appointed as the chairman on 25 April 2024), Mr. LI Minghui and Mr. ZHANG Wei, and 1 independent non-executive Director, which is Mr. QIN Haiyan.

Mr. GAO Yuming, Mr. CAO Mansheng and Mr. SONG Zhiyong ceased to be members of the Strategy Committee of the Company on 29 August 2023, while Mr. ZHANG Fengyang ceased to be the chairman of the Strategy Committee of the Company on 25 April 2024.

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

During the year, the Strategy Committee held two meetings.

Legal and Compliance Management Committee

The current members of the Legal and Compliance Management Committee are Mr. ZHOU Jianyu (appointed as the chairman on 29 August 2023), a non-executive Director, Mr. LI Minghui, an executive Director, and Mr. WANG Hongxin, an independent non-executive Director.

Mr. ZHANG Fengyang and Mr. CHAN Yin Tsung ceased to be members of the Legal and Compliance Management Committee of the Company on 29 August 2023, while Mr. CHEN Dayu ceased to be a member of this committee on 25 April 2024.

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

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

Board Diversity Policy

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

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

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

Corporate Governance Report

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

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

As of 31 December 2023, the Group had 3,301 employees, including 2,643 male employees and 658 female employees. The proportion of male and female employees to our total workforce (including senior management) was approximately 80.07% and 19.93%. Differences in education degree, culture background, professional background and job requirements are the main factors dominating the employee gender diversity. The principal businesses of the Company are wind power generation, photovoltaic power generation, gas-fired power and heat energy generation, hydropower generation and other businesses related to clean energy, with the industry feature of high concentration of male employees. The Company recognises the benefits of employee diversity, and will make every possible effort to promote employee diversity, especially gender diversity. In order to promote gender diversity, and on the premise of offering equal opportunities for recruitment, career development and promotion, the Company will continue to introduce all kinds of professional talents of both genders according to its own development needs, and take gender diversity into consideration for recruitment and selection of senior management and employees, with an aim to cultivate and build a talent team with reasonable structure, gender diversity and equal opportunities.

Director Nomination Policy

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

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

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

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

Corporate Governance Report

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

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

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

Corporate Governance Functions

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

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

Corporate Governance Report

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2023 is set out in the table below:

Attendance/Number of Meetings during the term of office

Name of Director	Board	Audit Committee	Remuneration and Nomination Committee	Strategy Committee	Legal and Compliance Management Committee	Annual General Meeting	Extraordinary General Meeting
CHEN Dayu	11/11	–	–	2/2	1/1	0/1	2/2
LI Minghui ⁽¹⁾	6/6	–	–	1/1	–	–	1/1
ZHANG Wei ⁽²⁾	6/6	–	–	1/1	–	–	1/1
ZHANG Fengyang	11/11	–	–	2/2	2/2	1/1	1/2
GAO Yuming ⁽³⁾	5/5	–	–	1/1	–	0/1	0/1
CAO Mansheng ⁽⁴⁾	5/5	–	–	1/1	–	0/1	0/1
Zhou Jianyu	11/11	–	–	–	3/3	1/1	2/2
Song Zhiyong ⁽⁵⁾	11/11	2/2	–	1/1	–	0/1	2/2
Zhang Yi ⁽⁶⁾	11/11	–	3/3	–	–	1/1	2/2
HUANG Xiang ⁽⁷⁾	5/5	1/1	4/4	–	–	1/1	1/1
CHAN Yin Tsung ⁽⁸⁾	5/5	1/1	–	–	2/2	1/1	0/1
XU Daping ⁽⁹⁾	5/5	–	4/4	–	–	1/1	0/1
ZHAO Jie ⁽¹⁰⁾	11/11	1/1	7/7	–	–	1/1	2/2
WANG Hongxin ⁽¹¹⁾	6/6	–	–	–	1/1	–	1/1
QIN Haiyan ⁽¹²⁾	6/6	–	–	1/1	–	–	1/1
HU Zhiying ⁽¹³⁾	6/6	1/1	3/3	–	–	–	1/1

- notes (1) Mr. LI Minghui was appointed as an executive Director and a member of the Strategy Committee on 29 August 2023.
- (2) Mr. ZHANG Wei was appointed as an executive Director and a member of the Strategy Committee on 29 August 2023.
- (3) Mr. GAO Yuming ceased to be an executive Director and a member of the Strategy Committee on 29 August 2023.
- (4) Mr. CAO Mansheng ceased to be an executive Director and a member of the Strategy Committee on 29 August 2023.
- (5) Mr. SONG Zhiyong ceased to be a member of the Strategy Committee on 29 August 2023.
- (6) Ms. ZHANG Yi was appointed as a member of the Remuneration and Nomination Committee on 29 August 2023.
- (7) Mr. HUANG Xiang ceased to be an independent non-executive Director and a member of the Audit Committee and the Remuneration and Nomination Committee on 29 August 2023.
- (8) Mr. CHAN Yin Tsung ceased to be an independent non-executive Director, the chairman of the Audit Committee and a member of the Legal and Compliance Management Committee on 29 August 2023.
- (9) Mr. XU Daping ceased to be an independent non-executive Director and a member of the Remuneration and Nomination Committee on 29 August 2023.
- (10) Ms. ZHAO Jie was appointed as a member of the Audit Committee on 29 August 2023.
- (11) Mr. WANG Hongxin was appointed as an independent non-executive Director and a member of the Legal and Compliance Management Committee on 29 August 2023.
- (12) Mr. QIN Haiyan was appointed as an independent non-executive Director and a member of the Strategy Committee on 29 August 2023.
- (13) Ms. HU Zhiying was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee on 29 August 2023.

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

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

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

Review on the risk management and internal control system is conducted once a year, covering the period from 1 January 2023 and 31 December 2023. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2023.

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

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2023, and considered that such systems are effective and adequate. The annual review also covered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as the ESG performance and reporting.

Corporate Governance Report

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

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

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

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

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2023.

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

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 91 to 95.

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

AUDITORS' REMUNERATION

During the year ended 31 December 2023, the remuneration paid and payable to the international auditor and domestic auditor for audit services was RMB6,916,000 in aggregate, and services fees for non-audit services paid and payable to the international auditor and domestic auditor (including their respective member firms) was RMB2,135,000 in aggregate, which was for the professional services relating to the financing and acquisition and other matters of the Group.

Corporate Governance Report

COMPANY SECRETARY

Mr. ZHANG Wei and Mr. LEUNG Chi Kit serve as our joint company secretaries. Mr. ZHANG Wei (the secretary to the Board and joint company secretary) serves as the main contact person of the Company for Mr. LEUNG Chi Kit. All Directors of the Company are entitled to obtain the advice and services from the company secretaries to ensure their compliance with Board procedures and all applicable laws, rules and regulations.

For the year ended 31 December 2023, Mr. ZHANG Wei and Mr. LEUNG Chi Kit have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels.

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

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

Convening a General Meeting by Shareholders

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

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

Putting Forward Proposals at General Meetings

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

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

Corporate Governance Report

Putting Forward Enquiries to the Board

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

Contact Details

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company

Corporate Governance Report

Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The Board conducts annual review on the Shareholders' Communication Policy to ensure its effectiveness. Pursuant to the Shareholders' Communication Policy, the Company regularly holds the annual general meeting every year; the Company establishes a special investor relationship section on its website for updating the information regularly, and upload to the Company's website those information which have been published to the Stock Exchange in one hour, to ensure that the update information about the Group are available to shareholders and potential investors on a timely manner. Such information includes financial statements, results announcements, circulars, notices of general meetings and relevant explanatory documents, and all announcements. The Company convenes the results presentation every half year to timely inform shareholders or potential investors the Company's results. The Company receives inquiries from shareholders or potential investors from time to time. Through the above-mentioned measures, the Company can effectively implement the Shareholders' Communication Policy, to ensure that the Company maintains long-term effective and good communication with its shareholders. During the Year, the Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy after taking into consideration of, including but not limited to, all existing communication and engagement channels. The Board is of the opinion that the Shareholders' Communication Policy has been properly implemented during the Year and is effective. In accordance with the Expansion of the Paperless Listing Regime and the Electronic Dissemination of Corporate Communications issued by the Hong Kong Stock Exchange which came into effect on 31 December 2023, the Company adopted the arrangement for electronic dissemination of corporate communications. Corporate communications refer to any documents issued or to be issued by the Company for information or action of holders of securities of the Company, including but not limited to (a) report of directors, annual accounts together with a copy of the auditors' report and (where applicable) summary of financial report; (b) interim reports and a summary thereof (where applicable); (c) notices of meetings; (d) listing documents; (e) circulars and (f) proxy forms. All corporate communications in the future, both in English and Chinese, will be published on the websites of the Company (www.jncec.com) and HKEXnews (www.hkexnews.hk) in substitution of printed copy.

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

Independent Auditor's Report

Independent Auditor's Report

KEY AUDIT MATTER *(continued)*

Key audit matter

Goodwill impairment assessment

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

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

As at 31 December 2023, the carrying amount of goodwill is RMB65,855,000, net of impairment of RMB48,279,000 recognised during the year. Details of goodwill and the related key estimation uncertainty are set out in Notes 4, 19 and 20 to the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to the goodwill impairment assessment included:

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

Independent Auditor's Report

OTHER INFORMATION

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 March 2024

Consolidated Statement of Profit or Loss

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000 (Restated)
Revenue	5	20,446,028	20,030,281
Other income	7	1,126,679	1,055,415
Gas consumption		(9,365,354)	(9,186,941)
Depreciation and amortisation expense	12	(3,847,886)	(3,680,958)
Personnel costs	12	(1,353,435)	(1,227,118)
Repairs and maintenance		(321,725)	(560,496)
Other expenses	8	(1,204,940)	(1,054,716)
Other gains and losses	9	(283,539)	(201,274)
Impairment losses recognised under expected credit loss model, net		(7,947)	(3,270)
Profit from operations		5,187,881	5,170,923
Interest income	10	68,077	58,014
Finance costs	10	(1,243,402)	(1,500,967)
Share of results of associates		116,673	146,951
Share of result of a joint venture		14,566	(31,421)
Profit before taxation		4,143,795	3,843,500
Income tax expense	11	(908,592)	(820,086)
Profit for the year	12	3,235,203	3,023,414
Profit for the year attributable to:			
– Equity holders of the Company		3,057,641	2,841,680
– Holders of perpetual notes	42	92,240	100,750
– Non-controlling interests		85,322	80,984
		3,235,203	3,023,414
Earnings per share			
Basic and diluted (RMB cents)	15	37.09	34.47

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Profit for the year	3,235,203	3,023,414
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss:		
Fair value loss on equity instruments at fair value through other comprehensive income	(136)	(17,000)
Income tax relating to items that will not be reclassified to profit or loss	34	4,250
	(102)	(12,750)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	44,562	(53,127)
Cash flow hedges:		
Fair value (loss) gain during the year	(31,228)	46,143
Reclassification of reserves in relation with power purchase agreement	9,952	8,887
Income tax relating to items that may be reclassified subsequently to profit or loss	6,383	(16,509)
	29,669	(14,606)
Other comprehensive income (expense) for the year, net of income tax	29,567	(27,356)
Total comprehensive income for the year	3,264,770	2,996,058
Total comprehensive income for the year attributable to:		
– Equity holders of the Company	3,087,208	2,814,324
– Holders of Perpetual notes	92,240	100,750
– Non-controlling interests	85,322	80,984
	3,264,770	2,996,058

Consolidated Statement of Financial Position

AT 31 DECEMBER 2023

	Notes	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000 (Restated)
Non-current Assets			
Property, plant and equipment	16	60,399,920	55,938,722
Right-of-use assets	17	2,010,652	1,455,903
Intangible assets	18	4,581,135	4,657,861
Goodwill	19	65,855	114,134
Finance lease receivables	27	511,325	1,191,746
Investments in associates	21(a)	1,551,361	1,569,542
Loans to an associate	21(b)	40,000	105,000
Investment in a joint venture	22(a)	76,255	61,689
Loans to a joint venture	22(b)	70,000	70,000
Loan receivables		–	45,852
Deferred tax assets	23	254,107	262,870
Equity instrument at fair value through other comprehensive income	24	92,500	92,637
Value-added tax recoverable	29	1,567,739	1,143,492
Deposit paid for acquisition of property, plant and equipment		1,682,818	1,731,928
Restricted bank deposits	31	69,274	89,878
Derivative financial assets	37	15,836	57,059
Other non-current assets		793,855	836,054
		73,782,632	69,424,367
Current Assets			
Inventories	25	87,774	97,280
Finance lease receivables	27	434,920	378,120
Loan receivables		–	45,853
Trade and bills receivables	26	10,921,894	11,027,087
Other receivables, deposits and prepayments	28	677,078	526,636
Current tax assets		8,424	9,308
Amounts due from related parties	47(a)	197,682	153,687
Value-added tax recoverable	29	606,726	639,350
Financial asset at fair value through profit or loss	30	257,853	231,742
Derivative financial asset	37	10,591	–
Restricted bank deposits	31	3,781	419
Cash and cash equivalents	32	6,605,086	5,466,388
		19,811,809	18,575,870

Consolidated Statement of Financial Position

AT 31 DECEMBER 2023

	Notes	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000 (Restated)
Current Liabilities			
Trade and other payables	33	6,691,856	6,974,153
Amounts due to related parties	47(b)	183,698	205,669
Bank and other borrowings – due within one year	34	9,743,969	12,074,562
Short-term debentures	35	4,828,929	5,538,424
Medium-term notes	36	93,162	1,605,153
Corporate bonds	36	13,762	421,169
Contract liabilities		114,182	139,148
Lease liabilities	39	35,304	60,831
Derivative financial liability	37	65,350	–
Income tax payable		335,182	304,349
Deferred income	38	105,817	38,271
		22,211,211	27,361,729
Net Current Liabilities		(2,399,402)	(8,785,859)
Total Assets less Current Liabilities		71,383,230	60,638,508
Non-current Liabilities			
Derivative financial liability	37	–	105,836
Bank and other borrowings – due after one year	34	28,148,846	21,653,219
Medium-term notes	36	6,492,406	4,494,291
Corporate bonds	36	599,785	599,785
Contract liabilities		–	5,777
Deferred tax liabilities	23	388,905	338,780
Deferred income	38	279,645	331,215
Lease liabilities	39	792,106	679,706
Other non-current liability		160,859	7,678
		36,862,552	28,216,287
Net Assets		34,520,678	32,422,221

Consolidated Statement of Financial Position

AT 31 DECEMBER 2023

	Notes	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000 (Restated)
Capital and Reserves			
Share capital	40	8,244,508	8,244,508
Reserves		22,433,538	20,345,423
Equity attributable to equity holders of the Company		30,678,046	28,589,931
Perpetual notes	42	3,023,455	3,027,962
Non-controlling interests		819,177	804,328
Total Equity		34,520,678	32,422,221

The consolidated financial statements on pages 96 to 247 were approved and authorised for issue by the board of directors on 26 March 2024 and are signed on its behalf by:

CHEN Dayu
Director

LI Minghui
Director

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company											
	Share capital	Capital reserve	Statutory surplus reserve	Other reserves	Fair value through other comprehensive income reserve	Cash flow hedging reserve	Currency translation differences	Retained profits	Total	Perpetual notes	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 40)	(Note 41)	(note (a))	(note (b))				(Restated)	(Restated)	(Note 42)		(Restated)
At 1 January 2022 (originally stated)	8,244,508	4,656,473	2,673,793	(76,430)	31,208	(19,860)	(171,280)	12,012,209	27,350,621	3,027,962	793,167	31,171,750
Adjustments for changes in accounting policies (Note 3.1)	-	-	-	-	-	-	-	(6,248)	(6,248)	-	-	(6,248)
At 1 January 2022 (restated)	8,244,508	4,656,473	2,673,793	(76,430)	31,208	(19,860)	(171,280)	12,005,961	27,344,373	3,027,962	793,167	31,165,502
Profit for the year (restated)	-	-	-	-	-	-	-	2,841,680	2,841,680	100,750	80,984	3,023,414
Other comprehensive (expense) income for the year	-	-	-	-	(12,750)	38,521	(53,127)	-	(27,356)	-	-	(27,356)
Total comprehensive (expense) income for the year (restated)	-	-	-	-	(12,750)	38,521	(53,127)	2,841,680	2,814,324	100,750	80,984	2,996,058
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(5,100)	(5,100)
Capital injection in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,322	3,322
Capital injection from ultimate holding company to a subsidiary acquired under common control (note (c))	-	1,311,061	-	-	-	-	-	-	1,311,061	-	(1,983)	1,309,078
Acquisition of subsidiaries under common control	-	(2,318,729)	-	-	-	-	-	-	(2,318,729)	-	-	(2,318,729)
Disposal of an associate	-	(74,719)	-	93,885	-	-	-	-	19,166	-	-	19,166
Appropriation to statutory surplus reserve	-	-	279,951	-	-	-	-	(279,951)	-	-	-	-
Appropriations and utilisations of specific reserve (note (d))	-	-	-	10,328	-	-	-	(10,425)	(97)	-	97	-
Dividends declared	-	-	-	-	-	-	-	(580,167)	(580,167)	(100,750)	(66,159)	(747,076)
At 31 December 2022 (restated)	8,244,508	3,574,086	2,953,744	27,783	18,458	18,661	(224,407)	13,977,098	28,589,931	3,027,962	804,328	32,422,221

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company											
	Share capital	Capital reserve	Statutory surplus reserve	Other reserves	Fair value through other comprehensive income reserve	Cash flow hedging reserve	Currency translation differences	Retained profits	Total	Perpetual notes	Non-controlling interests	Total equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Note 40)	(Note 41)	(note (a))	(note (b))						(Note 42)			
Profit for the year	-	-	-	-	-	-	-	3,057,641	3,057,641	92,240	85,322	3,235,203
Other comprehensive (expense) income for the year	-	-	-	-	(102)	(14,893)	44,562	-	29,567	-	-	29,567
Total comprehensive (expense) income for the year	-	-	-	-	(102)	(14,893)	44,562	3,057,641	3,087,208	92,240	85,322	3,264,770
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,200)	(10,200)
Issuance of perpetual notes	-	-	-	-	-	-	-	-	-	2,000,000	-	2,000,000
Issuance costs	-	-	-	-	-	-	-	-	-	(3,780)	-	(3,780)
Repayment of perpetual notes	-	(7,783)	-	-	-	-	-	-	(7,783)	(1,992,217)	-	(2,000,000)
Capital contribution in a subsidiary from non-controlling interest	-	-	-	-	-	-	-	-	-	-	637	637
Appropriation to statutory surplus reserve	-	-	241,899	-	-	-	-	(241,899)	-	-	-	-
Appropriations and utilisations of specific reserve (note (d))	-	-	-	25,132	-	-	-	(25,452)	(320)	-	320	-
Dividends declared	-	-	-	-	-	-	-	(990,990)	(990,990)	(100,750)	(61,230)	(1,152,970)
At 31 December 2023	8,244,508	3,566,303	3,195,643	52,915	18,356	3,768	(179,845)	15,776,398	30,678,046	3,023,455	819,177	34,520,678

Consolidated Statement of Changes In Equity

FOR THE YEAR ENDED 31 DECEMBER 2023

Notes:

- (a) According to the relevant requirement in the memorandum and articles of association of Beijing Jingneng Clean Energy Co., Limited and its subsidiaries (collectively referred to as the “Group”), a portion of their profits after taxation computed in accordance with the relevant accounting principles and financial regulations in the People’s Republic of China will be transferred to statutory surplus reserve. The transfer to this reserve must be made before the distribution of a dividend to ordinary shareholders. Such statutory surplus reserve can be used to offset the previous years’ losses, if any, or increase capital. The statutory surplus reserve is non-distributable other than upon liquidation.
- (b) Other reserves mainly represent: (i) the share of other comprehensive income of associates and a joint venture; (ii) the share of equity movement arising from an associate’s equity transaction with its non-controlling interest; (iii) specific reserve detailed in note (d).
- (c) Prior to the acquisition of 深圳京能融資租賃有限公司 (Shenzhen Jingneng Financial Leasing Co., Ltd., English name for identification purpose) (“Shenzhen Jingneng Leasing”) under common control, capital injection of RMB1,309,078,000 was made by 北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd., English name for identification purpose) (“BEH”), the Company’s ultimate holding company (also the immediate parent company of the Company and original controlling shareholder of Shenzhen Jingneng Leasing), to Shenzhen Jingneng Leasing and resulted as a dilution on non-controlling interests of RMB1,983,000.
- (d) Pursuant to certain regulations issued by the Ministry of Finance (財政部) and the State Administration of Work Safety (安全監管總局) of the People’s Republic of China (the “PRC”) in 21 November 2022, entities engaged in power generation are required to set up a safety fund based on certain percentage of prior year revenue for safety facilities and environment improvement, which is restricted for distribution to shareholders. Qualified safety expenditure can be transferred from safety fund to retained earnings subsequently.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Operating activities		
Profit before taxation	4,143,795	3,843,500
Adjustments for:		
Depreciation and amortisation expense	3,847,886	3,680,958
Change in fair value of financial asset at fair value through profit or loss	(22,603)	61,097
Impairment losses recognised on property, plant and equipment and intangible assets	312,789	–
Impairment losses recognised on goodwill	48,279	–
Impairment losses recognised under expected credit loss model, net	7,947	3,270
Loss on disposal of property, plant and equipment	1,918	2,075
Gain on disposal of investments in an associate	(23,947)	(2,686)
(Gain) loss on fair value change of fixed forward commodity contract	(42,138)	146,600
Share of results of associates	(116,673)	(146,951)
Share of result of a joint venture	(14,566)	31,421
Interest income	(68,077)	(58,014)
Finance costs	1,243,402	1,500,967
Bargain purchase gain	(13,924)	(6,332)
Release of a contractual obligation	(5,177)	(5,193)
Deferred income released to profit or loss	(368,239)	(387,389)
Operating cash flows before movements in working capital	8,930,672	8,663,323
Movements in working capital:		
Decrease (increase) in inventories	9,506	(632)
Decrease in trade and bills receivables	204,142	709,785
(Increase) decrease in amounts due from related parties	(44,592)	338,592
Decrease in other receivables, deposits and prepayments and value-added tax recoverable	414,741	940,951
Decrease in finance lease receivables	623,621	1,145,244
Decrease (increase) in other non-current assets	51,922	(317,155)
(Decrease) increase in trade and other payables	(250,894)	42,303
(Decrease) increase in amounts due to related parties	(19,764)	31,547
Increase in deferred income	383,296	354,281
(Decrease) increase in contract liabilities	(30,743)	22,083
Cash generated from operations	10,271,907	11,930,322
Income tax paid	(840,348)	(657,424)
Net cash from operating activities	9,431,559	11,272,898

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Investing activities		
Interest received	68,359	58,615
Dividends received	89,356	60,583
Repayments of loans by an associate	105,000	108,000
Loan advanced to an associate	(40,000)	(105,000)
Capital injection to an associate	–	(10,460)
Purchases of:		
– Property, plant and equipment	(8,414,749)	(8,912,157)
– Intangible assets	(18,817)	(52,047)
– Right-of-use assets	(328,742)	(177,833)
Cash outflow on acquisition of subsidiaries	(385,925)	(135,174)
Proceeds on disposal of property, plant and equipment and intangible assets	64,912	64,598
Proceeds on disposal of an associate	69,445	–
Acquisition of subsidiaries under common control	–	(590,569)
Withdrawal of restricted bank deposits	20,462	5,492
Placement of restricted bank deposits	(3,220)	(29,048)
Cash received from government grants	919	1,695
Amount of loan receivables advanced to related parties	–	(300,000)
Repayments of loans receivables by related parties	91,705	623,655
Net cash used in investing activities	(8,681,295)	(9,389,650)

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
Financing activities			
Capital injection in subsidiaries from non-controlling interests		637	3,322
Capital injection in a subsidiary from ultimate holding company prior to completion of acquisition		–	1,309,078
Interest paid		(1,235,240)	(1,508,246)
New bank and other borrowings raised		21,714,745	25,938,375
Repayments of bank and other borrowings		(18,259,951)	(25,076,764)
Proceeds from issuance of short-term debentures		9,800,000	11,500,000
Issuance cost for short-term debentures		(3,480)	(4,079)
Repayments of short-term debentures		(10,500,000)	(13,500,000)
Proceeds from issuance of medium-term notes		2,000,000	3,500,000
Issuance cost for medium-term notes		(1,887)	(4,292)
Repayments of medium-term notes		(1,500,000)	(2,000,000)
Proceeds from issue of perpetual notes		2,000,000	–
Repayments of corporate bonds		(400,000)	(1,000,000)
Repayments of perpetual notes		(2,000,000)	–
Issuance cost of perpetual notes		(3,780)	–
Repayments of lease liabilities		(82,229)	(72,286)
Dividends paid to:			
– Ordinary shareholders of the Company		(990,990)	(580,167)
– Non-controlling interests		(61,230)	(66,159)
– Holders of perpetual notes		(100,750)	(100,750)
Net cash from (used in) financing activities		375,845	(1,661,968)
Net increase in cash and cash equivalents		1,126,109	221,280
Cash and cash equivalents at the beginning of the year		5,466,388	5,219,149
Effect of foreign exchange rate changes		12,589	25,959
Cash and cash equivalents at the end of the year	32	6,605,086	5,466,388
Represented by:			
Cash and cash equivalents at the end of the year		6,605,086	5,466,388

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

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

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

In the opinion of the directors of the Company (the “Directors”), BEH is the Company’s ultimate holding company (also the immediate parent company). BEH is a state-owned enterprise established in the PRC with limited liability and is wholly-owned by 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 wind power generation, photovoltaic power generation, gas-fired power and heat energy 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

New and 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 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

2. APPLICATION OF AMENDMENTS TO IFRSs (*continued*)

New and amendments to IFRSs that are mandatorily effective for the current year (*continued*)

Except as described below, the application of the new and 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.

2.1 *Impacts on application of Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IFRS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised 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 difference associated with right-of-use-assets and lease liabilities.

The details of the impacts on each financial statement line item and earning per share arising from the application of the amendments are set out under Note 3.1. Comparative figures have been restated.

2. APPLICATION OF AMENDMENTS TO IFRSs (*continued*)

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:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement ²
Amendments to IAS 21	Lack of Exchangeability ³

Notes:

- (1) Effective for annual periods beginning on or after a date to be determined.
- (2) Effective for annual periods beginning on or after 1 January 2024.
- (3) Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of all the amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.1 Restatements *(continued)*

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the consolidated statement of financial position as at the end of the immediately preceding financial year, i.e. 31 December 2022 and the beginning of the comparative period, i.e. 1 January 2022, are as follows:

	31/12/2022 Originally stated RMB'000	Adjustments RMB'000	31/12/2022 Restated RMB'000
Deferred tax assets	257,199	5,671	262,870
Deferred tax liabilities	321,651	17,129	338,780
Total effects on net assets	32,433,679	(11,458)	32,422,221
Reserves	20,356,881	(11,458)	20,345,423
Total effects on equity	32,433,679	(11,458)	32,422,221
	1/1/2022 Originally stated RMB'000	Adjustments RMB'000	1/1/2022 Restated RMB'000
Deferred tax assets	189,488	3,877	193,365
Deferred tax liabilities	281,912	10,125	292,037
Total effects on net assets	31,171,750	(6,248)	31,165,502
Reserves	19,106,113	(6,248)	19,099,865
Total effects on equity	31,171,750	(6,248)	31,165,502

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

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 2023, the Group has net current liabilities of RMB2,399,402,000. The Group meets its working capital requirements with cash generated from its operating activities and available financing facilities from banks. At 31 December 2023, the Group has committed unutilised financing facilities granted to the Group amounting to approximately RMB26.05 billion of which approximately RMB22.00 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 sufficient 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.

3.3 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Basis of consolidation (continued)

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

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

Business combinations

Business combinations

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Business combinations (continued)

Business combinations (continued)

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Business combinations (continued)

Business combinations (continued)

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Goodwill

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

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

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Investments in associates and a joint venture

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Investments in associates and a joint venture (continued)

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

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Revenue from contracts with customers (continued)

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

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

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

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

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

Output method

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

Existence of significant financing component

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use assets includes:

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

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

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

Lease liabilities

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

The lease payments include:

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases (continued)

The Group as a lessor

Classification and measurement of leases

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

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

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

Lease modification

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Leases (continued)

The Group as a lessor (continued)

Lease modification (continued)

(i) Finance leases

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

Sale and leaseback transactions

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

The Group as a seller-lessee

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

The Group as a buyer-lessor

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Foreign currencies

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Borrowing costs

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

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

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

Government grants

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

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Taxation (continued)

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities and the ultimate costs incurred for provisions for decommissioning and restoration, the Group applies IAS 12 requirements to the lease liabilities, the provisions for decommissioning and restoration and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities 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 taxable temporary differences.

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Property, plant and equipment

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Property, plant and equipment (continued)

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

Intangible assets

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

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

Intangible assets acquired in a business combination

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Intangible assets (continued)

Intangible assets acquired in a business combination (continued)

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

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

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

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets (or a cash-generating unit) for which the estimated future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

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

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

Cash and cash equivalents

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

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

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

Financial instruments

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

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

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

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

A financial asset is held for trading if:

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

(iii) Financial assets at FVTPL

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

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

Impairment of financial assets

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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

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

(i) Significant increase in credit risk

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk *(continued)*

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

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

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

(ii) Definition of default

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default *(continued)*

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

(iii) Credit-impaired financial assets

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL *(continued)*

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

Derecognition/modification of financial assets

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities at amortised cost

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

Derecognition of financial liabilities

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial liabilities and equity (continued)

Derivative financial instruments

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

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

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

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial liabilities and equity (continued)

Assessment of hedging relationship and effectiveness

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

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

3.3 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial liabilities and equity (continued)

Cash flow hedges

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

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

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

Discontinuation of hedge accounting

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

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Useful lives of property, plant and equipment

The Group's management determines the useful lives and related depreciation expenses for its property, plant and equipment, after taking into account of the estimated residual value. This estimate is based on historical experience on the projected wear and tear incurred during power generation. It might change significantly as a result of technical innovations. The depreciation expense for future periods would be adjusted if there are significant changes from previous estimates. At 31 December 2023, the carrying amounts of property, plant and equipment are set out in Note 16.

Useful lives of concession rights and operation rights

The Group's management determines the useful lives and related amortisation expenses for its wind farm concession rights and wind or hydropower operation rights. This estimate is based on corresponding legal or contractual arrangements, projected profitability, and current legal and economic environment. It might be significantly affected by factors that include but not limited to the changes in the legal and regulatory framework, economic environment, technical innovation, etc. The amortisation expense for future periods would be adjusted if there are significant changes from previous estimates. At 31 December 2023, the carrying amounts of wind farm concession rights and wind or hydropower operation rights are set out in Note 18.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (*continued*)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGUs") to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 31 December 2023, the carrying amount of goodwill is RMB65,855,000, after netting of impairment of RMB48,279,000 recognised during the year. Details of goodwill are set out in Notes 19 and 20 to the consolidated financial statements.

Impairment of trade receivables

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

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 49.

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

As set out in Note 43, the Group was required to determine the fair value of identifiable assets acquired and liabilities assumed in the acquisition of the Targets in accordance with IFRS 3 on their respective acquisition dates. The determination of the fair value of intangible assets acquired in the acquisition of the Targets requires judgement by management in establishing the valuation techniques and determining the relevant inputs. Changes in the assumptions relating to these factors might affect the reported bargain purchase gain recognised in profit or loss in the current year.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	20,364,969	19,897,598
Leases	81,059	132,683
	20,446,028	20,030,281

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

5. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2023					
	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	10,462,089	4,511,859	2,957,812	322,670	-	18,254,430
Sales of heat energy	2,106,132	-	-	-	-	2,106,132
Repairs and maintenance and other services	-	-	-	-	4,407	4,407
Timing of revenue recognitions						
A point in time	12,568,221	4,511,859	2,957,812	322,670	-	20,360,562
Over time	-	-	-	-	4,407	4,407
Geographical markets						
Mainland China	12,568,221	4,284,951	2,953,369	322,670	4,407	20,133,618
Overseas	-	226,908	4,443	-	-	231,351
Revenue from contracts with customers	12,568,221	4,511,859	2,957,812	322,670	4,407	20,364,969

5. REVENUE (continued)

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

	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	12,465,830	4,317,645	2,720,029	368,360	25,734	19,897,598

(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.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

5. REVENUE (*continued*)

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

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

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

The expected timing of recognising revenue regarding the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 are within one year. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENT INFORMATION

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

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

6. SEGMENT INFORMATION (continued)

(a) Segment revenue, results, assets and liabilities

An analysis of the Group's reportable segment revenue, results, assets and liabilities for the years ended 31 December 2023 and 2022 by operating and reportable segment is as follows:

	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 2023						
Reportable segment revenue from external customers/consolidated						

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

6. SEGMENT INFORMATION (continued)

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

	Gas-fired power and heat energy generation RMB'000	Wind power RMB'000	Photovoltaic power RMB'000	Hydropower RMB'000	Others RMB'000	Total RMB'000
For the year ended 31 December 2022						
Reportable segment revenue from external customers/consolidated revenue	12,465,830	4,317,645	2,720,029	368,360	158,417	20,030,281
Reportable segment results (note (i))	1,854,165	2,170,952	1,479,320	142,564	(438,643)	5,208,358
Reportable segment assets	14,260,925	37,843,482	25,627,858	3,561,754	35,297,029	116,591,048
Reportable segment liabilities	(6,906,363)	(27,121,430)	(18,070,051)	(1,848,581)	(31,689,235)	(85,635,660)
Additional segment information:						
Depreciation	830,267	1,553,236	885,616	100,563	8,411	3,378,093
Amortisation	12,352	210,846	53,341	25,488	838	302,865
Finance costs (note (iii))	67,183	648,491	427,820	42,717	314,756	1,500,967
Other income	655,863	360,135	14,558	2,994	21,865	1,055,415
Including:						
– Government subsidies related to clean energy production	554,891	21,629	–	–	–	576,520
– Government grants related to construction of assets	33,101	2,632	6,707	199	–	42,639
– Income from carbon credits	1,648	214,443	3,935	472	–	220,498
– Others	66,223	121,431	3,916	2,323	21,865	215,758
Expenditures for reportable segment non-current assets	586,271	3,602,240	4,914,881	8,567	74,622	9,186,581

6. SEGMENT INFORMATION *(continued)*

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

Notes:

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

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Results		
Reportable segment profit	5,172,960	5,208,358
Inter-segment elimination	14,921	(37,435)
Profit from operation	5,187,881	5,170,923
Interest income	68,077	58,014
Finance costs	(1,243,402)	(1,500,967)
Share of results of associates	116,673	146,951
Share of result of a joint venture	14,566	(31,421)
Consolidated profit before taxation	4,143,795	3,843,500

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

6. SEGMENT INFORMATION (continued)

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

	At 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Assets		
Reportable segment assets	122,684,059	116,591,048
Inter-segment elimination	(33,348,306)	(32,535,391)
Unallocated assets:		
– Investments in associates	1,551,361	1,569,542
– Loans to an associate	40,000	105,000
– Investment in a joint venture	76,255	61,689
– Loans to a joint venture	70,000	70,000
– Deferred tax assets	254,107	262,870
– Equity instruments at FVTOCI	92,500	92,637
Different presentation on:		
– Value-added tax recoverable (note)	2,174,465	1,782,842
Consolidated total assets	93,594,441	88,000,237

	At 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Liabilities		
Reportable segment liabilities	89,486,659	85,635,660
Inter-segment elimination	(33,311,448)	(32,483,615)
Unallocated liabilities:		
– Income tax payable	335,182	304,349
– Deferred tax liabilities	388,905	338,780
Different presentation on:		
– Value-added tax recoverable (note)	2,174,465	1,782,842
Consolidated total liabilities	59,073,763	55,578,016

6. SEGMENT INFORMATION (continued)

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

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

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

(c) Geographical information

Over 90% of the Group's revenue is generated from customers in the PRC for both years, and over 90% of the Group's non-current assets (not including deferred tax assets and financial assets) are located in the PRC as at 31 December 2023 and 2022. Therefore no geographical segment information is presented.

(d) Information about major customers

Revenue of approximately RMB16,403,657,000 for the year ended 31 December 2023 (2022: RMB15,689,479,000) were derived from an external party, the State Grid Corporation of China, which contributed 80% (2022: 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	
	2023 RMB'000	2022 RMB'000
State Grid Corporation of China ¹	16,403,657	15,689,479

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

7. OTHER INCOME

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Government grants and subsidies related to:		
– Clean energy production (<i>note (a)</i>)	589,835	576,520
– Construction of assets (<i>Note 38</i>)	42,650	42,639
Income from carbon credits (<i>note (b)</i>)	238,667	220,498
Value-added tax refunds or exemptions (<i>note (c)</i>)	150,589	128,778
Others	104,938	86,980
	1,126,679	1,055,415

Notes:

- (a) Pursuant to the relevant government policy, the Beijing Government compensates the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognises other income based on the actual volume of electricity sold by the Group's related facilities and at the pre-determined subsidising rate.
- (b) Income from carbon credits was mainly derived from the sales of carbon credits registered under relevant regulated exchange system in Australia and the PRC.
- (c) The Group is entitled to a 50% refund of value-added tax for its revenue from the sale of electricity generated from the wind farms, and a full exemption of value-added tax for its revenue from the sale of heat energy to residential customers. The income of the value-added tax refund or exemption is recognised when relevant value-added tax refund or exemption application is registered with the relevant PRC tax authorities.

8. OTHER EXPENSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Other expenses comprise:		
Property management fees, operation, maintenance and other service fee	626,103	574,861
Utilities, insurance, office, travelling, and transportation expenses	256,979	203,223
Expenses relating to short-term leases and other leases with terms expiring within 12 months	62,375	74,470
Others	259,483	202,162
	1,204,940	1,054,716

9. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	(1,918)	(2,075)
Net exchange (loss) gain	(19,708)	80,441
Gain (loss) arising on change in fair value of financial asset at FVTPL	22,603	(61,097)
Fair value gain (loss) of fixed forward commodity contract recognised in profit or loss (Note 37(b))	42,138	(146,600)
Bargain purchase gain (Note 43)	13,924	6,332
Impairment losses recognised on:		
– Goodwill (Note 19)	(48,279)	–
– Property, plant and equipment (Note 16)	(227,596)	–
– Intangible assets (Note 18)	(85,193)	–
Loss on derecognition of financial assets measured at amortised cost (Note 26)	(148,877)	(84,788)
Gain on disposal of investments in an associate	23,947	2,686
Others	145,420	3,827
	(283,539)	(201,274)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

10. INTEREST INCOME/FINANCE COSTS

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Interest income from:		
– Loans to an associate	2,438	4,059
– Loans to a joint venture	2,901	2,914
– Deposits with a related non-bank financial institution (note)	28,690	34,028
– Bank balances and deposits	34,048	17,013
Total interest income	68,077	58,014
Interest on bank and other borrowings, short-term debentures, corporate bonds and medium-term notes	1,344,191	1,594,850
Interest on lease liabilities	32,479	34,675
Less: Amount capitalised in property, plant and equipment	(133,268)	(128,558)
Total finance costs	1,243,402	1,500,967
	Year ended 31 December	
	2023	2022
Capitalisation rate of borrowing costs to expenditure on qualifying assets	2.74%	3.52%

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.

11. INCOME TAX EXPENSE

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Current tax:		
PRC Enterprise Income Tax	813,535	757,835
Other jurisdictions	55,029	110,721
	868,564	868,556
Deferred tax:		
Current year	40,028	(48,470)
Income tax expense	908,592	820,086

PRC Enterprise Income Tax has been generally provided at the applicable Enterprise Income Tax rate of 25% (2022: 25%) on the estimated assessable profits of the group entities established in the PRC for the year ended 31 December 2023.

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 2023 and 2022.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

11. INCOME TAX EXPENSE *(continued)*

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

Australian income tax is calculated at 30% (2022: 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	
	2023 RMB'000	2022 RMB'000 (Restated)
Profit before taxation	4,143,795	3,843,500
PRC Enterprise Income Tax at 25% (2022: 25%)	1,035,949	960,875
Tax effect on:		
– Expenses not deductible for tax purposes	36,963	41,618
– Share of results of associates and a joint venture	(32,810)	(28,883)
– Tax losses not recognised	145,281	112,072
– Temporary differences not recognised	54,008	–
– Utilisation of tax losses not recognised previously	(4,005)	(3,776)
– PRC Enterprise Income Tax exemption and concessions	(337,371)	(273,112)
Effect of different tax rates of group entities operating in jurisdictions other than PRC	10,577	11,292
	908,592	820,086

12. PROFIT FOR THE YEAR

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Profit for the year has been arrived at after charging:		
Auditors' remuneration	9,051	8,268
Expense relating to short-term leases	62,375	74,470
Depreciation and amortisation:		
Depreciation of property, plant and equipment	3,460,524	3,306,626
Depreciation of right-of-use assets	82,536	71,920
Amortisation of intangible assets	309,635	308,395
Less: Amount capitalised to construction in progress	(4,809)	(5,983)
Total depreciation and amortisation	3,847,886	3,680,958
Personnel costs:		
Directors' emoluments (Note 13)	7,261	5,393
Other personnel costs	1,346,174	1,221,725
Total personnel costs	1,353,435	1,227,118

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

Year ended 31 December 2023

	Directors' fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000 (note)	Retirement benefit contributions RMB'000	Total RMB'000
Executive Directors:					
Mr. ZHANG Fengyang	-	344	1,235	63	1,642
Mr. CHEN Dayu	-	344	1,234	63	1,641
Mr. GAO Yuming (resigned on 29 August 2023)	-	293	1,101	63	1,457
Mr. CAO Mansheng (resigned on 29 August 2023)	-	-	212	-	212
Mr. LI Minghui (appointed on 29 August 2023)	-	293	1,000	63	1,356
Mr. ZHANG Wei (appointed on 29 August 2023)	-	221	184	48	453
	-	1,495	4,966	300	6,761
Non-executive Directors:					
Mr. ZHOU Jianyu	-	-	-	-	-
Mr. SONG Zhiyong	-	-	-	-	-
Ms. ZHANG Yi	-	-	-	-	-
	-	-	-	-	-

Notes to the Consolidated Financial Statements

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

Year ended 31 December 2023 (continued)

Directors' fees	Basic salaries and allowances	Discretionary bonus	Retirement
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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Year ended 31 December 2022

	Directors' fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonus RMB'000 (note)	Retirement benefit contributions RMB'000	Total RMB'000
Executive Directors:					
Mr. ZHANG Fengyang	–	337	991	58	1,386
Mr. CHEN Dayu	–	337	1,001	58	1,396
Mr. GAO Yuming	–	286	1,003	58	1,347
Mr. CAO Mansheng	–	70	680	14	764
	<u>–</u>	<u>1,030</u>	<u>3,675</u>	<u>188</u>	<u>4,893</u>
Non-executive Directors:					
Ms. LI Juan (resigned on 29 March 2022)	–	–	–	–	–
Mr. REN Qigui (resigned on 6 September 2022)	–	–	–	–	–
Mr. WANG Bangyi (resigned on 6 September 2022)	–	–	–	–	–
Mr. ZHOU Jianyu (appointed on 6 September 2022)	–	–	–	–	–
Mr. SONG Zhiyong (appointed on 29 March 2022)	–	–	–	–	–
Ms. ZHANG Yi (appointed on 6 September 2022)	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

13.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

During the year, the Directors' emoluments were RMB7,261,000 (2022: RMB5,393,000). Also, all non-executive Directors did not receive any remuneration from the Company and the Group for their services provided to the Company and the Group during both years. They were also management of BEH and their remunerations were paid by BEH over the respective years. Given the amounts of emoluments paid by BEH to them are considered to be not material compared with the revenue and profits of the Group, BEH did not allocate any of their remuneration to the Group.

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2022: three) director whose emoluments are reflected in the analysis shown above. Details of the remuneration for the year of the remaining two (2022: two) highest paid individuals who are not Directors are as follows:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Basic salaries and allowances	668	602
Discretionary bonus <i>(note)</i>	2,117	2,054
Retirement benefit contributions	126	115
	2,911	2,771

The remuneration of each of the remaining two (2022: two) highest paid individuals in the Group who are not the directors of the Company for the both years fell within the band of HK\$1,500,001-HK\$2,000,000 (2022: HK\$1,000,001-HK\$1,500,000 and HK\$1,500,001-HK\$2,000,000).

Note: The discretionary bonus for both years were determined by the remuneration committee of the Company, with reference to the operating results of the Group and individual performance during the years ended 31 December 2023 and 2022 respectively in accordance with the relevant human resources policies.

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

14. DIVIDENDS

- (a) A final dividend of RMB12.02 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2022 amounting to RMB990,990,000 was approved in the Company's annual general meeting held on 29 June 2023 and subsequently paid on 4 August 2023.
- (b) A final dividend of RMB7.037 cents per ordinary share (tax inclusive) in respect of the year ended 31 December 2021 amounting to RMB580,167,000 was approved in the Company's annual general meeting held on 29 June 2022 and subsequently paid on 4 August 2022 and 5 August 2022.
- (c) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of RMB13.98 cents per ordinary share (tax inclusive), totaling RMB1,152,582,000 has been proposed by the board of directors and is subject to approval by shareholders of the Company at the forthcoming annual general meeting.

15. EARNINGS PER SHARE

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

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Earnings		
Profit for the year attributable to ordinary shareholders of the Company for the purpose of earnings per share	3,057,641	2,841,680
	Year ended 31 December	
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,244,508	8,244,508

Diluted earnings per share are presented as the same as the basic earnings per share as there were no potential ordinary shares in issue during both years.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

16. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings <i>RMB'000</i>	Generators and related equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST						
At 1 January 2022	8,932,101	54,211,911	92,376	139,473	6,930,166	70,306,027
Additions	38,185	37,174	9,512	15,464	7,519,299	7,619,634
Adjustments (<i>note (b)</i>)	–	(84,217)	–	–	–	(84,217)
Transfer	29,521	8,105,528	1,554	16,434	(8,153,037)	–
Acquired on acquisition of subsidiaries (<i>Note 43</i>)	17,816	138,699	127	–	263,352	419,994
Disposals	(1,547)	(238,300)	(3,439)	(4,225)	–	(247,511)
Effect of foreign currency exchange differences	65	44,825	9	21	–	44,920
At 31 December 2022	9,016,141	62,215,620	100,139	167,167	6,559,780	78,058,847
Additions	24,532	18,389	3,785	12,099	7,384,162	7,442,967
Adjustments (<i>note (b)</i>)	–	(62,451)	–	2,483	–	(59,968)
Transfer	239,788	2,823,618	–	9,485	(3,072,891)	–
Acquired on acquisition of subsidiaries (<i>Note 43</i>)	18,058	676,551	1,086	25,048	41,956	762,699
Disposals	(7,146)	(97,178)	(5,031)	(21,884)	–	(131,239)
Effect of foreign currency exchange differences	349	85,825	13	12	–	86,199
At 31 December 2023	9,291,722	65,660,374	99,992	194,410	10,913,007	86,159,505

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings <i>RMB'000</i>	Generators and related equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
DEPRECIATION AND IMPAIRMENT						
At 1 January 2022	2,388,406	16,423,482	66,276	105,561	–	18,983,725
Depreciation provided for the year	318,396	2,934,048	5,784	48,398	–	3,306,626
Eliminated on disposals	(750)	(173,140)	(3,276)	(3,672)	–	(180,838)
Effect of foreign currency exchange differences	–	10,589	8	15	–	10,612
At 31 December 2022	2,706,052	19,194,979	68,792	150,302	–	22,120,125
Depreciation provided for the year	276,702	3,129,914	4,999	48,909	–	3,460,524
Impairment loss recognised in profit or loss (note (e))	60,192	154,579	59	119	12,647	227,596
Eliminated on disposals	(4,115)	(40,305)	(4,594)	(20,241)	–	(69,255)
Effect of foreign currency exchange differences	18	20,551	14	12	–	20,595
At 31 December 2023	3,038,849	22,459,718	69,270	179,101	12,647	25,759,585
CARRYING VALUES						
At 31 December 2023	6,252,873	43,200,656	30,722	15,309	10,900,360	60,399,920
At 31 December 2022	6,310,089	43,020,641	31,347	16,865	6,559,780	55,938,722

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

16. PROPERTY, PLANT AND EQUIPMENT (*continued*)

Notes:

- (a) The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight-line method, after taking into account of their residual values, at the following rates per annum.

Land and buildings	2.11% to 4.75%
Generators and related equipment	3.17% to 7.92%
Motor vehicles	9.50% to 18.83%
Office equipment	11.00% to 19.00%

- (b) The Directors estimate the final construction cost of certain assets when the assets are ready for use and transferred from construction in progress to respective categories of property, plant and equipment. Adjustments on the final cost will be made in the subsequent periods when the construction cost is finalised with the contractors.
- (c) The Group was in the process of applying for the title certificates of certain buildings with an aggregate net book value of RMB1,087,814,000 as at 31 December 2023 (2022: RMB1,218,198,000). The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned buildings. The Directors are also of the opinion that the aforesaid matter did not have any significant impact on the Group's consolidated financial position as at 31 December 2023.
- (d) Certain property, plant and equipment with an aggregate carrying amount of RMB2,489,779,000 as at 31 December 2023 (2022: RMB2,795,752,000) are pledged to secure bank borrowings of the Group.
- (e) During the year ended 31 December 2023, due to two generators at 四川眾能電力有限公司 (Sichuan Zhongneng Power Co., Ltd., English name for identification purpose) ("Sichuan Zhongneng") were stopped from power generation as detailed in Note 20 (ii), the Group recognised impairment losses amounting to RMB71,208,000 on certain property, plant and equipment in relation to electricity generating business of Sichuan Zhongneng, and the related assets are within the Hydropower segment of the Group. The recoverable amount of the related property, plant and equipment, which is the higher of fair value less costs of disposal and value in use, has been determined based on fair value less costs of disposal by reference to the market price of similar assets.

During the year ended 31 December 2023, taking into consideration that the economic performance of the assets of 葫蘆島南票京泰新能源有限公司 (Huludao Nanpiao Jingtai Jingneng New Energy Co., Ltd.) ("Nanpiao Jingtai") and 北票京能新能源有限公司 (Beipiao Jingneng New Energy Co., Ltd.) ("Beipiao Jingneng") will be worse than expected, the Group recognised impairment losses amounting to RMB156,388,000 on the generators and related equipment and construction in progress attribute to Nanpiao Jingtai and Beipiao Jingneng, and the related CGU is within the Photovoltaic power segment of the Group. The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate is 8.86% as at 31 December 2023. The cash flows beyond the five-year period are extrapolated using a zero growth rate. The key assumptions adopted in the value in use calculation relate to the estimated generating capacity and price of electricity.

17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	
As at 31 December 2023		
Carrying amount	2,010,652	
As at 31 December 2022		
Carrying amount	1,455,903	
For the year ended 31 December 2023		
Depreciation charge	82,536	
For the year ended 31 December 2022		
Depreciation charge	71,920	
	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Expense relating to short-term leases	62,375	74,470
Additions to right-of-use assets	528,997	254,022
Acquisition of subsidiaries (Note 43)	108,288	28,826
Total cash outflow for leases	389,147	112,134

The Group leases lands for its operations. Lease contracts are entered into for fixed term of 3 to 30 years (2022: 3 to 30 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The short-term leases for lands are regularly entered into by the Group, and the outstanding lease commitments relating to these lands is RMB47,262,000 as at 31 December 2023 (2022: RMB44,225,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

18. INTANGIBLE ASSETS

	Concession rights RMB'000 (note (b))	Operation rights RMB'000 (note (c))	Software RMB'000	Total RMB'000
COST				
At 1 January 2022	4,022,154	3,177,093	353,770	7,553,017
Additions	–	–	52,047	52,047
Acquired on acquisition of subsidiaries (Note 43)	–	40,510	–	40,510
At 31 December 2022	4,022,154	3,217,603	405,817	7,645,574
Additions	–	–	18,817	18,817
Acquired on acquisition of subsidiaries (Note 43)	–	304,131	–	304,131
Disposals	–	–	(6,802)	(6,802)
At 31 December 2023	4,022,154	3,521,734	417,832	7,961,720
AMORTISATION AND IMPAIRMENT				
At 1 January 2022	2,163,853	411,958	103,507	2,679,318
Amortisation provided for the year	164,411	126,750	17,234	308,395
At 31 December 2022	2,328,264	538,708	120,741	2,987,713
Amortisation provided for the year	164,411	127,335	17,889	309,635
Impairment loss recognised in profit or loss (Note (20))	–	85,193	–	85,193
Disposals	–	–	(1,956)	(1,956)
At 31 December 2023	2,492,675	751,236	136,674	3,380,585
CARRYING VALUES				
At 31 December 2023	1,529,479	2,770,498	281,158	4,581,135
At 31 December 2022	1,693,890	2,678,895	285,076	4,657,861

18. INTANGIBLE ASSETS (continued)

Notes:

- (a) Intangible assets have finite useful lives and are amortised on a straight-line basis over the following rates per annum:
- | | |
|-------------------|------------|
| Concession rights | 4% to 5% |
| Operation rights | 2% to 10% |
| Software | 10% to 50% |
- (b) The Group provides construction services to build up the wind power facilities and generates electricity under the concession rights. The Group recognises the concession rights as intangible assets according to the fair value of the construction services on related assets. These concession rights are amortised according to the respective beneficial periods.
- (c) Operation rights with finite useful lives represent governmental permits or contractual arrangements which grant the operators to construct and operate power facilities. Those operation rights are obtained through business acquisition and amortised on straight-line basis according to the estimated beneficial periods of such facilities.

19. GOODWILL

	At 31 December	
	2023 RMB'000	2022 RMB'000
Cost		
Hydropower operation in Sichuan province, the PRC	124,194	124,194
Wind power operation in Australia	65,855	65,855
	190,049	190,049
Impairment		
Hydropower operation in Sichuan province, the PRC	(124,194)	(75,915)
Carrying Values		
Hydropower operation in Sichuan province, the PRC	–	48,279
Wind power operation in Australia	65,855	65,855
	65,855	114,134

Goodwill of the Group arises from the acquisition of Sichuan Dachuan, Sichuan Zhongneng and New Gullen Range Wind Farm (Holding) Pty Ltd. ("New GRWF Holding").

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS

For the purposes of impairment testing, goodwill set out in Note 19 has been allocated into two CGUs: (i) New GRWF Holding in the wind power segment (“Wind Power CGU”); and (ii) one comprising two subsidiaries in the hydropower segment, namely, Sichuan Dachuan and Sichuan Zhongneng (“Hydropower CGU”).

(i) Impairment test on goodwill in Wind Power segment

During the years ended 31 December 2023 and 2022, the management of the Group determines that there is no impairment of goodwill contained in the Wind Power CGU.

The basis of the recoverable amount of the Wind Power CGU and their major underlying assumptions are summarised below:

The recoverable amount of the unit have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management covering a five-year period, and pre-tax discount rate of 9.29% for Wind Power CGU (2022: 9.29%). The Wind Power CGU’s cash flows beyond the five-year period are extrapolated using a 2.00% (2022: 2.00%) growth rate. These growth rate is based on the relevant industry growth forecasts and do not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the Wind Power CGU’s past performance and management’s expectations for the market development.

The management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the Wind Power CGU to exceed the aggregate recoverable amount of the Wind Power CGU.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS (continued)

(ii) Impairment test on goodwill and intangible assets in Hydropower segment

During the year ended 31 December 2023, pursuant to the Notice to Clean-up and Withdrawal of Small Hydropower issued by Chengdu Municipal Commission of Development and Reform, two generators at Sichuan Zhongneng were stopped from power generation during 2023. Impairment loss for goodwill directly related to Hydropower CGU amounting to RMB48,279,000 and impairment loss for operation rights (recognised as intangible assets) amounting to RMB85,193,000 were recognized based on impairment tests (Note 18). The impairment loss of goodwill and operation rights had been included in profit or loss in the other gains and losses line item (Note 9). The recoverable amount of the CGU amounted to RMB1,218,756,000 as at 31 December 2023.

The recoverable amount of Hydropower CGU has been determined based on a value in use calculation using cash flow projections based on a financial budget covering a five-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 7.83% (2022: 8.61%). The cash flows beyond the five-year period are extrapolated using a zero growth rate. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the CGU's past performance and management's expectations for the market development.

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE

(a) Investments in associates

	At 31 December	
	2023 RMB'000	2022 RMB'000
Unlisted equity investments, at cost	1,393,305	1,423,305
Share of post-acquisition profits and other comprehensive income, net of dividend declared	158,056	146,237
	1,551,361	1,569,542

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE (*continued*)

(a) Investments in associates (*continued*)

The associates of the Group were established and operated in the PRC. The details of associates of the Group as at 31 December 2023 and 2022 are set out below:

Name of associates	Paid up registered capital	Equity interest attributable to the Group		Proportion of voting rights held by the Group		Principal activities
		At 31 December 2023	2022	At 31 December 2023	2022	
BEH Finance (<i>note (i)</i>)	RMB5,000,000,000	20%	20%	20%	20%	Deposits, loans and other financial services
全州柳鋪水電有限公司(Quanzhou Liupu Hydropower Co., Ltd.)* ("Quanzhou Liupu")	RMB25,000,000	40%	40%	40%	40%	Hydropower project development and investment
北京市天銀地熱開發有限責任公司(Beijing Tian Yin Di Re Development Co., Ltd.)* ("Tian Yin Di Re") (<i>note (ii)</i>)	RMB60,000,000	-	50%	-	50%	Geothermal power development and heating
宜昌中基天然氣利用有限公司(Yichang Zhongji natural gas utilization Co., Ltd.)* ("Yichang Zhongji")	RMB38,020,000	49%	49%	49%	49%	Gas sales

* English name for identification purpose.

Notes:

- BEH Finance is a non-banking financial institution approved by the relevant PRC authorities to engage in the provision of various financial services, including taking deposit and providing loans, and is primarily providing financial services to BEH and its subsidiaries.
- In the prior year, the Company held a 50% interest in Tian Yin Di Re and accounted for the investment as an associate. In December 2023, the Group disposed the entire interest in Tian Yin Di Re to Beijing District Heating (Group) Co., Ltd., a fellow subsidiary of the Company for proceeds of RMB69,445,000 (received in November 2023). The gain of disposal with RMB23,947,000 was recognised in profit or loss.

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE (continued)**(b) Loans to an associate**

	At 31 December	
	2023 RMB'000	2022 RMB'000
Loans to an associate	40,000	105,000

As at 31 December 2023 and 2022, the loans to an associate represent loan to Quanzhou Liupu. All of the loans are unsecured and carry interest at the prevailing interest rates promulgated by the People's Bank of China (the "PBOC") per annum. As at 31 December 2023, the loans were originally to be repaid on 27 June 2024 and the directors are of the opinion that repayment dates of the above loans will be renewed to 27 June 2025 upon maturity and the amount is classified as non-current assets accordingly.

(c) Summarised financial information of a material associate

Summarised financial information in respect of the Group's a material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs. The associate is accounted for using the equity method in the consolidated financial statements.

BEH Finance	At 31 December	
	2023 RMB'000	2022 RMB'000
Non-current assets	26,785,735	25,677,537
Current assets	20,238,998	16,919,291
Non-current liabilities	21,076	3,721
Current liabilities	39,525,025	35,219,784

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE *(continued)*

(c) Summarised financial information of a material associate *(continued)*

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Revenue	958,921	960,696
Profit for the year	551,552	529,226
Dividends received from the associate during the year	89,249	60,583

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	At 31 December	
	2023 RMB'000	2022 RMB'000
Net assets of BEH Finance	7,478,632	7,373,323
Proportion of the Group's ownership interest in BEH Finance	20%	20%
Group's share of net assets of BEH Finance	1,495,726	1,474,665
Carrying amount of the Group's interest in BEH Finance	1,495,726	1,474,665

21. INVESTMENTS IN ASSOCIATES/LOANS TO AN ASSOCIATE (continued)**(d) Aggregate information of associates that are not individually material:**

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Cost injection of investment in an associate	–	10,460
Group's share of profit and total comprehensive income for the year	6,363	1,647
Dividends received from an associate during the year	107	–
Less: carrying amount of the investment in associate disposed	(45,498)	–
Aggregate carrying amount of the Group's interests in these associates	55,635	94,877

22. INVESTMENT IN A JOINT VENTURE/LOANS TO A JOINT VENTURE**(a) Investment in a joint venture**

	At 31 December	
	2023 RMB'000	2022 RMB'000
Unlisted equity investment, at cost	152,500	152,500
Share of post-acquisition loss	(76,245)	(90,811)
	76,255	61,689

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

22. INVESTMENT IN A JOINT VENTURE/LOANS TO A JOINT VENTURE (continued)

(a) Investment in a joint venture (continued)

The joint venture of the Group was established and operates in the PRC. The details of the joint venture as at 31 December 2023 and 2022 are set out below:

Name of the joint venture	Paid up registered capital	Equity interest attributable to the Group		Proportion of voting rights held by the Group		Principal activities
		At 31 December 2023	2022	At 31 December 2023	2022	
北京華源惠眾環保科技有限公司(Beijing Huayuan Huizhong Environmental Protection Technology Co., Ltd., English name for identification purpose)	RMB160,000,000	50%	50%	50%	50%	Environment protection technology

(b) Loans to a joint venture

	At 31 December	
	2023 RMB'000	2022 RMB'000
Loans to a joint venture	70,000	70,000

As at 31 December 2023 and 2022, the loans to a joint venture are unsecured, carried interest at the prevailing interest rate promulgated by the PBOC per annum. The loans were originally to be repaid on 17 January 2024. As at 31 December 2023, the directors are of the opinion that repayment dates of the above loans will be renewed to 17 January 2025 upon maturity and the amount is classified as non-current assets accordingly.

23. DEFERRED TAXATION

The following are the Group's major deferred tax assets (liabilities) recognised and movements thereon during the years ended 31 December 2023 and 2022:

	Tax loss RMB'000	Impairment loss of financial assets RMB'000	Temporary differences on fair value adjustments in acquisition of subsidiaries RMB'000 (note(c))	Fair value change of equity instrument at FVOCI RMB'000	Trial run profit RMB'000	Deferred income related to clean energy production RMB'000 (note(a))	Different depreciation rate RMB'000	Trial run loss RMB'000	Fair value change of financial asset at FVTPL RMB'000	Derivative financial instruments RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022 (originally stated)	6,383	11,659	(102,907)	(10,401)	110,374	4,840	(104,864)	(39,062)	7,709	(7,010)	-	-	30,855	(92,424)
Adjustments for changes in accounting policies (Note 3.1)	-	-	-	-	-	-	-	-	-	-	(113,889)	110,099	(2,458)	(6,248)
At 1 January 2022 (restated)	6,383	11,659	(102,907)	(10,401)	110,374	4,840	(104,864)	(39,062)	7,709	(7,010)	(113,889)	110,099	28,397	(98,672)
(Charge) credit to profit or loss (restated) (Note 11)	(2,586)	805	2,747	-	(2,850)	(4,604)	(7,894)	4,683	10,081	46,646	(24,041)	22,116	3,367	48,470
Credit (charge) to other comprehensive income	-	-	-	4,250	-	-	-	-	-	(16,509)	-	-	-	(12,259)
Acquisition of subsidiaries (Note 4.3)	-	8,549	(21,370)	-	-	-	-	-	-	-	-	-	-	(12,821)
Exchange adjustments	14	-	-	-	-	-	(2,162)	-	1,117	377	-	-	26	(628)
At 31 December 2022 (restated)	3,811	21,013	(121,530)	(6,151)	107,524	236	(114,920)	(34,379)	18,907	23,504	(137,930)	132,215	31,790	(75,910)
(Charge) credit to profit or loss (Note 11)	(3,811)	(7,219)	4,413	-	(7,063)	22,870	(29,205)	4,683	(3,729)	(9,656)	(59,856)	51,575	(3,030)	(40,028)
Credit to other comprehensive income	-	-	-	34	-	-	-	-	-	6,383	-	-	-	6,417
Acquisition of subsidiaries (Note 4.3)	-	100	(22,026)	-	-	-	(4,220)	-	-	896	(2,257)	2,068	(88)	(21,926)
Exchange adjustments	-	-	-	-	-	-	-	-	250	-	-	-	-	(3,351)
At 31 December 2023	-	13,894	(139,143)	(6,117)	100,461	23,106	(148,345)	(29,696)	15,428	21,127	(200,043)	185,858	28,672	(134,798)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

23. DEFERRED TAXATION *(continued)*

Notes:

- (a) Government subsidies are taxable immediately as taxable income upon the receipt, however the income can only be released from deferred income in accounting when the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities. Accordingly, the deferred tax assets are recognised.
- (b) The carrying amount of certain property, plant and equipment and intangible assets was different from their tax bases as a result of the fair value exceeding the book value in connection with the business combinations.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	At 31 December	
	2023 RMB'000	2022 RMB'000 (Restated)
Deferred tax assets	254,107	262,870
Deferred tax liabilities	(388,905)	(338,780)
	(134,798)	(75,910)

Details of tax losses and temporary differences not recognised are set out below:

	At 31 December	
	2023 RMB'000	2022 RMB'000
Tax losses	1,941,700	1,524,539
Temporary differences	638,527	262,429
	2,580,227	1,786,968

23. DEFERRED TAXATION (*continued*)

The Group has not recognised deferred tax assets on above tax losses and temporary differences because it is not probable that the future taxable profits will be available in relevant subsidiaries to offset the tax losses.

As at 31 December 2023, included in the above tax losses are tax losses in Hong Kong of RMB40,706,000 (2022: RMB40,636,000), which can be carried forward against future taxable income and have no expiry date.

The remaining unrecognised tax losses will expire as follows:

	At 31 December	
	2023 RMB'000	2022 RMB'000
2023	–	163,986
2024	269,856	269,856
2025	250,304	250,304
2026	351,527	351,527
2027	448,230	448,230
2028	581,077	–
	1,900,994	1,483,903

24. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	At 31 December	
	2023 RMB'000	2022 RMB'000
Unlisted equity investments	92,500	92,637

The above unlisted equity investments represent the Group's equity interests in unlisted equity securities issued by state-owned entities established in the PRC. The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

25. INVENTORIES

Inventories as at 31 December 2023 mainly represent consumable spare parts used for maintenance. During the year ended 31 December 2023, the cost of inventories recognised as expense was RMB257,317,000 (2022: RMB220,760,000).

26. TRADE AND BILLS RECEIVABLES

	At 31 December	
	2023 RMB'000	2022 RMB'000
Trade receivables		
– goods and services	1,075,919	718,716
– clean energy power price premium	9,872,594	10,229,044
Bills receivable	5,954	98,953
	10,954,467	11,046,713
Less: Allowance for credit losses	(32,573)	(19,626)
	10,921,894	11,027,087

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	
	2023 RMB'000	2022 RMB'000
Within 60 days	1,196,757	1,813,793
61 to 365 days	2,989,674	3,193,129
1 to 2 years	2,667,131	2,809,173
2 to 3 years	1,972,028	2,038,408
Over 3 years	2,096,304	1,172,584
	10,921,894	11,027,087

26. TRADE AND BILLS RECEIVABLES *(continued)*

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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

27. FINANCE LEASE RECEIVABLES (continued)

The majority of lease contracts are with guaranteed residual values.

	Minimum lease payments 31/12/2023 RMB'000	Present value of minimum lease payments 31/12/2023 RMB'000	Minimum lease payments 31/12/2022 RMB'000	Present value of minimum lease payment 31/12/2022 RMB'000
Finance lease receivables comprise:				
Within one year	463,777	434,920	439,236	378,120
In the second year	58,155	39,079	638,596	597,420
In the third year	354,321	339,882	67,256	41,079
In the fourth year	34,140	29,332	434,686	420,882
In the fifth year	34,676	30,800	34,971	29,332
After five years	83,256	72,232	109,702	103,033
	1,028,325	946,245	1,724,447	1,569,866
Unguaranteed residual values	–	–	–	–
Gross investment in the lease	1,028,325	N/A	1,724,447	N/A
Less: unearned finance income	(82,080)	N/A	(154,581)	N/A
Present value of minimum lease payment receivables	946,245	946,245	1,569,866	1,569,866
Analysed as:				
Current		434,920		378,120
Non-current		511,325		1,191,746
Total		946,245		1,569,866

27. FINANCE LEASE RECEIVABLES (*continued*)

Receivables for finance lease services arose from finance lease contracts to lease plant and machinery to customers and were recognised to the extent that the Group has the right to collect rental income from customers. Interest rates implicit in the above finance leases range from 2.99% to 5.21% (2022: 3.33% to 5.99%).

Finance lease receivables are secured over the plant and machinery leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

As at 31 December 2023, the Group's finance lease receivables amounting to RMB309,721,000 (31 December 2022: RMB542,934,000) were pledged to secure certain of the Group's bank loans (Note 45).

Details of impairment assessment are set out in Note 49(b).

28. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 31 December	
	2023 RMB'000	2022 RMB'000
Other miscellaneous receivables	229,616	147,813
Security deposits	310,226	264,713
Prepayments	156,981	138,855
Less: Allowance for credit losses	(19,745)	(24,745)
	677,078	526,636

Detail of impairment assessment of other receivables and deposits are set out in Note 49(b).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

29. VALUE-ADDED TAX RECOVERABLE

	At 31 December	
	2023 RMB'000	2022 RMB'000
Value-added tax recoverable, classified as:		
– Current	606,726	639,350
– Non-current	1,567,739	1,143,492
	2,174,465	1,782,842

In accordance with the Provisional Regulations of the People's Republic of China on Value-Added Tax, the value-added tax payable on the Group's revenue can be set off by the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets. Accordingly, the value-added tax paid by the Group on acquisition of property, plant and equipment and service concession assets is recognised as value-added tax recoverable and will be set off against the Group's value-added tax payable to be arisen on future revenue. Value-added tax recoverable is classified as current if it would probably be set off by value-added tax payable related to the revenue incurred in the next twelve months.

30. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 31 December	
	2023 RMB'000	2022 RMB'000
Listed equity investment		
– Listed in Hong Kong (<i>note</i>)	257,853	231,742

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

32. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents comprise cash on hand, deposits to banks, a related non-bank financial institution with an original maturity of three months or less and short-time deposits depending on the immediate cash requirements of the Group.

	At 31 December	
	2023 RMB'000	2022 RMB'000
Bank deposits denominated in:		
– RMB	214,207	174,247
– HK\$	46,931	24,699
– Australian dollars ("AU\$")	193,682	64,487
– United States dollars ("US\$")	67,006	5,490
Deposits in a related non-bank financial institution denominated in RMB	5,692,263	4,722,530
Short-time deposits denominated in AU\$	390,997	474,935
	6,605,086	5,466,388

The Group had certain amount of deposits placed with BEH Finance, a non-bank financial institution approved by China Banking and Insurance Regulatory Commission as at 31 December 2023 and 2022. Such deposits are short-term and are subject to an insignificant risk of changes in value, accordingly, the balances had been regarded as cash and cash equivalents.

Deposits to banks and a related non-bank financial institution carry prevailing market interest rate, short-time deposits earn interest at the respective term time deposit rates. The deposits in banks and a related non-bank financial institution at the end of the reporting period carry interest at the following variable interest rates per annum:

	At 31 December	
	2023	2022
Range of interest rates per annum		

33. TRADE AND OTHER PAYABLES

	At 31 December	
	2023 RMB'000	2022 RMB'000
Trade payables	2,643,206	2,721,711
Payables for acquisition of property, plant and equipment	2,703,750	3,041,853
Retention payables	290,049	380,316
Bills payable	40,000	86,000
Salary and staff welfares	110,339	111,154
Non-income tax payables	308,641	314,923
Others	595,871	318,196
	6,691,856	6,974,153

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	
	2023 RMB'000	2022 RMB'000
Within 30 days	1,487,310	1,560,221
31 to 365 days	989,698	1,099,866
1 to 2 years	106,638	54,174
2 to 3 years	37,116	10,165
Over 3 years	62,444	83,285
	2,683,206	2,807,711

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

33. TRADE AND OTHER PAYABLES *(continued)*

The Group's trade payables denominated in a currency other than the functional currency of the relevant group entities are set out below:

	At 31 December	
	2023 RMB'000	2022 RMB'000
Eurodollar ("EUR")	–	11,167

34. BANK AND OTHER BORROWINGS

	At 31 December	
	2023 RMB'000	2022 RMB'000
Bank loans	30,837,366	26,296,367
Other borrowings from:		
– a related non-bank financial institution <i>(note(a))</i>	5,923,850	5,249,750
– fellow subsidiaries <i>(note(b))</i>	223,800	224,600
– other non-related entities <i>(note(c))</i>	221,039	280,304
– BEH <i>(note(d))</i>	686,760	1,676,760
	37,892,815	33,727,781
Represented by:		
– Unsecured borrowings	31,882,620	27,462,849
– Secured borrowings <i>(note(e))</i>	6,010,195	6,264,932
	37,892,815	33,727,781

34. BANK AND OTHER BORROWINGS (continued)

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Bank and other borrowings repayable based on scheduled repayment:		
– Within one year	9,743,969	12,074,562
– More than one year but not exceeding two years	7,273,110	4,728,675
– More than two years but not exceeding five years	9,981,375	9,569,331
– More than five years	10,894,361	7,355,213
	37,892,815	33,727,781
Less: Amount due within one year shown under current liabilities	(9,743,969)	(12,074,562)
Amount due after one year	28,148,846	21,653,219

Notes:

- (a) Other borrowings from a related non-bank financial institution represented loans from BEH Finance, a subsidiary of BEH, also an associate of the Group. The loans from BEH Finance amounting to RMB5,923,850,000 (2022: RMB5,249,750,000) are unsecured, carry interest at rates that are the prevailing interest rates promulgated by the PBOC per annum, ranges between 2.40% and 4.75%. The loan amounting to RMB4,187,350,000 (2022: RMB3,438,255,000) is repayable in 2024 (2022: in 2023), and the remaining balance of RMB1,948,380,000 (2022: RMB1,811,495,000) is repayable between 2025 and 2028 (2022: 2024 and 2027). The interest accrued attributed to the loans from BEH Finance above were RMB114,344,000 for the year ended 31 December 2023 (2022: RMB111,202,000).
- (b) At 31 December 2023, the balance amounting to RMB223,800,000 (2022: RMB224,600,000) are the borrowings from 北京京能融資租賃有限公司 (Beijing Jingneng Financial Leasing Co., Ltd., English name for identification purpose, formerly known as Beijing Jingneng Yuanshen Financial Leasing Co., Ltd.) ("Beijing Leasing"), a subsidiary of BEH, pledged by property, plant and equipment, repayable between 2024 and 2033, carrying a fixed interest rate at 4.10% per annum.

The interest expense attributed to the loans above was RMB8,468,000 for the year ended 31 December 2023 (2022: RMB11,260,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

34. BANK AND OTHER BORROWINGS (*continued*)

- (c) The balance borrowings from an independent financial institution. As at 31 December 2023, the borrowings were:

The loans of RMB310,000,000 (2022: RMB310,000,000) in nominal amount were from 中國農發重點建設基金有限公司 (China Agricultural Development Fund Co., Ltd., English name for identification purpose) ("CAD Fund"). According to the agreements between

34. BANK AND OTHER BORROWINGS (continued)

- (e) Besides certain property, plant and equipment pledged to secure bank borrowings as set out in Note 16, the Group's borrowings are secured by following assets:
- (i) As at 31 December 2023, certain of the Group's secured borrowings were secured with a charge over the right to receive the wind power electricity sale proceeds in sixteen (2022: fourteen) subsidiaries and the right to receive the principal and interest on lease arrangements. The relevant trade receivable balances and finance lease receivables were RMB2,512,043,000 and RMB309,721,000 respectively as at 31 December 2023 (2022: RMB1,782,135,000 and RMB542,934,000).
 - (ii) The New GRWF and Gullen Solar Pty Ltd.'s syndicated loan, amounting to AU\$93,569,000 (2022: AU\$119,375,000), equivalent to RMB438,755,000 (2022: RMB562,709,000) is secured by the beneficial interest of the properties and pledged by the shares of New GRWF and Gullen Solar Pty Ltd.. The syndicated loan carries at floating interest rate at Bank Bill Bid Rate prevailing in Australia plus 1.80% (2022: 1.80%) per annum and repayable between 2021 and 2025. The Group enters into interest rate swaps to exchange variable rate interest for fixed rate interest in order to hedge against the cash flow interest rate risk (Note 37).
 - (iii) As at 31 December 2023, the Company's loans amounting to RMB505,790,000 and RMB183,480,000 (2022: RMB575,790,000 and RMB198,480,000) are pledged by the shares of 寧夏博陽新能源有限公司 (Ningxia Boyang new energy Co., Ltd., English name for identification purpose) ("Ningxia Boyang") and 寧夏愷陽新能源有限公司 (Ningxia Kaiyang new energy Co., Ltd., English name for identification purpose) ("Ningxia Kaiyang") respectively, carrying a fixed rate at 3.30% per annum and repayable between 2024 and 2028.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

34. BANK AND OTHER BORROWINGS *(continued)*

	At 31 December	
	2023	2022
Range of interest rates per annum:		
– Variable-interest borrowings	1.91% to 4.99%	1.91% to 4.99%
– Fixed-interest borrowings	1.20% to 10.00%	1.20% to 10.00%

As at 31 December 2023, the fair values of fixed interest rate borrowings are approximately RMB9,320,124,000 (2022: RMB9,257,762,000).

35. SHORT-TERM DEBENTURES

On 17 August 2023, the Company issued a ultra short-term commercial paper of RMB1,000,000,000 at par value, bearing an interest rate of 2.12%, and expiring on 19 April 2024.

On 21 August 2023, the Company issued a ultra short-term commercial paper of RMB1,000,000,000 at par value, bearing an interest rate of 2.12%, and expiring on 19 April 2024.

On 9 October 2023, the Company issued a ultra short-term commercial paper of RMB1,700,000,000 at par value, bearing an interest rate of 2.40%, and expiring on 5 July 2024.

On 7 November 2023, the Company issued a ultra short-term commercial paper of RMB1,100,000,000 at par value, bearing an interest rate of 2.51%, and expiring on 2 August 2024.

These commercial papers are traded on the National Association of Financial Market Institutional Investors (銀行間市場交易商協會) (“NAFMII”) in the PRC.

36. MEDIUM-TERM NOTES/CORPORATE BONDS

On 3 April 2018, the Company issued 5-year medium-term note with total value of RMB1,500,000,000. The coupon rate is 5.19% per annum. Total proceeds received, net of issuance costs, amounted to RMB1,495,754,000. The medium-term note have been fully repaid on 3 April 2023.

On 9 April 2020, the Company issued 5-year medium-term note with total value of RMB1,000,000,000. The coupon rate is 3.25% per annum. Total proceeds received net of issuance costs, amounted to RMB998,585,000. The medium-term note will be fully repaid on 13 April 2025.

36. MEDIUM-TERM NOTES/CORPORATE BONDS (continued)

On 16 April 2020, the Company issued corporate bonds with total value of RMB1,000,000,000. Of which, RMB600,000,000 was 5-year corporate bonds, with coupon rate of 3.22% per annum, RMB400,000,000 was 3-year corporate bonds, with coupon rate of 2.65% per annum. Total proceeds received, net of issuance costs, amounted to RMB999,642,000. Of which RMB400,000,000 have been repaid on 16 April 2023, and RMB600,000,000 will be repaid on 16 April 2025.

On 27 September 2022, the Company issued 5-year medium-term note with total value of RMB2,000,000,000. The coupon rate is 2.92% per annum. Total proceeds received net of issuance costs, amounted to RMB1,997,547,000. The medium-term note will be fully repaid on 28 September 2027.

On 4 November 2022, the Company issued 5-year medium-term note with total value of RMB1,500,000,000. The coupon rate is 2.99% per annum. Total proceeds received net of issuance costs, amounted to RMB1,498,160,000. The medium-term note will be fully repaid on 11 August 2027.

On 4 May 2023, the Company issued 5-year medium-term note with total value of RMB2,000,000,000. The coupon rate is 3.22% per annum. Total proceeds received net of issuance costs, amounted to RMB1,998,113,000. The medium-term note will be fully repaid on 8 May 2028.

37. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	At 31 December	
	2023 RMB'000	2022 RMB'000
Derivative financial assets		
Cash flow hedges – Interest rate swaps (note(a))	26,427	57,059
Analysed as:		
– Current	10,591	–
– Non-current	15,836	57,059
Derivative financial liability		
Fixed forward commodity contract (note(b))	(65,350)	(105,836)
Analysed as:		
– Current	(65,350)	–
– Non-current	–	(105,836)

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

37. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (continued)

Notes:

(a) Cash flow hedges – Interest rate swaps

At the end of the reporting period, the Group had the following interest rate swaps contracts designated as highly effective hedging instruments in order to manage the Group's interest rate risk exposure in relation to the New GRWF's syndicated loans (Note 34(e(ii))) and Newtricity Biala Pty Ltd.'s syndicated loans.

The terms of the interest rate swaps contracts have been negotiated to match the terms of the respective designated hedged items.

Major terms of these contracts are as follows:

At 31 December 2023

Notional amount	Maturity	Swaps
AU\$67,607,000 (equivalent to RMB327,786,000)	17 September 2025	Bank Bill Bid Rate prevailing in Australia+1.80% for 2.15%
AU\$140,986,000 (equivalent to RMB682,400,000)	28 March 2024	Bank Bill Bid Rate prevailing in Australia+0.84% for 1.91%

At 31 December 2022

Notional amount	Maturity	Swaps
AU\$89,461,000 (equivalent to RMB421,701,000)	17 September 2025	Bank Bill Bid Rate prevailing in Australia+1.80% for 2.15%
AU\$146,324,000 (equivalent to RMB689,742,000)	28 March 2024	Bank Bill Bid Rate prevailing in Australia+0.84% for 1.91%

(b) Fixed forward commodity contract

New GRWF entered into the PPA contract (the "Australian PPA Contract") with a counterparty (an electricity retailer in Australia) in 2013. Under the Australian PPA Contract, New GRWF will sell its electricity product on the spot price in Australian national energy market, but both parties agreed that the difference between the actual price realised in the market and a fixed price determined in the Australian PPA Contract will be net settled in cash. The Australian PPA Contract results in New GRWF converting its floating price electricity sales revenue that will be earned during the contract period (ten years effective from the wind farms of New GRWF starting to operate) to a fixed price revenue, with the fixed price being escalated at 2.50% per annum over the contract period.

Major terms of the Australian PPA Contract are as follows:

Notional amount	Maturity	Fixed prices
Up to the maximum capacity of the wind farm	Effective for 10 years from the operation of the wind farm to start (31 December 2014)	Peak/off peak rates as at 1 January 2012 (AU\$58.81 per MWh and AU\$40.29 per MWh, respectively) and escalated 2.50% per annum since then

During the year ended 31 December 2023, fair value gain of the Australian PPA Contract amounting to RMB42,138,000 (2022: fair value loss of RMB146,600,000) has been recognised in profit or loss.

38. DEFERRED INCOME

	Government grants and subsidies		
	Clean energy production	Construction of assets	Total
	RMB'000	RMB'000	RMB'000
	(note(a))	(notes(b) and (c))	
At 1 January 2022	19,361	381,538	400,899
Additions	354,281	1,695	355,976
Released to profit or loss	(335,371)	(52,018)	(387,389)
At 31 December 2022	38,271	331,215	369,486
Additions	383,296	919	384,215
Released to profit or loss	(315,750)	(52,489)	(368,239)
At 31 December 2023	105,817	279,645	385,462

	At 31 December	
	2023	2022
	RMB'000	RMB'000
Presented in the consolidated financial statements as:		
– Current	105,817	38,271
– Non-current	279,645	331,215
	385,462	369,486

Notes:

- (a) The Group's gas power facilities located in Beijing, the PRC are entitled to a subsidy policy promulgated by the Beijing Government. The Beijing Government compensates the Group based on a pre-determined rate and quantities approved from time to time for the sale of electricity generated by those facilities. The Group recognises deferred income when the Group receives the relevant government subsidies. The deferred income will be released to profit or loss based on the actual volume of electricity generated from and sold by the Group's related gas and wind power facilities and at the pre-determined subsidising rate. The amounts released to profit or loss are set out in Note 7.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

38. DEFERRED INCOME *(continued)*

- (b) Grants related to construction of assets are provided by several local governments in the PRC to encourage the construction of clean energy facilities. The Group records these grants as deferred income upon receipt of the grants and releases to profit or loss to match with the depreciation charge of related assets. The amounts of RMB42,650,000 (2022: RMB42,639,000) released to profit or loss are set out in Note 7.
- (c) Amount of RMB89,000,000 included in grants related to construction of assets is a benefit derived from a government Designated Capital Loan (Note 34(c)). During the year, the amount released to profit or loss is RMB9,839,000 (2022: RMB9,379,000).

39. LEASE LIABILITIES

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	35,304	60,831
One to two years	36,404	29,596
Two to five years	160,017	138,472
Over five years	595,685	511,638

40. SHARE CAPITAL

	Number of shares			Share capital RMB'000
	Domestic legal person shares '000	H shares '000	Total '000	
At 1 January 2022, 31 December 2022 and 2023	5,414,831	2,829,677	8,244,508	8,244,508

41. CAPITAL RESERVE

	At 31 December	
	2023 RMB'000	2022 RMB'000
Share premium on share issuance	2,876,757	2,876,757
Effects on acquisition of additional interests in a subsidiary	(19,043)	(19,043)
Effects on equity transactions with holding company, a fellow subsidiary and others	708,589	716,372

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

42. PERPETUAL NOTES

(a) Issued on 15 May 2020

The Company issued perpetual medium-term notes at par value on 15 May 2020, with a total principal amount of RMB1,500,000,000 ("Perpetual Notes 1"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB1,493,250,000.

The coupon rate for the first three years up to 19 May 2023 is 3.44% per annum, which is paid annually in arrears on 19 May in each year ("Coupon Payment Date 1"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company (except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 19 May 2023 or on any Coupon Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred coupon interest payments.

After 19 May 2023, the coupon rate will be reset every three years to a percentage per annum equal to the sum of (i) the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points. While any coupon interest payments are unpaid or deferred, the Group cannot pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

The perpetual notes have been fully repaid on 19 May 2023.

42. PERPETUAL NOTES (continued)**(b) Issued on 15 July 2021**

The Company issued perpetual medium-term notes at par value on 15 July 2021, with a total principal amount of RMB500,000,000 ("Perpetual Notes 2"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB498,585,000.

The coupon rate for the first two years up to 19 July 2023 is 3.23% per annum, which is paid annually in arrears on 19 July in each year ("Coupon Payment Date 2"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 19 July 2023 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all deferred coupon interest payments).

After 19 July 2023, the coupon rate will be reset every two years to a percentage per annum equal to the sum of (i) the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

The perpetual notes have been fully repaid on 19 July 2023.

(c) Issued on 16 December 2021

The Company issued perpetual medium-term notes at par value on 16 December 2021, with a total principal amount of RMB1,000,000,000 ("Perpetual Notes 3"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB995,500,000.

The coupon rate for the first three years up to 20 December 2024 is 3.30% per annum, which is paid annually in arrears on 20 December in each year ("Coupon Payment Date 3"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

42. PERPETUAL NOTES (*continued*)

(c) Issued on 16 December 2021 (*continued*)

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 20 December 2024 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all deferred coupon interest payments).

After 20 December 2024, the coupon rate will be reset every three years to a percentage per annum equal to the sum of (i) the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base point. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

(d) Issued on 11 April 2023

The Company issued perpetual medium-term notes at par value on 11 April 2023, with a total principal amount of RMB1,000,000,000 ("Perpetual Notes 4"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB998,620,000.

The coupon rate for the first two years up to 13 April 2025 is 3.20% per annum, which is paid annually in arrears on 13 April in each year ("Coupon Payment Date 4"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 13 April 2025 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all unpaid and deferred coupon interest payments).

After 13 April 2025, the coupon rate will be reset every two years to a percentage per annum equal to the sum (i) of the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

42. PERPETUAL NOTES *(continued)*

(e) Issued on 10 July 2023

The Company issued perpetual medium-term notes at par value on 10 July 2023, with a total principal amount of RMB500,000,000 ("Perpetual Notes 5"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB498,800,000.

The coupon rate for the first three years up to 12 July 2026 is 3.19% per annum, which is paid annually in arrears on 12 July in each year ("Coupon Payment Date 5"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 12 July 2026 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all unpaid and deferred coupon interest payments).

After 12 July 2026, the coupon rate will be reset every three years to a percentage per annum equal to the sum (i) of the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base point. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

(f) Issued on 21 December 2023

The Company issued perpetual medium-term notes at par value on 21 December 2023, with a total principal amount of RMB500,000,000 ("Perpetual Notes 6"). The proceeds from the issuance of the Perpetual Notes after netting off the issuance cost are RMB498,800,000.

The coupon rate for the first three years up to 25 December 2026 is 3.09% per annum, which is paid annually in arrears on 25 December in each year ("Coupon Payment Date 6"). The Company may defer any interest at its own discretion unless compulsory coupon payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) has occurred. The deferred interest is interest bearing at the current coupon rate during the interest deferral period.

The Perpetual Notes have no fixed maturity and are callable at the Company's option, on 25 December 2026 or on any Coupon Payment Date afterwards, at their principal amounts together with any interest payable (including all unpaid and deferred coupon interest payments).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

42. PERPETUAL NOTES *(continued)*

(f) Issued on 21 December 2023 *(continued)*

After 25 December 2026, the coupon rate will be reset every three years to a percentage per annum equal to the sum (i) of the initial spreads of difference between nominal interest rate and initial benchmark interest rate, (ii) current period benchmark interest rate, and (iii) a margin of 300 base points. While any coupon interest payments are unpaid or deferred, the Group cannot declare or pay dividends (Except for handing in the state-owned capital proceeds required by relevant regulations of state-owned assets management) or reduce its registered capital.

Pursuant to the terms of these Perpetual Notes, the Company has no contractual obligation to repay its principal or to pay any coupon and deferred interest unless compulsory coupon payment event has occurred. Accordingly, the Perpetual Notes are classified as equity and subsequent coupon payment will be recorded as equity distribution to the owners of the Company.

During the year ended 31 December 2023, the profit attributable to holders of the Perpetual Notes, based on the applicable coupon rate, was approximately RMB92,240,000 (2022: RMB100,750,000) and the coupon payment distributed to the holders of the perpetual notes was approximately RMB100,750,000 (2022: RMB100,750,000).

43. ACQUISITION OF SUBSIDIARIES

Year ended 31 December 2023

During the year ended 31 December 2023, the Group acquired 100% of the issued share capital of the Targets for total consideration of RMB375,036,000.

Each of these acquisitions have been accounted for separately using the purchase accounting method and bargain purchase gain was assessed and recognised on individual basis. Aggregated bargain purchase gain of RMB13,924,000 arose after re-assessment of the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and was recognised under other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The Targets are engaged in the photovoltaic power generations and were acquired so as to continue the expansion of the Group's power operations.

43. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2023 (continued)

The acquisition of the Targets is determined to be business combinations, and optional concentration test is not elected.

Name of the Targets	Acquisition date	Acquisition consideration RMB'000
橫峰縣晶能電力有限公司 (Hengfeng Jingneng Electric Power Co., Ltd.)*	22 February 2023	—
廣東安晟新能源有限公司 (Guangdong Ansheng New Energy Co., Ltd.)*	24 February 2023	—
廈門陽萬丈清潔能源有限公司 (Xiamen Yangwanzhang Clean Energy Co., Ltd.)*	27 February 2023	—**
烏魯木齊鑫禾光晟電力科技有限公司 (Urumqi Xinhe Guangsheng Power Technology Co., Ltd.)*	20 March 2023	57,984
監利縣浩豐綠色能源科技有限公司 (Jianli Haofeng Green Energy Technology Co., Ltd.)*	22 March 2023	—**
橫峰縣晶泰電力有限公司 (Hengfeng Jingtai Electric Power Co., Ltd.)*	25 April 2023	—
寧夏澤華新能源有限公司 (Ningxia Zehua New Energy Co., Ltd.)*	6 May 2023	148,346
南京津美宇新能源有限公司 (Nanjing Jinmeiyu New Energy Co., Ltd.)*	24 July 2023	—
廣東巨通新能源有限公司 (Guangdong Jutong New Energy Co., Ltd.)*	8 October 2023	—
瑞信新能源（信豐）有限公司 (Ruixin New Energy (Xinfeng) Co., Ltd.)*	23 November 2023	168,706
		<u>375,036</u>

* English name for identification purpose

** Consideration is RMB 1

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

43. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2023 (continued)

Assets acquired and liabilities recognised at the respectively dates of acquisition are as follows:

	<i>RMB'000</i>
Assets acquired and liabilities recognised at the dates of acquisition	
Property, plant and equipment	762,699
Right-of-use assets	108,288
Intangible assets	304,131
Deferred tax assets	5,272
Trade and bills receivables	111,896
Other receivables, deposits and prepayments	54,239
Value-added tax recoverable	55,655
Cash and cash equivalents	24,895
Trade and other payables	(222,038)
Lease liabilities	(82,584)
Deferred tax liabilities	(27,198)
Bank and other borrowings	(712,994)
Income tax payable	(3,501)
Fair value of net assets acquired	378,760

	<i>RMB'000</i>
Bargain purchase gain arising on acquisitions	
Consideration transferred	375,036
Less: Non-controlling interests	(10,200)
Less: Net assets acquired	(378,760)
	(13,924)

Net cash outflow arising on acquisitions	
Total consideration	375,036
Less: Consideration not yet paid as at 31 December 2023	(12,474)
Less: Cash and cash equivalents acquired	(24,895)
	337,667

Included in the profit for the year is RMB27,444,000 attributable to the additional business generated by the Targets. Revenue for the year includes RMB81,657,000 generated from the Targets.

43. ACQUISITION OF SUBSIDIARIES (*continued*)

Year ended 31 December 2023 (*continued*)

Had the acquisitions been completed on 1 January 2023, revenue for the year of the Group would have been RMB20,501,704,000, and profit for the year of the Group would have been RMB3,235,800,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2023, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Targets been acquired at the beginning of the current year, the Directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

Year ended 31 December 2022

During the year ended 31 December 2022, the Group acquired 100% of the issued share capital of the Targets for total consideration of RMB40,701,000.

Each of these acquisitions have been accounted for separately using the purchase accounting method and bargain purchase gain was assessed and recognised on individual basis. Aggregated bargain purchase gain of RMB6,332,000 arose after re-assessment of the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and was recognised under other gains and losses in the consolidated statement of profit or loss and other comprehensive income. The Targets are engaged in the photovoltaic power generations and were acquired so as to continue the expansion of the Group's power operations.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

43. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2022 (continued)

The acquisition of the Targets is determined to be business combinations, and optional concentration test is not elected.

Name of the Targets	Acquisition date	Acquisition consideration RMB'000
東源縣順風光電科技有限公司 (Dongyuan Shunfeng Photoelectric Technology Co., Ltd.)*	24 March 2022	40,700
懷來中尚新能源科技有限公司 (Huailai Zhongshang New Energy Technology Co., Ltd.)*	30 September 2022	—**
橫峰縣晶源電力有限公司 (Hengfeng Jingyuan Electric Power Co., Ltd.)*	29 December 2022	—**
靈壽縣清智新能源科技有限公司 (Lingshou Qingzhi New Energy Technology Co., Ltd.)*	30 December 2022	1
		40,701

* English name for identification purpose

** Consideration is RMB 1

43. ACQUISITION OF SUBSIDIARIES (continued)**Year ended 31 December 2022 (continued)**

Assets acquired and liabilities recognised at the respectively dates of acquisition are as follows:

	<i>RMB'000</i>
Assets acquired and liabilities recognised at the dates of acquisition	
Property, plant and equipment	419,994
Right-of-use assets	28,826
Intangible assets	40,510
Deferred tax assets	8,549
Trade and bills receivables	49,194
Other receivables, deposits and prepayments	47,524
Value-added tax recoverable	25,308
Cash and cash equivalents	2,067
Trade and other payables	(538,892)
Lease liabilities	(19,777)
Deferred tax liabilities	(21,370)
Fair value of net assets acquired	41,933

RMB'000

Bargain purchase gain arising on acquisitions

Consideration transferred	40,701
Non-controlling interests	(5,100)
Less: Net assets acquired	(41,933)
	(6,332)

Net cash outflow arising on acquisitions

Total consideration	40,701
Less: Consideration not yet paid as at 31 December 2022	(1)
Less: Cash and cash equivalents acquired	(2,067)
	38,633

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

43. ACQUISITION OF SUBSIDIARIES (continued)

Year ended 31 December 2022 (continued)

Included in the profit for the year is RMB31,792,000 attributable to the additional business generated by the Targets. Revenue for the year includes RMB36,628,000 generated from the Targets.

Had the acquisitions been completed on 1 January 2022, revenue for the year of the Group would have been RMB20,059,241,000, and profit for the year of the Group would have been RMB3,041,438,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 January 2022, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had the Targets been acquired at the beginning of the current year, the Directors have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

44. CAPITAL COMMITMENTS

The Group had the following commitments

	At 31 December	
	2023 RMB'000	2022 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– Acquisition of property, plant and equipment	5,722,044	10,815,084

45. PLEDGE OF ASSETS

- (a) The following assets were pledged to secure certain bank borrowings granted to the Group as at 31 December 2023 and 2022.

	At 31 December	
	2023 RMB'000	2022 RMB'000
2022		

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

47. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) Besides loans to an associate and a joint venture, finance lease receivables, and deposits in a related non-bank financial institution as set out in Notes 21, 22, 27, and 32 and loan receivables, the Group has amounts due from the following related parties and the details are set out below:

	At 31 December	
	2023 RMB'000	2022 RMB'000
Amounts due from:		
Associates	261	313
Joint venture	–	93
Fellow subsidiaries	197,421	153,281
	197,682	153,687
Represented by:		
Trade (note)	197,421	153,281
Non-trade (note)	261	406
	197,682	153,687

Note: The Group allow a credit period of 60 days for its trade receivables. The non-trade balances are repayable on demand. All balances are interest-free, unsecured and aged within one year.

47. RELATED PARTY BALANCES AND TRANSACTIONS (*continued*)

- (b) Besides the balances in borrowings from a related non-bank financial institution, fellow subsidiaries and BEH as set out in Note 34, the Group has amounts due to the following related parties and the details are set out below:

	At 31 December	
	2023 RMB'000	2022 RMB'000
Amounts due to:		
Fellow subsidiaries	174,530	187,343
Associates	9,168	11,306
BEH	–	7,020
	183,698	205,669
Represented by:		
Trade (<i>note</i>)	151,401	171,165
Payables for acquisition of property, plant and equipment	22,706	16,177
Non-trade (<i>note</i>)	9,591	18,327
	183,698	205,669

Note: The Group apply a credit period of 60 days for its trade payables. The non-trade balances are repayable on demand. All balances are interest-free, unsecured and aged within one year.

- (c) The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or organisations (collectively “State-owned Enterprises”). During the years ended 31 December 2023 and 2022, the Group had transactions with State-owned Enterprises including, but not limited to, sales of goods, purchases of property, plant and equipment and borrowings. The Directors consider that the transactions with these State-owned Enterprises are activities in the ordinary course of the Group’s business and that the dealings of the Group have not been significantly or unduly affected by the fact the Group and these State-owned Enterprises are ultimately controlled or owned by the PRC government. Having due regard to the substance of the relationship, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

47. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Transactions with related parties:

During the year ended 31 December 2023, besides interest income received from associates and a joint venture as set out in Note 10, and interest expense charged by related parties as set out in Notes 34(a), and 34(b), the Group entered into the following significant transactions with its related parties:

(i) Equipment maintenance services from related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fellow subsidiaries	93,396	138,962

(ii) Administration services from related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fellow subsidiaries	67,329	39,239

(iii) Leasing properties from related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fellow subsidiaries	52,067	50,997

47. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

(d) Transactions with related parties: (continued)

(iv) Commission for entrusted loan service from a related non-bank financial institution

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
A fellow subsidiary	354	3,896

(v) Property management fee charged by related parties

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fellow subsidiaries	71,231	62,349

(vi) Heat energy sold to a related party

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
A fellow subsidiary	1,800,182	1,841,186

(vii) Equipment purchase framework agreement

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Equipment purchase from fellow subsidiaries	–	6,861

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

47. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

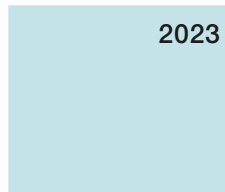
(d) Transactions with related parties: (continued)

(viii) *EPC framework agreement*

Year ended 31 December

2023

2022



47. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Transactions with related parties: (continued)

(xii) *Revenue related to finance lease service from related parties*

Year ended 31 December	
2023	2022
RMB'000	RMB'000

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

47. RELATED PARTY BALANCES AND TRANSACTIONS *(continued)*

(d) Transactions with related parties: (continued)

(xv) *Engineering construction service provided by related parties*

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Fellow subsidiaries	67,537	—

(e) Compensation of key management personnel

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Directors' fees	500	500
Basic salaries and allowances	9,336	7,321
Retirement benefit contributions	437	299
	10,273	8,120

Key management represents the Directors and other senior management personnel disclosed in the annual report. The remuneration of key management is determined by the remuneration committed having regard to the performance of individuals and market trends.

(f) In addition, the Group also has entered into other various transactions with other government-related entities in its ordinary course of business. In view of the insignificance of these transactions, the Directors are of the opinion that separate disclosure is not meaningful.

48. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which include bank and other borrowings, short-term debentures, medium-term notes, corporate bonds, net of cash and cash equivalents, and restricted bank deposits), and equity attributable to ordinary shareholders of the Company, comprising issued share capital, retained profits and other reserves.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associated with capital, and take appropriate actions to balance its overall capital structure.

49. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 December	
	2023 RMB'000	2022 RMB'000
Financial assets		
Financial assets at amortised cost	18,427,814	17,391,945
Finance lease receivables	946,245	1,569,866
Financial asset at FVTPL	257,853	231,742
Equity instrument at FVTOCI	92,500	92,637
Derivative financial assets	26,427	57,059
Financial liabilities		
Financial liabilities at amortised cost	56,377,433	53,140,348
Derivative financial liabilities	65,350	105,836

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include derivative financial assets, trade and bills receivables, other receivables and deposits, equity instrument at FVTOCI, financial asset at FVTPL, loans to an associate and a joint venture, loan receivables, finance lease receivables, cash and cash equivalents, restricted bank deposits, trade and other payables, amounts due from/to related parties, bank and other borrowings, short-term debentures, medium-term notes, corporate bonds, provision and derivative financial liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other price risk.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk during the year ended 31 December 2023.

(i) *Interest rate risk management*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on loans to an associate and a joint venture, cash and cash equivalents, restricted bank deposits, bank and other borrowings carried at variable interest rate and lease liabilities. The Group's cash flow interest rate concentrated on prevailing market interest based on the interest rates quoted by the PBOC plus a premium or less a discount. The Group enters into interest rate swaps to hedge against its exposure to changes in cash flow of certain borrowings. The interest rate swaps are designated as an effective hedging instrument and hedge accounting is applied (see Note 37 for details).

The Group's fair value interest rate risk mainly included bank borrowings carried at fixed interest rate, short-term debentures, medium-term notes, corporate bonds and lease liabilities.

49. FINANCIAL INSTRUMENTS (*continued*)

(b) Financial risk management objectives and policies (*continued*)

Market risk (continued)

(i) *Interest rate risk management (continued)*

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. In Australia, the key interest rate benchmarks remain the credit-based benchmarks Bank Bill Swap Rates (BBSW) and the risk-free rate Cash Rate, there is no plan to discontinue BBSW, the multi-rate approach has been adopted, whereby BBSW and Cash Rate will co-exist.

The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators if new agreements are relevant to IBORs.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of each reporting period. For those financial instruments bearing floating interest rate, the analyses are prepared assuming the amount of balances outstanding at the end of each reporting period was outstanding for the whole year. A 25 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would decrease/increase by RMB36,163,000 (2022: RMB32,295,000).

(ii) *Foreign currency risk management*

Currency risk

The Group has certain assets and liabilities, including cash and cash equivalents (Note 32), bank loans (Note 34) and trade payables (Note 33) denominated in foreign currencies, hence risk exposure to exchange rate fluctuation arises.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Foreign currency risk management (continued)

Currency sensitivity

The Group is mainly exposed to exchange rate fluctuation on EUR, HK\$, US\$ and AU\$, because trade payables caused by repairs and maintenance services were mainly denominated in EUR, and foreign currency bank balances denominated in HK\$, US\$ and AU\$. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
EUR	–	11,167	–	–
HK\$	–	–	3,076	769
US\$	–	–	67,006	5,490
AU\$	–	–	8,321	6,976

The following table details the Group's sensitivity to a 5% strengthening of RMB against EUR, HK\$, US\$ and AU\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the exchange rate of RMB against EUR, HK\$, US\$ and AU\$. For a 5% weakening of RMB against EUR, HK\$, US\$ and AU\$, there would be an equal and opposite impact on the profit after taxation for the year:

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
Increase in profit (EUR)	–	442
Decrease in profit (HK\$)	(120)	(30)
Decrease in profit (US\$)	(2,616)	(217)
Decrease in profit (AU\$)	(325)	(275)

49. FINANCIAL INSTRUMENTS (*continued*)

(b) Financial risk management objectives and policies (*continued*)

Market risk (continued)

(iii) *Other price risks*

The Group is exposed to equity price risk mainly through its investment in equity securities. The Group's equity price risk over investment in listed equity securities is mainly concentrated on an equity security operating in nuclear power industry sector quoted in the Hong Kong Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 15% higher/lower:

Profit for the year ended 31 December 2023 would increase/decrease by RMB32,296,000 (2022: RMB29,026,000) as a result of the changes in fair value of financial asset at FVTPL.

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its trade and bills receivables, finance lease receivables, loan receivables, other receivables and deposits, loans to an associate and a joint venture, amounts due from related parties, restricted bank deposits, and cash and cash equivalents. As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

		At 31 December	
	12-month or lifetime ECL	2023 Gross carrying amount RMB'000	2022 Gross carrying amount RMB'000
Financial assets at amortised cost			
Loans to an associate and a joint venture and amounts due from related parties <i>(note i)</i>	12m ECL	307,682	328,687
Restricted bank deposits, and cash and cash equivalents <i>(note i)</i>	12m ECL	6,678,141	5,556,685
Other receivables and deposits <i>(note ii)</i>	12m ECL	520,097	387,781
	Lifetime ECL(credit-impaired)	19,745	24,745
Trade receivables <i>(note ii)</i>	Lifetime ECL	10,948,513	10,947,760
Bills receivable <i>(note ii)</i>	12m ECL	5,954	98,953
Loan receivables <i>(note ii)</i>	12m ECL	–	91,705
Other item			
Finance lease receivables <i>(note ii)</i>	12m ECL	946,245	1,569,866

Notes:

- i The counterparty has a low risk of default and does not have any past-due amounts.
- ii For other receivables and deposits, bills receivable, loan receivables and finance lease receivables, the Group uses the 12m ECL to measure the loss allowance, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL.

The Group determines the expected credit losses on the debtors individually by past due status.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade and bills receivables arising from contracts with customers

The Group is exposed to significant concentration of credit risk in terms of electricity sales as majority of the Group's sales of electricity were made to regional and provincial power grid companies. The Group normally grants credit terms of 60 days to these power grid companies except for clean energy power price premium. The collection of such clean energy power price premium is subject to the allocation of funds by relevant government authorities to local grid companies, which therefore takes a relatively longer time for settlement, and the Directors are of the opinion that the tariff premium receivables are fully recoverable considering that there are no bad debt experiences with the power grid companies in the past and the tariff premium is funded by the PRC government. The Group normally does not require collaterals from trade debtors. In addition, the Group performs impairment assessment under ECL model on trade balances individually. Aging analysis of the Group's trade receivables is disclosed in Note 26 and monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The amounts presented in the consolidated statement of financial position are net of allowances for credit losses, estimated by the Group's management based on historical settlement records, adjusted for forward-looking information and their assessment of the current economic environment.

Other receivables and deposits

The counterparties of the Group's other receivables and deposits are mainly large state-owned enterprises with good credit and government agencies. Under ECL model, management makes periodic collective assessment as well as individual assessment on the recoverability of all the receivables, based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the relevant debtors. The Directors are of the opinion that the credit risk on other receivables and deposits is limited.

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment (continued)

Restricted bank deposits and cash and cash equivalents

Substantially all of the Group's cash and deposits are held in major financial institutions and BEH Finance, which management believes are of high credit quality. Therefore, the Group performs impairment assessment under 12m ECL model on restricted bank deposits and cash and cash equivalents on collective basis. Management does not expect any losses from non-performance by these counterparties. To manage this risk, restricted bank deposits, and cash and cash equivalents are mainly placed with state-owned financial institutions and reputable banks. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

Loan receivables

The management estimates the estimated loss rates of loan receivables based on historical credit loss experience of the debtors as well as the fair value of the collateral pledged by the customers to the loan receivables. Based on assessment by the management, the management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised.

Finance lease receivables

The management are of the opinion that the finance lease receivables are fully recoverable because the counterparties have a low risk of default and does not have any past-due amounts. Based on assessment by the management, the management considers the ECL for loan receivables is insignificant and therefore no loss allowance was recognised.

49. FINANCIAL INSTRUMENTS (*continued*)(b) Financial risk management objectives and policies (*continued*)*Credit risk and impairment assessment (continued)**Finance lease receivables (continued)*

The following tables show reconciliation of loss allowances that has been recognised for trade receivables.

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As 1 January 2022	16,395	–	16,395
– Impairment losses recognised	8,170	–	8,170
– Impairment losses reversed	(4,939)	–	(4,939)
As at 31 December 2022	19,626	–	19,626
– Impairment losses recognised	15,807	–	15,807
– Impairment losses reversed	(2,860)	–	(2,860)
As at 31 December 2023	32,573	–	32,573

For other receivables, the impairment losses at 31 December 2023 of RMB19,745,000(2022: RMB24,745,000) was assessed by lifetime ECL as the corresponding receivables were considered credit-impaired. The impairment losses reversed on other receivables for the year was RMB5,000,000 (2022: impairment losses provided for RMB39,000).

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group has net current liabilities as at 31 December 2023, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the management regularly monitors the operational cash flow of the Group as well as the unutilised bank facilities to meet its liquidity requirements in the short and long term.

The Group relies on bank borrowings and perpetual notes as a significant source of liquidity. As at 31 December 2023, the Group has available unutilised banking and other borrowing facilities of RMB22,352,650,000 (2022: RMB27,633,250,000).

Liquidity risk

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

49. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average effective interest rate %	Within 1 year RMB'000	1 year to 2 years RMB'000	2 years to 3 years RMB'000	3 years to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2023								
Trade and other payables	-	6,205,192	33,842	33,391	451	-	6,272,876	6,272,876
Bank and other borrowings - variable interest rate	3.04	7,620,351	6,577,885	4,128,082	4,458,770	8,322,147	31,107,235	28,029,028
Bank and other borrowings - fixed interest rate	2.71	3,022,481	1,280,564	1,105,520	18,761,430	-	24,170,000	24,170,000

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

(c) Fair value

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 December 2023	31 December 2022		
1) Listed held for trading shares (see Note 30)	Listed equity securities in Hong Kong: Electric power industry – RMB257,853,000	Listed equity securities in Hong Kong: Electric power industry – RMB231,742,000	Level 1	Quoted bid price in an active market.
2) Interest rate swaps classified as derivatives on the consolidated statement of financial position (see Note 37)	Assets – RMB26,427,000	Assets – RMB57,059,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of the counterparty.

49. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique and key input
	31 December 2023	31 December 2022		
3) Private equity investment at FVTOCI (see Note 24)	Private equity investments in the PRC: Electric power industry – RMB92,500,000	Private equity investments in the PRC: Electric power industry – RMB92,637,000	Level 3	Market approach. Fair value are derived from price multiples of similar assets that have been traded in the market, and estimated based on the P/B ratio of comparable listed companies and a liquidity discount rate.
4) Fixed forward commodity contract classified as a derivative on the consolidated statement of financial position (see Note 37)	Liability – RMB65,350,000	Liability – RMB105,836,000	Level 3 (note)	Discounted cash flow. Future cash flows are estimated based on spot electricity price, contract forward price and generators' utilization hours, discounted at a rate that reflects the credit risk of a counterparty. Discount rates are 4.319% and 4.00% for 31 December 2023 and 2022 respectively.

Note: The significant unobservable input is spot electricity price. A slight increase in the spot electricity price used in isolation would result in a significant decrease in the fair value of the derivative on fixed forward commodity contract and vice versa. A 5% increase in the spot electricity price holding all other variables constant would increase the fair value of the derivative financial liability by RMB10,761,000 (2022:RMB18,588,000).

In estimating the fair value of an asset where Level 1 inputs are not available, the management of the Group works closely with external valuers to establish the appropriate valuation techniques and inputs to the model.

There were no transfers among different levels during both years.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

49. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value *(continued)*

Some of the Group's financial assets and financial liabilities are measured at amortised cost at the end of the reporting period. Their fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except for the fixed rate bank and other borrowings (Note 34) and medium-term notes/corporate bonds (Note 36), the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

Reconciliation of level 3 fair value measurement is as follows:

	Year ended 31 December	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Fixed forward commodity contract		
At 1 January	(105,836)	41,136
Fair value gain (loss) recognised in profit or loss	42,138	(146,600)
Effect of foreign currency exchange difference	(1,652)	(372)

50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings <i>RMB'000</i>	Short-term debentures <i>RMB'000</i>	Medium- term notes <i>RMB'000</i>	Corporate bonds <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	32,847,736	7,589,471	4,585,584	2,025,483	682,183	47,730,457
Financing cash flows	823,986	(2,089,471)	1,404,463	(1,025,841)	(72,286)	(959,149)
Accrued interest	29,043	38,424	109,397	21,312	34,675	232,851
Effect of foreign currency exchange difference	27,016	–	–	–	–	27,016
Additions of lease liabilities	–	–	–	–	76,188	76,188
Acquisition of subsidiaries (Note 43)	–	–	–	–	19,777	19,777
At 31 December 2022	33,727,781	5,538,424	6,099,444	1,020,954	740,537	47,127,140
Financing cash flows	3,425,751	(738,424)	392,962	(421,169)	(82,229)	2,576,891
Accrued interest	32,836	28,929	93,162	13,762	32,479	201,168
Effect of foreign currency exchange difference	(6,547)	–	–	–	–	(6,547)
Additions of lease liabilities	–	–	–	–	54,039	54,039
Acquisition of subsidiaries (Note 43)	712,994	–	–	–	82,584	795,578
At 31 December 2023	37,892,815	4,828,929	6,585,568	613,547	827,410	50,748,269

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

51. SUBSIDIARIES

General information of material subsidiaries

Details of the Company's material subsidiaries (excluding the Targets as disclosed in Note 43) at 31 December 2023 and 2022 are set out below:

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the		Principal activities
			Direct		Indirect		Group		
			2023	2022	2023	2022	2023	2022	
北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Power Co., Ltd.)* ("Taiyanggong Power")	PRC	RMB747,297,000	74%	74%	—	—	74%	74%	Gas-fired power and heat energy generation
2023	2022	20231.845(100%)	20231.845(100%)	20221.845(100%)	20231.845(100%)	20221.845(100%)	20231.845(100%)	20221.845(100%)	

51. SUBSIDIARIES (continued)

General information of material subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the		Principal activities
			Direct		Indirect		Group		
			2023	2022	2023	2022	2023	2022	
內蒙古京能商都風力發電有限責任公司 (Inner Mongolia Jingneng Shangdu Wind Power Co., Ltd.)*	PRC	RMB207,520,000	100%	100%	-	-	100%	100%	Wind power generation
北京京能新能源有限公司 (Beijing Jingneng New Energy Co., Ltd.)*	PRC	RMB2,722,776,700	100%	100%	-	-	100%	100%	Investment management and wind power generation
內蒙古京能察右中風力發電有限責任公司 (Inner Mongolia Jingneng Chayouzhong Energy Co., Ltd.)*	PRC	RMB313,641,000	100%	100%	-	-	100%	100%	Wind power generation
錫林郭勒吉相華亞風力發電有限責任公司 (Xilinguole Jixianghuaya Wind Power Co., Ltd.)*	PRC	RMB942,751,000	100%	100%	-	-	100%	100%	Wind power generation
內蒙古京能烏蘭伊力更風力發電有限責任公司 (Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd.)*	PRC	RMB799,850,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
內蒙古京能文貢烏拉風力發電有限公司 (Inner Mongolia Jingneng Wengongwula Wind Power Co., Ltd.)*	PRC	RMB220,613,200	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation
內蒙古京能烏蘭風力發電有限公司 (Inner Mongolia Jingneng Wulan Wind Power Co., Ltd.)*	PRC	RMB415,140,000	100%	100%	-	-	100%	100%	Wind power generation
寧夏京能新能源有限公司 (Ningxia Jingneng New Energy Co., Ltd.)*	PRC	RMB414,598,000	100%	100%	-	-	100%	100%	Wind power and photovoltaic power generation

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

51. SUBSIDIARIES (continued)

General information of material subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the		Principal activities
			Direct		Indirect		Group		
			2023	2022	2023	2022	2023	2022	
寧夏京能靈武風電有限公司 (Ningxia Jingneng Lingwu Wind Power Co., Ltd.)*	PRC	RMB411,327,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation
五家渠京能新能源有限責任公司 (Wujiagu Jingneng New Energy Co., Ltd.)*	PRC	RMB397,264,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation
北京京能未來燃氣熱電有限公司 (Beijing Jingneng Weilai Gas-fired Power Co., Ltd.)*	PRC	RMB304,899,000	100%	100%	–	–	100%	100%	Gas-fired power and heat energy generation
寧夏中寧縣京能新能源有限公司 (Ningxia Zhongning County New Energy Co., Ltd.)*	PRC	RMB471,096,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation
格爾木京能新能源有限公司(Golmud Jingneng New Energy Co., Ltd.)*	PRC	RMB205,360,000	100%	100%	–	–	100%	100%	Photovoltaic power generation
Jingneng HK	Hong Kong, China	HK\$77,657,000	100%	100%	–	–	100%	100%	Investment holding
New GRWF	Australia	AU\$132,460,000	–	–	100%	100%	100%	100%	Wind power generation
Gullen Solar Pty Ltd.	Australia	AU\$6,500,000	–	–	100%	100%	100%	100%	Photovoltaic power generation
Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd.	Australia	AU\$115,600,000	–	–	100%	100%	100%	100%	Investment holding
益陽大通湖東大光伏發電有限公司(Yiyang Datonghu Dongda Photovoltaic Power Co., Ltd.)*	PRC	RMB280,000,000	100%	100%	–	–	100%	100%	Photovoltaic power generation

51. SUBSIDIARIES (continued)

General information of material subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the		Principal activities
			Direct		Indirect		Group		
			2023	2022	2023	2022	2023	2022	
Newtricity Biala Pty Ltd.	Australia	AU\$65,400,000	–	–	100%	100%	100%	100%	Wind power generation
內蒙古京能蘇尼特風力發電有限公司 (Neimenggu Jingneng Sunite Wind Power Co., Ltd.)*	PRC	RMB451,680,000	100%	100%	–	–	100%	100%	Wind power generation
京能新能源（蘇尼特右旗）風力發電有限公司 (Jingneng New Energy (Sunite) Wind Power Co., Ltd.)*	PRC	RMB316,433,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation
張北京能清潔能源有限公司 (Zhangbei Jingneng Clean Energy Co., Limited) *	PRC	RMB210,450,000	100%	100%	–	–	100%	100%	Wind power generation
尚義京能新能源有限公司 (Shangyi Jingneng New Energy Co., Limited) *	PRC	RMB305,650,000	100%	100%	–	–	100%	100%	Wind power generation
康保新京清潔能源有限公司 (Kangbao Xinjing Clean Energy Co., Limited) *	PRC	RMB700,370,000	100%	100%	–	–	100%	100%	Wind power generation
巴彥淖爾京能清潔能源電力有限公司 (Bayannaoer Jingneng Clean Energy Power Co., Limited) *	PRC	RMB680,401,700	95%	95%	–	–	95%	95%	Wind power generation
鄂托克前旗晟日新能源科技有限公司 (Etokeqian banner SHENGRI New Energy Technology Co., Ltd)*	PRC	RMB332,200,000	100%	100%	–	–	100%	100%	Wind power generation
Ningxia Boyang	PRC	RMB325,372,000	100%	100%	–	–	100%	100%	Wind power and photovoltaic power generation

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

51. SUBSIDIARIES (continued)

General information of material subsidiaries (continued)

Name of subsidiary	Place of registration and operation	Paid up issued/ registered capital	Equity interest attributable to the Company				Proportion of voting rights held by the		Principal activities
			Direct		Indirect		Group		
			2023	2022	2023	2022	2023	2022	
Shenzhen Jingneng Leasing	PRC	RMB2,007,580,000	84.68%	84.68%	-	-	84.68%	84.68%	Finance Lease
欽州京能清潔能源有限公司 (Qinzhou Jingneng New Energy Co., Limited) *	PRC	RMB214,207,900	100%	100%	-	-	100%	100%	Photovoltaic power generation
汕頭京能清潔能源有限公司 (Shantou Jingneng Clean Energy Co., Ltd.) *	PRC	RMB323,420,000	100%	-	-	-	100%	-	Wind power generation
尚義縣旭藍新能源科技有限公司 (Shangyi Xulan New Energy Technology Co., Ltd)*	PRC	RMB327,200,000	-	-	100%	100%	100%	100%	Wind power generation

* English name for identification purpose

Note: All of the subsidiaries of the Company registered in the PRC above are wholly-domestic owned companies with limited liability under PRC law.

The table below shows details of a non-wholly owned subsidiary of the Company that have material non-controlling interests:

Name of subsidiary	Incorporation/ establishment/ registration and operation	Proportion ownership interest held by non-controlling interests		Profit allocated to non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	2023	2022	2023	2022	2023	2022
		%	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Taiyanggong Power	PRC	26.00	26.00	72,891	67,799	72,891	67,799	364,383	350,772
Shenzhen Jingneng Leasing	PRC	15.32	15.32	9,745	11,117	9,745	11,117	422,270	412,525

51. SUBSIDIARIES *(continued)*

Summarised financial information in respect of the Company's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

51. SUBSIDIARIES (continued)

Shenzhen Jingneng Leasing	2023 RMB'000	2022 RMB'000
Current assets	897,158	909,169
Non-current assets	3,547,507	3,624,912
Current liabilities	651,836	714,518
Non-current liabilities	1,036,500	1,126,840
Revenue	140,690	149,488
Profit and total comprehensive income for the year	63,608	62,040
Dividends declared to non-controlling interests	—	—
Net cash generated from operating activities	112,812	123,158
Net cash from (used in) investing activities	200,567	(548,161)
Net cash (used in) from financing activities	(124,240)	418,405
Net cash inflow (outflow)	189,139	(6,598)

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position

	At 31 December	
	2023 RMB'000	2022 RMB'000
Non-current assets		
Property, plant and equipment	991,711	1,082,738
Intangible assets	43,239	30,021
Right-of-use assets	45,522	15,918
Investments in subsidiaries	27,887,118	25,171,420
Investments in associates	1,551,361	1,569,542
Loans to an associate	40,000	105,000
Investment in a joint venture	76,255	61,689
Loans to a joint venture	70,000	70,000
Loans to subsidiaries	8,184,383	9,534,919
Deferred tax assets	40,515	32,749
Value-add tax recoverable	12,056	4,233
Deposit paid for acquisition of property, plant and equipment	61,683	3,584
Restricted bank deposits	—	1,100
	39,003,843	37,682,913
Current assets		
Inventories	2,221	37
Trade and bills receivables	220,675	220,212
Other receivables, deposits and prepayments	382,978	231,898
Loans to subsidiaries	6,201,500	6,347,762
Amounts due from related parties	731	467
Amounts due from subsidiaries	8,991,871	8,338,648
Value-added tax recoverable	2,519	5,017
Cash and cash equivalents	2,580,108	1,141,162
	18,382,603	16,285,203

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2023

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Statement of financial position (continued)

	At 31 December	
	2023 RMB'000	2022 RMB'000
Current liabilities		
Trade and other payables	370,336	227,753
Amounts due to related parties	16,433	9,846
Amounts due to subsidiaries	4,800,785	3,238,118
Bank and other borrowings – due within one year	3,771,181	4,960,734
Short-term debentures	4,828,929	5,538,424
Medium-term notes	93,162	1,605,153
Corporate bonds	13,762	421,169
Lease liabilities	9,006	1,082
Income tax payable	6,219	6,516
Deferred Income	3,704	–
	13,913,517	16,008,795
Net current assets	4,469,086	276,408
Total assets less current liabilities	43,472,929	37,959,321
Non-current liabilities		
Bank and other borrowings – due after one year	6,707,724	4,542,619
Medium-term notes	6,492,406	4,494,291
Corporate bonds	599,785	599,785
Deferred tax liabilities	10,784	645
Deferred income	64,777	69,225
Lease liabilities	32,351	11,121
	13,907,827	9,717,686
Net assets	29,565,102	28,241,635
Capital and reserves		
Share capital	8,244,508	8,244,508
Reserves	18,297,139	16,969,165
Perpetual notes	3,023,455	3,027,962
Total equity	29,565,102	28,241,635

52. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movements on reserves

	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2022	4,331,346	1,549,429	(93,885)	9,149,149	14,936,039
Profit and total comprehensive income for the year	–	–	–	2,613,796	2,613,796
Disposal of an associate	(74,719)	–	93,885	–	19,166
Appropriation to statutory surplus reserve	–	279,951	–	(279,951)	–
Dividend declared	–	–	–	(580,167)	(580,167)
Acquisition of subsidiaries from holding company	(19,669)	–	–	–	(19,669)
Appropriations and utilisations of specific reserve	–	–	226	(226)	–
At 31 December 2022	4,236,958	1,829,380	226	10,902,601	16,969,165
Profit and total comprehensive income for the year	–	–	–	2,326,747	2,326,747
Repayment of perpetual notes	(7,783)	–	–	–	(7,783)
Appropriation to statutory surplus reserve	–	241,899	–	(241,899)	–
Dividend declared	–	–	–	(990,990)	(990,990)
Appropriations and utilisations of specific reserve	–	–	403	(403)	–
At 31 December 2023	4,229,175	2,071,279	629	11,996,056	18,297,139

Definitions

“Articles of Association”	articles of association of the Company
“BDHG”	北京市熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd.)
“BEH”	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.)
“BEH Finance”	京能集團財務有限公司 (BEH Finance Co., Ltd.)
“Beijing Energy Investment”	北京能源投資集團 (香港) 有限公司 (Beijing Energy Investment Holding (Hong Kong) Co., Ltd.)
“Beijing Jingneng Leasing”	北京京能融資租賃有限公司 (Beijing Jingneng Financial Leasing Co., Ltd.) (formerly known as 北京京能源深融資租賃有限公司 (Beijing Jingneng Yuanshen Finance Leasing Co., Ltd.))
“Board of Directors” or “Board”	board of directors of the Company
“Board of Supervisors”	board of supervisors of the Company
“BSCOMC”	北京國有資本運營管理有限公司 (Beijing State-owned Capital Operation Management Co., Ltd.)
“China” or “PRC”	the People’s Republic of China, but for the purposes of this annual report and for geographical reference only (unless otherwise indicated), excluding Taiwan, Macau and Hong Kong
“Company”, “our Company”, “JNCEC”, “we” or “us”	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign invested ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$” or “Hong Kong dollars” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited

Definitions

“IFRSs”	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretation issued by the International Accounting Standards Committee (IASC)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	中國人民銀行 (People’s Bank of China)
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2023
“Securities and Futures Ordinance” or “SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“Shareholder(s)”	holder(s) of our Shares, including holders of H shares and holders of domestic shares of the Company
“Shares”	shares in the share capital of the Company, with a nominal value of RMB1.00 each
“Supervisor(s)”	the supervisor(s) of the Company
“Shenzhen Jingneng Leasing”	深圳京能融資租賃有限公司 (Shenzhen Jingneng Financial Leasing Co., Ltd.)

Corporate Information

Registered Name	Beijing Jingneng Clean Energy Co., Limited
Directors	
Executive Directors	Mr. CHEN Dayu (<i>Chairman</i>) Mr. LI Minghui (<i>General Manager</i>) Mr. ZHANG Wei
Non-executive Directors	Mr. ZHOU Jianyu Mr. SONG Zhiyong Ms. ZHANG Yi
Independent Non-executive Directors	Ms. ZHAO Jie Mr. WANG Hongxin Mr. QIN Haiyan Ms. HU Zhiying
Strategy Committee	Mr. CHEN Dayu (<i>Chairman</i>) Mr. ZHANG Wei Mr. LI Minghui Mr. QIN Haiyan
Remuneration and Nomination Committee	Ms. ZHAO Jie (<i>Chairman</i>) Ms. ZHANG Yi Ms. HU Zhiying
Audit Committee	Ms. HU Zhiying (<i>Chairman</i>) Mr. SONG Zhiyong Ms. ZHAO Jie
Legal and Compliance Management Committee	Mr. ZHOU Jianyu (<i>Chairman</i>) Mr. LI Minghui Mr. WANG Hongxin
Supervisors	Mr. WANG Xiangneng Mr. SUN Li Ms. QIN Yi
Joint Company Secretaries	Mr. ZHANG Wei and Mr. LEUNG Chi Kit

Corporate Information

Authorized Representatives

Mr. CHEN Dayu
7/8/9 Floor, No. 6 Xibahe Road,
Chaoyang District, Beijing, the PRC

Mr. ZHANG Wei
7/8/9 Floor, No. 6 Xibahe Road,
Chaoyang District, Beijing, the PRC

Registered Office

Room 118, No. 1 Ziguang East Road,
Badaling Economic Development Zone,
Yanqing District, Beijing, the PRC

Principal Place of Business in the PRC

7/8/9 Floor, No. 6 Xibahe Road,
Chaoyang District, Beijing, the PRC

Principal Place of Business in Hong Kong

31/F., Tower Two, Times Square,
1 Matheson Street, Causeway Bay, Hong Kong

Principal Bankers

China Merchants Bank Co., Ltd.
(Dongzhimen Branch)
Floor 2, Tianheng Mansion,
No. 46 Dongzhimen Waidajie,
Dongcheng District, Beijing, the PRC

Bank of China Limited
(Beijing Economic and
Technological Development Zone Sub-Branch)
3 East Rongjing Street,
Daxing District, Beijing, the PRC

Agricultural Bank of China Limited
(Fengtai Branch)
No. 9, East Avenue Street,
Fengtai District, Beijing, the PRC

Industrial and Commercial Bank of China Limited
(Taoranting Branch)
No. 55, Taoranting Road,
Xicheng District, Beijing, the PRC

International Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
Certified Public Accountants
35/F, One Pacific Place,
88 Queensway, Hong Kong

Corporate Information

Domestic Auditor	Baker Tilly International Certified Public Accountants (Special General Partnership) Building 12A, Foreign Cultural and Creative Garden, 19 Chegongzhuang West Road, Haidian District, Beijing
Hong Kong Legal Advisors	Morgan, Lewis & Bockius 19th Floor, Edinburgh Tower The Landmark, 15 Queen's Road Central, Hong Kong
PRC Legal Advisors	Beijing King & Wood Mallesons 18th Floor, East Tower, World Financial Center, 1 Dongsanhuan Zhonglu, Chaoyang District, Beijing, the PRC
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Stock Code	579
Company's Website	www.jncec.com
Listing Place	The Stock Exchange of Hong Kong Limited