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**CGN NEW ENERGY HOLDINGS CO., LTD.**

**中國廣核新能源控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock code: 1811)**

**Annual Results  
for the Year Ended 31 December 2021**

**HIGHLIGHTS OF THE ANNUAL RESULTS FOR THE YEAR ENDED  
31 DECEMBER 2021**

- Revenue for the year ended 31 December 2021 amounted to US\$1,694.7 million, representing an increase of 47.4% from US\$1,149.9 million for the year ended 31 December 2020.
- Profit for the year ended 31 December 2021 amounted to US\$201.7 million, representing an increase of 20.3% from US\$167.6 million for the year ended 31 December 2020.
- Profit attributable to equity shareholders of the Company for the year ended 31 December 2021 amounted to US\$184.8 million, representing an increase of 14.0% from US\$162.1 million for the year ended 31 December 2020.
- The increase in profit was mainly attributable to (1) increased power generation of our existing wind and solar power projects; and (2) contribution from the newly commissioned wind and solar power projects.
- Earnings per share for the year ended 31 December 2021 amounted to 4.31 US cents, representing an increase of 14.0% from 3.78 US cents for the year ended 31 December 2020.
- The Board recommended the payment of a final dividend for the year ended 31 December 2021 of 0.86 US cents per Share (equivalent to 6.72 HK cents per Share), totalling approximately US\$37.0 million (equivalent to approximately HK\$288.2 million), which is calculated based on 4,290,824,000 Shares in issue on 22 March 2022 (equivalent to 20% of profit for the year attributable to equity shareholders of the Company for the financial year of 2021 as dividends).

The Board is pleased to announce the annual results of the Group for the year ended 31 December 2021, together with the comparative figures for the corresponding period in 2020.

## **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
Revenue	<u><b>1,694,658</b></u>	<u>1,149,892</u>
Operating expenses:		
Coal, oil, gas and wood pellet	<b>771,190</b>	492,510
Depreciation of property, plant and equipment	<b>265,029</b>	193,031
Repair and maintenance	<b>37,684</b>	30,447
Staff costs	<b>96,680</b>	85,835
Recognition/(reversal) of loss allowance of trade and other receivables and contract assets	<b>20,292</b>	(99)
Others	<u><b>83,869</b></u>	<u>60,701</u>
Total operating expenses	<u><b>1,274,744</b></u>	<u>862,425</u>
Operating profit	<b>419,914</b>	287,467
Other income	<b>41,307</b>	26,318
Other gains and losses	<b>44</b>	(11,089)
Finance costs	<b>(188,216)</b>	(145,005)
Share of results of associates	<b>(37,551)</b>	29,342
Gain on disposal of a subsidiary	<u><b>–</b></u>	<u>18,135</u>
Profit before taxation	<b>235,498</b>	205,168
Income tax	<u><b>(33,774)</b></u>	<u>(37,533)</u>
Profit for the year	<u><b>201,724</b></u>	<u>167,635</u>

	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of net defined benefit retirement scheme obligations	<b>599</b>	(1,328)
<i>Items that are/may be reclassified subsequently to profit or loss:</i>		
Exchange difference arising on translation of foreign operations	<b>(24,552)</b>	132,650
Effective portion of changes in fair value of hedging instruments recognized during the year	<b>12,580</b>	(2,159)
Deferred tax (charged)/credited arising from fair value change in hedging instruments	<b>(3,044)</b>	522
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	<b>(124)</b>	(120)
– deferred tax credit arising on release of hedging reserve	<b>30</b>	29
– release of accumulative gains of translation reserve to profit or loss upon disposal of a subsidiary	<b>–</b>	(2,198)
Other comprehensive income for the year	<b>(14,511)</b>	127,396
Total comprehensive income for the year	<b>187,213</b>	295,031
Profit for the year attributable to:		
Equity shareholders of the Company	<b>184,762</b>	162,087
Non-controlling interests	<b>16,962</b>	5,548
	<b>201,724</b>	167,635
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	<b>168,801</b>	283,170
Non-controlling interests	<b>18,412</b>	11,861
	<b>187,213</b>	295,031
Earnings per Share		
– Basic ( <i>US cents</i> )	<b>4.31</b>	3.78
– Diluted ( <i>US cents</i> )	<b>4.31</b>	3.78

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	At 31 December	
	2021	2020
	US\$'000	US\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,195,027	4,747,312
Right-of-use assets	100,315	86,637
Goodwill	168,798	169,241
Interests in associates	149,238	206,083
Derivative financial instruments	8,645	5,445
Deferred tax assets	23,322	21,794
Financial assets designated at fair value through other comprehensive income	5,238	–
Other non-current assets	363,664	505,065
	<u>7,014,247</u>	<u>5,741,577</u>
<b>CURRENT ASSETS</b>		
Inventories	54,209	24,445
Trade receivables	744,471	430,273
Contract assets	186,735	146,637
Other receivables and prepayments	123,141	91,946
Amounts due from fellow subsidiaries	6,321	6,229
Tax recoverable	214	216
Derivative financial instruments	8,454	1,832
Pledged bank deposits	157,730	134,527
Short-term bank deposits	3,137	–
Cash and cash equivalents	374,999	398,850
	<u>1,659,411</u>	<u>1,234,955</u>

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
<b>CURRENT LIABILITIES</b>		
Trade payables	<b>129,505</b>	70,704
Contract liabilities	<b>4,719</b>	2,717
Other payables and accruals	<b>614,581</b>	398,024
Amounts due to fellow subsidiaries	<b>108,806</b>	8,738
Amounts due to non-controlling shareholders		
– due within one year	<b>2,153</b>	7,365
Loans from fellow subsidiaries		
– due within one year	<b>1,162,467</b>	521,268
Loan from the ultimate holding company		
– due within one year	–	295,790
Bank borrowings – due within one year	<b>763,503</b>	721,579
Lease liabilities – due within one year	<b>6,899</b>	3,900
Government grants	<b>212</b>	207
Tax payable	<b>12,299</b>	9,081
Derivative financial instruments	–	63
	<u><b>2,805,144</b></u>	<u>2,039,436</u>
<b>NET CURRENT LIABILITIES</b>	<u><b>(1,145,733)</b></u>	<u>(804,481)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><b>5,868,514</b></u>	<u>4,937,096</u>
<b>NON-CURRENT LIABILITIES</b>		
Other payables and accruals		
– due after one year	<b>3,835</b>	–
Amount due to a non-controlling shareholder		
– due after one year	<b>1,183</b>	1,085
Loans from fellow subsidiaries		
– due after one year	<b>856,821</b>	533,482
Loan from the ultimate holding company		
– due after one year	–	122,607
Bank borrowings – due after one year	<b>3,482,388</b>	2,889,265
Lease liabilities – due after one year	<b>28,648</b>	27,022
Government grants	<b>9,345</b>	9,548
Net defined benefit retirement scheme obligations	<b>1,683</b>	2,792
Deferred tax liabilities	<b>49,415</b>	53,914
	<u><b>4,433,318</b></u>	<u>3,639,715</u>
<b>NET ASSETS</b>	<u><u><b>1,435,196</b></u></u>	<u><u>1,297,381</u></u>

	<b>At 31 December</b>	
	<b>2021</b>	2020
	<i><b>US\$'000</b></i>	<i>US\$'000</i>
<b>CAPITAL AND RESERVES</b>		
Share capital	55	55
Reserves	<u>1,313,497</u>	<u>1,213,100</u>
Total equity attributable to equity shareholders of the Company	<b>1,313,552</b>	1,213,155
Non-controlling interests	<u>121,644</u>	<u>84,226</u>
<b>TOTAL EQUITY</b>	<b><u><u>1,435,196</u></u></b>	<b><u><u>1,297,381</u></u></b>

### **Revenue and segment information**

The Group has three reportable segments as follows:

- (1) Power plants in the PRC – Generation and supply of electricity;
- (2) Power plants in Korea – Generation and supply of electricity; and
- (3) Management companies – Provision of management services to power plants operated by CGN and its subsidiaries.

The following is an analysis of the Group's revenue and results by reportable segments:

**For the year ended 31 December 2021**

	Power plants in the PRC <i>US\$'000</i>	Power plants in Korea <i>US\$'000</i>	Management companies <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue – external	<u>812,121</u>	<u>840,126</u>	<u>42,411</u>	<u>1,694,658</u>
Segment results	<u>266,761</u>	<u>30,476</u>	<u>2,020</u>	299,257
Unallocated other income				48
Unallocated operating expenses				(556)
Unallocated finance costs				(25,700)
Share of results of associates				<u>(37,551)</u>
Profit before taxation				<u>235,498</u>

**For the year ended 31 December 2020**

	Power plants in the PRC <i>US\$'000</i>	Power plants in Korea <i>US\$'000</i>	Management companies <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue – external	<u>526,685</u>	<u>596,327</u>	<u>26,880</u>	<u>1,149,892</u>
Segment results	<u>161,285</u>	<u>45,467</u>	<u>1,280</u>	208,032
Unallocated other income				48
Unallocated operating expenses				(3,976)
Unallocated finance costs				(28,278)
Share of results of associates				<u>29,342</u>
Profit before taxation				<u>205,168</u>

The following is an analysis of the Group's assets and liabilities by reportable segments:

	<b>2021</b>	2020
	<i>US\$'000</i>	<i>US\$'000</i>
<b><i>Segment assets</i></b>		
Power plants in the PRC	<b>7,006,114</b>	5,209,023
Power plants in Korea	<b>1,477,402</b>	1,532,511
Management companies	<b>4,754</b>	4,156
	<hr/>	<hr/>
Total segment assets	<b>8,488,270</b>	6,745,690
Interests in associates	<b>149,238</b>	206,083
Unallocated		
– Right-of-use assets	<b>3,381</b>	1,441
– Others	<b>32,769</b>	23,318
	<hr/>	<hr/>
Consolidated assets	<b><u>8,673,658</u></b>	<b><u>6,976,532</u></b>
<b><i>Segment liabilities</i></b>		
Power plants in the PRC	<b>5,526,998</b>	3,944,793
Power plants in Korea	<b>894,997</b>	926,266
Management companies	<b>958</b>	645
	<hr/>	<hr/>
Total segment liabilities	<b>6,422,953</b>	4,871,704
Unallocated		
– Bank borrowings	<b>100,000</b>	100,000
– Loans from fellow subsidiaries	<b>700,000</b>	700,000
– Lease liabilities	<b>3,381</b>	1,552
– Others	<b>12,128</b>	5,895
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Consolidated liabilities	<b><u>7,238,462</u></b>	<b><u>5,679,151</u></b>



## NOTES

### 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and the Shares are listed on the Main Board of the Stock Exchange in October 2014. The registered office of the Company is at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Its immediate holding company is CGN Energy International, a company incorporated in Hong Kong with limited liability, and its ultimate holding company is CGN, a state-owned enterprise established in the PRC.

The financial information set out in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 December 2021, but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs (as defined below). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance for the year ended 31 December 2021.

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). 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.

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group's interests in its associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investments in equity securities and derivative financial instruments are stated at their fair value. The Group had net current liabilities of approximately US\$1,145.7 million as at 31 December 2021. CGN Finance Co., Ltd. (“**CGN Finance**”) and CGN Wind Energy Limited (“**CGN Wind Energy**”), the fellow subsidiaries of the Company, have confirmed in writing that despite the loans from CGN Finance of RMB1,100.0 million (equivalent to US\$172.5 million) and CGN Wind Energy of RMB6,300.0 million (equivalent to US\$988.1 million) which are due for repayment within twelve months from 31 December 2021, they will not cancel the existing loan facilities within twelve months from 31 December 2021 and that the loans will be extended upon expiry. Furthermore, taking into account the financial resources of the Group, the Group has unutilized general facilities of US\$846.1 million as at 31 December 2021 for the next twelve months from the end of the reporting period. In addition, the directors of the Company have reviewed the Group’s cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period.

Taking into account the above-mentioned considerations, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these consolidated financial statements have been prepared on a going concern basis.

### **3. CHANGES IN ACCOUNTING POLICIES**

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

None of these amendments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in the consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Operating Results and Analysis

In 2021, the revenue of the Group amounted to US\$1,694.7 million, representing an increase of 47.4% compared with last year. The profit attributable to equity shareholders of the Company amounted to US\$184.8 million, representing an increase of US\$22.7 million or 14.0% as compared with last year.

In 2021, the profit of the Group amounted to US\$201.7 million, representing an increase of US\$34.1 million or 20.3% as compared with US\$167.6 million of last year.

#### ***Revenue***

In 2021, the revenue of the Group amounted to US\$1,694.7 million, representing an increase of 47.4% compared with US\$1,149.9 million of last year. The revenue derived from wind and solar projects in the PRC amounted to US\$639.7 million, representing an increase of 72.6% as compared with US\$370.7 million of last year. Such increase was mainly attributable to the increase in power generation and the newly commissioned installed capacity.

The revenue derived from Korea amounted to US\$840.1 million, representing an increase of 40.9% as compared with US\$596.3 million of last year. Such increase in revenue was mainly attributable to the higher weighted average tariff of Yulchon I & II Power Projects as a result of the higher gas price in Korea.

#### ***Operating Expenses***

In 2021, the operating expenses of the Group amounted to US\$1,274.8 million, representing an increase of 47.8% compared with US\$862.4 million of last year. The increase in operating expenses was mainly due to substantial increase in gas prices and gas costs of our Yulchon I & II Power Projects. In addition, the commencement of operation of the new wind and solar projects has resulted in the increase of depreciation and staff costs.

### ***Operating Profit***

In 2021, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to US\$419.9 million, representing an increase of US\$132.4 million or 46.1% compared with US\$287.5 million of last year. The increase in operating profit was mainly caused by the increase in power generation of our existing wind and solar projects and the contribution from newly commissioned wind and solar projects.

### ***Other Income***

Other income mainly represented income on sales of generating rights, technical service income and government grants. In 2021, the other income of the Group amounted to US\$41.3 million, representing an increase of US\$15.0 million or 57.0% compared with US\$26.3 million of last year.

### ***Finance Costs***

In 2021, the finance costs of the Group amounted to US\$188.2 million, representing an increase of US\$43.2 million or 29.8% compared with US\$145.0 million of last year. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings and loans from fellow subsidiaries.

### ***Share of Results of Associates***

In 2021, the share of losses of associates amounted to US\$37.6 million, representing a substantial decrease of US\$66.9 million compared with the share of profits of associates of US\$29.3 million of last year. The drastic decrease in profits of the associates was mainly affected by the surge in market coal prices during the year.

### ***Gain on Disposal of a Subsidiary***

In May 2020, the Group disposed of its entire equity interest in the Jinqiao JV, representing 60% of the total equity interest in the Jinqiao JV, through a public tender process of Shanghai United Assets and Equity Exchange (上海聯合產權交易所) at a consideration of RMB155.8 million (equivalent to US\$22.0 million). The disposal was completed in May 2020, when the Group disposed of its entire equity interests in the Jinqiao JV and recognised a gain on disposal of US\$18.1 million in 2020.

### ***Income Tax Expenses***

In 2021, the income tax expenses of the Group amounted to US\$33.8 million, representing a decrease of US\$3.7 million or 9.9% compared with US\$37.5 million of last year.

### ***Liquidity and Capital Resources***

The Group's cash and cash equivalents decreased slightly from US\$398.9 million as at 31 December 2020 to US\$375.0 million as at 31 December 2021, which has been kept at a stable level overall.

### ***Net Debt/Equity Ratio***

The Group's net debt/equity ratio increased from 3.61 as at 31 December 2020 to 4.10 as at 31 December 2021, which was due to the increase in net debt (which equals to total debt less available cash) as a result of increase in bank borrowings and loans from fellow subsidiaries.

### ***Dividend***

At the Board meeting held on 22 March 2022, the Board recommended the payment of a final dividend for the year ended 31 December 2021 of 0.86 US cents per Share (equivalent to 6.72 HK cents per Share), totalling approximately US\$37.0 million (equivalent to approximately HK\$288.2 million), which is calculated based on 4,290,824,000 Shares in issue on 22 March 2022. The payout ratio of the proposed dividend is 20% (equivalent to 20% of profit for the year attributable to equity shareholders of the Company for the financial year of 2021 as dividends).

## ***Earnings per Share***

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>US cents</i></b>	<b><i>US cents</i></b>
Earnings per share, basic and diluted – calculated based on the weighted average number of ordinary shares for the year	<b>4.31</b>	<b>3.78</b>

Earnings per share, basic and diluted – calculated based on the number of ordinary shares outstanding at year end	<b>4.31</b>	<b>3.78</b>
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	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>US\$'000</i></b>	<b><i>US\$'000</i></b>
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the year attributable to ordinary equity shareholders of the Company)	<b>184,762</b>	<b>162,087</b>
	<b>'000</b>	<b>'000</b>

Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	<b>4,290,824</b>	<b>4,290,824</b>
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Number of ordinary shares outstanding at year end	<b>4,290,824</b>	<b>4,290,824</b>
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## ***Trade Receivables***

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>US\$'000</i></b>	<b><i>US\$'000</i></b>
Trade receivables – contracts with customers	<b>760,992</b>	<b>430,976</b>
Less: allowance for credit losses	<b>(16,521)</b>	<b>(703)</b>
	<b>744,471</b>	<b>430,273</b>

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition dates.

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
0 – 60 days	<b>221,325</b>	151,034
61 – 90 days	<b>30,168</b>	12,617
91 – 180 days	<b>88,368</b>	39,961
Over 180 days	<b>404,610</b>	226,661
	<b><u>744,471</u></b>	<u>430,273</u>

As at 31 December 2021, the Group's trade receivables balance included debtors with aggregate carrying amount of US\$209.3 million (2020: US\$135.2 million) from the sales of electricity and other services, which are due within 30 to 90 days from the date of billing.

As at 31 December 2021, the Group's trade receivables balance included debtors with aggregate carrying amount of US\$535.2 million (2020: US\$295.1 million) from the tariff income receivables. These receivables are tariff income receivables from relevant government authorities pursuant to the Cai Jian [2020] No.5 Notice on the Measures for Administration of Subsidy Funds for Tariff of Renewable Energy (《可再生能源電價附加補助資金管理辦法》). The collection of tariff income receivables is subject to settlement by state grid companies upon finalization of the allocation of funds by relevant PRC government authorities to the state grid companies. As a result, the tariff income receivables are not considered as overdue or in default. In prior years, expected credit loss rates of these receivables were assessed to be minimal, as these receivables were from state-owned entities with sound credit ratings and the aging profile was within the Group's normal operating cycle. However, during the year, the management has noted a significant slowdown of settlement of tariff income receivables by certain government authorities. As a result, the management has reassessed the related credit risk based on the historical settlement records, latest aging profile of those receivables and forward looking information that is available without undue cost and effort as at 31 December 2021, and the expected credit losses of US\$15.7 million and US\$4.7 million were recognized in respect of trade receivables and contract assets respectively for the year ended 31 December 2021.

The Group does not hold any collateral over the trade receivables balance.

### ***Contract Assets***

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Tariff income from sales of renewable energy	<b>191,453</b>	146,637
Less: allowance for credit losses	<b>(4,718)</b>	–
	<b><u>186,735</u></b>	<b><u>146,637</u></b>

The contract assets represented tariff income receivables from sales of renewable energy to the local state grid in the PRC, with such amounts pending approval for registration in the Renewable Energy Tariff Subsidy List (the “List”) by the relevant government authorities. The contract assets are transferred to trade receivables when the relevant right becomes unconditional, upon the registration of the Group’s respective operating power plants in the List.

### ***Trade Payables***

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
0 – 60 days	<b>127,066</b>	58,490
61 – 90 days	<b>318</b>	1,679
Over 90 days	<b>2,121</b>	10,535
	<b><u>129,505</u></b>	<b><u>70,704</u></b>

The average credit period on purchases of goods is 22 days (2020: 26 days) for the year ended 31 December 2021. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

### ***Financial Position***

Non-current assets increased from US\$5,741.6 million as at 31 December 2020 to US\$7,014.2 million as at 31 December 2021, which was mainly due to the additions of property, plant and equipment during the year.



Current assets increased from US\$1,235.0 million as at 31 December 2020 to US\$1,659.4 million as at 31 December 2021, which was mainly attributable to the increase in trade receivables, contract assets and other receivables and prepayments.

Current liabilities increased from US\$2,039.4 million as at 31 December 2020 to US\$2,805.1 million as at 31 December 2021, which was mainly due to the increase in loans from fellow subsidiaries.

Non-current liabilities increased from US\$3,639.7 million as at 31 December 2020 to US\$4,433.3 million as at 31 December 2021, which was mainly due to the increase in bank borrowings.

### ***Bank Borrowings***

The Group's total bank borrowings increased from US\$3,610.8 million as at 31 December 2020 to US\$4,245.9 million as at 31 December 2021. Details of bank borrowings are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b>US\$'000</b>	US\$'000
Secured	<b>3,188,682</b>	2,979,540
Unsecured	<b>1,057,209</b>	631,304
	<b><u>4,245,891</u></b>	<u>3,610,844</u>

The maturity profile of bank borrowings is as follows:

Within 1 year	<b><u>763,503</u></b>	<u>721,579</u>
After 1 year but within 2 years	<b>399,027</b>	323,538
After 2 years but within 5 years	<b>1,191,136</b>	951,658
Over 5 years	<b><u>1,892,225</u></b>	<u>1,614,069</u>
	<b><u>3,482,388</u></b>	<u>2,889,265</u>
	<b><u>4,245,891</u></b>	<u>3,610,844</u>

As at 31 December 2021, the Group had committed unutilized banking facilities of US\$2,445.9 million.

## ***Loans from Fellow Subsidiaries and the Ultimate Holding Company***

As at 31 December 2021, the amounts represent:

	<i>Notes</i>	<b>2021</b> <b>US\$'000</b>	2020 US\$'000
Loans from fellow subsidiaries			
– due within 1 year:			
CGN Finance	<i>i(a)</i>	<b>172,530</b>	179,313
CGN Finance	<i>i(b)</i>	<b>1,810</b>	–
CGN Wind Energy	<i>ii</i>	<b>988,127</b>	91,955
CGNPC Huasheng Investment Limited (“CGNPC Huasheng”)	<i>iii</i>	<u>–</u>	<u>250,000</u>
		<b><u>1,162,467</u></b>	<b><u>521,268</u></b>
Loan from the ultimate holding company			
– due within 1 year:			
CGN	<i>iv</i>	<u>–</u>	<u>295,790</u>
Loan from fellow subsidiaries			
– due after 1 year:			
CGN Finance	<i>i(c)</i>	<b>7,852</b>	6,753
CGN Finance	<i>i(d)</i>	<b>133,284</b>	76,729
CGN Finance	<i>i(e)</i>	<b>15,685</b>	–
CGNPC Huasheng	<i>iii</i>	<b>250,000</b>	–
China Clean Energy Development Limited (“China Clean Energy”)	<i>v</i>	<u>450,000</u>	<u>450,000</u>
		<b><u>856,821</u></b>	<b><u>533,482</u></b>
Loan from the ultimate holding company			
– due after 1 year:			
CGN	<i>iv</i>	<u>–</u>	<u>122,607</u>

Notes:

- (i)(a) Loan from CGN Finance of RMB1,100.0 million (equivalent to US\$172.5 million) (2020: RMB1,170.0 million (equivalent to US\$179.3 million)) is unsecured, interest bearing at 3.45% per annum and repayable in 2022.
- (i)(b) Loan from CGN Finance of RMB11.5 million (equivalent to US\$1.8 million) (2020: nil) is unsecured, interest bearing at 4.21% per annum and repayable in 2022.
- (i)(c) Loan from CGN Finance of RMB50.1 million (equivalent to US\$7.9 million) (2020: RMB44.1 million (equivalent to US\$6.8 million)) is unsecured, interest bearing at 4.21% per annum and repayable in 2035.
- (i)(d) Loan from CGN Finance of RMB849.8 million (equivalent to US\$133.3 million) (2020: RMB500.7 million (equivalent to US\$76.7 million)) is unsecured, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center minus 0.39% per annum and repayable in 2040.
- (i)(e) Loan from CGN Finance of RMB100.0 million (equivalent to US\$15.7 million) (2020: nil) is unsecured, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center minus 0.66% per annum and repayable in 2037.
- (ii) Loans from CGN Wind Energy of RMB1,000.0 million (equivalent to US\$156.8 million) (2020: nil) interest bearing at 3.25% per annum, RMB1,100.0 million (equivalent to US\$172.5 million) (2020: nil) interest bearing at 3.45% per annum, RMB4,200.0 million (equivalent to US\$658.8 million) (2020: nil) interest bearing at 3.50% per annum are unsecured and repayable in 2022.
- (iii) Loan from CGNPC Huasheng of US\$250.0 million (2020: US\$250.0 million) is unsecured, interest bearing at 3 months London Interbank Offered Rate plus 1.30% per annum and repayable in 2024.
- (iv) Loans from CGN of RMB1,930.0 million (equivalent to US\$295.8 million) and RMB800.0 million (equivalent to US\$122.6 million) in 2020 were fully repaid during the year.
- (v) Loan from China Clean Energy of US\$450.0 million (2020: US\$450.0 million) is unsecured, interest bearing at 4.50% per annum and repayable in 2025.

### ***Capital Expenditures***

The Group's capital expenditure decreased by US\$124.3 million to US\$1,198.8 million in 2021 from US\$1,323.1 million in 2020.

### ***Contingent Liabilities***

As at 31 December 2021 and 2020, the Group had no material contingent liabilities.

### ***Pledged Assets***

The Group pledged certain property, plant and equipment, right-of-use assets, trade receivables, contract assets and bank deposits for credit facilities granted to the Group. As at 31 December 2021, the total book value of the pledged assets amounted to US\$2,202.6 million (2020: US\$1,815.0 million).

### ***Employees and Remuneration Policy***

As at 31 December 2021, the Group had about 2,033 full-time employees, with the majority based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

Employees located in China are covered by the mandatory social security schemes required by local practice and regulations of the PRC, which are essentially defined contribution schemes. The Group is required by the PRC law to contribute a certain percentage of the average salaries of the employees to various schemes in accordance with the respective regulatory requirements of each city. The PRC government is directly responsible for the payment of the benefits to these employees.

In Korea, the Group is required by law to contribute 4.5% of the employees' monthly average salaries for the national pension, 3.43% for national health insurance (11.52% of the national health insurance contribution for long term care insurance), 1.05% for unemployment insurance, 1.06% (Seoul Office)/0.803% (Yulchon)/0.803%(Daesan) for the industrial accident compensation insurance and 0.06% for a wage claim guarantee fund.

In Hong Kong, the Group participates in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485). Employees contribute 5.0% of their relevant income to the mandatory provident fund scheme and the Group contributes 10.0% of each employee's monthly base salary.

## II. Industry Overview

China's power market:

In 2021, the electricity supply and demand was generally tight in China. According to the data published by the NEA, the installed capacity of the PRC amounted to 2,376.9 GW throughout the year, representing a year-on-year increase of 7.9%, while electricity consumption amounted to 8,312.8 TWh, representing a year-on-year increase of 10.3%.

The accumulated grid-connected wind power capacity for 2021 reached 328.5 GW, with a year-on-year increase of 16.6%, while the annual accumulated on-grid wind power generation amounted to 655.6 TWh, representing a year-on-year growth of 40.5%. In 2021, the accumulated grid-connected solar power capacity recorded 306.6 GW, with a year-on-year increase of 20.9%. The annual accumulated on-grid solar power generation amounted to 327.0 TWh, representing a year-on-year growth of 25.2%.

### *Important national strategies and the "14th Five-Year Plan"*

In March 2021, the "Outline of 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China" (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) was promulgated to propose the following: accelerating the development of non-fossil fuels, insisting on both centralized and distributed projects, scaling up wind power and photovoltaic power generation, expediting the development of distributed power projects in the eastern and central regions, developing offshore wind power in an orderly manner, accelerating the construction of hydropower bases in the southwest regions, and promoting the safe and secure construction of coastal nuclear power plants. At the end of the "14th Five-Year Plan" period, the proportion of non-fossil fuels in total energy consumption will increase to around 20%.

In April 2021, President Xi Jinping delivered an important speech at the Leaders' Summit on Climate. President Xi Jinping emphasized to build a community with shared life between mankind and nature, adhere to the harmonious symbiosis of human and nature, adhere to green development, adhere to system management, adhere to the people-oriented philosophy, adhere to multilateralism and adhere to the principle of common but differentiated responsibilities. China will strive to achieving carbon peak by 2030 and carbon neutrality by 2060, which is the responsibility of China to promote the building of a community with a shared future for mankind and an important strategic decision made for the inherent requirement to realize the sustainable development.

In October 2021, President Xi Jinping announced on the United Nation’s Leaders’ Summit on “Convention on Biological Diversity” (《生物多樣性公約》) that, China will release implementation plans for carbon peak emissions in key areas and sectors as well as a series of supporting measures. China will continue to readjust its industrial structure and energy mix, vigorously develop renewable energy, and make faster progress in planning and developing large wind power and photovoltaic bases in sandy areas, rocky areas and deserts.

*Policies related to carbon peak, carbon neutrality and green development*

In October 2021, the Central Committee of the Communist Party of China (CPC) and the State Council issued the “Working Guidance for Carbon Peak and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy” (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》), which required the following: Accelerating the development of a clean, low-carbon, safe and efficient energy system and strengthening the dual-controls over energy consumption intensity and gross energy consumption volume; Promoting substitutions of renewable energy resources, vigorously developing wind, solar, biomass, marine, and geothermal energy sources among others, and continuously increasing the share of non-fossil energy in total energy consumption; Advocating both centralized and distributed energy production, while prioritizing local development and use of wind and solar power.

In October 2021, the State Council published the “Action Plan for Peak Carbon Emissions by 2030” (《2030年前碳達峰行動方案》), which proposed the interim specific goals in respect of achieving carbon peak and carbon neutrality. By 2025, the proportion of non-fossil energy consumption will reach approximately 20%, while energy consumption per unit of GDP will decrease by 13.5% as compared with 2020 level. By 2030, the proportion of non-fossil energy consumption will reach approximately 25% and carbon dioxide emissions per unit of GDP will drop by more than 65% as compared with 2005 level. By 2030, the total installed capacity of wind power and solar power will reach above 1,200 GW. During the period of the “14th Five-Year Plan” and “15th Five-Year Plan”, the newly added hydro power installed capacity will be around 40 GW. The proportion of renewable energy power generated by new transmission channels will not be less than 50%. By 2025, the installed capacity of new energy storage will reach more than 30 GW. By 2030, the installed capacity scale of pumped storage power plants will be around 120 GW and the provincial grid will basically be equipped with peak load response capacity of over 5%.

In December 2021, the Central Economic Work Conference was held in Beijing. The Conference emphasized the need to have a proper understanding of the country's carbon peak and carbon neutrality goals. Achieving the goals is intrinsic to advancing high-quality development, which demands unwavering efforts, but it is not possible to finish the job in one go: Adhering to the principles of exercising nationwide planning, prioritizing conservation, leveraging the strengths of the government and the market, coordinating efforts on the domestic and international fronts, and guarding against risks; The gradual phase-out of traditional energy in China should be based on safe and reliable new energy alternatives; Based on the basic national situation that coal is the main source of energy, strengthening the clean and efficient use of coal, increasing the consumption capacity of new energy, while optimizing the combination use of coal and new energy; Firmly pursuing breakthroughs in green and low-carbon technologies; Scientific assessment should be conducted, the newly-added renewable energy and energy used as raw materials would be excluded from the cap on total energy consumption, calling for an early shift from controlling the amount and intensity of energy consumption to controlling the amount and intensity of carbon emissions, as well as the early establishment of an incentive and constraint mechanism for pollution control and carbon reduction, and prevent simple cascading; To ensure energy supply, large enterprises, especially state-owned enterprises, should take the lead in maintaining supply and price stability; Promoting the energy revolution and accelerating the building of a strong energy nation.

### *Policies related to the development and construction of new energy projects*

2021 was the beginning year of the “14th Five-Year Plan” and the PRC government has consecutively introduced programmatic documents, while the development of wind power and photovoltaic power ushered in an era of full grid parity in China, which has presented more large-scale and intensive development trends.

In April 2021, the NEA issued the “Notice on Submitting the 14th Five-Year Work Plan of Integration of Power Generation, Grid, Load and Storage and Multi-energy Complementary Development” (《關於報送「十四五」電力源網荷儲一體化和多能互補發展工作方案的通告》), which clearly stated that the following projects will receive strategic supports: the multi-energy complementary projects with the annual electricity consumption capacity of new energy not lower than 2,000 GWh; the generation, grid, load and energy storage projects with the annual electricity consumption capacity of new energy not lower than 200 GWh and together the consumption proportion of new energy electricity consumption not lower than 50% of the overall electricity. The preferential leverage on the coal-fired project reserves to promote the integration of wind power, photovoltaic power and thermal power (with power storage) and encourage the integration of wind power, photovoltaic power and hydro power (with power storage) as well as the integration of wind power and photovoltaic power with power storage, so as to bring the adjustment ability of photothermal power stations and power storage facilities with thermal energy storage into full play.

In May 2021, the NEA promulgated the “Notice on Matters Related to the Development and Construction of Wind and Photovoltaic Power in 2021” (《關於2021年風電、光伏發電開發建設有關事項的通告》), which specifies the establishment of guaranteed grid connection, market-based grid connection and other diversified protection mechanism for grid connection. In particular, guaranteed grid connection is mainly applicable for project reserves, the grid connection scale of which is not less than 90 GW. Projects subject to guaranteed grid connection are centrally organized by the provincial energy authorities through competitive allocation. Other projects which are still intended for grid connection may be connected to the grid by grid companies after fulfilling the grid connection conditions with flexible resources, such as additional development (by means of self-construction, joint establishment and sharing, purchase of services and other market-oriented ways) of new pumped-storage, solar power with thermal energy storage, peak load regulation of thermal power, new energy storage and adjustable load.



### *Policies related to new energy tariff*

In June 2021, the NDRC promulgated the “Notice on Matters related to New Energy On-Grid Tariff Policy in 2021” (《關於2021年新能源上網電價政策有關事項的通知》), pursuant to which, newly filed centralized photovoltaic power plants, industrial and commercial distributed photovoltaic projects and newly approved onshore wind power projects will no longer be subsidized by the central government starting from 1 August 2021 and grid parity will be realized.

### *Policies related to energy storage and grid-connected consumption*

In July 2021, the NDRC and the NEA issued the “Guiding Opinions on Accelerating the Development of New Energy Storage” (《關於加快推動新型儲能發展的指導意見》), which explicitly stated that, by 2025, new energy storage will transform from the initial stage of commercialization to large-scale development and the market environment and business model will be basically mature, and the installed capacity will reach over 30 GW. By 2030, new energy storage will achieve comprehensive market-driven development, the standard systems, market mechanisms and business model will be mature and sound, which will achieve in-depth integration and development of all aspects of the power system and enable the installed capacity to basically meet the corresponding demands of new power system. New energy storage will become one of the key supports for carbon peak and carbon neutrality in the energy sector.

In July 2021, the NDRC and the NEA published the “Notice on Encouraging Renewable Energy Power Generation Enterprises to Build or Purchase Peak Load Capacity to Increase Grid Connection Scale” (《關於鼓勵可再生能源發電企業自建或購買調峰能力增加併網規模的通知》), pursuant to which the “market-based grid connection” policy has been formally implemented to encourage power generation enterprises to enhance the grid connection scale of installed capacity for renewable energy through self-construction or purchase of peak load capacity.

In August 2021, the NEA published the “Medium and Long Term Development Plan of Pumped-storage (2021-2035)” (《抽水蓄能中長期發展規劃(2021-2035年)》), which proposed the basic principles of ecological priority, harmonious coexistence; regional coordination, reasonable deployment; maturity first, advance reserve; adapting to local conditions and innovative development. Pursuant to the Plan, by 2025, the total production scale of pumped storage will double that of the “13th Five-Year Plan” period and reach over 62 GW. By 2030, the total production scale of pumped storage will double that of the “14th Five-year Plan” period and reach around 120 GW. By 2035, a modernized industry of pumped storage with advanced technologies, high-quality management and strong international competitiveness, which can meet the development needs of a high proportion of large-scale new energy, will cultivate and establish a number of large-scale enterprises engaging in pumped storage.

### *Policies related to offshore wind power*

In June 2021, the NDRC promulgated the “Notice on Matters Related to New Energy On-grid Tariff Policy in 2021” (《關於2021年新能源上網電價政策有關事項的通知》) which specified that from 2021 onwards, the on-grid tariff for newly approved/(filed) offshore wind power projects shall be set by the local provincial pricing authorities and be determined through competitive allocation when the projects are qualified, and when the on-grid tariff is higher than local benchmark tariff of coal-fired power, the amount within the scope of the local benchmark price shall be settled by the power grid enterprises. In addition, the Notice encourages the implementation of offshore wind power supporting policies in different local areas.

In June 2021, the “Implementation Plan for Promoting the Orderly Development of Offshore Wind Power and the Sustainable Development of Related Industries” (《促進海上風電有序開發和相關產業可持續發展的實施方案》) was promulgated in Guangdong Province. Pursuant to the Plan, the cumulative installed capacity of offshore wind power projects put into operation in Guangdong Province will reach 4 GW by the end of 2021, and is aimed to reach 18 GW by the end of 2025. In addition, for province-managed offshore projects that were approved before the end of 2018 and will be grid-connected with full capacity from 2022 to 2024, subsidies of RMB1,500, RMB1,000 and RMB500 per kW will be provided in the respective year. No subsidies will be provided for projects connected to the grid starting from 2025.

In November 2021, the Zhejiang Development and Reform Commission issued the “Implementation Opinions on Promoting the High-quality Development of New Energy in Zhejiang Province (Revised Draft)” (《關於促進浙江省新能源高質量發展的實施意見(修改稿)》), proposing to vigorously promote the “multiplying project for wind and solar power” and steadily promote offshore wind power grid parity. In accordance with the principle of “gradual cease and encouragement of advancement”, offshore wind power on-grid tariffs will be set on a yearly basis, and financial and fiscal support will be provided to support province-managed offshore projects to gradually achieve grid parity. From 2022 to 2025, for the projects to be supported (determined through competitive allocation), the total installed capacity will not exceed 500 MW, 1,000 MW, 1,500 MW and 1,000 MW respectively.

It is expected that the national offshore wind power will achieve full parity by the end of the “14th Five-Year Plan”, in order to ensure the sustainable development of the industry, and before that local supporting policies will be introduced by different local areas according to the circumstances.

Korean power market:

As the Korean power market is undergoing a transformation of energy structure, it is expected that there would be an increase in the use of renewable energy and more natural gas power plants in the future. As the operation of new power plants would intensify the competition in the power market, the profitability of Korean gas-fired power generation companies was hindered.

### III. Business Review

The Group's portfolio of assets comprises wind, solar, gas-fired, coal-fired, oil-fired, hydro, cogen, fuel cell and biomass projects, which are in operation in the PRC and Korea power markets. The Group's business in the PRC covers 19 provinces, two autonomous regions and a municipality with a wide geographical coverage and diversified business scope. As of 31 December 2021, the operations in the PRC and Korea accounted for approximately 74.2% and 25.8% of the Group's attributable installed capacity of 8,404.6 MW, respectively. Clean and renewable energy projects (namely, wind, solar, gas-fired, hydro, fuel cell and biomass projects) accounted for 81.4% of the Group's attributable installed capacity; and conventional energy projects (namely, coal-fired, oil-fired and cogen projects) accounted for 18.6% of the Group's attributable installed capacity.

The following table sets out items selected by us from the results of the Group (by fuel type):

US\$ million	Korea projects	PRC	PRC	PRC	Corporate	Total	
		Coal-fired, Cogen and Gas-fired projects	PRC Hydro projects	PRC Wind projects			PRC Solar projects
For the year ended 31 December 2021							
Revenue	840.1	141.7	31.2	499.5	140.2	42.0	1,694.7
Operating expenses	(787.9)	(137.3)	(18.6)	(204.5)	(70.0)	(56.5)	(1,274.8)
Operating profit	52.2	4.4	12.6	295.0	70.2	(14.5)	419.9
Profit for the year	24.1	(16.7)	14.8	215.8	40.6	(76.9)	201.7
Profit attributable to equity shareholders of the Company	24.1	(22.0)	14.0	210.2	35.4	(76.9)	184.8

US\$ million	Korea projects	PRC	PRC	PRC	Corporate	Total	
		Coal-fired, Cogen and Gas-fired projects	PRC Hydro projects	PRC Wind projects			PRC Solar projects
For the year ended 31 December 2020							
Revenue	596.3	121.4	30.9	265.9	104.8	30.6	1,149.9
Operating expenses	(534.3)	(106.0)	(17.5)	(116.8)	(45.1)	(42.7)	(862.4)
Operating profit	62.0	15.4	13.4	149.1	59.7	(12.1)	287.5
Profit for the year	33.0	68.0	11.7	95.9	28.3	(69.3)	167.6
Profit attributable to equity shareholders of the Company	33.0	66.2	11.0	92.9	28.3	(69.3)	162.1

### ***Korea Projects***

The utilization hours of our Korea gas-fired plants increased from 4,320 hours to 4,621 hours in 2021, which was mainly due to an increase in the load of power grid dispatch in 2021 and an overhaul undergone in 2020.

Net profit decreased from US\$33.0 million to US\$24.1 million, which was mainly attributable to lower gross margin in gas-fired plants.

### ***PRC Coal-fired, Cogen and Gas-fired Projects***

The substantial drop in profit for the year from US\$68.0 million to loss of US\$16.7 million was mainly attributable to the one-off gain on the disposal of the Jinqiao JV amounted to US\$18.1 million in 2020 as well as the surge in market coal price in the second half of 2021, which led to a substantial decrease in profit of our associates by US\$66.9 million.

### ***PRC Wind Projects***

In 2021, the Group's newly commissioned attributable installed capacity of wind projects amounted to 888.3 MW. The increase in revenue was mainly attributable to (1) contribution from newly commissioned wind projects; (2) better wind resources which led to the increase in average utilization hours from 2,009 hours to 2,383 hours as well as the increase in power generation. Overall, the operating profit soared to US\$295.0 million.

### ***PRC Solar Projects***

In 2021, the Group's newly commissioned attributable installed capacity of solar projects amounted to 48.2 MW. The increase in revenue was mainly attributable to (1) contribution from newly commissioned solar projects; (2) better solar resources which led to the increase in average utilization hours from 1,348 hours to 1,440 hours as well as the increase in power generation. The profit increased from US\$28.3 million in 2020 to US\$40.6 million in 2021.

## ***Installed Capacity***

The attributable installed capacity of the Group's power assets as of 31 December 2021 and 2020 by fuel type are set out as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>(MW)</b>	<b>(MW)</b>
<b>Clean and renewable energy portfolio</b>		
Wind	<b>3,849.4</b>	2,961.1
Solar	<b>1,136.8</b>	1,088.6
Gas-fired	<b>1,655.0</b>	1,655.0
Hydro	<b>94.1</b>	137.3
Biomass	<b>109.5</b>	–
Subtotal	<b>6,844.8</b>	5,842.0
<b>Conventional energy portfolio</b>		
Coal-fired	<b>989.8</b>	1,138.6
Oil-fired	<b>507.0</b>	507.0
Cogen	<b>63.0</b>	63.0
Subtotal	<b>1,559.8</b>	1,708.6
<b>Total attributable installed capacity</b>	<b>8,404.6</b>	<b>7,550.6</b>

In 2021, the newly added consolidated installed capacity of the Group was 1,159.3 MW. In particular, the newly added consolidated installed capacity of wind power was 1,002.0 MW, the newly added consolidated installed capacity of solar power was 47.8 MW and the newly added consolidated installed capacity of biomass power was 109.5 MW.

In 2021, the Group steadily promoted the development of its wind power business. The newly added consolidated installed capacity was mainly distributed by region as follows: (1) 307.5 MW in Jiangsu Province, (2) 231.2 MW in Zhejiang Province, (3) 100.0 MW in Heilongjiang Province, (4) 90.4 MW in Henan Province, (5) 70.0 MW in Hunan Province, (6) 68.1 MW in Qinghai Province, (7) 52.8 MW in Jiangxi Province, (8) 46.8 MW in Gansu Province and (9) 35.2 MW in Anhui Province.

In 2021, the Group's two offshore wind power projects, i.e. Rudong H8# project in Jiangsu Province (with a consolidated installed capacity of 300 MW) and Shengsi 5# and 6# projects in Zhejiang Province (with a consolidated installed capacity of 281.25 MW), were connected to the grid in full capacity as planned.

In 2021, the Group further strengthened the development of its solar power business. The newly added consolidated installed capacity was mainly distributed by region as follows: (1) 30.0 MW in Guizhou Province, (2) 14.0 MW in Gansu Province and (3) 3.8 MW in Hunan Province.

In addition, the Group commenced commercial operation of the 109.5 MW Daesan biomass project in Korea in the first half of 2021.

As at 31 December 2021, the consolidated installed capacity of the Group reached 7,745.3 MW.

In 2021, the newly added attributable installed capacity of the Group was 1,046.0 MW. In particular, the newly added attributable installed capacity of wind power was 888.3 MW, the newly added attributable installed capacity of solar power was 48.2 MW and the newly added attributable installed capacity of biomass power was 109.5 MW.

In the first half of 2021, the attributable installed capacity of the coal-fired projects of the Group decreased by 148.8 MW, as the Group's Nanyang General Light coal-fired project in Henan Province entered into an asset transfer agreement with a third party and completed the relevant asset transfer. In the second half of 2021, the attributable installed capacity of the hydro projects of the Group decreased by 43.2 MW, as the cooperation of Group's Zuojiang hydro project in the Guangxi Zhuang Autonomous Region with a local partner ended and the hydro power station was officially handed over to the local partner for operation and management.

As at 31 December 2021, the attributable installed capacity of the Group reached 8,404.6 MW, representing a year-on-year increase of 11.3%. In particular, the attributable installed capacity of wind power amounted to 3,849.4 MW, representing a year-on-year increase of 888.3 MW or 30.0%; whereas the attributable installed capacity of solar power amounted to 1,136.8 MW, representing a year-on-year increase of 48.2 MW or 4.4%. The wind power and solar power accounted for 59.3% of the Group's attributable installed capacity.

The Company has been adhering to the principle of high-quality development and expedited project construction. It is expected that the growth of new operating capacity in 2022 will remain steady.

## ***Safety Management***

During the development process, the Company has always insisted on taking President Xi Jinping's important statement on safety production and the thought of ecological civilization as the fundamental guidelines, fully recognized that safety is our top priority, insisting that the people and life be paramount, adhering to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence", and incorporating the work style focusing on "Stringency, Prudence, Meticulousness and Pragmatism" into our corporate safety culture and continuously cultivating it. In 2021, the Company's overall safety, quality and environmental control was stable but progressive, the safe production trend was generally under control, the safety culture of organizations at all levels and the safety awareness of employees were enhanced on a continuous basis, which facilitated the continuous enhancement of a culture of transparency.

Supervising the implementation of responsibilities: The Company combined the latest requirements of the Safety Production Law with the full establishment of a safety production responsibility system for all employees, and formed a safety responsibility list covering all positions with the purpose of "One Position, One List". Staff member of each unit would be comprehensively evaluated in respect of their performance in safety, quality and environment based on the daily points, performance-based interviews and performance results, and completed the supervision over senior, mid-level and basic-level management leaders regarding their safety, quality and environment performance.

Strengthened standardized construction: The Company has attached great importance to the standardized construction of safety, quality and environmental matters, implemented a special supervision mechanism for standardization, comprehensively revised the safety, quality and environmental standardization assessment standards, established a standardized action list, system list, record list and account list, sorted out the required actions for standardized construction, and guided the sites for the standardized construction.



Establishment of dual-prevention mechanism: The Company has further improved its safety risk grading and control mechanism and the mechanism for detection and management of hidden risks. In accordance with the characteristics of the new energy industry, the Company has compiled internal risk assessment standards and conducted quantitative and graded safety risk assessment and early warning for each unit on a monthly basis, so as to increase the intensity of attention and supervision. The Company has also formed a safety checklist database to guide basic units to carry out safety inspections and hidden risk detection.

Focusing on the three-year action plan: The Company has established a three-year action plan in relation to administrative measures to clarify work objectives, summarize, evaluate and report on the work mechanism, dynamically supplement and adjust the list of hidden issues and the system list, continuously increase resource and capital investments, and set up a work promotion and award incentive mechanism for the three-year action plan to focus on solving important and difficult safety production issues.

Adhering strictly to epidemic prevention and control: Bearing in mind its role as a state-owned enterprise and its highest political standing, the Company strengthened the operation of a prevention guidance mechanism dedicated for the COVID-19 outbreak, formed an epidemic prevention system featuring diversified, recurring and long-term multi-disease prevention and civil-military integration, and adhered to the tight, speedy and strict prevention and control standards on a long-term basis.

### ***Project Construction***

In the face of multiple challenges such as short construction period, tight supply, and recurrent outbreaks, the Company's engineering army has always adhered to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence", promoted the progress of project construction in an orderly manner, and made every effort to win the battle of putting offshore and onshore projects into operation. First, to promote process supervision continuously and improve the progress of project construction. Second, to strengthen the refined management and control of the whole process continuously, and for the cost control at the leading level in the industry. Third, to comprehensively strengthen overall planning, to optimize organizational management continuously, to lock in vessel and machinery resources in a timely manner, to strictly control key links in order to win the battle of putting offshore wind power projects into operation, to achieve industry leadership and facilitate the continuous high-quality development of the Company.



### ***Onshore Development of Preliminary Projects***

In 2021, in the face of wind power and photovoltaic power achieving full grid-parity and the first year of the “14th Five-Year Plan”, as well as the increased difficulty in project development caused by policy changes in the new era, the Company strictly controlled the quality of project development, ensured high-quality resource reserves, and actively participated in the application of guaranteed projects and market-oriented projects in various provinces. The Company independently planned projects according to local conditions, focused on key areas, and formed a development strategy of “one policy for one province” and “one policy for one project”.

In 2022, the Company will pay close attention to the new energy policies of the country and various regions, accurately grasp the market situation, adhere to the priority of efficiency, technology leadership and innovation drive, focus on the development of high-quality projects, and actively promote the application of new technologies and new models. The Company will adhere to open cooperation with three major alliances of “strategy, technology and industry” to form a development community. The Company will adhere to the pilot program first, actively integrate with the national strategy of “rural revitalization”, and develop rooftop distributed photovoltaic and decentralized wind power businesses throughout the county, which will make greater contributions to the realization of carbon peak and carbon neutrality.

### ***Offshore Wind Power***

In 2021, the major focus of the PRC offshore wind power industry was the centralized construction of parity projects, with an additional annual capacity of 16.9 GW for grid-connected offshore wind power projects. With the local policies in relation to offshore wind power during “14th Five-Year Plan” became gradually clearer, it is expected that each offshore-related province will carry out a new round of offshore wind power project approval from 2022 onwards.

The Company has maintained steady development of offshore wind power business, and have planned in advance and make reasonable deployment with reference to national policies and the Company’s overall strategies such that the Company can make every effort to complete its goals. In 2021, the Company’s Rudong H8# project in Jiangsu Province and Shengsi 5# and 6# projects in Zhejiang Province were connected to the grid in full capacity as planned.

## ***Power Generation***

The power generation (GWh) of the projects of the Group are set out as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2020</b>
PRC wind projects	<b>7,624.3</b>	4,452.4
PRC solar projects	<b>1,590.1</b>	1,362.4
PRC cogen and gas-fired projects	<b>418.2</b>	430.8
PRC hydro projects	<b>759.5</b>	875.7
Korea projects	<b>7,769.9</b>	6,703.9
<b>Total</b>	<b><u>18,162.0</u></b>	<b><u>13,825.2</u></b>

Throughout 2021, the Group's production, operation and maintenance activities focused on lean operation and operation quality improvement, and further promoted a three-year campaign of special rectification of production safety, equipment health management and information empowerment, focusing on key tasks such as safety assurance, talent cultivation, technical supervision, quality and efficiency improvement and digital transformation to provide strong protection for stable power supply. As of 31 December 2021, the electricity generated by the Group's consolidated power generation projects amounted to 18,162.0 GWh, representing an increase of 31.4% from 13,825.2 GWh as compared with that of last year. The increase in power generation was mainly due to the contribution from newly commissioned wind and solar projects and from the increase in power generation of the existing wind and solar projects. The electricity generated by wind power projects and solar power projects reached 7,624.3 GWh and 1,590.1 GWh, representing growth rates of 71.2% and 16.7%, respectively.

The power generation from PRC hydro projects reached 759.5 GWh, representing a year-on-year decrease of 13.3%, mainly due to the end of the cooperation between the Group's Zuojiang hydro project in Guangxi Zhuang Autonomous Region and the local partner. In October 2021, the hydro power station was officially handed over to the local partner for operation and management, resulting in a decrease in power generation from PRC hydro projects in 2021.

The power generation from Korea projects reached 7,769.9 GWh, mainly from gas-fired and biomass projects, representing a year-on-year increase of 15.9%. The main reason for the increase of power generation was that the gas-fired project experienced an increase in the load of power grid dispatch in 2021 and underwent an overhaul in 2020, resulting in an increase of power generation of the Korea projects in 2021.

The total steam sold by the Group amounted to 3,299,000 tonnes, representing a slight decrease of 1.6% as compared with 2020.

The following table sets out the average utilization hour applicable to our projects for the Group:

**Average utilization hour by fuel type<sup>(1)</sup>**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	2020
PRC Wind Projects <sup>(2)</sup>	<b>2,383</b>	2,009
PRC Solar Projects <sup>(3)</sup>	<b>1,440</b>	1,348
PRC Coal-fired Projects <sup>(4)</sup>	<b>4,729</b>	4,252
PRC Cogen Projects <sup>(5)</sup>	<b>5,037</b>	5,685
PRC Hydro Projects <sup>(6)</sup>	<b>3,923</b>	4,500
Korea Gas-fired Projects <sup>(7)</sup>	<b>4,621</b>	4,320

*Notes:*

- (1) Average utilization hour is the gross electricity generated in a specified period divided by the average installed capacity in the same period.
- (2) Average utilization hours for the year ended 31 December 2021 for the PRC wind projects in major regions such as Gansu Province, Henan Province and Shandong Province were 2,043 hours, 2,456 hours and 2,276 hours, respectively. Average utilization hours for the PRC wind power projects increased mainly due to better overall wind resources which led to increase in the total volume of electricity generation.
- (3) Average utilization hours for the year ended 31 December 2021 for the PRC solar projects in major regions such as Inner Mongolia Autonomous Region, Anhui Province, Guizhou Province and Qinghai Province were 1,712 hours, 1,273 hours, 961 hours and 1,676 hours, respectively. Average utilization hours for the PRC solar power projects increased mainly due to better overall solar resources which led to increase in the total volume of electricity generation.
- (4) Average utilization hour for the PRC coal-fired projects increased in 2021 due to increase in power generation as the operations of the associates in Hubei Province continued to recover from the impact of COVID-19 pandemic in 2020.
- (5) Average utilization hour for the PRC cogen projects decreased in 2021 due to decrease in local demand, which led to decrease in total volume of power generation.
- (6) Average utilization hour for the PRC hydro projects decreased in 2021 mainly due to the end of cooperation of a hydro project with a local partner in Guangxi Zhuang Autonomous Region during the year which caused a decrease in power generation.
- (7) Our Korea gas-fired power projects had higher utilization hour in 2021 mainly due to the higher electricity generation of Yulchon I Power Project and Yulchon II Power Project as a result of an increase in the load of power grid dispatch in 2021 and an overhaul undergone in 2020.

The table below sets out the weighted average tariffs (inclusive of value-added tax (“VAT”)) applicable to the projects in the PRC and Korea for the Group for the periods indicated below:

**Weighted average tariff (inclusive of VAT)<sup>(1)</sup>**

		<b>For the year ended</b>	
	<b>Unit</b>	<b>31 December</b>	
		<b>2021</b>	<b>2020</b>
PRC Wind Projects	RMB per kWh	<b>0.54</b>	0.51
PRC Solar Projects <sup>(2)</sup>	RMB per kWh	<b>0.66</b>	0.71
PRC Coal-fired Projects <sup>(3)</sup>	RMB per kWh	<b>0.44</b>	0.43
PRC Cogen Projects <sup>(3)(4)</sup>	RMB per kWh	<b>0.45</b>	0.47
PRC Hydro Projects <sup>(5)</sup>	RMB per kWh	<b>0.30</b>	0.28
Korea Gas-fired Projects <sup>(6)</sup>	KRW per kWh	<b>116.50</b>	93.17

**Weighted average tariff-steam (inclusive of VAT)**

PRC Cogen Projects <sup>(7)</sup>	RMB per ton	<b>227.55</b>	196.85
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*Notes:*

- (1) The weighted average tariffs are affected not only by the change in the tariff for each project but also the change in net power generation for each project.
- (2) The weighted average tariff of our PRC solar projects decreased in 2021 mainly due to lower tariff of newly commissioned solar projects.
- (3) The weighted average tariffs for our PRC coal-fired and PRC cogen projects remained stable in 2021.
- (4) The weighted average tariff for our PRC cogen projects excludes steam tariff.
- (5) The weighted average tariff of our PRC hydro projects remained stable in 2021.
- (6) The weighted average tariff for Korea gas-fired projects includes the tariff for the 25.4 MW fuel cell projects owned by Yulchon I Power Project. The increase in weighted average tariff for our Korea gas-fired projects was in line with the increase in Korean gas price.
- (7) The increase in weighted average tariff of steam in 2021 was in line with the increase in PRC coal price.

The following table sets out the weighted average standard coal and gas prices (inclusive of VAT) applicable to the projects in the PRC and Korea for the Group for the periods indicated below:

		<b>For the year ended</b>	
	<b>Unit</b>	<b>31 December</b>	
		<b>2021</b>	2020
PRC weighted average standard coal price <sup>(1)(2)</sup>	RMB per ton	<b>1,226.9</b>	756.1
Korea weighted average gas price <sup>(1)(3)</sup>	KRW per Nm <sup>3</sup>	<b>566.1</b>	438.5

*Notes:*

- (1) The weighted average standard coal and the weighted average gas prices are weighted based on the consumption of gas or coal in each applicable period.
- (2) The PRC weighted average standard coal price in 2021 increased drastically compared to 2020 due to a surge in market coal price.
- (3) Our Korea weighted average gas price in 2021 increased compared to 2020 due to the increase in the prices known as the Japanese Crude Cocktail, which are calculated with reference to the average prices of crude oil imported into Japan and are an important determinant of natural gas prices in Korean markets. Yulchon I Power Project's power purchase agreement allows us to pass on the fuel cost fluctuations of the tariff to our customers in accordance with the laws.

## ***Scientific and Technological Innovation***

The Company has attached great importance to scientific and technological innovation, in 2021, it focused on the directions of digital intelligent operation and maintenance engineering, core technology innovation breakthroughs, information technology support, among others, and insisted on the core position of technological innovation, led the high-quality development of new energy with technological innovation, assisting the construction of a new power system, and contributing to the realization of the “dual-carbon” strategic goal.

*Deepen the application of intelligent operation and maintenance platform, empowering the rapid development of new energy business:*

The Company’s four centers, namely the centralized control center, early warning center, data center and safety center, have been fully rolled out, helping to transform the production, operation and maintenance business intelligently through standardization, informatization, centralization, specialization and smart operation. Upon the completion of the informatization empowerment: to construct and improve the platform modules of power marketing, financial management, commercial procurement, audit and early warning, legal compliance and operation management, helping the Company continuously improve its digitalization level.

*Focusing on key problems breakthrough and driving innovative development of production, operation and maintenance:*

The Company has closely integrated technical innovation with on-site problem solving, comprehensively strengthened the deployment of technological innovation, vigorously and orderly promoted the innovation system mechanism, gathered advantageous resources, and achievements were made in intelligent operation and maintenance of offshore wind power, reducing tripping of collector lines, and improving the photovoltaic efficiency, etc., and steadily improved the health management level of new energy equipment driven by technological innovation.

*Promote the integration project of advanced technology of offshore wind power to enhance the key capability of operation and maintenance of offshore wind power:*

The Company vigorously promoted the construction of an intelligent operation platform for offshore wind power, integrating meteorological and maritime factors, etc., focusing on improving the accuracy of offshore wind power forecasts, reducing the number of invalid maritime operations, and effectively utilizing typhoons to enhance the power generation capacity of wind farms. Since its launch, the system has effectively reduced construction, operation and maintenance costs and increased power generation revenue.

In January 2021, the Company received the “Excellence Award for Informationization of China Energy Enterprise” (中國能源企業信息化卓越成就獎) from “China Information Industry Association”. The Company will continue to promote the innovation-driven strategic project, focusing on technological innovation and informational support to achieve high-quality sustainable development.

### ***Social Responsibility***

In 2021, the Company stood on a new starting point of effectively connecting the consolidation and expansion of the results of poverty alleviation as well as rural revitalization. The Company went all out and set off again and continued to strive hard in the new journey of rural revitalization. The Guangxi branch of the Company received the honorable title of “Regional Outstanding Institution for Poverty Alleviation” (全區脫貧攻堅先進集體) of Guangxi Zhuang Autonomous Region.

In 2021, the Company prevented more than ten rounds of sudden pandemic challenges systematically and upheld the goals of “zero internal infection and zero internal spread”, which has made active contributions to the anti-pandemic efforts of China. Facing the extremely heavy rainfall in the Henan region, the Company deployed in a unified manner and promptly responded, which guaranteed the electricity supply in the affected areas. At the same time, coupled with the local actual situations, the Company’s projects actively carried out various types of consolation, educational assistance and science promotion activities.

### ***Exchange of Ideas with Industrial Peers***

In 2021, the Company participated in a number of conferences in relation to power industry, in which the Company had discussion and analysis with representatives from industry authorities and experts over the development of the industry and hot issues that were widely concerned by various sectors of the industry.



In July 2021, the Company participated in the “6th Global Offshore Wind Summit” in Nanning, China. With the theme of “Deepening Innovation and Multi-Energy Integration – Offshore Wind Power Helps Achieve Carbon Neutrality” (深化創新，多能融合—海上風電助力碳中和目標實現)，the conference focused on in-depth discussion of certain industrial hot topics such as the path for offshore wind power to help achieve carbon neutrality, the means to reduce cost of electricity under the price parity, carry out strategic development planning and conduct technological innovation and inter-industry cooperation, etc.

In September 2021, the “2021 Wind Energy Business Leaders’ Symposium” was held in Beijing, China, and the Company participated in the discussion session. The symposium focused on how the wind power industry can seize the historical opportunity period brought by the “dual-carbon” strategy. The issues such as rising non-technical costs, vicious competition, price fluctuations in the industry chain, ecological and environmental protection, as well as consumption access, etc., were communicated and discussed.

In October 2021, the “14th CWP” (China Wind Power) was held in Beijing, China, with the theme of “Carbon Neutrality – New Opportunities for Wind Power Development” (碳中和—風電發展的新機遇)。The Company was invited to participate in its opening ceremony and the summit forum therein. The conference forum discussed the construction of a new type of power system, which requires both vigorous development of wind power and the mutual support and integrated utilization of multiple energy sources, having joint efforts from the power generation side, the power grid side and the consumer side.

In October 2021, the “1st BFA Global Economic Development and Security Forum” was held in Changsha, China, and the Company attended the “Promoting Global Ecological Security through Carbon Neutrality” sub-forum session and participated in the discussion, which focused on “energy as the main battlefield under the dual-carbon target”, and systematically elaborated on how to build a new power system with new energy as the mainstay, and how to transform the development approach from resource-dependent to technology-dependent. China’s proposed “dual-carbon” target is of great significance to the global response to climate change and maintenance of ecological security, and the development of green and low-carbon energy has become a common choice for the global response to climate change.

In the context of the “dual-carbon goal”, the new energy sector will embrace huge development opportunities, and the development of the industry has taken a big step into the fast lane. The Company has demonstrated its responsibility as a state-owned enterprise and will steadily maintain its strategic determination to vigorously develop new energy and grasp the opportunities in the wind power and photovoltaic sectors.

## ***Brand Promotion: Recognitions and Awards***

The Company has adhered to the basic principles of “Safety First, Quality Foremost and Pursuing Excellence”, continued to focus on the new energy market, and firmly moved toward the development direction led by the “dual-carbon” goal to promote the country’s green development.

The Company has always attached great importance to the field of investor relations. In January 2021, the Company won the “Best Energy and Resources Company” award at the “Fifth Golden Hong Kong Stocks Annual Awards Ceremony” (第五屆金港股年度頒獎盛典), demonstrating the high recognition of the Company’s construction and development achievements in the new energy field by the Hong Kong capital market. In March 2021, the Company won the “Most Innovative Value Award in the Guangdong-Hong Kong-Macao Greater Bay Area” (粵港澳大灣區最具創新價值大獎) in the first “Navigation ‘9+2’ Guangdong-Hong Kong-Macao Greater Bay Area Awards” (領航‘9+2’粵港澳大灣區獎項) campaign, which signified that the Company continued to receive market attention and recognition for its value contribution to the new energy sector in the Greater Bay Area and helped the Company further enhance its brand influence.

The Company has long valued the positive interactions with investors. In September 2021, the Company won 2 awards: the “Best IR Company” and “Best Annual Report” awards at the prize-awarding ceremony of the “7th Investor Relations Awards of the Hong Kong Investor Relations Association (HKIRA)”. In December 2021, the Company won the “Best Shareholder Relationship Award” at the “2022 Investor Relations Innovation Summit for Listed Companies and the Fifth China Excellence IR Awards Ceremony” jointly organized by “Roadshow China” and its brand “Excellence IR”.

The long-term development of an enterprise is inseparable from an experienced management team. In 2021, Mr. Lee Kin, the Company’s Assistant President and Company Secretary, won 3 awards: the “Best Investor Relations Officer”, “Best Secretary of Board of Directors of Listed Companies” and “Best Secretary of the Board” awards at the “7th Investor Relations Awards of the HKIRA”, the “11th China Securities Golden Bauhinia Award” and “2021 China Financial Market Award”, respectively.

The Company has unified its strategic deployment, further enhanced the corporate transparency, and achieved remarkable results in corporate governance with the unremitting efforts of all employees. In the context of “dual-carbon”, the Company has continued to improve its corporate governance capabilities with a work style of “Stringency, Prudence, Meticulousness and Pragmatism”, and deepen its core business of new energy. In December 2021, the Company won the “Best Listed Company” and “Best Corporate Governance” awards in the “2021 China Financial Market Award” campaign, further demonstrating the Company’s sustainable development in business operations and corporate governance has been highly recognized by the capital market.

In terms of project construction, in February 2021, the Company's Wuhai photovoltaic base project in Inner Mongolia Autonomous Region with a capacity of 50 MW received the national award of "China Installation Works Merit Award (China Installation Star)" (中國安裝工程優質獎 (中國安裝之星)) from "China Installation Association" (中國安裝協會), which is the highest honor in the field of construction of installation works in China and fully reflects the Company's pursuit for strict quality control and striving for excellence in project construction. In October 2021, the project was successfully selected into the "National Major Project Archives–Energy Volume (Part 1)".

Meanwhile, the Company adhered to China's power engineering quality goals such as "effective management, innovative technologies, energy conservation and emission reduction". In May 2021, the Dangtu Photovoltaic Power Station in Anhui Province with a capacity of 260 MW received the "2021 China Quality Electric Power Project Award" (2021年度中國電力優質工程獎), the highest honor in recognition of the quality in China's electric power construction industry, which represents the advanced level of its kind in the corresponding period. In December 2021, the project once again won the national award – "National Quality Engineering Award".

In November 2021, the Chahar Right Middle Banner (Haopu) Photovoltaic Power Station in Inner Mongolia Autonomous Region with a capacity of 30 MW was awarded the honorary title of "AAAA-level Unit in the Benchmarking of Production and Operation Statistical Indicators for National Solar Photovoltaic Power Stations in China in 2020" issued by the "China Electricity Council". The power station is recognised by virtue of its excellent performance in terms of power generation indicators, energy consumption indicators and equipment operation levels.

In the future, the Company will continue to implement the strategy of strengthening the country by quality, earnestly carry forward the spirit of national excellence, set a good example of high-quality projects, continue to promote the application of innovative technologies, so as to contribute to the high-quality development of the new energy industry.

In September 2021, the Company's "Power Marketing Information Management and Spot Intelligent Auxiliary Decision Making Platform" won the first prize of "Golden Apple Award" in the technical achievement category for power scientific and technological achievements at the "China Electricity Technology Market Association". Since the platform was officially launched and put into operation in December 2020, it has been rapidly integrated into the Company's power marketing in terms of data-driven, efficiency improvement, scientific decision-making, and comprehensive management and control, and has become the basic guarantee for the progress in power marketing.

In the future, the Company will reduce the workload of front-line business personnel in power marketing and increase revenue from marketing business through digital means, and provide strong support for the Company's long-term, high-quality and healthy development.

#### **IV. Risk Factors and Risk Management**

##### ***Risks Relating to the Industry***

Our power projects are located in the PRC and Korea, both of which have undergone, and may continue to undergo, regulatory changes. Governmental regulations affect all aspects of our power project operations, including the amount and timing of electricity generation, the setting of tariffs, compliance with power grid controls, dispatch directives and environmental protection. Regulatory changes in the PRC and Korea can affect, among other things, dispatch policies, clean and renewable energy and environmental compliance policies and tariffs, and may result in a change of tariff setting procedures or mandatory installation of costly equipment and technologies to reduce environmental pollutants.

Further, the solar power projects are highly dependent on solar illumination conditions, and the wind power projects are dependent particularly on wind conditions. Extreme wind or weather conditions could lead to downtime of the wind power projects. Solar illumination conditions and wind conditions vary across seasons and locations, and could be unpredictable and are out of our control.

### ***Risk Relating to Fuel Cost***

The non-renewable energy power projects of the Group require supplies of coal, oil and gas as fuel. Fuel costs represent a significant portion of our operating expenses and the operating expenses of our associates. The extent to which our profit is ultimately affected by the cost of fuel depends on our ability to pass through fuel costs to our customers as set out under the relevant regulatory guidelines and the terms of our power purchase agreement for a particular project, as we currently do not take any measures to hedge our exposure to fuel price fluctuations. Our fuel costs are also affected by the volume of electricity generated because the coal consumption rate of coal-fired and cogen power projects decreases when we generate more electricity as a result of economies of scale. In the PRC, government tariff regulations limit our ability to pass through changes in fuel costs. In Korea, while our Yulchon I Power Project is able to pass through our exposure to fuel price fluctuations through fuel cost pass through provisions in the tariff formula, our Yulchon II Power Project and Daesan I Power Project receive payments based on the system marginal price, which is influenced by market demand and supply, and may not fully reflect the power plants' respective fuel price fluctuations. Our diversified generation portfolio enables us to diversify the risks that we would face to utilize a single resource for electricity generation. In particular, our exposure to several fuel types mitigates risks such as price increases in or the availability of any particular fuel source.

### ***Interest Rate Risk***

We are exposed to interest rate risk resulting from fluctuations in interest rates on our debt with floating interest rates based on market prevailing rates. We undertake debt obligations to support asset acquisition and general corporate purposes including capital expenditures and working capital needs. Certain amount of our indebtedness is calculated in accordance with floating interest rate or interest rate that are subject to adjustment by our lenders. We periodically review the ratio of debt with floating interest rates to debt with fixed rates, taking into account the potential impact on our profit, interest coverage and cash flows.

### ***Foreign Exchange Risk***

The functional currency of the Company is US dollars, and our reportable profit is affected by fluctuations in foreign currency exchange rates. We collect most of our revenue from our projects in Renminbi and Korean Won, some of which are converted into foreign currencies to (1) purchase foreign-made equipment and parts for repair and maintenance; (2) make investments in certain joint ventures or acquire interests from other companies; (3) pay out dividends to the shareholders of our project companies; and (4) repay our outstanding debt. By managing and monitoring the risks of foreign currency, we ensure that appropriate measures are adopted effectively in a timely manner.

## V. Prospects

The Company will continue to enhance its works in four major areas, namely the safety, quality and environment management, business integrity, legal and compliance management, and prevention and control of major risks. In 2022, while high-quality development will remain as the Company's top priority, we will focus on exploring and cultivating incremental business, taking multiple measures and making continuous enhancement, cultivating its existing assets. The Company will also keep on strengthening and enhancing its traditional business to ensure that it maintains a leading role in the industry.

1. Strive to strengthening the construction of ideological style under the high quality management of and guidance from the CPC party, with an aim to create a good enterprise culture that fosters practical work, entrepreneurship and accountability at all levels:

Firstly, to roll out the ideological style construction at all levels and take up the responsibility of development. Secondly, to improve our system and mechanism in order to build a team of high-quality professional talent. Thirdly, to strengthen the base level of the party's organizational structure with an aim to build a strong backup power. Fourthly, to rectify issues found during inspection in an effective and efficient manner.

2. To boost development through reformation and seek breakthroughs with innovation by furthering our reformation and technological innovation, so as to fuel up the Company's high-quality development:

Reformation can ignite power and help solving the issues encountered during development. Firstly, to accomplish every task set out in our three-year action plan. Secondly, to intensify the reformation of regional companies. Thirdly, to strengthen differentiated salary assessment and incentive. Fourthly, to optimize the management and control model.

At the same time, the Company will continue to strengthen scientific and technological innovation capabilities, bringing up new momentums for the Company.

3. Focus on winning the battle of project commissioning, implementing strict control over project progress, quality and cost:

To carry out strict control over the progress, quality and cost of the projects to maintain the leading position in the industry; to fully coordinate resources to ensure the completion and delivery of the existing projects.

4. Focus on winning the battle of market development, and actively explore new modes of development of traditional parity and bidding projects, large base projects and extended business:

In terms of innovative regular project development mode, firstly, to grasp the market opportunities, carry out concurrent development of wind power and photovoltaic power, and continuously optimize our business structure; secondly, to give full play to the advantages of CGN Group's internal synergy; thirdly, to further deepen strategic cooperation to achieve complementary advantages and win-win cooperation. At the same time, to optimize the allocation of resources, promote large market synergy within CGN Group, promote linkages with nuclear technology, energy conservation and environmental protection industries, and further coordinate, guide and assist regional companies in striving for projects. In terms of extended business development, to accelerate the development of integrated smart energy and independent energy storage projects, wind and solar power distribution and storage projects, etc.



5. Focusing on winning the battle of lean management, seeking breakthroughs and benefits in lean operations and maintenance, power marketing, and cost-saving and revenue-generating:

Guided by the high-quality development indicator system, the Company will strengthen multi-dimensional benchmarking management and comprehensively improve its operating efficiency. In terms of lean operation and maintenance, firstly, to strengthen the benchmarking management; secondly, to strengthen the equipment quality management; thirdly, to continuously improve the operation and maintenance management capabilities of offshore wind power; fourthly, to continuously enhance the Company's central business through informatization. In terms of power marketing, according to the general idea of integration of generation and marketing as well as value preservation and appreciation, the value of value-added service regarding power marketing will be effectively explored and released: first, based on customer demand, to vigorously develop the end market, excavate deeply of electricity customers; second, to do well of coordinating the businesses in relation to purchase and sale of electricity, value-added services, as well as green electricity and green certificates; third, to continuously improve the electricity marketing system and strengthen the Company's standardized system of transaction management. In terms of cost-saving and revenue-generating, to strictly implement cost reduction and efficiency measures.

## **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

No important event or transaction affecting the Group and which is required to be disclosed by the Company to its Shareholders has taken place after 31 December 2021.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.



## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2021, the Company has complied with all the code provisions of the Corporate Governance Code.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted its own Code for Securities Transactions by Directors, the stipulations of which are no less exacting than those set out in the Model Code, as a code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards in respect of securities transactions by the Directors set out in the Model Code and the Company's Code during the year ended 31 December 2021.

## **REVIEW OF ANNUAL RESULTS**

The Group's annual results for the year ended 31 December 2021 have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF KPMG**

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

## **FINAL DIVIDEND**

The Board recommended a final dividend of 0.86 US cents per Share (equivalent to 6.72 HK cents per Share). As at 22 March 2022, 4,290,824,000 Shares were in issue. If the recommendation is approved, the final dividend of 0.86 US cents per Share (equivalent to 6.72 HK cents) will be payable on Tuesday, 21 June 2022 to registered Shareholders as at Friday, 10 June 2022.

For the purpose of determining the entitlement to the proposed final dividend, the register of members will be closed from Wednesday, 8 June 2022 to Friday, 10 June 2022, both days inclusive. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Tuesday, 7 June 2022.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting will be held on Tuesday, 24 May 2022 at 10:00 a.m. A circular containing, inter alia, the information required by the Listing Rules concerning (1) re-election of retiring Directors; and (2) grant of general mandates to repurchase Shares and to issue new Shares, together with the notice of the Annual General Meeting, will be published and despatched to the Shareholders in the manner as required by the Listing Rules on or before 19 April 2022.

For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Wednesday, 18 May 2022.

## **PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cgnne.com](http://www.cgnne.com)). The 2021 annual report of the Company containing all the information required by the applicable Listing Rules will be despatched to the Shareholders and available on the above websites on or before 19 April 2022.

## DEFINITIONS

“Annual General Meeting”	an annual general meeting of the Company for the year 2022 to be held on Tuesday, 24 May 2022 or any adjournment thereof
“Board”	the board of Directors of the Company
“CGN”	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
“CGN Energy International”	CGN Energy International Holdings Co., Limited (中國廣核能源國際控股有限公司), an indirectly wholly-owned subsidiary of CGN incorporated in Hong Kong with limited liability and the immediate shareholder of the Company
“CGN Group”	CGN and its subsidiaries
“Company”	CGN New Energy Holdings Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Company’s Code”	Code for Securities Transactions by Directors of the Company
“Corporate Governance Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Daesan I Power Project”	a 507.0 MW oil-fired project in Korea
“Directors”	the directors of the Company
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries from time to time
“GW”	gigawatt, equal to one million kilowatts
“GWh”	gigawatt-hour, or one million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power projects

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Jinqiao JV”	Shanghai Meiya Jinqiao Energy Co., Ltd. (上海美亞金橋能源有限公司), which is a limited company established in the PRC in the form of sino-foreign equity joint venture
“Korea”	the Republic of Korea
“KRW”	Korean Won, the lawful currency of Korea
“kWh”	kilowatt-hour, the standard unit of energy used in the power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“MW”	megawatt, or one million watts. The installed capacity of power projects is generally expressed in terms of MW
“NDRC”	National Development and Reform Commission of the PRC
“NEA”	National Energy Administration of the PRC
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company

“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TWh”	terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country
“US\$” or “US dollar(s)”	United States dollars, the lawful currency of the United States of America
“Yulchon I Power Project”	a 577.4 MW gas-fired project in Korea
“Yulchon II Power Project”	a 946.3 MW gas-fired project in Korea
“%”	per cent.

By order of the Board  
**CGN New Energy Holdings Co., Ltd.**  
**Li Yilun**  
*President and Executive Director*

Hong Kong, 22 March 2022

*As at the date of this announcement, the Board comprises seven Directors, namely:*

<i>Chairman and non-executive Director</i>	:	<i>Mr. Chen Sui</i>
<i>Executive Directors</i>	:	<i>Mr. Li Yilun (President) and Mr. Zhang Zhiwu</i>
<i>Non-executive Director</i>	:	<i>Mr. Wang Hongxin</i>
<i>Independent non-executive Directors</i>	:	<i>Mr. Wang Minhao, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick</i>