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北京能源國際控股有限公司

**Beijing Energy International Holding Co., Ltd.**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

# ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the "**Board**" or the "**Directors**") of Beijing Energy International Holding Co., Ltd. (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2021 (the "**Year**"), together with the comparative audited figures for the corresponding period in 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Diversification of Investment Locations and Portfolios

During the Year, the Group, striving to be a leading global eco-development solutions provider, was principally engaged in the development, investment, operation and management of power plants and other renewable energy projects.

#### *Power Plant Projects*

During the Year, the Group accelerated the pace of scale expansion development of clean energy by actively expanding the management scale of the solar power and wind power businesses through self-development and mergers and acquisitions, as well as continuously improving the management of its existing solar power business. As at 31 December 2021, the Group had 97 solar power plants and 7 wind power plants (31 December 2020: 55 solar power plants) with aggregate installed capacity of approximately 4,168.02 megawatts ("**MW**") (31 December 2020: approximately 2,070.40MW). As at 31 December 2021, all of the power plants of the Group were located in the People's Republic of China ("**PRC**"). The Group has well-diversified its solar and wind power plants in 21 different provinces during the Year (31 December 2020: 17).

The Group strategically develops, constructs and acquires power plants to achieve predetermined minimal rate of return and selects its power plants based on a combination of factors, including solar irradiation of the site, wind velocity of the site, applicable feed-in tariffs ("**FITs**"), government subsidies, conditions for local grid connection, electricity transmission infrastructure and demand for electricity.

### *Other Renewable Energy Projects*

The Group owned development rights mainly in hydropower with an expected capacity of over 5 gigawatts ("**GW**"). The Company indirectly holds 75% of the equity interest in the project companies while the remaining 25% is indirectly held by the People's Government of Tibet Autonomous Region. The Group is waiting for the planning of the PRC government's ecological red line before the construction of any hydropower plants.

In the short run, the Group will focus on the development of solar and wind power businesses, while diversifying its renewable energy portfolios in order to supplement the multi-type energy supply in the long run.

## Electricity Generation

During the Year, the total electricity generated by the power plants of the Group has significantly increased from approximately 2,795,834 megawatt hours ("**MWh**") in 2020 to approximately 3,879,751MWh, or by approximately 38.8%. All these power plants are grid-connected and are generating electricity steadily.

### *Table 1: Summary of Power Plants*

| | Year ended 31 December | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2021 | | | | 2020 | | | |
| | Number of power plants | Aggregate installed capacity *(MW)* | Electricity generation *(MWh)* | Weighted average utilisation hours *(Hours)* | Number of power plants | Aggregate installed capacity *(MW)* | Electricity generation *(MWh)* | Weighted average utilisation hours *(Hours)* |
| Solar power plants | **97** | **3,841.72** | **3,797,021** | **1,404** | 55 (2) | 2,070.40 | 2,795,834 | 1,311 |
| Wind power plants | **7** | **326.30** | **82,730** | **N/A (1)** | – | – | – | N/A |
| | **104** | **4,168.02** | **3,879,751** | | 55 | 2,070.40 | 2,795,834 | |

*Notes:*

(1) Since the electricity generated by the newly acquired wind power plants was only recorded starting from their respective completion dates of acquisition, and the period was less than one month, the weighted average utilisation hours were not comparable and therefore not applicable.

(2) In order to meet the actual operational management needs, the Group has made necessary aggregation and adjustment to the number of power plants under its management, which does not affect the installed capacity of the power plants under its management.

The details of the electricity generated from each province for the Year are set out as below. For accounting purpose, the volume of electricity generated by the newly acquired or constructed power plants during the Year was only recorded starting from their respective completion dates of acquisition or construction, as the case may be.

### *Table 2: Information of Power Plants by Settlement Type*

| Settlement | Location | At 31 December 2021 | | | Year ended 31 December 2021 | | |
|---|---|---|---|---|---|---|---|
| | | Number of solar power plants [(2)] | Number of wind power plants [(2)] | Approximate grid-connected installed capacity *(MW)* | Electricity generation *(MWh)* | Revenue *(RMB'million)* | Average tariff per kWh (net of VAT) *(RMB)* |
| **I. Total capacity on-grid [(1)]** | | | | | | | |
| | Hebei, China | 15 | – | 838.49 | 88,584 | 72 | 0.81 |
| | Inner Mongolia, China | 22 | – | 655.00 | 966,377 | 735 | 0.76 |
| | Xinjiang, China | 6 | 2 | 419.50 | 488,365 | 256 | 0.52 |
| | Shanxi, China | 2 | 4 | 336.80 | 251,123 | 164 | 0.65 |
| | Shaanxi, China | 1 | – | 300.00 | 312,432 | 207 | 0.66 |
| | Qinghai, China | 4 | 1 | 240.00 | 290,669 | 241 | 0.83 |
| | Ningxia, China | 1 | – | 200.00 | 285,360 | 218 | 0.76 |
| | Guangdong, China | 3 | – | 190.00 | 127,314 | 100 | 0.78 |
| | Shandong, China | 4 | – | 130.00 | 94,116 | 80 | 0.86 |
| | Hunan, China | 2 | – | 120.00 | 115,859 | 98 | 0.85 |
| | Anhui, China | 1 | – | 100.00 | 121,975 | 80 | 0.65 |
| | Gansu, China | 1 | – | 100.00 | 149,957 | 113 | 0.75 |
| | Hubei, China | 1 | – | 100.00 | 111,819 | 99 | 0.89 |
| | Tibet, China | 5 | – | 95.00 | 142,199 | 127 | 0.89 |
| | Guangxi, China | 2 | – | 80.00 | 86,790 | 73 | 0.84 |
| | Yunnan, China | 2 | – | 54.80 | 84,058 | 60 | 0.72 |
| | Sichuan, China | 2 | – | 50.00 | 91,334 | 61 | 0.67 |
| | Zhejiang, China | 2 | – | 30.92 | – | – | – |
| | Jilin, China | 1 | – | 15.00 | – | – | – |
| | Henan, China | 3 | – | 10.29 | – | – | – |
| | Sub-total | 80 | 7 | 4,065.80 | 3,808,331 | 2,784 | 0.73 |
| **II. Surplus capacity on-grid [(1)]** | | | | | | | |
| | China (no partition) | 17 | – | 102.22 | 71,420 | 41 | 0.57 |
| | Sub-total | 17 | – | 102.22 | 71,420 | 41 | 0.57 |
| | **TOTAL** | 97 | 7 | 4,168.02 | 3,879,751 | 2,825 | 0.73 |

*Notes:*

(1) In order to adapt to the business development needs of the Group, the classification of power plants has been adjusted according to different types of settlement. The total capacity on-grid mode refers to the settlement of all electricity generated by a power plant with the grid; while the surplus capacity on-grid mode means that a portion of the electricity generated by a power plant is sold directly to the end-user and the surplus electricity is settled with the grid.

(2) In order to meet the actual operational management needs, the Group has made necessary aggregation and adjustment to the number of power plants under its management, which does not affect the installed capacity of the power plants under its management.

**Financing**

The power generation business is capital intensive in nature. The Group has been exploring various financing channels to enhance its financing capability and reduce its finance costs. During the Year, the Group has raised funds by means of debt financing and issue of convertible bonds. As at 31 December 2021, the effective interest rate for bank and other borrowings was approximately 4.40% (31 December 2020: approximately 4.70%).

On 7 May 2021, a capital increase agreement was entered into by two indirect wholly-owned subsidiaries of the Company and United Photovoltaics (Changzhou) Investment Group Co., Ltd.*(聯合光伏(常州)投資集團有限公司)("**UP Changzhou**", an indirect wholly-owned subsidiary of the Company as at the date of entering into the capital increase agreement) with ICBC Financial Asset Investment Co., Ltd.*(工銀金融資產投資有限公司)("**ICBC Investment**") in relation to the deemed disposal of no more than 29.43% equity interest in UP Changzhou to ICBC Investment for a consideration of RMB3,000 million (the "**Capital Increase**"). The transaction was completed in June 2021. The Capital Increase not only was structured for the purpose of financing where the Company would obtain funding from ICBC Investment, but also would enable UP Changzhou to raise funds to repay its debts and reduce the reliance of UP Changzhou on the financial support from the Group.

On 29 June 2021, the Company successfully issued three-year convertible bonds in the principal amount of US$50 million (equivalent to approximately RMB320 million) due 2024 to high-quality institutional investors, which marks the affirmation from international capital market and confidence on the Company's future development. The convertible bonds bear coupon rate of 3.8% per annum and are convertible into shares of the Company at a conversion price of HK$0.33 per share. The market price of the Company's shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 June 2021, being the last trading day before the date on which the terms of the subscription agreement were fixed, was HK$0.275 per share. The net proceeds from the issue of the convertible bonds amounted to approximately US$49 million (equivalent to approximately RMB316 million). Based on such net proceeds and assuming the full conversion of the convertible bonds, the net price per share is approximately HK$0.326. As at 31 December 2021, approximately US$38 million and approximately US$3 million of the net proceeds had been utilised for repayment of offshore debts and general working capital respectively, which were used according to the intentions previously disclosed by the Company. The remaining balance of approximately US$8 million is expected to be utilised for general working capital, offshore projects or offshore debt refinancing by the end of 2022.

## FINANCIAL REVIEW

During the Year, the Group recorded a net profit of approximately RMB650 million (31 December 2020: approximately RMB262 million).

### Revenue and EBITDA

During the Year, the revenue and EBITDA were approximately RMB2,825 million and RMB2,397 million, respectively (31 December 2020: approximately RMB2,149 million and RMB1,967 million, respectively). The increase in revenue and EBITDA of the Group was attributable to: (i) expansion in aggregate installed capacity from approximately 2,070.40MW to approximately 4,168.02MW or around 101.3% by way of acquisition and self-development projects; and (ii) effective operation and management of power plants.

The net profit increased during the Year was mainly due to the combined effect of the increase in EBITDA and bargain purchase gain arising from business combinations.

The average tariff per kilowatt-hour ("**kWh**") (net of VAT) for the Year was approximately RMB0.73 (31 December 2020: approximately RMB0.77). Table 2 above summarises the details of the breakdown of revenue generated by settlement type.

### Finance Costs

The total finance costs for the Year was approximately RMB1,110 million, which was approximately the same with the year ended 31 December 2020. It was mainly attributable to the arrangement that the Group has taken various new financing or re-financing activities during the Year and has successfully monitored certain finance costs.

### Income Tax

During the Year, the Group's operations in the PRC are subject to the corporate income tax of the PRC (the "**PRC Corporate Income Tax**"). The statutory PRC Corporate Income Tax rate is 25%. Certain subsidiaries of renewable energy projects are entitled to preferential tax concession. Income tax on profits assessable outside the PRC has been provided at rates prevailing in the respective jurisdictions (31 December 2020: Same).

**Impairment Charge on Property, Plant and Equipment**

As at 31 December 2021, the Group had 97 solar power plants and 7 wind power plants (31 December 2020: 55 solar power plants) with aggregated installed capacity of approximately 4,168.02MW (31 December 2020: approximately 2,070.40MW). During the Year, there was no substantial change in the operating conditions for most of the Group's power plants and there was no indication for further impairment as compared to 2020. Therefore, no further impairment test was required for the Year.

During the Year, the Group recognised an impairment charge on property, plant and equipment of approximately RMB7 million (mainly construction-in-progress) for abandoned projects (31 December 2020: approximately RMB3 million).

**Write-back on Other Receivables**

The Group assessed the recoverable amounts of its financial assets. During the Year, the Group did not recognise any write-back on other receivables (31 December 2020: approximately RMB5 million for a recovered receivable).

During the year ended 31 December 2020, Management of the Company (the "**Management**") was not optimistic about the recovery of certain financial assets and recognised a write-off of approximately RMB4 million.

**Impairment Charge on Financial Assets**

Management performed impairment assessment on other receivables and recognised an impairment charge of approximately RMB65 million for the Year (31 December 2020: approximately RMB1 million).

**Loss on Disposal of Subsidiaries**

During the Year, the Group recognised a loss on disposal of subsidiaries of approximately RMB6 million (31 December 2020: approximately RMB1 million) mainly in relation to the disposal of an indirect non-wholly owned power plant subsidiary.

**Trade, Bills and Tariff Adjustment Receivables**

The trade and bills receivables will usually be settled within one to six months. For the tariff adjustment receivables in the PRC during the Year, there was a further delay in settlement in the Tariff Subsidy Project List or Others.

***Table 3: Breakdown of Trade, Bills and Tariff Adjustment Receivables***

| | **31 December 2021** | | 31 December 2020 | |
|---|---|---|---|---|
| | **Installed capacity** ***(MW)*** | ***RMB'million*** | Installed capacity *(MW)* | *RMB'million* |
| Trade and bills receivables | | **265** | | 229 |
| Tariff adjustment receivables | | | | |
| PRC | | | | |
| Tariff Subsidy Project List | **2,680.47** | **6,882** | 1,785.7 | 3,846 |
| Others *(Note)* | **1,487.55** | **405** | 264.7 | 269 |
| Total | **4,168.02** | **7,552** | 2,050.4 | 4,344 |

*Note:* Mainly representing the power plants to be enlisted in the Tariff Subsidy Project List.

**Bank and Other Borrowings**

The Group is actively seeking opportunities of financing/re-financing to lower the cost of funds and to improve liquidity.

As at 31 December 2021, the maturity and currency profile of the Group's bank and other borrowings are set out as follows:

| | **Within 1 year** *RMB'million* | **2nd year** *RMB'million* | **3-5 years** *RMB'million* | **6-10 years** *RMB'million* | **Over 10 years** *RMB'million* | **Total** *RMB'million* |
|---|---|---|---|---|---|---|
| RMB | 5,675 | 5,875 | 11,665 | 4,125 | 485 | 27,825 |
| US$ | 2,145 | 789 | 1,516 | – | – | 4,450 |
| | 7,820 | 6,664 | 13,181 | 4,125 | 485 | 32,275 |
| Less: Unamortised loan facility fees | (42) | (35) | (80) | (76) | (3) | (236) |
| Carrying amount | 7,778 | 6,629 | 13,101 | 4,049 | 482 | 32,039 |

## Key Performance Indicators

The Group measures the delivery of its strategies and manages its business through regular measurements of several key performance indicators, particularly on the following ratios: EBITDA margin, debt to EBITDA ratio, funds from operations to net debt ratio and interest coverage ratio. The changes in the key performance indicators for the Year were mainly attributable to the expansion of the Group's business scale.

*EBITDA Margin:* EBITDA margin is a measurement of the Group's operating profitability and is calculated as EBITDA divided by the revenue. The Group's EBITDA margin has decreased by approximately 7% from approximately 92% to approximately 85% for the Year. This was mainly due to additional operating expenses caused by business expansion.

*Debt to EBITDA Ratio:* Debt to EBITDA ratio is a measurement of the number of years that will take the Group to repay its debts assuming net debts and EBITDA are held constant. This ratio is calculated as the net debts divided by EBITDA. Net debts is calculated as total borrowings less cash deposits. Total borrowings include current and non-current bank and other borrowings and convertible bonds as shown in the consolidated statement of financial position. The ratio has increased during the Year to approximately 11.1 (31 December 2020: approximately 7.4).

*Funds from Operations to Net Debt Ratio:* Funds from operations to debt ratio is a measurement of the Group's ability to pay its debts using its operating income alone. This ratio is calculated as the EBITDA net of cash interest paid divided by net debts. The ratio has decreased from approximately 7.9% to approximately 5.8% for the Year.

*Interest Coverage Ratio:* Interest coverage ratio measures the Group's ability to pay interest on its interest-bearing debt. The ratio is calculated as EBITDA divided by net interest paid (actual interest paid minus actual interest income received during the Year). The ratio was approximately 2.76 for the Year (31 December 2020: approximately 2.41).

## LIQUIDITY, FINANCIAL RESOURCES, GEARING RATIO AND CAPITAL STRUCTURE

As at 31 December 2021, the Group recorded current assets of approximately RMB15,671 million and current liabilities of approximately RMB11,323 million.

The Group has established a treasury policy with the objective of lowering cost of funds. Therefore, funding for all its operations have been centrally reviewed and monitored at group level. To manage the Group's exposure to fluctuations in interest rates on each power project, appropriate funding policies will be applied including the use of bank and other borrowings, issue of senior notes, medium-term notes and corporate bonds or issue of new shares. Management will continue its efforts in obtaining the most privileged rates and favourable terms to the Group for its financing.

The Group monitors its capital structure based on the gearing ratio. This ratio is calculated as net debts divided by total capital. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debts.

The capital structure (including its gearing ratio) as at 31 December 2021 was as follows:

| | **31 December 2021** *RMB'million* | 31 December 2020 *RMB'million* |
|---|---|---|
| Bank and other borrowings | **32,039** | 17,589 |
| Convertible bonds | **346** | – |
| Total borrowings and convertible bonds | **32,385** | 17,589 |
| Less: Cash deposits | **(5,844)** | (2,972) |
| Net debts | **26,541** | 14,617 |
| Total equity | **9,284** | 5,655 |
| Total capital | **35,825** | 20,272 |
| Gearing ratio | **74.1%** | 72.1% |

Except for the US$50 million convertible bonds and certain bank and other borrowings with aggregate amounts of approximately RMB8,805 million which were carried at fixed rates, the remaining borrowings of the Group bore floating interest rates.

During the Year, the increase in gearing ratio was attributable to the Group's acquisition of power plants during the Year, which resulted in a corresponding increase in net debts. The Group will use its best endeavour to lower its gearing ratio in the future by deleveraging its liabilities, including but not limited to co-investing in power plants with strategic business partners to reduce the capital expenditure.

As at 31 December 2021, the cash deposits were denominated in the following currencies:

| | **Pledged deposits** | **Cash and cash equivalents** | **Total** |
|---|---|---|---|
| | *RMB'million* | *RMB'million* | *RMB'million* |
| RMB | 1,030 | 2,988 | 4,018 |
| HK$ | – | 537 | 537 |
| US$ | – | 1,276 | 1,276 |
| GBP | – | 1 | 1 |
| AUD | – | 12 | 12 |
| | 1,030 | 4,814 | 5,844 |
| Representing: | | | |
| Non-current portion | 939 | – | 939 |
| Current portion | 91 | 4,814 | 4,905 |
| | 1,030 | 4,814 | 5,844 |

The Group did not have any financial instruments for hedging purposes.

As at 31 December 2021, the Group had capital commitment in respect of property, plant and equipment amounted to approximately RMB1,793 million.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Year, the Group had the following acquisitions and disposals:

(a) An indirect wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with an independent third party to purchase the entire equity interest of a company established in the PRC (the "**Target Company**") for a consideration of approximately RMB1,178 million. The Target Company is principally engaged in the operation, maintenance and management of a solar power plant with aggregate installed capacity of approximately 300MW. During the Year, the Group has also completed 47 acquisitions of subsidiaries in the PRC with aggregate installed capacity of 1,676.27MW. None of them is individually material to the Group.

(b) The deemed disposal of no more than 29.43% equity interest in UP Changzhou to ICBC Investment for a consideration of RMB3,000 million was completed in June 2021. Please refer to the section titled "Financing" in Business Review above for further details.

Save as mentioned above, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

## PERFORMANCE AND FUTURE PROSPECTS FOR SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANTS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2021, the Group had no significant investment. The Group will keep abreast of the changing market conditions and proactively identify suitable investment opportunities with good prospects to enhance its future financial performance and profitability.

## MATERIAL RELIANCE ON KEY CUSTOMERS

The key customers in the PRC for the sales of electricity were subsidiaries of State Grid Corporation of China ("**State Grid**") and Inner Mongolia Power (Group) Co., Ltd. ("**Inner Mongolia Power**"), which are PRC state-owned electric utility companies that transmit and distribute power in the PRC. As at 31 December 2021, the receivables from the subsidiaries of State Grid and Inner Mongolia Power were approximately 77.2% and 22.4% of the total trade, bills and tariff adjustment receivables, respectively.

## CHARGE ON ASSETS

As at 31 December 2021, approximately 59% of bank and other borrowings of the Group were secured by the pledge over certain power generating modules and equipment, guarantee deposits, the fee collection rights in relation to the sales of electricity in certain subsidiaries and/or pledge over the shares/equity interest of certain subsidiaries of the Group.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 752 full-time employees (31 December 2020: 436). Employees were remunerated according to the nature of their positions, individual qualification, performance, working experience and market trends, with regular remuneration review to reward and motivate individual performance. The Group offers competitive compensation and benefit packages to different levels of staff, including additional medical insurance, discretionary bonus, various training programmes, sponsorship for further study, as well as share option scheme for the benefits of the directors and eligible employees of the members of the Group. Total employee benefits expenses (excluding share-based payment expenses) for the Year amounted to approximately RMB201 million (31 December 2020: approximately RMB101 million).

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group operates mainly in Mainland China and Hong Kong. For the operations in Mainland China, the transactions are mostly denominated in RMB. Minimal exposure to fluctuation in exchange rates is expected. For the operations in Hong Kong, most of the transactions are denominated in HK$ and US$. Since the exchange rate of US$ against HK$ is pegged to each other under the Linked Exchange Rate System, the exposure to fluctuation in exchange rates will mainly arise from the translation to the presentation currency of the Group. The Group did not resort to any currency hedging facility for the Year. However, Management will enhance the monitoring on the Group's foreign currency exposure, should the need arise.

## CONTINGENT LIABILITIES

As at 31 December 2021, the Group had no significant contingent liability.

## INFORMATION UPDATE ON THE INCIDENTS

References are made to (1) the annual reports of the Company for the years ended 31 December 2019 and 2020; and (2) the announcements of the Company dated 19 July 2020, 31 July 2020, 28 September 2020 and 30 March 2021.

During the Year, New Energy Exchange Limited ("**NEX**") and its subsidiaries (collectively, the "**NEX Group**") transferred (i) equity interests of a company operating solar power plants in the PRC with valuation of RMB40 million and (ii) a medium-term note of the Company held by NEX Group with maturity date on 17 April 2021 amounted to approximately RMB161 million (including both principal and interest) to the Group for purpose of settlement. Management considered there is an increase in credit risk on the remaining balances due from NEX Group. Accordingly, an expected credit loss of RMB43 million was recognised for the Year.

On 28 March 2022, the Group entered into an agreement with NEX Group, which was an extension of (i) the settlement agreement signed on 24 August 2020 and (ii) the first revised settlement agreement signed on 29 March 2021 between the Group and NEX Group (details are set out in the Company's 2019 and 2020 annual reports respectively), on certain new and revised settlement arrangements in relation to the outstanding net balances due from NEX Group of approximately RMB174 million as at 31 December 2021 ("**Second Revised Settlement Agreement**"). Pursuant to the Second Revised Settlement Agreement, NEX Group agreed to transfer (1) equity interests of certain companies operating solar power plants in the PRC in which the fair value of those equity interests amounted to approximately RMB39 million; (2) cash of approximately RMB32 million upon disposal of certain subsidiaries and investments held by NEX Group; and (3) approximately 274 million shares of the Company held by NEX Group amounted to approximately RMB57 million as at 28 March 2022, to the Group for settlement of the net balances due from NEX Group ("**NEX Settlements**"). The NEX Settlements are expected to complete on or before 31 December 2022. In addition, NEX Group agreed to pledge approximately 460 million shares (including approximately 274 million shares as mentioned in (3) above) of the Company held by NEX Group as collaterals to the NEX Settlements to cover any remaining unsettled balance.

During January to March 2022, NEX Group transferred (i) equity interests of certain companies operating solar power plants in the PRC with valuation of approximately RMB4 million in total and (ii) cash of RMB12 million to the Group for purpose of settlement.

The Company commits to keep its shareholders and the public informed of all material information to appraise the Company's position by way of announcements on the websites of the HKEXnews and the Company, including but not limited to market updates of all material information where applicable.

## EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

Except for those disclosed in note 17 to the consolidated financial statements of this announcement below, the Group did not have any other material events occurred after 31 December 2021 and up to the date of this announcement.

## PROSPECTS

At the start of the year of the tiger, we are full of hope that we will forge ahead with the courage and strength of the tiger and the new year will be a year of thriving and flourishing. Having entered the period of replacing the old growth drivers with new ones for energy consumption, China is firmly determined to accelerate the implementation of the goals of "carbon peak and carbon neutrality" and to pursue the energy security strategy. Meanwhile, the transformation of global energy consumption structure is faster than expected and moving towards the clean, low-carbon and diversified energy consumption pattern, with the rapid development of new energy segments such as solar power, wind power, ocean energy and energy storage and the balanced development of centralised power and distributed power. It is the major energy trend in the future that information technologies will be widely applied in the energy sector and "digitalisation" will gradually break the barriers in different types of energy.

The report on the work of the government states that in 2022, the Chinese government will advance the planning and construction of large-scale wind and photovoltaic power bases with supporting power sources that are adjustable and boost the capacity of power grids to absorb electricity generated from renewable energy sources. To our understanding, China will further strengthen efforts to promote the large-scale development of renewal energy and will also act more swiftly to address the issues of volatility and intermittency of renewable energy sources that hinder power grids from absorbing more electricity generated from renewable energy.

The trend of scale expansion development is unstoppable. China's first batch of 97GW large-scale wind and photovoltaic base projects that focus on regions of deserts, the Gobi Desert and desert areas have commenced construction, and the second batch of 455GW large base projects are expected to have their plans finalised soon. It is expected that the total installed capacity of wind and photovoltaic power bases to be constructed in the "14th Five-Year Plan" period will reach approximately 200GW. China Electricity Council anticipates in its latest forecast that in 2022, new installed capacity of wind power and photovoltaic power will be approximately 50GW and 90GW respectively, and the total new installed capacity will reach approximately 140GW.

The energy storage market that addresses high electricity consumption is growing continually. Under the direct application of renewable energy, deeper electrification of terminals, market-oriented development of power trading and large-scale connection of user-side load and distributed power generation equipment, the power system demands for energy storage and other resources of greater flexibility, in order to meet the development requirements for low-carbon, reliable, efficient and cost-effective energy. In the middle and long-term development plan for pumped storage, China states that the total capacity put into production will be over 62GW by 2025 and approximately 120GW by 2030, and that the construction scale and speed will be enhanced significantly. China proposed the implementation plan for promoting the development of new energy storage in the "14th Five-Year Plan" period in January 2022, to recognise new types of energy storage including electrochemistry as independent markets and to set the clear goal that the markets will achieve the transition from initial stage of commercialisation to scale expansion development by 2025, with the installed capacity reaching over 30GW.

Currently, the global geopolitical situation is fast changing with intensified conflicts and tensions, and China is undergoing major changes unseen in a century. We believe and eagerly expect that in the future, China will become an important model and play a leading role in the world in the low-carbon economic development. China's energy revolution will continually promote the increase of natural capital investments and natural capital investments, green and low-carbon transformation will become new pillars of China's economic growth in the future.

The Company firmly supports China's strategic direction of "accelerating the construction of new power system based on new energy", and is making unremitting efforts to build "a first-class international clean energy ecological investment operator", forging ahead courageously and resolutely with swift but steady steps in the path of green and low-carbon development and braving winds and waves with every hope and chance cherished in the wave of energy transition. We will work together and grow with the times!

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2021*

| | Note | **2021** *RMB'million* | 2020 *RMB'million* |
|---|---|---|---|
| Sales of electricity | | **922** | 664 |
| Tariff adjustment | | **1,903** | 1,485 |
| Revenue | *3* | **2,825** | 2,149 |
| Other income | *4* | **17** | 64 |
| Employee benefits expenses (excluding share-based payment expenses) | | **(201)** | (101) |
| Maintenance costs | | **(83)** | (42) |
| Legal and professional fees | | **(32)** | (31) |
| Tax and surcharges | | **(27)** | (23) |
| Other expenses | | **(102)** | (49) |
| EBITDA# | | **2,397** | 1,967 |
| Acquisition costs arising from business combination | | **(25)** | – |
| Depreciation of property, plant and equipment | | **(765)** | (575) |
| Depreciation of right-of-use assets | | **(33)** | (29) |
| Bargain purchase gain arising from business combinations | | **263** | 1 |
| Fair value losses on financial assets at fair value through profit or loss | *5* | **(3)** | – |
| Fair value losses on financial liabilities at fair value through profit or loss | *6* | **(40)** | – |
| Finance income | *7* | **129** | 80 |
| Finance costs | *8* | **(1,110)** | (1,110) |
| Impairment charge on property, plants and equipment | | **(7)** | (3) |
| Write-back on other receivables | | **–** | 1 |
| Impairment charge on financial assets | | **(65)** | (1) |
| Share-based payment expenses | | **–** | (4) |
| Share of profits of investments accounted for using equity method | | **16** | 21 |
| Loss on termination of leases | | **–** | (1) |
| Loss on disposal of property, plant and equipment | | **–** | (2) |
| Loss on disposal of subsidiaries | | **(6)** | (1) |

| | Note | **2021** **RMB'million** | 2020 RMB'million |
|---|---|---|---|
| Profit before income tax | | **751** | 344 |
| Income tax expense | *9* | **(101)** | (82) |
| **PROFIT FOR THE YEAR** | | **650** | 262 |
| **PROFIT ATTRIBUTABLE TO** | | | |
| Equity holders of the Company | | **564** | 241 |
| Non-controlling interests | | **86** | 21 |
| | | **650** | 262 |
| **EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY** | *11* | | |
| Basic and diluted *(RMB cents)* | | **2.51** | 1.12 |

# *EBITDA represents earnings before depreciation, finance income, finance costs, income tax expense, fair value adjustments, non-cash items, non-recurring items, bargain purchase gain arising from business combinations, impairment charge of financial assets, write-back on other receivables, share-based payment expenses, share of profits of investments accounted for using equity method, loss on termination of leases, loss on disposal of property, plant and equipment and loss on disposal of subsidiaries. EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards, but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by the other companies.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

| | 2021<br>*RMB'million* | 2020<br>*RMB'million* |
|---|---|---|
| **PROFIT FOR THE YEAR** | **650** | 262 |
| **Other comprehensive income** | | |
| *Item that may be reclassified to profit or loss* | | |
| Currencies translation differences | **81** | 175 |
| Other comprehensive income for the year, net of tax | **81** | 175 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **731** | 437 |
| **Total comprehensive income for the year attributable to** | | |
| Equity holders of the Company | **645** | 416 |
| Non-controlling interests | **86** | 21 |
| | **731** | 437 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2021*

| | Note | 2021 RMB'million | 2020 RMB'million |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **26,172** | 14,097 |
| Right-of-use assets | | **1,083** | 325 |
| Intangible assets | | **972** | 869 |
| Investments accounted for using equity method | | **279** | 263 |
| Other receivables, deposits and prepayments | | **1,038** | 406 |
| Pledged deposits | | **939** | 379 |
| Deferred tax assets | | **5** | 27 |
| **Total non-current assets** | | **30,488** | 16,366 |
| **Current assets** | | | |
| Financial assets at fair value through profit or loss | | **39** | 42 |
| Trade, bills and tariff adjustment receivables | *12* | **7,552** | 4,344 |
| Other receivables, contract assets, deposits and prepayments | | **3,175** | 2,743 |
| Pledged deposits | | **91** | 974 |
| Restricted cash | | **–** | 42 |
| Cash and cash equivalents | | **4,814** | 1,577 |
| **Total current assets** | | **15,671** | 9,722 |
| **Total assets** | | **46,159** | 26,088 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | *13* | **1,924** | 1,924 |
| Reserves | | **4,169** | 3,393 |
| | | **6,093** | 5,317 |
| Non-controlling interests | | **3,191** | 338 |
| **Total equity** | | **9,284** | 5,655 |

| | Note | 2021<br>*RMB'million* | 2020<br>*RMB'million* |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities at fair value through profit or loss | *14* | **346** | – |
| Bank and other borrowings | *15* | **24,261** | 12,284 |
| Lease liabilities | | **563** | 123 |
| Deferred income | | **16** | 1 |
| Deferred tax liabilities | | **366** | 268 |
| **Total non-current liabilities** | | **25,552** | 12,676 |
| **Current liabilities** | | | |
| Other payables and accruals | | **3,507** | 2,442 |
| Lease liabilities | | **38** | 10 |
| Bank and other borrowings | *15* | **7,778** | 5,305 |
| **Total current liabilities** | | **11,323** | 7,757 |
| **Total liabilities** | | **36,875** | 20,433 |
| **Total equity and liabilities** | | **46,159** | 26,088 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business in Hong Kong is Unit 1012, 10th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The ordinary shares of the Company are listed on the Main Board of the Stock Exchange.

Beijing Energy Investment Holding (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Beijing Energy Holding Co., Ltd.*（北京能源集團有限責任公司）(“**BEH**”), is a direct controlling shareholder holding approximately 32% of the issued share capital of the Company. BEH is a state-owned company in the PRC indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality.

The Group is principally engaged in the development, investment, operation and management of power plants and other renewable energy projects. These consolidated financial statements are presented in RMB and rounded to the nearest million (“**million**”), unless otherwise stated.

## 2 BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable requirements of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss which were carried at fair values. The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### *(a) Investigation*

In May 2020, the Board was informed by the predecessor auditor of certain findings during the audit of the Company's consolidated financial statements for the year ended 31 December 2019. As a result, the Board established an independent investigation committee which had engaged an external independent professional advisor to conduct the investigation on certain matters brought to the attention of the Board. Based on the findings of the investigation, the Board had identified (1) certain deposits were made to NEX and its related entities, including Renewable Energy (Hong Kong) Trade Board Limited ("**EBODHK**"), which is a subsidiary of NEX, of HK$598 million (equivalent to approximately RMB522 million) and certain other payments were made to EBODHK and China Merchants New Energy Group Limited ("**CMNEG**"), a related company of NEX Group, of totalling HK$88 million (equivalent to approximately RMB72 million); (2) deposits were made to Shenzhen Zhiyuan Renewable Energy Company Limited ("**SZZY**") of RMB500 million; and (3) certain payments on behalf of NEX Group of approximately RMB303.7 million were made to one of the limited partners of Changzhou Haozhen Venture Investment Centre Limited Partnership, a then joint venture of the Group. The amount of approximately RMB303.7 million was recorded as an amount due from NEX Group and included in the outstanding amounts due from NEX Group as at 31 December 2019. Further details of the investigation, financial impact and responses by the Board are described in the Company's 2019 and 2020 annual reports and announcements dated 12 May 2020, 13 May 2020, 9 June 2020, 19 July 2020, 31 July 2020, 28 September 2020 and 30 March 2021.

During the year ended 31 December 2019, impairment charge of approximately RMB1,094 million was recognised in the profit or loss in respect of the abovementioned deposits made to NEX Group and related entities and SZZY and amounts due from EBODHK and CMNEG as described in items (1) and (2) above.

On 28 September 2020, in light of the limitations encountered during the investigation, the significant sums involved and the findings in the investigation, after consulting with the legal advisers, the Company reported the incidents of prepayment of the deposits to the Commercial Crime Bureau of the Hong Kong Police Force ("**CCB**"). For the purpose of the investigation of the incidents of prepayment of the deposits, the Company will provide assistance to the CCB.

During the Year, NEX Group transferred (i) equity interests of a company operating solar power plants in the PRC with valuation of RMB40 million and (ii) a medium-term note of the Company held by NEX Group with maturity date on 17 April 2021 amounted to approximately RMB161 million (including both principal and interest) to the Group for purpose of settlement. Management considered there is an increase in credit risk on the remaining balances due from NEX Group. Accordingly, an expected credit loss of RMB43 million was recognised for the Year.

On 28 March 2022, the Group entered into the Second Revised Settlement Agreement with NEX Group, which was an extension of (i) the settlement agreement signed on 24 August 2020 and (ii) the first revised settlement agreement signed on 29 March 2021 between the Group and NEX Group (details are set out in the Company's 2019 and 2020 annual reports respectively), on certain new and revised settlement arrangements in relation to the outstanding net balances due from NEX Group of approximately RMB174 million as at 31 December 2021. Pursuant to the Second Revised Settlement Agreement, NEX Group agreed to transfer (1) equity interests of certain companies operating solar power plants in the PRC in which the fair value of those equity interests amounted to approximately RMB39 million; (2) cash of approximately RMB32 million upon disposal of certain subsidiaries and investments held by NEX Group; and (3) approximately 274 million shares of the Company held by NEX Group amounted to approximately RMB57 million as at 28 March 2022, to the Group for settlement of the net balances due from NEX Group, which are expected to complete on or before 31 December 2022. In addition, NEX Group agreed to pledge approximately 460 million shares (including approximately 274 million shares as mentioned in (3) above) of the Company held by NEX Group as collaterals to the NEX Settlements to cover any remaining unsettled balance.

During January to March 2022, NEX Group transferred (i) equity interests of certain companies operating solar power plants in the PRC with valuation of approximately RMB4 million in total and (ii) cash of RMB12 million to the Group for purpose of settlement.

The Company commits to keep its shareholders and the public informed of all material information to appraise the Company's position by way of announcements on the websites of the HKEXnews and the Company, including but not limited to market updates of all material information where applicable.

***(b) Changes in Accounting Policy and Disclosures***

*(i) Amended HKFRSs that are effective for annual periods beginning on or after 1 January 2021*

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on or after 1 January 2021:

| | |
|---|---|
| Amendments to HKFRS 16 | Covid-19 Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

*(ii) Issued but not yet effective HKFRSs*

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

| | |
|---|---|
| HKFRS 17 | Insurance Contracts and related amendments[2] |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework[4] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021[5] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies[2] |
| Amendments to HKAS 8 | Definition of Accounting Estimates[2] |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2] |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use[1] |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRS Standards 2018 – 2020[1] |
| Accounting Guideline 5 (Revised) | Merger Accounting for Common Control Combinations[4] |

1 Effective for annual periods beginning on or after 1 June 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective date not yet determined

4 Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

5 Effective for annual periods beginning on or after 1 April 2021

Amendments to HKFRS 3 “Reference to the Conceptual Framework”

The amendments update the reference to the latest version of “Conceptual Framework for Financial Reporting” issued in March 2018, and add an exception to the requirement for an entity to refer to “Conceptual Framework for Financial Reporting” to determine what constitutes an asset or liability.

Besides, the exception also specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” or HK(IFRIC) – Int 21 “Levies” if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should apply the criteria in HKAS 37 or HK(IFRIC) – Int 21 respectively (instead of the “Conceptual Framework for Financial Reporting”) to determine whether a present obligation exists at the acquisition date.

Furthermore, the amendments also explicitly state that contingent assets do not qualify for recognition at the acquisition date.

Amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022 and apply prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in HKFRS Standards. The Board expects that the amendments have no material impact on the consolidated financial statements.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current which are summarised as follows:

It clarifies that a liability is non-current if an entity has a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the end of the reporting period, regardless of whether the lender tests for compliance at the date or at a later date; Any expectations about events after the reporting period do not impact the assessment made at the end of the reporting period as to the classification of the liability; and

“Settlements” are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity’s own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32 “Financial Instruments: Presentation”, the transfer of equity instruments by exercising the conversion option constitute settlement of liability for the purpose of current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liabilities are current or non-current.

Amendments to HKAS 1 is effective for annual reporting period beginning on or after 1 January 2023 and apply retrospectively. Earlier application is permitted. The Board expects that the amendments have no material impact on the consolidated financial statements.

Amendment to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The amendment extends the availability of the practical expedient in paragraph 46A of HKFRS 16 so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions as stated in paragraph 46B of HKFRS 16 for applying the practical expedient are met.

A lessee that chooses to apply this practical expedient would be required to apply it consistently to all lease contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient as a result of the lessee applying this amendment or Amendment to HKFRS 16 “Covid-19-Related Rent Concessions”. Additional disclosures are required if this practical expedient is used.

Amendment to HKFRS 16 is effective for annual reporting period beginning on or after 1 April 2021. A lessee shall apply the amendment retrospectively, recognising the cumulative effect of initial applying the amendment as an adjustment to the opening balance of retained profits (or other component of equity, as appropriate) at the beginning of the annual period in which the lessee first applies the amendment. Earlier application is permitted. The Board expects that the amendments have no material impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 "Making Materiality Judgements" to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in note 2 to consolidated financial statements may need to be revised to cope with the above changes, the Board expects that the amendments have no other material impact on the consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments clarify how entities should distinguish changes in accounting policies from changes in accounting estimates by introducing a definition for accounting estimates, which is now defined as "monetary amounts in the financial statements that are subject to measurement uncertainty".

Besides, the amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. Accounting estimates typically involve the use of judgements or assumptions based on latest available reliable information. A change in accounting estimate that results from new information or new development is not correction of an error. Therefore, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. In addition, two illustrative examples are added to illustrate how to apply the new definition of accounting estimates.

The amendments are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. The Board expects that the amendments have no material impact on the consolidated financial statements.

Amendments to HKAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of property, plant and equipment any proceeds received from selling items produced before that asset is available for use (i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in manner intended by management). Instead, an entity should recognise such sales proceeds and related costs in profit or loss. The entity should measure the cost of those items in accordance with HKAS 2 "Inventories".

Besides, the amendments also clarify the meaning of "testing whether an asset is functioning properly" and require additional disclosures for the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities.

Amendments to HKAS 16 are effective for annual period beginning on or after 1 January 2022 and apply retrospectively, but only to items of property, plant and equipment that are available for intended use by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies to the amendments. It is not practicable to provide a reasonable estimate of the financial effect until the Board completes a detailed review.

Except for those mentioned above, the Board anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement, and these are not expected to have a material impact on the Group's consolidated financial statements.

## 3 SEGMENT INFORMATION

The Chief Operation Decision-Maker ("**CODM**") has been identified as the Board. CODM reviews the Group's internal reports in order to assess performance, allocate resources and determine the operating segments.

The Group is pursuing expansion and involvement in clean energy technologies, including solar power, wind power and hydropower. During the years ended 31 December 2021 and 2020, the Group has one reportable segment which is solar and wind power segment. No material revenue, EBITDA, segment profit nor total assets had been attributed by the hydropower segment as it is still under development stage and therefore CODM does not regard hydropower as a reportable segment. Information relating to segment assets and liabilities is not disclosed as such information is not regularly reported to the CODM. Accordingly, reconciliation of segment profit to the Group's profit is not separately presented.

For the years ended 31 December 2021 and 2020, the major operating entities of the Group are domiciled in the PRC and accordingly, all of the Group's revenue from external customers were in the PRC.

The Group's non-current assets other than financial instruments and deferred tax assets by geographical area are as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| The PRC | **28,341** | 15,557 |
| Australia | **165** | – |
| Hong Kong | **4** | 11 |
| | **28,510** | 15,568 |

For the Year, there was one (31 December 2020: three) customer which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

| | 2021<br>*RMB'million* | 2020<br>*RMB'million* |
|---|---|---|
| Customer A | **662** | 473 |
| Customer B *(Note)* | **–** | 233 |
| Customer C *(Note)* | **–** | 215 |

*Note:* These customers did not contribute over 10% of total revenue of the Group in 2021.

## 4 OTHER INCOME

| | 2021<br>*RMB'million* | 2020<br>*RMB'million* |
|---|---|---|
| Government grant *(Note)* | **–** | 8 |
| Operation and maintenance service income | **6** | 7 |
| Compensation income | **5** | 1 |
| Over-accrual of consideration payables in relation to acquisitions | **–** | 24 |
| Over-provision of land use tax in prior years | **1** | 23 |
| Others | **5** | 1 |
| | **17** | 64 |

*Note:* Government grants were mainly provided by the government in respect of the Group's effort to facilitate the city development and such grants were unconditional.

## 5 FAIR VALUE LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2021<br>*RMB'million* | 2020<br>*RMB'million* |
|---|---|---|
| Unlisted investments | **3** | – |

## 6 FAIR VALUE LOSSES ON FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| Convertible bonds | **40** | – |

## 7 FINANCE INCOME

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| Interest income on bank balances and deposits | **90** | 32 |
| Amortisation of imputed interest income on pledged deposits | **38** | 48 |
| Interest income upon redemption of senior notes | **1** | – |
| | **129** | 80 |

## 8 FINANCE COSTS

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| In relation to bank and other borrowings | | |
| Interest expenses | **978** | 961 |
| Loan facilities fees | **125** | 143 |
| | **1,103** | 1,104 |
| In relation to lease liabilities | | |
| Interest expenses | **7** | 6 |
| Total finance costs | **1,110** | 1,110 |

## 9 INCOME TAX EXPENSE

During the Year, the Group's operations in the PRC are subject to the PRC Corporate Income Tax. The statutory PRC Corporate Income Tax rate is 25%. Certain subsidiaries of renewable energy projects are entitled to preferential tax concession. Income tax on profits assessable outside the PRC has been provided at rates prevailing in the respective jurisdictions (31 December 2020: Same).

## 10 DIVIDEND

No dividend has been paid or declared by the Company during the Year (31 December 2020: Nil).

## 11 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share was calculated by dividing profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2021 and 2020.

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| **Profit** | | |
| Profit attributable to the equity holders of the Company | **564** | 241 |
| **Weighted average number of ordinary shares in issue (million shares)** | **22,428** | 21,487 |
| | ***RMB cents*** | *RMB cents* |
| **Basic and diluted earnings per share** | **2.51** | 1.12 |

### (b) Diluted

Diluted earnings per share was calculated based on profit attributable to the equity holders of the Company and by adjusting the weighted average number of ordinary shares outstanding to assume conversion/exercise of all dilutive potential ordinary shares. For the Year, the Group has two (31 December 2020: one) categories of potential ordinary shares including convertible bonds and share options (31 December 2020: share options).

Convertible bonds were not assumed to be converted because the conversion price of the convertible bonds was higher than the average market price of shares for the period from the date of issue to 31 December 2021.

For the share options, a calculation has been done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for the years ended 31 December 2021 and 2020.

## 12 TRADE, BILLS AND TARIFF ADJUSTMENT RECEIVABLES

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| Trade receivables | **254** | 63 |
| Tariff adjustment receivables | **7,287** | 4,115 |
| Trade and tariff adjustment receivables | **7,541** | 4,178 |
| Bills receivables | **11** | 166 |
| Trade, bills and tariff adjustment receivables | **7,552** | 4,344 |

As at 31 December 2021, trade receivables of approximately RMB254 million (31 December 2020: approximately RMB63 million) represented receivables from sales of electricity and are usually settled within one to six months.

Tariff adjustment receivables mainly represented the central government subsidies on renewable energy projects to be received from the State Grid and Inner Mongolia Power based on the respective electricity sale and purchase agreements for each of the Group's solar power plants and prevailing nationwide government policies.

The Board considers that the ECL for trade, bills and tariff adjustment receivables is insignificant as at 31 December 2021 and 2020.

The ageing analysis by invoice date, which approximates revenue recognition date, of trade and tariff adjustment receivables was as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| Unbilled *(Note)* | **7,402** | 4,074 |
| 1 – 30 days | **99** | 29 |
| 31 – 60 days | **7** | – |
| 61 – 90 days | **–** | 1 |
| 91 – 180 days | **–** | 7 |
| 181 – 365 days | **–** | – |
| Over 365 days | **33** | 67 |
| | **7,541** | 4,178 |

*Note:* The amount represents unbilled trade and tariff adjustment receivables. The aged analysis of the unbilled trade and tariff receivables, which is based on revenue recognition date, are as follows:

| | **2021** | 2020 |
|---|---|---|
| | ***RMB'million*** | *RMB'million* |
| 1 – 30 days | **323** | 180 |
| 31 – 60 days | **226** | 132 |
| 61 – 90 days | **188** | 141 |
| 91 – 180 days | **640** | 433 |
| 181 – 365 days | **1,241** | 770 |
| Over 365 days | **4,784** | 2,418 |
| | **7,402** | 4,074 |

## 13 SHARE CAPITAL

| | Number of shares (million) | | Share capital | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| | | | ***RMB'million*** | *RMB'million* |
| Ordinary shares of HK$0.1 each | | | | |
| **Authorised** | | | | |
| At 1 January and 31 December | **30,000** | 30,000 | **2,525** | 2,525 |
| **Issued and fully paid** | | | | |
| At 1 January | **22,428** | 15,251 | **1,924** | 1,285 |
| Issue of shares | **–** | 7,177 | **–** | 639 |
| **At 31 December** | **22,428** | 22,428 | **1,924** | 1,924 |

## 14 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

During the Year, the Company issued three-year convertible bonds to independent third parties as follows:

| | On inception | | | |
|---|---|---|---|---|
| **Date of issue** | **Principal Amount** | **Interest rate** | **Net proceeds (equivalent to approximately)** | **Financial liabilities at fair value through profit or loss** |
| | *US$'million* | | *RMB'million* | *RMB'million* |
| 29 June 2021 | 50 | 3.8%p.a. | 316 | 316 |

The bondholders are entitled to convert the bonds into shares credited as fully paid at any time during the conversion period:

(a) at any time on and after the day falling 41 days after the date of issue to the close of business on the date falling 10 days prior to the maturity date (both days inclusive); or

(b) if the bonds have been called for redemption before the maturity date, then up to and including the close of business on date no later than 10 days prior to the date fixed for redemption.

Summarised below is the movement of financial liabilities at fair value through profit or loss during the Year:

| | *RMB'million* |
|---|---:|
| **At 1 January 2021** | – |
| Initial recognition upon issue of convertible bonds | 320 |
| Transaction costs | (4) |
| Interest payment | (6) |
| Subsequent re-measurement fair value loss | 40 |
| Exchange difference | (4) |
| **At 31 December 2021** | 346 |

## 15 BANK AND OTHER BORROWINGS

| | **2021** | | | 2020 | | |
|---|---:|---:|---:|---:|---:|---:|
| | **Current portion** | **Non-current Portion** | **Total** | Current portion | Non-current portion | Total |
| | ***RMB'million*** | ***RMB'million*** | ***RMB'million*** | *RMB'million* | *RMB'million* | *RMB'million* |
| Bank borrowings | **6,142** | **15,466** | **21,608** | 3,741 | 8,333 | 12,074 |
| Loans from financial institutions | **1,584** | **8,884** | **10,468** | 1,260 | 3,403 | 4,663 |
| Senior notes | **–** | **–** | **–** | – | 753 | 753 |
| Medium-term notes | **–** | **–** | **–** | 300 | – | 300 |
| Other loans | **94** | **105** | **199** | 62 | 34 | 96 |
| | **7,820** | **24,455** | **32,275** | 5,363 | 12,523 | 17,886 |
| Unamortised loan facilities fees | **(42)** | **(194)** | **(236)** | (58) | (239) | (297) |
| | **7,778** | **24,261** | **32,039** | 5,305 | 12,284 | 17,589 |

## 16 ACQUISITION OF SUBSIDIARIES

It is the Group's strategy to identify suitable investment opportunity to acquire renewable energy projects with good prospects and potential for stable returns.

### (a) Business Combination

During the Year, the Company completed the acquisitions of thirty-eight power plants (31 December 2020: two) in the PRC from independent third parties through its indirect wholly-owned subsidiaries. The acquisitions have immediately enabled to supplement the Group's existing renewable power plant portfolio and further expand its scale of business in the renewable energy sector to enhance return to the shareholders of the Company.

### (b) Acquisitions of Assets

During the Year, through the indirect wholly-owned subsidiaries, the Company acquired 100% equity interest of Wollar Solar Development Pty Ltd ("**WSD**") in Australia from an independent third party at a total consideration of AUD22.4 million (equivalent to approximately RMB112 million). WSD has been consolidated into the consolidated financial statements of the Group. The acquisition is considered as an acquisition of assets.

During the Year, the Company also acquired the equity interests of certain companies in the PRC from independent third parties through its indirect wholly-owned subsidiaries. These acquisitions are considered as acquisition of assets as the fair value of the gross assets acquired is concentrated in group of similar identifiable assets. All these companies have also been consolidated into the consolidated statements of the Group.

The following table summarises the consideration paid, the fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests as at the respective acquisition date:

| | 2021 Business combination *RMB'million* | 2021 Acquisition of assets *RMB'million* | 2021 Total *RMB'million* | 2020 Business combination *RMB'million* |
|---|---|---|---|---|
| **Consideration** | | | | |
| Cash | **2,845** | **112** | **2,957** | 40 |
| **Recognised amounts of fair value of identifiable assets acquired, liabilities assumed and non-controlling interests** | | | | |
| Property, plant and equipment | **7,216** | **5,044** | **12,260** | 317 |
| Right-of-use assets | **204** | **487** | **691** | 10 |
| Value-added tax recoverable | **440** | **564** | **1,004** | 14 |
| Trade and tariff adjustment receivables | **1,818** | **110** | **1,928** | 95 |
| Other receivables, deposits and prepayments | **337** | **174** | **511** | 2 |
| Cash and cash equivalents | **172** | **17** | **189** | 2 |
| Pledged deposits | **178** | **–** | **178** | 15 |
| Other payables and accruals | **(1,881)** | **(2,650)** | **(4,531)** | (213) |
| Bank and other borrowings | **(5,300)** | **(3,201)** | **(8,501)** | (195) |
| Lease liabilities | **(23)** | **(433)** | **(456)** | (4) |
| Deferred tax assets | **4** | **–** | **4** | – |
| Deferred tax liabilities | **(138)** | **–** | **(138)** | (1) |
| Income tax payable | **(12)** | **–** | **(12)** | (1) |
| **Total identifiable net assets** | **3,015** | **112** | **3,127** | 41 |
| Non-controlling interests | **(10)** | **–** | **(10)** | – |
| Bargain purchase gain recognised in the consolidated statement of profit or loss | **(263)** | **–** | **(263)** | (1) |
| Goodwill recognised in the consolidated statement of financial position | **103** | **–** | **103** | – |
| | **2,845** | **112** | **2,957** | 40 |
| **Net cash outflow arising from the acquisitions** | | | | |
| Other payables (including consideration payables in relation to acquisitions) | **388** | **7** | **395** | 16 |
| Offsetting with other receivables | **234** | **–** | **234** | – |
| Settlements with amounts due from NEX Group | **40** | **–** | **40** | – |
| Cash and cash equivalents acquired | **172** | **17** | **189** | 2 |
| Less: Cash consideration | **(2,845)** | **(112)** | **(2,957)** | (40) |
| | **(2,011)** | **(88)** | **(2,099)** | (22) |

The fair value of the acquired identifiable assets under business combination during the Year was provisional pending receipt of the final valuations of those assets. Deferred tax has been provided in relation to these fair value adjustments. Management performed retrospective review of the fair value of the acquired identifiable assets under business combination during the year ended 31 December 2020 and considered no retrospective adjustment was required.

## 17 EVENTS AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

### (a) Engineering, Procurement and Construction ("EPC") Contract relating to 100MW photovoltaic power project

On 30 January 2022, Datong City Yungang District Jingneng New Energy Co., Ltd.* (大同市雲岡區京能新能源有限公司) ("**Datong Jingneng**"), an indirect wholly-owned subsidiary of the Company, entered into a EPC contract with SEPCOIII Electric Power Construction Co., Ltd.* (山東電力建設第三工程有限公司) ("**SEPCOIII**"). Pursuant to the EPC Contract, SEPCOIII, acting as the contractor, will provide EPC services to Datong Jingneng, as the principal, for the construction of the photovoltaic power project at the consideration of approximately RMB409.53 million. The photovoltaic power project is located in Datong City, Shanxi Province, the PRC with planned construction capacity of 100MW.

### (b) Acquisition of Equity Interests in Companies owning Wind Power Projects in the PRC

On 1 March 2022, Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) ("**Beijing United Rongbang**") (an indirect wholly-owned subsidiary of the Company), as the purchaser, and Shanghai Sineng Investment Co., Ltd.* (上海斯能投資有限公司) ("**Shanghai Sineng**"), as the vendor, entered into equity transfer agreements, pursuant to which Beijing United Rongbang conditionally agreed to purchase and Shanghai Sineng conditionally agreed to sell, the entire equity interests in each of Shuozhou City Pinglu District Honggou Wind Energy Co., Ltd.* (朔州市平魯區紅溝風電有限公司) ("**Honggou Wind Energy**"), Xiyang County Sineng Wind Energy Co., Ltd.* (昔陽縣斯能風電有限公司) ("**Xiyang Wind Energy**") and Youyu County Sineng Wind Energy Co., Ltd.* (右玉縣斯能風電有限公司) ("**Youyu Wind Energy**"), and also 49% equity interests in Xiyang County Sineng New Energy Co., Ltd.* (昔陽縣斯能新能源有限公司) ("**Xiyang New Energy**").

Upon completion of these acquisitions, Honggou Wind Energy, Xiyang Wind Energy and Youyu Wind Energy will become indirect wholly-owned subsidiaries of the Company and Xiyang New Energy will become an associate company of the Company. Details of the acquisitions are set out in the Company's announcement dated 1 March 2022.

### (c) Adjustment of Annual Cap of Direct Leasing Services provided by Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司) ("Shenzhen Jingneng Leasing")

On 9 March 2022, the Company entered into a supplemental agreement with Shenzhen Jingneng Leasing to adjust the annual cap of the direct leasing services providing to the Group under the finance lease business framework agreement entered into between the Company and Shenzhen Jingneng Leasing in 2020 for the year ending 31 December 2022. Details of the adjustment of annual cap are set out in the Company's announcement dated 9 March 2022.

**(d) Leasing Office Spaces from Beijing Jingneng Housing Leasing Operation Co., Ltd.* (北京京能房產租賃經營有限責任公司) (" Beijing Jingneng Housing Leasing")**

On 15 March 2022, the Company entered into a lease agreement with Beijing Jingneng Housing Leasing, an indirect wholly-owned subsidiary of the controlling shareholder of the Company, pursuant to which Beijing Jingneng Housing Leasing agreed to lease office spaces to the Company for a term of 3 years from 15 March 2022 to 14 March 2025. Details of the lease arrangement are set out in the Company's announcement dated 15 March 2022.

**18 COMPARATIVE FIGURES**

Certain comparative figures have been represented to conform to current year's presentation.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

In February 2021, the Company repurchased certain 8% guaranteed senior notes due 2022 (the "**Senior Notes**") in the aggregate principal amount of US$33 million at a total consideration of approximately US$34 million (including accrued and unpaid interest) in the open market.

All outstanding Senior Notes in the aggregate principal amount of approximately US$79 million were redeemed in full on 3 September 2021 at a redemption price of equal to 100.5% of the principal amount of the outstanding Senior Notes plus the accrued and unpaid interest pursuant to the terms of the indenture. All the redeemed Senior Notes were cancelled on the same date.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance to protect the interests of the Company and the shareholders of the Company as a whole. The Company believes that rigorous standards of corporate governance enhance the sustainability of the Company. To this end, the Company has established and maintained a framework of corporate governance policies and practices to apply the principles of good corporate governance in daily operation. This framework is built upon principles of accountability and integrity.

The Company has applied the principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Year, the Company has complied with all applicable code provisions under the CG Code.

## AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") currently consists of three members, including two independent non-executive Directors, namely Ms. Li Hongwei and Mr. Zhu Jianbiao, and one non-executive Director, namely Mr. Zhao Bing. The Audit Committee is chaired by Ms. Li Hongwei who possesses relevant professional qualification and expertise in financial reporting matters. The Audit Committee acts as an important link between the Board and the Company's auditors. It is responsible for making recommendations to the Board on the appointment and reappointment of the external auditors, and to approve the remuneration and terms of engagement of the external auditors. It is empowered to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. It reviews, makes recommendations and reports to the Board on findings relating to the financial statements, reports and accounts, financial reporting system, internal control procedures and compliance issues. The Audit Committee has reviewed with Management the accounting policies and practices adopted by the Group and discussed internal control, risk management and financial reporting matters including the review of the annual report and audited annual results for the Year before the annual results were submitted to the Board for approval. The audited annual results as set out in this announcement have been reviewed and agreed by the Board (including the independent non-executive Directors) and the Audit Committee.

## SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

## FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Year.

## PUBLICATION OF RESULTS ANNOUNCEMENT, ANNUAL REPORT AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This announcement is required to be published on the website of the HKEXnews at http://www.hkexnews.com and on the website of the Company at http://www.bjei.com. The annual report containing all the information required under Appendix 16 to the Listing Rules and the Group's environmental, social and governance report will be published on the websites of the HKEXnews and the Company in due course.

## APPRECIATION

The Board would like to take this opportunity to thank every stakeholder of the Group for their contributions to the Group during the Year.

For and on behalf of
**Beijing Energy International Holding Co., Ltd.**
**Zhang Ping**
*Chairman of the Board*

Hong Kong, 29 March 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Wang Heng; the non-executive directors of the Company are Mr. Zhao Bing, Mr. Su Yongjian and Mr. Li Hao; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.*

* *For identification purposes only*