中广核 CGN

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 2023

HIGHLIGHTS OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

- Revenue for the year ended 31 December 2023 amounted to US$2,193.0 million, representing a decrease of 9.8% from US$2,430.1 million for the year ended 31 December 2022.
- Profit attributable to equity shareholders of the Company for the year ended 31 December 2023 amounted to US$267.7 million, representing an increase of 37.2% from US$195.1 million for the year ended 31 December 2022.
- The increase in profit was mainly attributable to (1) the decrease in impairment losses recognized in respect of property, plant and equipment; and (2) share of results of associates turned around from loss to profit.
- If one-off adjustments were taken out, which mainly include (1) post-tax impairment losses recognized in respect of property, plant and equipment of US$7.7 million and US$61.8 million in 2023 and 2022 respectively, and (2) impairment losses recognized in respect of goodwill of US$8.7 million in 2023, the profit attributable to equity shareholders of the Company for the year ended 31 December 2023 would have increased by 10.6% comparing with last year.
- Earnings per share for the year ended 31 December 2023 amounted to 6.24 US cents, representing an increase of 37.2% from 4.55 US cents for the year ended 31 December 2022.
- The Board recommended the payment of a final dividend for the year ended 31 December 2023 of 1.56 US cents per Share (equivalent to 12.17 HK cents per Share), totalling approximately US$66.9 million (equivalent to approximately HK$522.0 million), which is calculated based on 4,290,824,000 Shares in issue on 26 March 2024 (equivalent to 25% of profit for the year attributable to equity shareholders of the Company for the financial year of 2023 as dividends).

The Board is pleased to announce the annual results of the Group for the year ended 31 December 2023, together with the comparative figures for the corresponding period in 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	US$'000	*US$'000*
		(Restated)
		(Note)
Revenue	**2,192,977**	2,430,056
Operating expenses:		
Coal, oil, gas and wood pellet	**983,336**	1,247,302
Depreciation of property, plant and equipment	**343,740**	335,969
Repair and maintenance	**31,358**	29,971
Staff costs	**120,313**	109,395
Recognition of loss allowance of trade and other receivables and contract assets	**8,593**	2,791
Other operating expenses	**153,144**	114,976
Total operating expenses	**1,640,484**	1,840,404
Operating profit	**552,493**	589,652
Other income	**19,774**	42,699
Other gains and losses	**(9,996)**	(69,000)
Finance costs	**(212,765)**	(227,105)
Share of results of associates	**3,022**	(63,252)
Profit before taxation	**352,528**	272,994
Income tax	**(72,895)**	(58,571)
Profit for the year	**279,633**	214,423

	2023	2022
	US$'000	*US$'000*
		(Restated)
		(Note)
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit retirement scheme assets	**(654)**	980
Items that are/may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations	**(41,414)**	(182,042)
Effective portion of changes in fair value of hedging instruments recognized during the year	**(8,436)**	(8,793)
Deferred tax credited arising from fair value change in hedging instruments	**1,949**	2,222
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	**(109)**	(110)
– deferred tax credit arising on release of hedging reserve	**26**	25
– release of cumulative gain of translation reserve included in profit or loss upon deconsolidation of subsidiaries	**(2,485)**	–
Other comprehensive income for the year	**(51,123)**	(187,718)
Total comprehensive income for the year	**228,510**	26,705
Profit for the year attributable to:		
Equity shareholders of the Company	**267,685**	195,149
Non-controlling interests	**11,948**	19,274
	279,633	214,423
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	**219,565**	18,341
Non-controlling interests	**8,945**	8,364
	228,510	26,705
Earnings per Share		
– Basic *(US cents)*	**6.24**	4.55
– Diluted *(US cents)*	**6.24**	4.55

Note: The Group has initially applied the amendments to IAS 12 at 1 January 2023. Under the amendments, the comparative information is restated. See Note 3.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	At 31 December	
	2023	2022
	US$'000	*US$'000*
		(Restated)
		(Note)
NON-CURRENT ASSETS		
Property, plant and equipment	**5,883,410**	5,812,394
Right-of-use assets	**131,916**	105,248
Goodwill	**143,352**	154,596
Interests in associates	**75,929**	74,268
Deferred tax assets	**27,004**	24,757
Financial assets designated at fair value through other comprehensive income	**3,354**	3,411
Net defined benefit retirement scheme assets	**397**	170
Other non-current assets	**316,805**	276,177
	6,582,167	6,451,021
CURRENT ASSETS		
Inventories	**44,648**	66,328
Trade receivables	**766,028**	739,314
Contract assets	**368,146**	354,219
Other receivables and prepayments	**163,171**	111,458
Amounts due from fellow subsidiaries	**12,562**	5,494
Tax recoverable	**19**	524
Derivative financial instruments	**–**	8,300
Pledged bank deposits	**111,735**	152,270
Short-term bank deposits	**14,166**	14,359
Cash and cash equivalents	**287,500**	440,646
	1,767,975	1,892,912

	At 31 December	
	2023	2022
	US$'000	*US$'000*
		(Restated)
		(Note)
CURRENT LIABILITIES		
Trade payables	**108,671**	223,028
Contract liabilities	**3,959**	4,569
Other payables and accruals	**437,322**	483,420
Amounts due to fellow subsidiaries	**107,045**	110,743
Amounts due to non-controlling shareholders		
– due within one year	**3,209**	899
Loans from fellow subsidiaries		
– due within one year	**817,324**	651,952
Bank borrowings – due within one year	**494,635**	957,392
Lease liabilities – due within one year	**6,209**	4,864
Government grants	**191**	194
Tax payable	**24,061**	30,390
	2,002,626	2,467,451
NET CURRENT LIABILITIES	**(234,651)**	(574,539)
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,347,516**	5,876,482
NON-CURRENT LIABILITIES		
Other payables and accruals		
– due after one year	**7,148**	3,409
Amount due to a non-controlling shareholder		
– due after one year	**1,209**	1,154
Loans from fellow subsidiaries		
– due after one year	**592,782**	876,591
Bank borrowings – due after one year	**3,953,520**	3,407,088
Lease liabilities – due after one year	**45,398**	32,378
Government grants	**6,697**	7,519
Deferred tax liabilities	**52,203**	48,787
	4,658,957	4,376,926
NET ASSETS	**1,688,559**	1,499,556

	At 31 December	
	2023	2022
	US$'000	*US$'000*
		(Restated)
		(Note)
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves	**1,544,536**	1,362,170
Total equity attributable to equity shareholders of the Company	**1,544,591**	1,362,225
Non-controlling interests	**143,968**	137,331
TOTAL EQUITY	**1,688,559**	1,499,556

Note: The Group has initially applied the amendments to IAS 12 at 1 January 2023. Under the amendments, the comparative information is restated. See Note 3.

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 2023

	Power plants in the PRC *US$'000*	**Power plants in Korea** *US$'000*	**Management companies** *US$'000*	**Total** *US$'000*
Segment revenue – external	**1,012,714**	**1,151,008**	**29,255**	**2,192,977**
Segment results	**303,791**	**91,246**	**1,393**	**396,430**
Unallocated other income				**37**
Unallocated operating expenses				**(3,532)**
Unallocated finance costs				**(43,429)**
Share of results of associates				**3,022**
Profit before taxation				**352,528**

For the year ended 31 December 2022

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'000*
Segment revenue – external	1,024,780	1,377,435	27,841	2,430,056
Segment results	287,229	85,096	1,326	373,651
Unallocated other income				32
Unallocated operating expenses				(5,796)
Unallocated finance costs				(31,641)
Share of results of associates				(63,252)
Profit before taxation				272,994

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

	At 31 December	
	2023	2022
	US$'000	*US$'000*
		(Restated)
Segment assets		
Power plants in the PRC	**6,894,919**	6,743,376
Power plants in Korea	**1,335,257**	1,481,181
Management companies	**954**	3,050
Total segment assets	**8,231,130**	8,227,607
Interests in associates	**75,929**	74,268
Unallocated		
– Right-of-use assets	**1,136**	2,258
– Others	**41,947**	39,800
Consolidated assets	**8,350,142**	8,343,933
Segment liabilities		
Power plants in the PRC	**5,201,487**	5,150,238
Power plants in Korea	**647,951**	876,975
Management companies	**573**	772
Total segment liabilities	**5,850,011**	6,027,985
Unallocated		
– Bank borrowings	**100,000**	100,000
– Loans from fellow subsidiaries	**700,000**	700,000
– Lease liabilities	**1,151**	2,274
– Others	**10,421**	14,118
Consolidated liabilities	**6,661,583**	6,844,377

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 2023, 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 2023.

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 Listing Rules and by the Hong Kong Companies Ordinance.

The consolidated financial statements for the year ended 31 December 2023 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$234.7 million as at 31 December 2023. CGN Wind Energy, a fellow subsidiary of the Company, has confirmed in writing that despite the loan from CGN Wind Energy of RMB2,400.0 million (equivalent to US$338.9 million) which is due for repayment within twelve months from 31 December 2023, it will not cancel the existing loan facilities within twelve months from 31 December 2023 and that the loan will be extended upon expiry. Furthermore, taking into account the financial resources of the Group, the Group has unutilized general facilities of US$893.2 million as at 31 December 2023 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 Group has applied the following new and amended IFRSs issued by the IASB to these consolidated financial statements for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2*, Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The standard and the amendments do not have a material impact on these consolidated financial statements except as described below:

Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group has applied the initial recognition exemption to lease transactions and did not recognize the related deferred tax in relation to the temporary difference arising from a right-of-use asset and the related lease liability arise from a single transaction. The Group has initially applied the amendments retrospectively as from 1 January 2023 and has therefore restated the comparative information. The following table gives a summary of restatement adjustments recognized for each line item in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income.

	As previously reported	**Impact on application of amendments to IAS 12**	**As restated**
	US$'000	*US$'000*	*US$'000*
Consolidated statement of financial position at 31 December 2022			
Deferred tax liabilities	48,484	303	48,787
Total non-current liabilities	4,376,623	303	4,376,926
Net assets	1,499,859	(303)	1,499,556
Reserves	1,362,469	(299)	1,362,170
Total equity attributable to equity shareholders of the Company	1,362,524	(299)	1,362,225
Non-controlling interests	137,335	(4)	137,331
Total equity	1,499,859	(303)	1,499,556

	As previously reported	Impact on application of amendments to IAS 12	As restated
	US$'000	*US$'000*	*US$'000*
Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022			
Income tax	58,573	(2)	58,571
Profit for the year	214,421	2	214,423
Total comprehensive income for the year	26,703	2	26,705
Profit for the year attributable to:			
Equity shareholders of the Company	195,143	6	195,149
Non-controlling interests	19,278	(4)	19,274
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company	18,335	6	18,341
Non-controlling interests	8,368	(4)	8,364

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "**Government**") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will come into effect from 1 May 2025 (the "**Transition Date**"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("**MPF**") scheme to reduce the long service payment ("**LSP**") in respect of an employee's service from the Transition Date (the abolition of the "**offsetting mechanism**"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

The enactment of the Amendment Ordinance does not have a material impact on these consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Results and Analysis

In 2023, the revenue of the Group amounted to US$2,193.0 million, representing a decrease of 9.8% compared with last year. In 2023, the operating profit of the Group amounted to US$552.5 million, representing a decrease of 6.3% compared with last year.

The profit attributable to equity shareholders of the Company in 2023 amounted to US$267.7 million, representing an increase of US$72.6 million or 37.2% compared with last year. In 2023, the profit of the Group amounted to US$279.6 million, representing an increase of US$65.2 million or 30.4% compared with last year.

If one-off adjustments were taken out, which mainly include (1) post-tax impairment losses recognized in respect of property, plant and equipment of US$7.7 million and US$61.8 million in 2023 and 2022 respectively, and (2) impairment losses recognized in respect of goodwill of US$8.7 million in 2023, the profit attributable to equity shareholders of the Company for the year ended 31 December 2023 would have increased by 10.6% comparing with last year.

Revenue

In 2023, the revenue of the Group amounted to US$2,193.0 million, representing a decrease of 9.8% compared with US$2,430.1 million of last year. The revenue derived from wind projects in the PRC amounted to US$702.4 million, representing an increase of 1.4% compared with US$692.8 million of last year. Such increase was mainly attributable to the increase in power generation from the wind projects.

The revenue derived from Korea in 2023 amounted to US$1,151.0 million, representing a decrease of 16.4% compared with US$1,377.4 million of last year. Such decrease in revenue was mainly attributable to the decrease in power generation as well as decrease in weighted average tariff of electricity.

Operating Expenses

In 2023, the operating expenses of the Group amounted to US$1,640.5 million, representing a decrease of 10.9% compared with US$1,840.4 million of last year. The decrease in operating expenses was mainly due to a decrease in gas costs of Yulchon I & II Power Projects.

Operating Profit

In 2023, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to US$552.5 million, representing a decrease of US$37.2 million or 6.3% compared with US$589.7 million of last year. The decrease in operating profit was mainly caused by the increase in operating expenses arising from the wind and solar projects.

Other Income

Other income mainly represented government grants, interest income and income on sales of generating rights and capacity. In 2023, other income of the Group amounted to US$19.8 million, representing a decrease of US$22.9 million or 53.7% compared with US$42.7 million of last year. The decrease in other income was primarily due to a decrease of US$13.7 million in income on sales of generating rights and capacity.

Other Gains and Losses

In 2023, the other losses amounted to US$10.0 million, representing a decrease of US$59.0 million compared with last year. The decrease in other losses was primarily due to a decrease of US$59.2 million in impairment losses recognized in respect of property, plant and equipment compared with last year.

Finance Costs

In 2023, the finance costs of the Group amounted to US$212.8 million, representing a decrease of US$14.3 million or 6.3% compared with US$227.1 million of last year. The decrease in finance costs was mainly attributable to the decrease in interest expenses on bank borrowings.

Share of Results of Associates

In 2023, the share of profit of associates amounted to US$3.0 million, representing an increase of US$66.3 million compared with the share of losses of associates of US$63.3 million of last year. The increase in profits of the associates was mainly attributable to the decrease in market coal price during the year.

Income Tax

In 2023, the income tax of the Group amounted to US$72.9 million, representing an increase of US$14.3 million or 24.5% compared with US$58.6 million of last year, which was mainly due to the expiration of the preferential tax rate period of certain subsidiaries in the PRC.

Liquidity and Capital Resources

The Group's cash and cash equivalents decreased from US$440.6 million as at 31 December 2022 to US$287.5 million as at 31 December 2023, which was mainly due to the increase in net cash used in investing and financing activities.

Net Debt/Equity Ratio

The Group's net debt/equity ratio decreased from 3.64 as at 31 December 2022 to 3.30 as at 31 December 2023, which was mainly due to the decrease in loans from fellow subsidiaries.

Dividend

At the Board meeting held on 26 March 2024, the Board recommended the payment of a final dividend for the year ended 31 December 2023 of 1.56 US cents per Share (equivalent to 12.17 HK cents per Share), totalling approximately US$66.9 million (equivalent to approximately HK$522.0 million), which is calculated based on 4,290,824,000 Shares in issue on 26 March 2024. The payout ratio of the proposed dividend is 25% of the profit for the year attributable to equity shareholders of the Company for the financial year of 2023.

Earnings per Share

	Year ended 31 December	
	2023	2022
	US cents	*US cents*
Earnings per Share, basic and diluted – calculated based on the number of ordinary shares outstanding at year end	**6.24**	4.55

	Year ended 31 December	
	2023	2022
	US$'000	*US$'000*
		(Restated)
Earnings for the purposes of calculating basic and diluted earnings per Share (profit for the year attributable to ordinary equity shareholders of the Company)	**267,685**	195,149
	'000	*'000*
Number of ordinary shares outstanding at year end	**4,290,824**	4,290,824

Trade Receivables

	As at 31 December	
	2023	2022
	US$'000	*US$'000*
Trade receivables – contracts with customers	**780,784**	751,352
Less: allowance for credit losses	**(14,756)**	(12,038)
	766,028	739,314

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.

	As at 31 December	
	2023	2022
	US$'000	*US$'000*
0 – 60 days	**215,900**	340,956
61 – 90 days	**15,562**	16,301
91 – 180 days	**57,075**	47,574
Over 180 days	**477,491**	334,483
	766,028	739,314

As at 31 December 2023, the Group's trade receivables balance included debtors with aggregate carrying amount of US$174.9 million (2022: US$317.8 million) from the sales of electricity and other services, which are due within 20 to 90 days from the date of billing.

As at 31 December 2023, the Group's trade receivables balance included debtors with aggregate carrying amount of US$591.1 million (2022: US$421.5 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.

The Group measures loss allowance for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on the historical settlement records, latest aging profile of those receivables and forward looking information that is available without undue cost and effort. During the year ended 31 December 2023, expected credit losses of US$2.9 million in respect of trade receivables were recognized (2022: reversal of expected credit losses of US$3.2 million) and expected credit losses of US$5.7 million in respect of contract assets were recognized (2022: US$6.0 million).

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

Contract Assets

	As at 31 December	
	2023	2022
	US$'000	*US$'000*
Tariff income from sales of renewable energy	**383,732**	364,333
Less: allowance for credit losses	**(15,586)**	(10,114)
	368,146	354,219

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.

	As at 31 December	
	2023	2022
	US$'000	*US$'000*
0 – 60 days	**81,618**	216,279
61 – 90 days	**12,725**	1,084
Over 90 days	**14,328**	5,665
	108,671	223,028

The average credit period on purchases of goods is 48 days (2022: 27 days) for the year ended 31 December 2023. 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$6,451.0 million as at 31 December 2022 to US$6,582.2 million as at 31 December 2023, which was mainly due to the increase in property, plant and equipment during the year.

Current assets decreased from US$1,892.9 million as at 31 December 2022 to US$1,768.0 million as at 31 December 2023, which was mainly attributable to the decrease in cash and cash equivalents.

Current liabilities decreased from US$2,467.5 million as at 31 December 2022 to US$2,002.6 million as at 31 December 2023, which was mainly due to the decrease in short-term bank borrowings.

Non-current liabilities increased from US$4,376.9 million as at 31 December 2022 to US$4,659.0 million as at 31 December 2023, which was mainly due to the increase in long-term bank borrowings.

Bank Borrowings

The Group's total bank borrowings increased from US$4,364.5 million as at 31 December 2022 to US$4,448.2 million as at 31 December 2023. Details of bank borrowings are as follows:

	As at 31 December	
	2023	2022
	US$'000	*US$'000*
Secured	**2,716,937**	2,864,220
Unsecured	**1,731,218**	1,500,260
	4,448,155	4,364,480

	As at 31 December	
	2023	2022
	US$'000	*US$'000*
The maturity profile of bank borrowings is as follows:		
Within 1 year	**494,635**	957,392
After 1 year but within 2 years	**393,972**	397,449
After 2 years but within 5 years	**1,995,158**	1,369,181
Over 5 years	**1,564,390**	1,640,458
	3,953,520	3,407,088
	4,448,155	4,364,480

As at 31 December 2023, the Group had committed unutilized banking facilities of US$1,410.9 million (2022: US$2,022.5 million).

Loans from Fellow Subsidiaries

As at 31 December 2023 and 2022, the amounts represent:

		2023	2022
	Notes	***US$'000***	*US$'000*
Loans from fellow subsidiaries – due within 1 year:			
CGN Finance Co., Ltd ("**CGN Finance**")	*i(a)*	**228,470**	106,335
CGN Wind Energy	*ii*	**338,854**	545,617
CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**")	*iii*	**250,000**	–
		817,324	651,952
Loans from fellow subsidiaries – due after 1 year:			
CGN Finance	*i(b)*	**142,782**	176,591
CGNPC Huasheng	*iii*	**–**	250,000
China Clean Energy Development Limited ("**China Clean Energy**")	*iv*	**450,000**	450,000
		592,782	876,591

Notes:

(i)(a) Loans from CGN Finance of RMB1,601.4 million (equivalent to US$226.1 million) (31 December 2022: RMB706.1 million (equivalent to US$101.4 million)) are unsecured, interest bearing at 2.35% to 3.30% (31 December 2022: 3.45% to 4.21%) per annum and repayable within one year; and

Loans from CGN Finance of RMB16.8 million (equivalent to US$2.4 million) (31 December 2022: RMB34.4 million (equivalent to US$4.9 million)) are unsecured, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center ("**RMB Loan Prime Rate**") minus 0% to 1% (31 December 2022: RMB Loan Prime Rate minus 0.60% to 1%) per annum and repayable within one year.

(i)(b) Loan from CGN Finance of RMB8.2 million (equivalent to US$1.2 million) (31 December 2022: RMB61.7 million (equivalent to US$8.9 million) is unsecured, interest bearing at 3.30% (31 December 2022: 3.60% to 4.21%) per annum and repayable in 2038 (31 December 2022: 2030 to 2035); and

Loans from CGN Finance of RMB1,003.1 million (equivalent to US$141.6 million) (31 December 2022: RMB1,168.2 million (equivalent to US$167.7 million)) are unsecured, interest bearing at the RMB Loan Prime Rate minus 0% to 1.35% (31 December 2022: RMB Loan Prime Rate minus 0.60% to 1.35%) per annum and repayable in 2031 to 2040 (31 December 2022: 2031 to 2040).

(ii) Loan from CGN Wind Energy of RMB2,400.0 million (equivalent to US$338.9 million) (31 December 2022: RMB3,800.0 million (equivalent to US$545.6 million)) is unsecured, interest bearing at 2.40% (31 December 2022: 3.50%) per annum and repayable in 2024 (31 December 2022: 2023).

(iii) Loan from CGNPC Huasheng of US$250.0 million (31 December 2022: US$250.0 million) is unsecured, interest bearing at 3 months Secured Overnight Financing Rate plus 1.30% (31 December 2022: 3 months London Interbank Offered Rate plus 1.30%) per annum and repayable in 2024 (31 December 2022: 2024).

(iv) Loan from China Clean Energy of US$450.0 million (31 December 2022: US$450.0 million) is unsecured, interest bearing at 4.50% (31 December 2022: 4.50%) per annum and repayable in 2025 (31 December 2022: 2025).

Capital Expenditures

The Group's capital expenditure increased by US$278.6 million to US$641.4 million in 2023 from US$362.8 million in 2022.

Contingent Liabilities

As at 31 December 2023 and 31 December 2022, the Group had no material contingent liabilities.

Pledged Assets

The Group pledged certain property, plant and equipment, trade receivables, contract assets and bank deposits for credit facilities granted to the Group. As at 31 December 2023, the total book value of the pledged assets amounted to US$1,845.2 million (2022: US$1,785.0 million).

Employees and Remuneration Policy

As at 31 December 2023, the Group had about 2,050 full-time employees, with the majority of them 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, 3.545% for national health insurance (12.95% of the national health insurance is contributed for long term care insurance), 1.15% for unemployment insurance, 0.766% (Seoul Office)/0.686% (Yulchon)/0.686% (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 subject to a cap of monthly relevant income of HK$30,000, and the Group contributes 10.0% of each employee's monthly base salary.

II. Industry Overview

China's power market:

According to the data published by the NEA, the installed capacity of the PRC amounted to 2,919.7 GW in 2023, representing a year-on-year increase of 13.9%, while electricity consumption amounted to 9,224.1 TWh, representing a year-on-year increase of 6.7%. The accumulated grid-connected wind power capacity for 2023 reached 441.3 GW, with a year-on-year increase of 20.7%, while the accumulated grid-connected solar power capacity recorded 609.5 GW, with a year-on-year increase of 55.2%.

In 2023, the new energy industry continued to maintain a stable growth trend, achieved high-quality development, and provided strong support for China to achieve the goal of carbon peak and carbon neutrality.

Firstly, energy investment maintained a relatively fast growth trend. The construction of key infrastructure and new infrastructure was vigorously promoted in the energy sector, driving investment growth at a high level. Renewable energy continued to maintain a rapid growth trend, and the construction of large-scale wind power photovoltaic bases focusing on deserts, Gobi and barren lands was progressing well. The first batch of large-scale wind power photovoltaic bases have all been started, and the second batch of base projects have been started one after another, helping the new installed capacity of new energy to break through the highest level in history.

In April 2023, the NEA issued the "Guiding Opinions on Energy Work in 2023" (《2023年能源工作指導意見》). The document proposed that it promotes the first batch of large-scale wind power photovoltaic base projects focusing on deserts, Gobi and barren lands to be connected to the grid and put into operation, builds the second and third batches of projects, and actively promotes the large-scale development of solar and thermal power generation; it is proposed to steadily build offshore wind power bases, and plan for the commencement of the construction of offshore solar farms; it is also proposed to vigorously push forward the construction of distributed onshore wind power and distributed photovoltaic power generation projects.

In November 2023, China and the United States issued the "Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis" (《關於加強合作應對氣候危機的陽光之鄉聲明》), stating that both countries support the G20 Leaders Declaration to pursue efforts to triple renewable energy capacity globally by 2030 and intend to sufficiently accelerate renewable energy deployment in their respective economies through 2030 from 2020 levels in this critical decade of the 2020s.

Secondly, green and low-carbon transformation was promoted in depth. Various pilot demonstration projects have been carried out, encouraging different types of projects, cities and zones to explore the paths and forms of achieving carbon peaks with their own characteristics, and assuming the important responsibility of demonstrating and leading, so as to ultimately promote the coordination and progress of the national carbon peak work. The construction of the carbon market and the power market was further promoted, and the green certificate system was improved to further stimulate the vigor and momentum of high-quality energy development. A coal power capacity tariff mechanism was established to promote the transformation of coal power into a regulated energy source.

In July 2023, the second meeting of the Central Commission for Comprehensively Deepening Reform considered and adopted the "Opinions on Promoting the Gradual Shift from Dual Control of Energy Consumption to Dual Control of Carbon Emissions" (《關於推動能耗雙控逐步轉向碳排放雙控的意見》), which is the third time that the shift to "dual control" of the total volume and intensity of carbon emissions was proposed at the national top-level meeting following the 2021 Central Economic Work Conference and the Report of the 20th National Congress of the Party, and will accelerate the expansion and increase the volume of China's carbon market. In the carbon market, carbon offsets are driven by carbon quotas, which in turn drive the China Certified Emission Reduction (CCER). Through the form of carbon trading, on the one hand, the pressure to reduce emissions is pressed down to the corporate level, and on the other hand, through the economic incentives, funds are guided to promote low-carbon technological innovations and the development of renewable energy.

In August 2023, the NDRC, the Ministry of Finance, and the NEA jointly issued the "Notice on Doing a Good Job of Full Coverage of Renewable Energy Green Power Certificates to Promote Renewable Energy Power Consumption" (《關於做好可再生能源綠色電力證書全覆蓋工作促進可再生能源電力消費的通知》). The Notice specified that full coverage of green certificate issuance will be realized, and that green certificates will be issued for all electricity produced by registered renewable energy power generation projects.

In September 2023, the NEA issued the "Notice on Organizing Pilot Demonstration of Renewable Energy Development" (《關於組織開展可再生能源發展試點示範的通知》). The pilot demonstration projects include twenty types of new scenarios of new energy such as deep-sea wind power technology demonstration, new high-efficiency photovoltaic battery technology demonstration, low-cost solar and thermal power generation technology demonstration, geothermal energy power generation technology demonstration, photovoltaic sand control demonstration, photovoltaic corridor demonstration, deep-sea offshore wind power parity demonstration, offshore photovoltaic pilot, offshore energy island demonstration, biomass energy clean heating demonstration, high-ratio new energy demonstration, and green energy demonstration parks (districts).

In October 2023, the NDRC and the NEA jointly issued the "Notice on Further Accelerating the Construction of Electricity Spot Market" (《關於進一步加快電力現貨市場建設工作的通知》). The Notice specified that the scope of spot market construction will be expanded in an orderly manner, the construction of regional electricity markets will be accelerated, and the vast majority of regions other than the Tibet Autonomous Region will have the conditions for trial operation of settlement by the end of 2023.

In October 2023, the NDRC issued the "National Carbon Peak Pilot Construction Program" (《國家碳達峰試點建設方案》), proposing to select 100 typical representative cities and zones nationwide to carry out carbon peak pilot construction. The Program proposed to plan and implement a number of key projects in the areas of energy infrastructure, energy-saving and carbon-reducing renovation, advanced technology demonstration, environmental infrastructure, resource recycling, and ecological protection and restoration.

In November 2023, the NDRC and the NEA jointly issued the "Notice on Establishment of Capacity Tariff Mechanism for Coal Power" (《關於建立煤電容量電價機制的通知》). The Notice specified that the current single-part tariff for coal power will be adjusted to a two-part tariff, in which the electricity volume tariff will be formed through a market-based approach, sensitively reflecting the supply and demand in the electricity market and changes in fuel costs, etc.; and the level of the capacity tariff will be reasonably determined and adjusted gradually in accordance with the progress of the transition and other actual circumstances, fully reflecting the supportive and regulatory value of coal power to the electricity system, and ensuring the sustained and healthy operation of the coal power industry.

Thirdly, new progress was made in the high-quality development of energy. The construction of key projects in solar thermal and pumped storage was sped up. The construction of auxiliary service markets around the regions was accelerated according to local conditions, and over 90 GW of peaking potential was tapped. With the deepening of the energy transition, the substantial growth of new energy power generation installed capacity, the high proportion of power electronic equipment access, the security and stability of the power system are facing serious challenges. As China has put forward the requirements for the construction of a new type of power system, the importance of the flexibility of regulating power supply and peaking power supply has become more prominent, lithium batteries, compressed air, flow batteries and other technology projects are growing rapidly and their positioning is clearer.

In March 2023, the NEA issued the "Notice on Matters Related to Promoting Large-scale Development of Solar Thermal Power Generation" (《關於推動光熱發電規模化發展有關事項的通知》). The Notice required the energy authorities of Inner Mongolia, Gansu, Qinghai, Xinjiang and other key provinces of solar thermal power generation to actively promote the planning and construction of solar thermal power generation projects, coordinate the planning and layout of photovoltaic and solar thermal, reasonably lay out or reserve solar thermal sites, simultaneously promote the scale and industrialized development of solar thermal power generation projects in the construction of local new energy bases, and strive for the annual new construction scale of solar thermal power generation in China to reach about 3 GW during the "14th Five-Year Plan" period.

In June 2023, the NEA issued the "Notice on Pilot Demonstration of New Energy Storage" (《關於開展新型儲能試點示範工作的通知》). Demonstration projects will be included in the relevant national major engineering project library, preferably selected and recommended to participate in the relevant scientific and technological innovation, standards and other awards selection, and enjoy relevant support policies. The purpose of the Notice is to drive innovation in technology and business models through pilot demonstration, and to drive the diversified and industrialized development of new energy storage.

In June 2023, the NEA issued the "Blue Book on the Development of New Power Systems" (《新型電力系統發展藍皮書》), which took 2030, 2045 and 2060 as important time nodes for the construction of new power systems, and formulated a "three-step" development approach for new power systems, with key tasks including the coordination of hydropower development and ecological protection, active development of nuclear power in a safe and orderly manner, vigorous promotion of the development and construction of new energy sources, rational distribution of clean and efficient thermal power, and the development of biomass power generation in accordance with local conditions; promotion of multi-energy complementarity of new energy and regulatory power supply, the integrated development of power generation, grid, load and storage, and promotion of the construction of system-friendly "new energy + energy storage" power stations.

In August 2023, 10 departments including the NDRC jointly issued the "Implementation Program for Demonstration Projects of Green and Low-carbon Advanced Technologies" (《綠色低碳先進技術示範工程實施方案》). The Program proposed that by 2025, a number of demonstration projects will have been implemented, and a number of support policies, business models and regulatory mechanisms conducive to the promotion and application of green and low-carbon technologies will have been gradually improved, so as to explore effective paths for carbon reduction in key areas. Key areas of focus include deep-sea wind demonstration, advanced power grid and energy storage demonstration, green hydrogen demonstration, low-carbon industrial park demonstration, carbon capture, utilization and storage (CCUS) demonstration and other projects.

In September 2023, the NDRC and the NEA jointly issued the "Guiding Opinions on Strengthening the Stability of the Power System in the New Situation" (《關於加強新形勢下電力系統穩定工作的指導意見》). The document proposed that new energy should be transformed from passive access to active support, reflecting system friendliness. Energy storage should be scientifically planned and configured according to needs, and the construction capacity and access locations of energy storage power stations should be reasonably determined to ensure that they play a role in regulating resources.

Offshore wind power:

In 2023, offshore wind power continued to show a trend of rapid development globally, and its development was mainly manifested in the expansion of indicator issuance, and continuous innovation in technology.

Expansion of indicator scale: In 2022, a total of six provinces issued offshore wind power indicators, totalling 16 GW. In 2023, a total of two provinces opened competitive allocations for offshore wind power projects, issuing a total scale of 25 GW, including 16 GW in sea areas under national jurisdiction, marking the gradual development of offshore wind power projects to the distant sea and deep sea, and greatly unlocking the development space of offshore wind power, which provided a guarantee for the continuous growth of new installed capacity of offshore wind power in the country.

Continuous innovation in technology: On one hand, China has developed the world's largest 18 GW offshore wind turbine, which has reduced the number of units deployed in the project and significantly lowered the cost per kW of the project, effectively enhancing the economics of offshore wind power; on the other hand, continuous improvement in the design and installation of offshore wind power equipment has further promoted the development of offshore wind power technology.

In November 2023, the Ministry of Natural Resources issued the "Notice on Exploring and Promoting the Work of Establishing Multi-dimensional Layered Rights in Sea Areas" (《關於探索推進海域立體分層設權工作的通知》), which encouraged multi-dimensional layered authorization of sea uses such as cross-sea bridges, aquaculture, warm (cold) drainage, submarine cables and pipelines, and submarine tunnels. The document is the first national-level policy on multi-dimensional sea use. The multi-dimensional layered affirmation of rights is a supplement to the existing "flat" sea area management system, which enables the multi-dimensionality and multi-functionality of sea area spatial resources to be effectively brought into full play, and will promote the change of the sea area management mode to "multi-dimensionality" and "three-dimensionality", which will be conducive to the exploration of the co-operation mode between new energy enterprises and other sea-users for the co-exploitation and joint use of different portions of the same sea area by means of "layered comprehensive exploitation and utilization", so as to maximize the benefits of the sea area resources.

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 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 2023, the operations in the PRC and Korea accounted for approximately 77.5% and 22.5% of the Group's attributable installed capacity of 9,622.8 MW, respectively. Clean and renewable energy projects (namely, wind, solar, gas-fired, hydro, fuel cell and biomass projects) accounted for 83.8% of the Group's attributable installed capacity; and conventional energy projects (namely, coal-fired, oil-fired and cogen projects) accounted for 16.2% of our 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 Coal-fired, Cogen and Gas-fired Projects	PRC Hydro Projects	PRC Wind Projects	PRC Solar Projects	Corporate	Total
For the year ended 31 December 2023							
Revenue	**1,151.0**	**133.4**	**7.0**	**702.4**	**134.1**	**65.1**	**2,193.0**
Operating expenses	**(1,039.8)**	**(120.0)**	**(6.1)**	**(329.9)**	**(75.3)**	**(69.4)**	**(1,640.5)**
Operating profit/(loss)	**111.2**	**13.4**	**0.9**	**372.5**	**58.8**	**(4.3)**	**552.5**
Profit/(loss) for the year	**71.5**	**16.4**	**(4.2)**	**269.0**	**29.0**	**(102.1)**	**279.6**
Profit/(loss) attributable to equity shareholders of the Company	**71.5**	**15.2**	**(4.6)**	**259.5**	**28.2**	**(102.1)**	**267.7**
For the year ended 31 December 2022 (Restated)							
Revenue	1,377.4	151.1	18.8	692.8	137.1	52.9	2,430.1
Operating expenses	(1,261.6)	(143.4)	(10.9)	(297.9)	(67.1)	(59.5)	(1,840.4)
Operating profit/(loss)	115.8	7.7	7.9	394.9	70.0	(6.6)	589.7
Profit/(loss) for the year	62.7	(43.2)	8.0	241.2	45.7	(100.0)	214.4
Profit/(loss) attributable to equity shareholders of the Company	62.7	(49.9)	7.3	230.9	44.1	(100.0)	195.1

Korea Projects

If the one-off adjustment on the post-tax impact of impairment losses recognized in respect of property, plant and equipment of US$16.8 million in 2022 was taken out, the profit would have decreased from US$79.5 million in 2022 to US$71.5 million in 2023, which was mainly due to the decrease in power generation.

PRC Coal-fired, Cogen and Gas-fired Projects

The increase in profit for the year from loss of US$43.2 million in 2022 to profit of US$16.4 million in 2023 was mainly attributable to the decrease in market coal price that led to the increase in profit of the associates.

PRC Wind Projects

The increase in revenue for the year was mainly attributable to the increase in power generation from wind projects.

If the one-off adjustment on the post-tax impact of impairment losses recognized in respect of property, plant and equipment of US$45.0 million in 2022 was taken out, the profit would have decreased from US$286.2 million in 2022 to US$269.0 million in 2023, which was mainly due to the increase in other operating expenses and depreciation.

PRC Solar Projects

The revenue as well as the power generation from solar projects for the year remained stable. The profit decreased from US$45.7 million in 2022 to US$29.0 million in 2023, which was mainly attributable to the increase in recognition of loss allowance of trade and other receivables and contract assets and impairment loss of goodwill.

Installed Capacity

The attributable installed capacity of the Group's power assets as of 31 December 2023 and 2022 by fuel type are set out as follows:

	As at 31 December	
	2023	2022
	(MW)	*(MW)*
Clean and renewable energy portfolio		
Wind	**4,437.8**	4,419.1
Solar	**1,759.4**	1,186.8
Gas-fired	**1,700.0**	1,655.0
Hydro	**56.3**	56.3
Biomass	**109.5**	109.5
Subtotal	**8,063.0**	7,426.7
Conventional energy portfolio		
Coal-fired	**989.8**	989.8
Oil-fired	**507.0**	507.0
Cogen	**63.0**	63.0
Subtotal	**1,559.8**	1,559.8
Total attributable installed capacity	**9,622.8**	8,986.5

As at 31 December 2023, the attributable installed capacity of the Group reached 9,622.8 MW, representing a year-on-year increase of 7.1%, in particular, the newly added attributable installed capacity of wind power and solar power amounted to 599.8 MW in total and the newly added attributable installed capacity of gas-fired power amounted to 45.0 MW.

The attributable installed capacity of wind power amounted to 4,437.8 MW, representing a year-on-year increase of 18.7 MW or 0.4%; whereas the attributable installed capacity of solar power amounted to 1,759.4 MW, representing a year-on-year increase of 572.6 MW or 48.2%. The wind power and solar power accounted for 64.4% of the Group's attributable installed capacity. As at 31 December 2023, the consolidated installed capacity of the power plants reached 8,906.7 MW.

In 2023, the Group steadily promoted the development of its wind power business. The newly added attributable installed capacity of 18.7 MW was mainly distributed by region as follows: (1) 15.0 MW in Hebei Province and (2) 3.7 MW in Guangxi Zhuang Autonomous Region.

In 2023, the Group further strengthened the development of its solar business, and the newly added attributable installed capacity of 581.1 MW was mainly distributed by region as follows: (1) 200.0 MW in Jiangsu Province, (2) 121.1 MW in Zhejiang Province, (3) 100.0 MW in Hainan Province, (4) 80.0 MW in Guangxi Zhuang Autonomous Region, (5) 50.0 MW in Anhui Province, (6) 20.0 MW in Gansu Province and (7) 10.0 MW in Hebei Province. In the first half of 2023, the Group disposed of a 8.48 MW distributed rooftop photovoltaic power project in Hunan Province.

In 2023, the Group achieved grid connection of a generator set of 75.0 MW (60% held) Hanneng Phase II natural gas distributed project in Hubei Province; another generator set of 75.0 MW (60% held) achieved grid connection in January 2024.

The Group has been adhering to the principle of high-quality development and expedited project construction comprehensively. It is expected that the growth of new operating capacity in 2024 will remain steady.

Safety Management

During the development process, the Company deeply implemented General Secretary Xi Jinping's important statement and important directions on safety production and always insisted on the people first and life first, upholding the policy of safety first as the key to prevention, adhering to "three musts for three managements (i.e. safety must be guaranteed in management of industry, management of operation and management of production) and the basic principles of "Safety First, Quality Foremost and Pursuing Excellence". In 2023, the Company fully focused on the theme of building a solid foundation, continued to enhance the effectiveness of quality management system, implemented the safety development in all areas and all procedures of the Company, implemented the safety production responsibilities at all levels, achieved a highly stable safety situation and high-quality development, as well as protected the health and safety of employees.

The Company established and improved the safety production responsibility system for all staff, improved the safety, quality and environmental responsibilities at all levels and positions. In addition, adhering to the overall idea of "the persons in charge shoulder their respective responsibilities" with the principle of separating the management and the supervision, we further optimized performance evaluation models, improved the standard for performance evaluation by conducting the supervision on the performance of safety, quality and environmental responsibilities for all staff at all levels, and fully implementing the responsibility for safety production for all staff at all levels, so as to safeguard high-end and stable safety production.

The Company continued to implement a dual prevention mechanism for safety risk classification and control, and for the investigation and treatment of hidden dangers, advanced the judgment of risks, and organized units in each region to conduct seminars on the safety, quality and environmental risks, with clear management responsibility and precise management and controls of risks. Meanwhile, we improved the process of investigation and treatment of hidden dangers, and clarified the responsibilities of investigation, treatment, monitor and close-loop management at all levels. Through various methods such as leader-led team inspection, on-site assistance, and overall safety inspection, the Company deeply implemented investigation and treatment of hidden dangers on the basis of "full system and procedures" and implemented close-loop management of hidden dangers by prioritizing safety risks over potential risks and potential risks over incidents so as to fortify production safety network.

The Company attached great importance to the construction of safety, quality and environmental standardization, and through the optimization of the construction, evaluation and incentive mechanism for safety, quality and environmental standardization, and the conduction of special improvements on safety, quality and environmental activities, the Company promoted the deep integration of safety, quality and environmental standardization with daily work, and practically improved the safety, quality and environmental level on site.

The Company promoted the autonomous management of safety, quality and environment, and strengthened the proactive and autonomous management of its branches and enhanced the responsibilities for safety, quality and environment of each unit by means of formulating plans, supervising processes and inspiring and restricting.

Project Construction

In 2023, the Company focused on the enhancement of its core competence in engineering construction, continued to expand the breadth of its industry-wide and chain-wide management, strengthened the depth of its process-wide and element-wide management, and pushed forward the progress of engineering construction in a comprehensive and orderly manner. Firstly, our projects achieved remarkable results, with key and difficult projects completing their commissioning tasks one after another, and the new installed capacity growing steadily. Secondly, our integrated management and control has become more in-depth. The Company continued to implement multiple management methods, such as framework procurement of equipment, national unified scheduling of production, supply and construction resources, so as to provide solid protection for the project construction. Thirdly, safety, quality, environment and cost management were further enhanced, with the "three zeros" targets – zero serious injuries, zero large equipment liability accidents and zero environmental penalty, target for safety, quality and environment achieved in the field of project construction, and our unit cost per kW ranked as the leader in the industry. Fourthly, information technology construction has enabled new capabilities. We have built an information technology platform for project management, pushed forward the promotion and coverage of intelligent construction sites, and driven changes in project management and efficiency enhancement through information technology.

Development of Preliminary Projects

Against the backdrop of carbon peak and carbon neutrality, the Company has demonstrated its responsibility as a central enterprise of clean energy, resolutely implemented a high-quality development strategy, insisted on development as the first priority, intensified the development and construction of new energy sources, united with the upstream and downstream industrial chains, innovated its development mode, built its core competitiveness, and strived to achieve the "dual-carbon" goal.

Power Generation

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

	For the year ended 31 December	
	2023	2022
PRC Wind Projects	**10,367.7**	9,370.8
PRC Solar Projects	**1,733.5**	1,692.4
PRC Cogen and Gas-Fired Projects	**387.1**	362.8
PRC Hydro Projects	**227.0**	488.4
Korea Projects	**6,361.3**	7,275.3
Total	**19,076.6**	19,189.7

In 2023, the Company's production, operation and maintenance lines, faced with the pressure and challenges of extreme weather, equipment quality and restrictions on electricity consumption, always insisted on focusing on the electricity target, conducted in-depth analysis and explored the potential in terms of inspection and maintenance plan management, control of non-scheduled outages, and performance enhancement, etc., focused on identifying the areas of equipment risks, coordinated and reasonably arranged modes of operation, monitored the power generation situation, increased the frequency of inspections of key areas, key equipment, and weak links, strictly enforced hierarchical control of equipment and timely elimination of equipment risks; firmly built a network information security prevention system and comprehensively protected information security, providing strong protection for stable power supply. As of 31 December 2023, the electricity generated by the Group's consolidated power generation projects amounted to 19,076.6 GWh, which remained basically stable as compared with that of last year.

The electricity generated by PRC wind projects and PRC solar projects reached 10,367.7 GWh and 1,733.5 GWh respectively, representing growth rates of 10.6% and 2.4%, respectively. The increase in power generation was mainly due to the increase in power generation of existing wind projects and the contribution from newly commissioned solar projects.

The electricity generated by PRC cogen and gas-fired projects amounted to 387.1 GWh, representing a year-on-year increase of 6.7%. It was mainly due to the power generation of a cogen project in Jiangsu Province increased as a result of the increase of the local electricity demands.

The power generation from PRC hydro projects reached 227.0 GWh, representing a year-on-year decrease of 53.5%, mainly due to the expiration of the cooperation between the Group's Fushi I hydro project in Guangxi Zhuang Autonomous Region and the local partner. Such hydro power station was officially handed over to the local partner for operation and management in September 2022, resulting in a decrease in power generation from PRC hydro projects in 2023.

The power generation from Korea projects reached 6,361.3 GWh, mainly from gas-fired and biomass projects, representing a year-on-year decrease of 12.6%, mainly due to a decrease in the power dispatch load of gas fired projects in 2023, resulting in a decrease of power generation of the Korea projects in 2023.

The total steam sold by the Group amounted to 2,970,000 tonnes, representing a decrease of 3.8% as compared with 2022.

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

Average utilization hour by fuel type[(1)]

	For the year ended 31 December	
	2023	2022
PRC Wind Projects[(2)]	**2,285**	2,284
PRC Solar Projects[(3)]	**1,407**	1,414
PRC Coal-fired Projects[(4)]	**4,545**	5,018
PRC Cogen Projects[(5)]	**4,373**	4,163
PRC Hydro Projects[(6)]	**3,290**	3,996
Korea Gas-fired Projects[(7)]	**3,514**	4,065

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 2023 for the PRC wind projects in major regions such as Gansu Province, Henan Province and Jiangsu Province were 2,127 hours, 2,374 hours and 2,685 hours, respectively. Average utilization hours for the PRC wind projects remained stable in 2023.

(3) Average utilization hours for the year ended 31 December 2023 for the PRC solar projects in major regions such as Inner Mongolia Autonomous Region, Anhui Province and Qinghai Province were 1,706 hours, 1,323 hours and 1,631 hours, respectively. Average utilization hours for the PRC solar projects remained stable in 2023.

(4) Average utilization hour for the PRC coal-fired projects decreased in 2023 due to decrease in power generation because of the decrease in local demand.

(5) Average utilization hour for the PRC cogen projects increased in 2023 due to increase in local demand, which led to increase in total volume of power generation.

(6) Average utilization hour for the PRC hydro projects decreased in 2023 due to the unstable water inflows in Sichuan Province and Guangxi Zhuang Autonomous Region.

(7) Korea gas-fired power projects had lower average utilization hour in 2023 mainly due to the lower power generation of Yulchon II Power Project as a result of a decrease in the load of power grid dispatch in 2023.

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 – Electricity (inclusive of VAT)[(1)]

		For the year ended 31 December	
	Unit	**2023**	2022
PRC Wind Projects[(2)]	RMB per kWh	**0.56**	0.57
PRC Solar Projects[(3)]	RMB per kWh	**0.64**	0.64
PRC Coal-fired Projects	RMB per kWh	**0.49**	0.50
PRC Cogen Projects[(4)]	RMB per kWh	**0.46**	0.47
PRC Hydro Projects[(5)]	RMB per kWh	**0.24**	0.30
Korea Gas-fired Projects[(6)]	KRW per kWh	**232.12**	251.67
Weighted average tariff – steam (inclusive of VAT)			
PRC Cogen Projects[(7)]	RMB per ton	**263.54**	286.26

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 wind projects remained stable in 2023.

(3) The weighted average tariff of our PRC solar projects remained stable in 2023.

(4) The weighted average tariff of our PRC cogen projects excludes steam tariff.

(5) The weighted average tariff of our PRC hydro projects decreased in 2023, which was mainly due to the expiration of the cooperation between the Group's Fushi I hydro project in Guangxi Zhuang Autonomous Region and the local partner. Such hydro power station was officially handed over to the local partner for operation and management in 2022. The average tariff of the existing hydro projects is lower.

(6) The decrease in weighted average tariff of our Korea gas-fired projects was in line with the decrease in gas price in Korea.

(7) The decrease in weighted average tariff of steam in 2023 was in line with the decrease in PRC coal price.

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

		For the year ended 31 December	
	Unit	**2023**	2022
PRC weighted average standard coal price*(1)(2)*	RMB per ton	**1,187.6**	1,436.5
Korea weighted average gas price*(1)(3)*	KRW per Nm^3	**1,107.6**	1,228.6

Notes:

(1) The weighted average standard coal and the weighted average gas prices are determined based on the consumption of gas or coal in each applicable period.

(2) The PRC weighted average standard coal price in 2023 decreased compared to 2022 due to a decrease in market coal price.

(3) Our Korea weighted average gas price in 2023 decreased compared to 2022 due to the decrease 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

During the period of rapid development of the "dual-carbon" strategic goal and the construction of a new type of power system based on new energy, the Company has cultivated and formed industrial control through scientific and technological innovation. In terms of new energy science and technology innovation, the Company adhered to the "value creation" orientation, focused on core capacity building, systematically rolled out the "leading project of digital operation and maintenance" (「數字化運維領先工程」) and the "integration project of advanced technology of offshore wind power" (「海風先進技術集成工程」), promoted the innovation of green development mode led by new energy, and sped up the transformation of the results to serve the market, thus continuously shaping new driving forces and advantages for development, and boosting the high-quality development of the Company.

Digital operation and maintenance: The Company developed intelligent operation and maintenance equipment to create efficient and highly reliable power station operation capabilities and realize unattended operation of wind power and photovoltaic power stations. The Company applied intelligent analysis and forecasting tools to maximize the benefits of electricity market transactions. The Company has been focusing on promoting demonstration projects such as onshore wind farms, digital twins for offshore wind turbine equipment and unattended photovoltaic power stations.

Integration project of advanced technology of offshore wind power: The Company has steadily promoted research and engineering demonstrations on key issues such as parity offshore wind power, floating wind and photovoltaic power and new power systems. The Company has also promoted the implementation and demonstration iteration of parity offshore wind power technology through large capacity and base-driven developments, advanced offshore wind and photovoltaic power through research and demonstration of key technologies including floating wind power, floating photovoltaic power and pile-based photovoltaic power, and pushed forward the construction of new power systems through layered and three-dimensional application of ultra-long distance, low-frequency division, flexible and direct transmission and marine energy, thus accelerating the transformation and integrated application of innovative achievements, vigorously supporting the high-quality development of the Company's offshore wind power industry for the creation of a major strategic pillar for the offshore wind development.

The Company enhanced the application of the turbine control system, the stability of turbine operation and the comprehensive grid-connected performance of the wind farm through our efforts in the modification and optimization of the major control system and converter system, while still meeting the requirements of power grid dispatching, as a result of which the Company was awarded the first-class project of "National Power Industry Equipment Management Innovation Achievements"（「全國電力行業設備管理創新成果」）by the China Electric Equipment Management Association（中國電力設備管理協會）in March 2023.

Adhering to the concept of "value creation", the Company stuck to the innovation-driven development strategy and strengthened its principal role in scientific and technological innovation, in order to become a reliable national strategic scientific and technological force and provide solid support for enhancing the resilience and security of the industrial chain, as well as ensuring unimpeded national economy under extreme scenarios.

Social Responsibility

2023 was the first year to fully implement the spirit of the 20th National Congress of the Party, and it was also an important year to accelerate the promotion of rural revitalization. The Company actively implemented the decisions and arrangements of the Party Central Committee and the State Council on comprehensively promoting rural revitalization and rural construction, and participated in the national rural revitalization cause with a high sense of political responsibility and historical mission. The Company practiced its corporate mission of "Developing Clean Energy and Building a Beautiful China"（「發展清潔能源，建設美麗中國」）by carrying out public welfare projects such as educational assistance, livelihood improvement, and helping the poor and needy from a high position, giving full play to the leading role of the Party building, and rallying the strengths of all parties to continue to consolidate and expand the achievements in poverty alleviation.

In June 2023, a fish stocking scheme was commenced by the Company's Shengsi 5#6# Offshore Wind Power Project in Zhejiang Province, effectively promoting the efficiency of fisheries, increasing fishermen's income, and revitalizing rural fishing areas.

In June 2023, several points of emergency rescue were built around offshore wind turbines by the Company's Rudong H8# Offshore Wind Power Project in Jiangsu Province available for use by fishermen engaging in the aquaculture industry and victims in the vicinity.

In August 2023, under the influence of a typhoon, Xingtai City, Hebei Province, suffered from exceptionally heavy rainfall, tens of thousands of people in Renze District were urgently relocated to take shelter from the danger, and the situation of flood prevention was grim and complicated. The Company's Renxian Phase I Wind Power Project in Hebei Province actively responded to the arrangement of the "Initiative on Assisting Disaster Relief and Post-Disaster Reconstruction Work" of the People's Government of Renze District, Xingtai City, and donated to the Xingtai Charity Federation, which was directed to be used in the disaster relief and post-disaster reconstruction work in Renze District, for which the local government awarded a medal to the Company.

In August 2023, the Company's Dachaidan Solar Project in Qinghai Province (Xitieshan Phases I, II and III) donated to the Experimental Primary School in Delingha City for the purpose of improving the teaching infrastructure, enhancing the conditions and quality of schooling, and enriching the second classroom for students. Through the donation project, approximately 830 students benefited, including 270 ethnic minority students. The Delingha Municipal People's Government awarded the Company with a medal of "School-Enterprise Twinning and Supporting Caring Enterprise" in Delingha City.

Exchange of Ideas with Industrial Peers

In April 2023, China (Zhangjiakou) Renewable Energy Conference and Expo was held in Zhangjiakou, the PRC. The Company was invited to attend the conference and addressed the opening ceremony and the new energy forum. Under the theme of "Clean Development, Win-Win Cooperation"(「清潔發展、合作共贏」), the conference provided a broad platform for sharing ideas and views about incubating the energy innovation achievements and exploring the future of the energy industry through exhibitions, exchanges and thematic forums.

In June 2023, with the theme of "New Era of China, New Journey for Western China"(「中國新時代·西部新征程」), the Opening Ceremony of the 19th Western China International Fair (WCIF) and the 11th Western China International Cooperation Forum was held in Chengdu, the PRC, the Company was invited to attend the opening ceremony. The WCIF has become more prominent in its role as an important platform for opening up and cooperation in Western China, and the level of internationalization, professionalism and marketization has been continuously improved.

Brand Promotion: Recognitions and Awards

As the Company's information disclosure system and environmental, social and governance (ESG) disclosure continued to improve and evolve, with the continued innovation in our investor relations management measures, we have witnessed remarkable support to the high-quality development of the Company.

In February 2023, the Company was recognized as the "Best IR of Hong Kong Listed Company" by the 5th New Fortune Awards.

In June 2023, the Company swept a total of eleven titles at the 9th Investor Relations Awards ("**IR Awards**") from the Hong Kong Investor Relations Association (HKIRA), not only "Best IR Company", "Best ESG" (Environmental, Social and Corporate Governance 3 awards), "Best Annual Report", but also the "Grand ESG Award" (mid cap) as selected by the Judging Panel. The Company was also named a "3 Years IR Awards Winning Company", a hallmark award in the field of investor relations, as the Company had been recognized as the "Best IR Company" for three consecutive years. Individual and team awards included the "Best IR by Chairman/CEO", the "Best IR by CFO", the "Best IRO" and the "Best IR Team".

Adhering to the work style of "Stringency, Prudence, Meticulosity and Pragmatism", the Company strongly advocated the initiation of quality management activity groups, fully exploited the potential of equipment, improved the energy efficiency of equipment through "in-depth inspection" and "in-depth governance" of equipment, enhanced the standard of enterprise quality management, and gave full play to the spirit of innovation, so as to inject technological vitality into the high-quality development of the Company.

In May 2023, the "Equipment Management and Technological Innovation Achievements of the Electric Power Industry for 2023"(「2023電力行業設備管理與技術創新成果」) organized by China Association of Plant Engineering(中國設備管理協會) published the results, where each of the Company's Minqin Wind Power Project in Gansu Province and Hongshagang Wind Power Project in Gansu Province was awarded one second-class prize.

In June 2023, the "Project Quality Management Activities in relation to Electric Power Industry Problem-Solving Topics"(「電力行業問題解決型課題質量管理活動」)organized by the Anhui Province Electric Association(安徽省電力協會) published the results, where the Company's Dongzhi Zhaotan Wind Power Project in Anhui Province was awarded one second-class prize and the Company's Dingyuan Phase I Fishing-Photovoltaic Power Complementary Project in Anhui Province was awarded two second-class prizes.

In August 2023, the Company's Cenxi Dalong Wind Power Project in the Guangxi Zhuang Autonomous Region was awarded the Category 3 Achievement of "Guangxi Quality Management Team Activities"(「廣西質量管理小組活動」) by Guangxi Association for Quality (廣西質量協會).

The Company strictly controlled the production and operation indicators, adopted scientific and strict management methods, continuously optimized and improved the production efficiency, actively cultivated high-quality operation and maintenance teams, and stimulated employees' creativity to make a concerted effort to achieve the goal of efficient operation.

In July 2023, the China Electricity Council (中國電力企業聯合會) announced the results, where the Company's Zhangbei Xinsheng Wind Farm in Hebei Province was awarded the honor of "5A-level Unit in the Benchmarking of Production and Operation Statistical Indicators for National Wind Farms in China", Leling Zhuji Wind Farm in Shandong Province was awarded the honor of "4A-level Unit in the Benchmarking of Production and Operation Statistical Indicators for National Wind Farms in China", and Leling Tieying Photovoltaic Power Station in Shandong Province was awarded the honor of "4A-level Unit in the Benchmarking of Production and Operation Statistical Indicators for National Solar Photovoltaic Power Stations in China".

Through technology leadership, innovation and improvement in efficiency, adhering to independent innovation and leading development, low-carbon development and environmental friendliness, the Company continued to strive towards the goal of becoming a company that is trusted by the public and more responsible, technologically advanced, capable, sustainable and valuable.

In January 2023, the Company's Qingyun Shangtang Wind Power Project in Shandong Province, Anqiu Huangminshan Wind Power Project in Shandong Province, and Linqu Wind Power Project in Shandong Province were awarded the honorary title of the "Excellent New Energy and Renewable Energy Enterprise for 2022"(「2022年度新能源及可再生能源優秀企業」) by Shandong Province Electricity Association (山東省電力行業協會).

In February 2023, the Company's Hongshagang Wind Power Project in Gansu Province won the "Safety Management Excellence Award"(「安全管理優秀獎」) and the "Outstanding Contribution Award"(「突出貢獻獎」) in the Hongshagang Industrial Cluster Area (紅沙崗集中區) for 2022 at the Economic Work Conference of the Wuwei Minqin Hongshagang Energy and Chemical Industrial Cluster Area (武威民勤紅沙崗能源化工工業集中區經濟工作會議).

In May 2023, the Inner Mongolia Autonomous Region Development and Reform Commission (內蒙古自治區發展和改革委員會) assessed the Company's Kezuo Zhongqi Photovoltaic Poverty Alleviation Project in Inner Mongolia Autonomous Region as an "Integrity-compliant Enterprise"(「誠信達標企業」).

In June 2023, the Company's Huaiyin Liulaozhuang Wind Power Project in Jiangsu Province was awarded the "Top Ten Excellent Wind Farm Stations" (「十佳優秀風電場站」) at the "Selection Event of Top 50 in China Wind Power Industry for 2023"(「2023年中國風電產業50強評選活動」) jointly organized by Jiangsu Province Renewable Energy Industry Association (江蘇省可再生能源行業協會), etc.

In September 2023, the Company's Dongzhi Photovoltaic Project in Anhui Province won the "Quality Engineering Award"(「優質工程獎」) from the Anhui Province Electric Association (安徽省電力協會).

In October 2023, the Company's Fishing-Photovoltaic Power Complementary Project in Anhui Province was awarded the title of "Green Innovation Excellent Environmental Protection Organization"(「綠色創新優秀環保組織」) by the Anhui Ecosystem Protection Association (安徽省生態環境保護協會).

In 2023, the Company introduced high performance mode in all respects, so as to promote the universal integration of the high performance mode and the quality, environmental and occupational health and safety management systems by integrating the high performance mode into the Company's daily management. In December 2023, the Company obtained the "2023 Advanced Organizations Implementing High Performance"(「2023年度實施卓越績效先進組織」) from China Association for Quality (中國質量協會). The Company will continue to implement General Secretary Xi Jinping's important instructions on quality work, continue to be committed to the work style of focusing on "Stringency, Prudence, Meticulosity and Pragmatism" to deeply promote the management improvement, and constantly optimize the construction of the management system, so as to promote the improvement of overall quality management level, advance the high-quality development of the Company, comprehensively improve the market competitiveness.

IV. Risk Factors and 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.

In addition, 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 RMB and KRW, 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. During the reporting period, the Group used forward exchange contracts to manage its exchange rate risk until the settlement date of foreign currency receivables or payables. By managing and monitoring the risks of foreign currency, we ensure that appropriate measures are adopted effectively in a timely manner.

V. Prospects

2024 is the 75th anniversary of the founding of the new China and a crucial year to implement the "14th Five-Year Plan". The Company will actively and duly promote business developments, coordinate the key actions of "six resolutions" with innovation-oriented, reform-driven approach, striving for aggressive progresses and new achievements, so as to make all efforts to promote the high-quality developments.

1. Resolutely strengthen the leadership and construction of the Party, to focus on creating a "practical" atmosphere

   To earnestly learn the important ideology of General Secretary Xi Jinping on the Party construction, fully implement the general requirements for Party construction in the new era, focus on strengthening the leadership and construction of the Party, and deeply promote a comprehensive and strict Party governance with the spirit of self-revolution, so as to provide a solid safeguard for the Company's high-quality developments.

2. Resolutely promote business developments and strive to improve "fast" developments

   Actively and duly promoting business developments is the crucial action for implementing the layouts of new industries. The Company will spare all effort to make success in obtaining and converting the projects and resources, actively build the cooperative community of various industries, constantly choose prime strategic partners, and consolidate the advantages of the industry chains, so as to improve the toughness and adhesion with companies over the upstream and downstream and constantly improve the industry influences. At the same time, the Company will do its best to promote the work constructions and operation of projects, keep insisting on the simultaneous developments of self-building and high-quality projects, so as to ensure to achieve its annual new targets. Lastly, the Company will do its best to achieve the coordinated developments of its diverse businesses, as well as its wind and photovoltaic developments and accelerate the entry and approval of its matured projects.

3. Resolutely increase technological innovation, so as to foster a "strong" growth momentum

   The 20th National Congress of the Party has emphasized on innovation as the primary driving force. The Company shall improve its position, take the initiative, accelerate the developments of the new quality productivity and achieve the improvements of its innovation ability at the same time, so as to support the Company's longer-term developments.

4. Resolutely promote and deepen reform, so as to improve "sound" governance effects

   As entering into a new stage of development, the original production relationship gradually cannot meet the productivity development needs. Therefore, in order to better enhance vigour and energy, it is urgently needed to coordinate and promote a new round of deepening reform by ways of breaking up the barrier of systems and mechanisms and optimizing organizational security system in an effective way, and constantly deepening the reform of the market-oriented operation mechanism, so as to empower the Company's high-quality developments.

5. Resolutely enhance lean management, so as to create an "excellent" operation environment

   The Company always adheres to the theme of the high-quality development. The Company achieves this by consolidating foundation, improving quality, enhancing efficiency through fully benchmarking leading and lean management, and coordinating reasonable growth of the quantity and effective improvement of the quality, so as to bring again the operating results of the Company to a new level.

6. Resolutely fortify its red line and bottom line, so as to solidify a "steady" development foundation

   Facing complicated and fluid industry trends and arduous and formidable development missions, all levels of staff within the Company will enhance early risk prevention perspectiveness, strengthen risk control and management pertinence, increase risk mitigation effectiveness, and practice various risk prevention and control. Through endeavouring to achieve a responsible, accountable and diligent end in safeguarding our homeland, the Company achieves steady and sustainable development.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 18 January 2024, the Company, as service receiver, entered into certain financial services framework agreements with CGNPC Huasheng Investment Limited and CGN Finance Co., Ltd., each as service provider, respectively, pursuant to which such service providers agreed to provide deposit and other financial services to the Group. For further information, please refer to the Company's announcement dated 18 January 2024.

On 25 January 2024, Rudong Lu Nuclear New Energy Co., Ltd., a wholly owned subsidiary of the Company, as employer, entered into an engineering, procurement and construction contract with China Energy Engineering Group Jiangsu No. 1 Electric Power Construction Co., Ltd., as contractor, pursuant to which such contractor was engaged to carry out the works for the design, engineering, procurement, construction and construction management of a power storage station located in Nantong City, Jiangsu Province, the PRC and related structures and facilities. For further information, please refer to the Company's announcement dated 25 January 2024.

On 8 March 2024, CGN New Energy Yancheng Co., Ltd., a wholly owned subsidiary of the Company, as employer, entered into an engineering, procurement and construction contract with China Energy Engineering Group Jiangsu Electric Power Design Institute Co., Ltd., as contractor, pursuant to which such contractor was engaged to carry out the works for the design, engineering, procurement, construction and construction management of the phase one of the fishery and photovoltaic complementary project located in Jianhu County, Yancheng City, Jiangsu Province, the PRC and related structures and facilities. For further information, please refer to the Company's announcement dated 8 March 2024.

Save as disclosed above, no important event or transaction affecting the Group and which is required to be disclosed by the Company has taken place after 31 December 2023.

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 2023.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2023, the Company has complied with all applicable code provisions of the Corporate Governance Code, except for the deviation from code provision C.2.1 of the Corporate Governance Code during the period from 1 January 2023 to 4 September 2023, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Zhang Zhiwu concurrently acted as the Chairman and the President of the Company during the period from 8 April 2022 to 4 September 2023. Taking into account the fact that Mr. Zhang had demonstrated suitable leadership and management capabilities and developed a thorough understanding of the Group's business and strategy since his appointment as an executive Director in 2020, the Board believed that vesting the roles of the Chairman and the President in Mr. Zhang could facilitate the execution of the Group's business strategies and enable more effective and efficient overall strategic planning for the Group. Therefore, the Board considered that the deviation from code provision C.2.1 of the Corporate Governance Code was not inappropriate in such circumstances.

Since 4 September 2023, Mr. Zhang Zhiwu has ceased to serve concurrently as the President due to job arrangement. On the same day, Mr. Li Guangming was appointed as the President and executive Director. From that date to 31 December 2023, the Company complied with all 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 2023.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2023 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 2023 as set out on this 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 this announcement.

FINAL DIVIDEND

The Board recommended a final dividend of 1.56 US cents per Share (equivalent to 12.17 HK cents per Share). As at 26 March 2024, 4,290,824,000 Shares were in issue. If the recommendation is approved by the Shareholders, the final dividend of 1.56 US cents per Share (equivalent to 12.17 HK cents) will be payable on Friday, 21 June 2024 to registered Shareholders as at Wednesday, 12 June 2024.

For the purpose of determining the entitlement to the proposed final dividend, the register of members will be closed from Friday, 7 June 2024 to Wednesday, 12 June 2024 (both days inclusive), during which period no transfer of Shares will be registered. 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 6 June 2024.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Thursday, 23 May 2024 at 10:00 a.m. A circular containing, inter alia, the information required by the Listing Rules concerning (1) re-election of retiring Directors; (2) grant of general mandates to repurchase Shares and to issue new Shares; and (3) adoption of new bye-laws of the Company, 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 Thursday, 18 April 2024.

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 Monday, 20 May 2024 to Thursday, 23 May 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by not later than 4:30 p.m. on Friday, 17 May 2024.

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) and the Company's website (www.cgnne.com). The 2023 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 Thursday, 18 April 2024.

DEFINITIONS

"Annual General Meeting"	an annual general meeting of the Company for the year 2024 to be held on Thursday, 23 May 2024 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 Wind Energy"	CGN Wind Power Company, Limited (中廣核風電有限公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
"Company"	CGN New Energy Holdings Co., Ltd., an exempted 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 C1 to the Listing Rules
"Daesan I Power Project"	a 507.0 MW oil-fired project in Korea
"Director(s)"	the director(s) of the Company
"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
"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 C3 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, but for the purposes of this announcement and for geographical reference only and except when the context requires, references in this announcement to the PRC do not include Hong Kong of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region of the PRC
"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
"State Council"	State Council of the PRC
"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 Guangming
President and Executive Director

Hong Kong, 26 March 2024

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

Executive Directors	:	*Mr. Zhang Zhiwu (Chairman) and* *Mr. Li Guangming (President)*
Non-executive Directors	:	*Mr. Liu Qingming and* *Mr. Zhao Xianwen*
Independent Non-executive Directors	:	*Mr. Wang Minhao,* *Mr. Yang Xiaosheng and* *Mr. Leung Chi Ching Frederick*