龍源電力集團股份有限公司

CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00916)

Results Announcement For The Year Ended 31 December 2023

FINANCIAL HIGHLIGHTS

- For the year ended 31 December 2023, revenue amounted to RMB37,638 million, representing a decrease of 5.6% over last year

- For the year ended 31 December 2023, profit before taxation amounted to RMB8,398 million, representing an increase of 9.3% over last year

- For the year ended 31 December 2023, net profit attributable to equity holders of the Company amounted to RMB6,355 million, representing an increase of 23.9% over last year

- For the year ended 31 December 2023, earnings per share amounted to RMB0.7398, representing an increase of RMB0.1536 over last year

The board of directors (the "**Board**") of China Longyuan Power Group Corporation Limited* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023, together with comparative figures for the corresponding period in 2022. The results were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

(Expressed in thousands of Renminbi unless otherwise stated)

	Notes	**2023**	2022 (Restated)
		RMB'000	*RMB'000*
Revenue	5	**37,638,426**	39,861,647
Other net income	6	**1,326,072**	1,206,428
Operating expenses			
Depreciation and amortisation		**(10,783,972)**	(10,259,954)
Coal consumption		**(3,435,572)**	(3,558,261)
Coal sales costs		**(3,119,292)**	(6,274,866)
Service concession construction costs		**–**	(56,704)
Personnel costs		**(3,923,364)**	(3,577,239)
Material costs		**(119,142)**	(253,555)
Repair and maintenance		**(1,192,392)**	(1,010,824)
Administration expenses		**(830,022)**	(765,592)
Impairment losses on financial assets, net		**(75,582)**	7,770
Other operating expenses		**(3,677,815)**	(3,415,915)
		(27,157,153)	(29,165,140)
Operating profit		**11,807,345**	11,902,935
Finance income	7	**250,738**	306,836
Finance expenses	7	**(3,687,775)**	(4,106,687)
Net finance expenses		**(3,437,037)**	(3,799,851)
Share of profits less losses of associates and joint ventures		**27,504**	(419,372)
Profit before taxation	8	**8,397,812**	7,683,712
Income tax	9	**(1,529,789)**	(1,555,542)
Profit for the year		**6,868,023**	6,128,170

	Notes	2023 RMB'000	2022 (Restated) RMB'000
Other comprehensive income/(loss):			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		**1,076**	125,092
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**22,475**	(150,891)
Exchange differences on net investments in foreign operations		**(947)**	(5,884)
Other comprehensive income/(loss) for the year, net of tax	10	**22,604**	(31,683)
Total comprehensive income for the year		**6,890,627**	6,096,487
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**6,200,378**	4,902,415
– Other equity instruments		**154,901**	228,348
Non-controlling interests		**512,744**	997,407
Profit for the year		**6,868,023**	6,128,170

	Notes	**2023** **RMB'000**	2022 (Restated) *RMB'000*
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**6,212,851**	4,862,319
– Other equity instruments		**154,901**	228,348
Non-controlling interests		**522,875**	1,005,820
Total comprehensive income for the year		**6,890,627**	6,096,487
Basic and diluted earnings per share *(RMB cent)*	11	**73.98**	58.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

(Expressed in thousands of Renminbi unless otherwise stated)

	Notes	**31 December 2023** *RMB'000*	31 December 2022 (Restated) *RMB'000*	1 January 2022 (Restated) *RMB'000*
Non-current assets				
Property, plant and equipment		**162,009,189**	151,973,702	145,929,078
Investment properties		**–**	7,090	7,680
Right-of-use assets		**5,757,038**	3,802,118	3,734,270
Intangible assets		**5,138,708**	6,287,691	6,905,846
Goodwill		**195,617**	195,617	195,617
Investments in associates and joint ventures		**5,994,794**	3,746,677	4,166,936
Other assets		**4,957,783**	4,153,194	4,736,326
Deferred tax assets		**853,607**	540,477	296,799
Total non-current assets		**184,906,736**	170,706,566	165,972,552
Current assets				
Inventories		**727,196**	749,955	765,096
Trade and bills receivables	12	**35,729,786**	27,657,623	30,250,343
Prepayments and other current assets		**3,114,181**	3,468,318	3,663,413
Tax recoverable		**102,234**	104,479	127,128
Other financial assets		**459,073**	448,539	742,494
Restricted deposits		**346,789**	2,137,452	262,099
Cash at banks and on hand		**4,529,144**	18,338,423	3,913,121
Total current assets		**45,008,403**	52,904,789	39,723,694

	Notes	31 December 2023 RMB'000	31 December 2022 (Restated) RMB'000	1 January 2022 (Restated) RMB'000
Current liabilities				
Borrowings		**49,498,691**	53,279,235	42,402,672
Trade and bills payables	13	**7,249,278**	2,936,532	4,130,038
Other current liabilities		**13,872,794**	17,384,390	15,347,582
Lease liabilities		**176,218**	266,882	37,325
Tax payable		**457,625**	412,531	321,786
Total current liabilities		**71,254,606**	74,279,570	62,239,403
Net current liabilities		**(26,246,203)**	(21,374,781)	(22,515,709)
Total assets less current liabilities		**158,660,533**	149,331,785	143,456,843
Non-current liabilities				
Borrowings		**72,780,016**	66,445,183	61,165,878
Lease liabilities		**1,466,547**	711,384	1,286,944
Deferred income		**845,360**	965,503	1,103,361
Deferred tax liabilities		**259,521**	260,699	200,835
Other non-current liabilities		**1,283,013**	1,153,906	1,675,537
Total non-current liabilities		**76,634,457**	69,536,675	65,432,555
NET ASSETS		**82,026,076**	79,795,110	78,024,288
CAPITAL AND RESERVES				
Share capital		**8,381,963**	8,381,963	8,036,389
Treasury shares		**(56,648)**	–	–
Other equity instruments		**2,022,877**	5,056,400	6,061,652
Reserves		**60,232,203**	55,008,230	53,990,018
Total equity attributable to equity holders of the Company		**70,580,395**	68,446,593	68,088,059
Non-controlling interests		**11,445,681**	11,348,517	9,936,229
TOTAL EQUITY		**82,026,076**	79,795,110	78,024,288

NOTES

1 PRINCIPAL ACTIVITIES

China Longyuan Power Group Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**") are principally engaged in wind power, coal power and pv power generation and sale, coal trading and other related businesses in the People's Republic of China (the "**PRC**"). The registered office address of the Company is Room 2006, 20th Floor, Block C, 6 Fuchengmen North Street, Xicheng District, Beijing, PRC.

The Company's parent and ultimate holding company is China Energy Investment Group Co., Ltd. ("**CHN Energy**"), a company with registered address and main business places in the PRC, controlled by the State-owned Assets Supervision and Administration Commission.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which include all applicable International Financial Reporting Standards, International Accounting Standards ("**IASs**") and interpretations issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**").

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting year of the Group. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting years reflected in these financial statements.

(b) Basis of preparation of the financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern notwithstanding the net current liabilities of the Group at 31 December 2023 amounting to RMB26,246,203,000. The directors are of the opinion that, based on a review of the forecasted cash flows, the Group will have sufficient liquid funds to finance its operation and capital expenditure.

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial assets and liabilities.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(i) Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any significant impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

(ii) Amendments to IAS 8 Definition of Accounting Estimates

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.

(iii) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the consolidated statements of financial position:

	Increase/(decrease)		
	As at 31 December 2023	As at 31 December 2022	As at 1 January 2022
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Deferred tax assets *(Note)*	**2,007**	650	808
Total non-current assets	**2,007**	650	808
Total assets	**2,007**	650	808
Liabilities			
Deferred tax liabilities *(Note)*	**4,267**	1,609	699
Total non-current liabilities	**4,267**	1,609	699
Total liabilities	**4,267**	1,609	699
Net assets	**(2,260)**	(959)	109
Equity			
Retained profits (included in reserves)	**(1,448)**	(1,035)	4
Equity attributable to owners of the parent	**(1,448)**	(1,035)	4
Non-controlling interests	**(834)**	76	105
Total equity	**(2,282)**	(959)	109

Note: The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

Impact on the consolidated statements of financial position:

	Increase/(decrease) For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Income tax expense from continuing operations	**1,323**	1,068
Loss for the period from continuing operations	**(1,323)**	(1,068)
Loss for the year	**(1,323)**	(1,068)
Loss attributable to:		
Owners of the parent	**(413)**	(1,039)
Non-controlling interests	**(910)**	(29)
	(1,323)	(1,068)
Total comprehensive loss for the year	**(1,323)**	(1,068)
Total comprehensive loss attributable to:		
Owners of the parent	**(413)**	(1,039)
Non-controlling interests	**(910)**	(29)
	(1,323)	(1,068)

The adoption of amendments to IAS 12 did not have any material impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

(iv) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023. The Group has applied the amendments retrospectively. After assessment, the amendments did not have any impact to the Group.

4 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by types of business. Consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments:

– Wind power: this segment constructs, manages and operates wind power plants and generates electric power for sale to external power grid companies.

– Coal power: this segment constructs, manages and operates coal power plants and generates electric power for sale to external power grid companies and coal trading business.

– PV power: this segment constructs, manages and operates photovoltaic power plants and generates electric power for sale to external power grid companies.

The Group combined other business activities that are not mentioned above in "All others". Revenue included in this category is mainly from the manufacturing and sale of power equipment, the provision of consulting services, maintenance and training services to wind power plants, and other renewable power generation.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets do not include investments in associates and joint ventures, equity investments at fair value through other comprehensive income, financial assets at fair value through profit or loss, other financial assets, tax recoverable, deferred tax assets and unallocated head office and corporate assets. Segment liabilities do not include deferred tax liabilities, tax payable and unallocated head office and corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses do not include share of profits less losses of associates and joint ventures, net finance expenses, service concession construction revenue and cost and unallocated head office and corporate expenses.

The measure used for reporting segment profit is the operating profit. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

For the year ended 31 December 2023:

	Wind power *RMB'000*	**Coal power** *RMB'000*	**PV power** *RMB'000*	**All others** *RMB'000*	**Total** *RMB'000*
Revenue from external customers					
– Sales of electricity	**27,360,663**	**3,970,756**	**1,386,849**	**14,330**	**32,732,598**
– Others	**135,738**	**4,447,452**	**21,223**	**301,415**	**4,905,828**
Subtotal	**27,496,401**	**8,418,208**	**1,408,072**	**315,745**	**37,638,426**
Inter-segment revenue	**–**	**–**	**–**	**767,008**	**767,008**
Reportable segment revenue	**27,496,401**	**8,418,208**	**1,408,072**	**1,082,753**	**38,405,434**
Reportable segment profit (operating profit)	**11,010,584**	**394,869**	**627,146**	**1,131**	**12,033,730**

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Depreciation and amortisation before inter-segment elimination	**(10,005,499)**	**(298,973)**	**(502,716)**	**(53,965)**	**(10,861,153)**
Provision of impairment losses of trade and other receivables	**(17,892)**	**(4,506)**	**(2,596)**	**(50,588)**	**(75,582)**
Provision of impairment losses of property, plant and equipment, right-of-use assets and intangible assets *(Note (i))*	**(2,095,665)**	**–**	**(1,383)**	**(13,120)**	**(2,110,168)**
Recognition of provision for inventory obsolescence	**–**	**–**	**–**	**(1,105)**	**(1,105)**
Interest income	**72,663**	**3,043**	**1,477**	**159,729**	**236,912**
Interest expense	**(2,688,769)**	**(56,701)**	**(207,118)**	**(453,702)**	**(3,406,290)**
Reportable segment assets	**197,672,710**	**5,242,555**	**31,863,608**	**9,746,052**	**244,524,925**
Expenditures for reportable segment non-current assets during the year	**10,469,111**	**431,093**	**12,014,024**	**981,488**	**23,895,716**
Reportable segment liabilities	**115,644,996**	**3,873,609**	**22,713,931**	**13,963,427**	**156,195,963**

Note:

(i) For the year ended 31 December 2023, the Group recognised the impairment losses of RMB2,110,168,000 of property, plant and equipment, right-of-use assets and intangible assets in "Other operating expenses" which mainly contains the followings: (1) certain property, plant and equipment in the wind power segment, the PV power segment and other segment were in long-term delay of construction progress, the Group made a provision for the impairment of RMB278,301,000 (2022: RMB289,204,000), RMB1,383,000 (2022: none), RMB13,120,000 (2022: RMB2,164,000) included in wind power segment, PV power segment and other segment, respectively; (2) the recoverable amount of three CGUs in wind power segment was lower than their carrying amount due to the operating losses or a decline in the expectation of profitability, the Group assessed the recoverable amount based on the discounted future cash flows and recognised an impairment loss of RMB310,774,000 (2022: wind power segment: RMB408,347,000; PV power segment: RMB97,914,000); and (3) the recoverable amount of certain property, plant and equipment, right-of-use assets and intangible assets for certain wind farms was lower than their carrying amount due to the special programme of replacing smaller units of wind turbines with larger ones, the Group assessed the recoverable amount based on discounted future cash flows and recognized the impairment losses of RMB1,506,590,000 (2022: RMB590,200,000).

For the year ended 31 December 2022:

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers					
– Sales of electricity	27,102,031	4,069,444	656,629	47,071	31,875,175
– Others	89,081	7,646,691	2	193,994	7,929,768
Subtotal	27,191,112	11,716,135	656,631	241,065	39,804,943
Inter-segment revenue	–	–	–	657,442	657,442
Reportable segment revenue	27,191,112	11,716,135	656,631	898,507	40,462,385
Reportable segment profit/(losses) (operating profit/(losses))	11,622,306	441,238	147,070	(760,103)	11,450,511

	Wind power (Restated) *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total (Restated) *RMB'000*
Depreciation and amortisation before inter-segment elimination	(9,716,162)	(306,849)	(244,972)	(42,071)	(10,310,054)
(Provision)/reversal of impairment losses of trade and other receivables	(12,280)	(8)	(8,089)	28,147	7,770
Provision of impairment losses of property, plant and equipment and intangible assets	(1,944,597)	–	(97,914)	(2,164)	(2,044,675)
Recognition of provision for inventory obsolescence	–	–	–	(8,094)	(8,094)
Interest income	51,831	8,358	1,920	120,697	182,806
Interest expense	(3,122,494)	(51,749)	(114,393)	(214,043)	(3,502,679)
Reportable segment assets	210,095,576	5,208,790	15,509,425	2,942,165	233,755,956
Expenditures for reportable segment non-current assets during the year	10,421,228	436,713	7,096,991	4,053	17,958,985
Reportable segment liabilities	132,244,248	3,898,978	11,301,394	3,953,918	151,398,538

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2023 *RMB'000*	2022 *RMB'000*
Revenue		
Reportable segment revenue	**38,405,434**	40,462,385
Service concession construction revenue	**–**	56,704
Elimination of inter-segment revenue	**(767,008)**	(657,442)
Consolidated revenue	**37,638,426**	39,861,647
Profit		
Reportable segment profit	**12,033,730**	11,450,511
Elimination of inter-segment (losses)/profit	**(5,869)**	678,968
	12,027,861	12,129,479
Share of profits less losses of associates and joint ventures	**27,504**	(419,372)
Net finance expenses	**(3,437,037)**	(3,799,851)
Unallocated head office and corporate expenses	**(220,516)**	(226,544)
Consolidated profit before taxation	**8,397,812**	7,683,712

	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**244,524,925**	233,755,956
Inter-segment elimination	**(7,565,864)**	(7,066,922)
	236,959,061	226,689,034
Investments in associates and joint ventures	**5,994,794**	3,796,677
Equity investments at fair value through other comprehensive income	**182,863**	261,632
Financial assets at fair value through profit or loss	**50,000**	–
Other financial assets	**459,073**	448,539
Tax recoverable	**102,234**	104,479
Deferred tax assets	**853,607**	540,477
Unallocated head office and corporate assets	**66,952,602**	89,319,368
Elimination	**(81,639,095)**	(97,548,851)
Consolidated total assets	**229,915,139**	223,611,355
Liabilities		
Reportable segment liabilities	**156,195,963**	151,398,538
Inter-segment elimination	**(28,020,181)**	(32,433,998)
	128,175,782	118,964,540
Tax payable	**457,625**	412,531
Deferred tax liabilities	**259,521**	260,699
Unallocated head office and corporate liabilities	**80,438,401**	96,932,370
Elimination	**(61,442,266)**	(72,753,895)
Consolidated total liabilities	**147,889,063**	143,816,245

(c) Geographical information

(i) External revenue generated from the following countries:

	2023	2022
	RMB'000	*RMB'000*
PRC	**36,916,888**	39,176,395
Overseas	**721,538**	685,252
Total	**37,638,426**	39,861,647

The geographical location of customers is based on the location at which the electricity was transferred, goods were delivered, and services were provided.

(ii) Non-current assets (excluding investments in associates and joint ventures, deferred tax assets and financial assets included in other assets) located in the following countries:

	2023	2022
		(Restated)
	RMB'000	*RMB'000*
PRC	**174,476,677**	162,534,903
Overseas	**3,306,370**	3,574,280
Total	**177,783,047**	166,109,183

The non-current asset information above is based on the locations of the assets.

(d) Major customers

Revenue from the PRC government-controlled power grid companies amounted to RMB32,011,060,000 for the year ended 31 December 2023 (2022: RMB31,189,923,000). All the service concession construction revenue was from the PRC government.

5 REVENUE

The amount of each significant category of revenue recognized during the year is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of electricity	**32,732,598**	31,875,175
Sales of steam	**828,543**	848,838
Service concession construction revenue	**–**	56,704
Sales of coal	**3,241,927**	6,422,950
Others	**835,358**	657,980
	37,638,426	39,861,647

(i) Disaggregated revenue information:

For the year ended 31 December 2023

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services					
Sales of electricity	**27,360,663**	**3,970,756**	**1,386,849**	**14,330**	**32,732,598**
Sales of steam	**–**	**828,543**	**–**	**–**	**828,543**
Sales of coal	**–**	**3,241,927**	**–**	**–**	**3,241,927**
Others	**135,738**	**376,982**	**21,223**	**301,415**	**835,358**
	27,496,401	**8,418,208**	**1,408,072**	**315,745**	**37,638,426**
Geographic markets					
Chinese Mainland	**26,774,863**	**8,418,208**	**1,408,072**	**315,745**	**36,916,888**
Canada	**182,493**	**–**	**–**	**–**	**182,493**
South Africa	**405,810**	**–**	**–**	**–**	**405,810**
Ukraine	**133,235**	**–**	**–**	**–**	**133,235**
	27,496,401	**8,418,208**	**1,408,072**	**315,745**	**37,638,426**
Timing of revenue recognition					
Goods transferred at a point of time	**27,421,172**	**8,202,190**	**1,408,072**	**14,330**	**37,045,764**
Services transferred over time	**75,229**	**216,018**	**–**	**301,415**	**592,662**
	27,496,401	**8,418,208**	**1,408,072**	**315,745**	**37,638,426**

For the year ended 31 December 2022

	Wind power *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total *RMB'000*
Types of goods and services					
Sales of electricity	27,102,031	4,069,444	656,629	47,071	31,875,175
Sales of steam	–	848,838	–	–	848,838
Service concession construction revenue	56,704	–	–	–	56,704
Sales of coal	–	6,422,950	–	–	6,422,950
Others	89,081	374,903	2	193,994	657,980
	27,247,816	11,716,135	656,631	241,065	39,861,647
Geographic markets					
Chinese Mainland	26,562,564	11,716,135	656,631	241,065	39,176,395
Canada	215,631	–	–	–	215,631
South Africa	339,590	–	–	–	339,590
Ukraine	130,031	–	–	–	130,031
	27,247,816	11,716,135	656,631	241,065	39,861,647
Timing of revenue recognition					
Goods transferred at a point of time	27,102,031	11,533,210	656,629	47,071	39,338,941
Services transferred over time	145,785	182,925	2	193,994	522,706
	27,247,816	11,716,135	656,631	241,065	39,861,647

The following table shows the amounts of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Types of goods and services – others	**180,254**	162,150

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of electricity, steam and coal

The Group's contracts with customers for the sales of electricity, steam and coal generally include one performance obligation. The Group has concluded that the performance obligation is satisfied at a point of time and revenue continues to be recognised upon transmission to the customers.

Service concession construction revenue

Revenue from the provision of construction services under a service concession construction contract is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Rendering of services

Revenue from the rendering of services is recognised over time by reference to the stage of completion of the transaction based on the progress of work performed.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**120,746**	21,962
After one year	**10,802**	15,404
	131,548	37,366

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the rendering of services, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

6 OTHER NET INCOME

	2023	2022
	RMB'000	*RMB'000*
Government grants	**1,130,603**	1,103,039
Rental income from investment properties	**3,187**	9,281
Gain on disposal of property, plant and equipment, right-of-use assets and intangible assets	**22,443**	1,732
Losses on disposal of subsidiaries	**(28,596)**	–
Gain on bargain acquisition of subsidiaries	**–**	2,210
Others	**198,435**	90,166
	1,326,072	1,206,428

7 FINANCE INCOME AND EXPENSES

	2023	2022
	RMB'000	*RMB'000*
Interest income on financial assets	**236,912**	182,806
Dividend income	**11,913**	12,317
Net unrealised profits on derivative financial instruments	**–**	104,518
Foreign exchange gains	**1,913**	7,195
Finance income	**250,738**	306,836
Less:		
Interest on bank and other borrowings wholly repayable within five years	**2,524,620**	2,562,214
Interest on bank and other borrowings repayable more than five years	**1,166,814**	1,103,798
Interest on lease liabilities	**73,172**	52,747
Less: Interest expenses capitalised into property, plant and equipment and intangible assets	**(358,316)**	(216,080)
	3,406,290	3,502,679
Foreign exchange losses	**175,110**	429,377
Net unrealised losses on trading securities and derivative financial instruments	**51,268**	108,086
Bank charges and others	**55,107**	66,545
Finance expenses	**3,687,775**	4,106,687
Net finance expenses	**3,437,037**	3,799,851

The borrowing costs have been capitalized at rates of 1.05% to 4.99% per annum for the year ended 31 December 2023 (2022: 2.20% to 4.83%).

8 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Personnel costs

	2023	2022
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**3,428,337**	3,107,675
Contributions to defined contribution retirement plans	**495,027**	469,564
	3,923,364	3,577,239

(b) Other items

	2023	2022
	RMB'000	*RMB'000*
Amortisation		
– intangible assets	**597,184**	609,167
Depreciation		
– investment properties	**–**	590
– property, plant and equipment	**9,965,544**	9,510,654
– right-of-use assets	**221,244**	139,543
Provision/(reversal) of impairment losses		
– property, plant and equipment*	**1,471,557**	1,940,802
– trade receivables	**71,316**	18,077
– other receivables	**4,266**	(25,847)
– intangible assets*	**636,125**	103,873
– right of use assets*	**2,486**	–
Recognition of provision for inventory obsolescence*	**1,105**	8,094

	2023	2022
	RMB'000	*RMB'000*
Auditors' remuneration		
– annual audit services	**23,169**	22,124
– interim review services	**6,300**	6,300
– other services	**470**	6,835
Operating lease charges		
– plant and equipment and motor vehicles	**50,450**	38,891
– properties	**68,460**	45,659
Gain on disposal of property, plant and equipment, right-of-use assets and intangible assets	**(22,443)**	(1,732)
Cost of inventories	**6,674,006**	10,086,682
Proceeds from sale of items produced while testing machinery and equipment	**(208,388)**	(273,555)
Direct cost of sales	**11,562**	26,459
Net gain from sale of items produced during the testing process	**(196,826)**	(247,096)
Losses on disposal of subsidiaries	**28,596**	–
Gain on bargain acquisition of subsidiaries	**–**	(2,210)

* The provision/(reversal) of impairment losses and recognition of provision for inventory obsolescence are included in "Other operating expenses" in the "Consolidated Statement of Profit or Loss and Other Comprehensive Income".

(c) Other operating expenses

	2023	2022
	RMB'000	*RMB'000*
Insurance expenses	**270,893**	258,968
Other tax expenses	**209,992**	216,052
Purchase of electricity charges	**135,301**	139,654
Technical service expenses	**387,004**	249,129
Impairment losses on property, plant and equipment	**1,471,557**	1,940,802
Impairment losses on intangible assets	**636,125**	103,873
Impairment losses on right of use assets	**2,486**	–
Recognition of provision for inventory obsolescence	**1,105**	8,094
Others	**563,352**	499,343
	3,677,815	3,415,915

9 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**1,811,801**	1,661,809
Underprovision in respect of prior years	**22,346**	21,244
	1,834,147	1,683,053
Deferred tax		
Origination and reversal of temporary differences	**(304,358)**	(127,511)
	1,529,789	1,555,542

Notes:

(i) The provision for income tax of the PRC subsidiaries of the Group is calculated based on the statutory rate of 25% of the assessable profits of the Group as determined in accordance with the relevant PRC income tax rules and regulations for the years ended 31 December 2023 and 2022, except for certain subsidiaries of the Group, which are taxed at preferential rates of 0% to 15% according to the relevant tax authorities' approvals.

Pursuant to CaiShui [2008] No. 46 Notice on the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment, certain subsidiaries of the Group, which are set up after 1 January 2008 and are engaged in public infrastructure projects, are each entitled to a tax holiday of a 3-year full exemption followed by a 3-year 50% exemption commencing from their respective first operating income generating year.

Pursuant to CaiShui [2011] No. 58, the Company's subsidiaries established in the Western Region of the PRC are entitled to a preferential income tax rate of 15% from 1 January 2011 to 31 December 2020. In addition, according to the Announcement on Continuation of Enterprise Income Tax in West Development published by the Ministry of Finance of the People's Republic of China (the "**Ministry of Finance**"), the State Taxation Administration and the National Development and Reform Commission (the "**NDRC**") on 23 April 2020, the aforementioned subsidiaries established in the Western Region of the PRC are authorised to be taxed at a preferential income tax rate of 15% till 31 December 2030.

(ii) Hero Asia Investment Limited, a subsidiary of the Group incorporated in Hong Kong, is subject to Hong Kong profits tax at 16.5%. Pursuant to the rules and regulations of the British Virgin Islands ("**BVI**"), Hero Asia (BVI) Company Limited, a subsidiary of the Group, is not subject to any income tax in the BVI.

Hero Asia Investment Limited and Hero Asia (BVI) Company Limited, being overseas enterprises controlled by a PRC enterprise, are considered as the PRC tax residents in accordance with GuoShuiFa [2009] No. 82. Accordingly, they are subject to the PRC income tax at 25%, and dividends receivable by these two companies are exempted from the PRC dividend withholding tax.

Longyuan Canada Renewables Ltd., a subsidiary of the Group in Canada, is subject to income tax at a rate of 26.5%. Longyuan South Africa Renewables Proprietary Ltd., a subsidiary of the Group in South Africa, is subject to income tax at a rate of 27% from 1 January 2023 (2022: 28%). Ukraine Yuzhne Energy Co., Ltd. and Longyuan Ukraine Southern Wind Power Generation Co., Ltd., subsidiaries of the Group in Ukraine, are subject to income tax at a rate of 18%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023	2022 (Restated)
	RMB'000	*RMB'000*
Profit before taxation	**8,397,812**	7,683,712
Notional tax on profit before taxation	**2,099,453**	1,920,928
Tax effect of non-deductible expenses	**21,328**	48,048
Tax effect of share of profits less losses of associates and joint ventures	**(6,876)**	104,843
Tax effect of non-taxable income	**(1,551)**	(1,149)
Effect of differential tax rate of certain subsidiaries of the Group	**(1,114,577)**	(1,052,498)
Use of unrecognised tax losses in prior years	**(22,707)**	(28,542)
Tax effect of unused tax losses and deductible temporary differences not recognised	**532,373**	537,410
Underprovision in respect of prior years	**22,346**	21,244
Others	**–**	5,258
Income tax	**1,529,789**	1,555,542

10 OTHER COMPREHENSIVE INCOME

	2023	2022
	RMB'000	*RMB'000*
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income ("**FVOCI**"):		
– Changes in fair value recognized during the year	**(5,211)**	135,390
– Tax expense	**6,287**	(10,298)
Net of tax amount	**1,076**	125,092
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations:		
– Before and net of tax amount	**22,475**	(150,891)
Exchange differences on net investment in foreign operations:		
– Before and net of tax amount	**(947)**	(5,884)
Other comprehensive income/(loss)	**22,604**	(31,683)

11 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company for the year ended 31 December 2023 of RMB6,200,378,000 (2022: RMB4,902,415,000) and the weighted average number of ordinary shares of 8,381,136,000 in issue after share repurchases during the year (2022: 8,363,028,000 shares).

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years presented.

12 TRADE AND BILLS RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Amounts due from third parties	**35,818,112**	27,821,207
Amounts due from fellow subsidiaries	**235,328**	76,171
Amounts due from associates	**34,036**	50,970
	36,087,476	27,948,348
Less: Allowance for doubtful debts	**(357,690)**	(290,725)
	35,729,786	27,657,623
Analysed into:		
Trade receivables	**35,626,259**	27,293,803
Bills receivable	**103,527**	363,820
	35,729,786	27,657,623

(a) Ageing analysis

The ageing analysis of trade and bills receivables of the Group, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year or no invoice date specified	**35,695,565**	27,635,236
Between 1 and 2 years	**13,571**	12,192
Between 2 and 3 years	**12,028**	3,303
Over 3 years	**8,622**	6,892
	35,729,786	27,657,623

The Group's trade and bills receivables are mainly wind power, coal power and other renewable energy electricity sales receivables from local grid companies. Generally, the receivables are due within 15 to 30 days from the date of billing, except for the tariff premium. The collection of such tariff premium is subject to the allocation of funds by relevant government authorities to local grid companies, which consequently takes a relatively long time for settlement.

(b) Impairment of trade and bills receivables

The movements in the loss allowance for doubtful debts are as follows:

	2023 ***RMB'000***	2022 *RMB'000*
At 1 January	**290,725**	274,949
Impairment losses recognised	**82,206**	41,170
Reversal of impairment losses	**(10,890)**	(23,093)
Amount written off as uncollectible	**(3,581)**	–
Exchange reserve	**(770)**	(2,301)
At 31 December	**357,690**	290,725

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if the Group is satisfied that the recovery of the amount is remote.

Pursuant to Caijian [2020] No. 4 Notice on Promoting the Healthy Development of Non-aqueous Renewable Energy Power Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Notice on the Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) jointly issued by the Ministry of Finance, the NDRC of the PRC and the National Energy Administration in January 2020, a set of new standardised procedures for the settlement of the aforementioned renewable energy tariff premium have came into force since January 2020 and approvals on a project-by-project basis are required before the allocation of funds to local grid companies. Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) issued by the Ministry of Finance in March 2012 was repealed at the same time.

As at 31 December 2023, most of the Group's projects have been approved for the tariff premium of renewable energy and certain projects were in the process of applying for the approval. The directors are of the opinion that the approvals will be obtained in due course. The tariff premium receivables are settled in accordance with the prevailing government policies and prevalent payment trends of the Ministry of Finance. There is no due date for settlement. The trade receivables from the tariff premium are fully recoverable, considering that there were no bad debt experiences with the grid companies in the past and such tariff premium is funded by the PRC government.

The Group has applied the simplified approach to measure the provision for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected credit loss provision for all trade receivables. To measure the expected credit loss of trade receivables excluding tariff premium receivables, trade receivables have been grouped based on shared credit risk characteristics and the ageing.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

As at 31 December 2023

	Within 1 year or no invoice date specified	**Between 1 and 2 years**	**Between 2 and 3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**0.97%**	**0.75%**	**0.81%**	**30.22%**	**0.98%**
Gross carrying amount *(RMB'000)*	**35,940,294**	**13,673**	**12,126**	**12,356**	**35,978,449**
Expected credit losses *(RMB'000)*	**348,256**	**102**	**98**	**3,734**	**352,190**

As at 31 December 2022

	Within 1 year or no invoice date specified	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Expected credit loss rate	1.02%	1.65%	0.75%	60.95%	1.05%
Gross carrying amount *(RMB'000)*	27,551,156	12,396	3,328	17,648	27,584,528
Expected credit losses *(RMB'000)*	279,740	204	25	10,756	290,725

As at 31 December 2023, bills receivable were all bank acceptance bills with a maturity of three to twelve months. Management considered the expected credit losses according to the probability of default and finally made the expected credit losses of RMB4,500,000 in the year of 2023.

13 TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Bills payables	**6,175,103**	1,668,779
Trade payables	**933,787**	1,129,755
Amounts due to associates	**18,765**	20,851
Amounts due to fellow subsidiaries	**121,623**	117,147
	7,249,278	2,936,532

The ageing analysis of trade payables by invoice date is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**7,220,845**	2,768,545
Between 1 and 2 years	**11,680**	107,349
Between 2 and 3 years	**9,261**	31,254
Over 3 years	**7,492**	29,384
	7,249,278	2,936,532

As at 31 December 2023 and 2022, all trade and bills payables are payable and expected to be settled within one year.

14 DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.2225 per share (2022: RMB0.1171)	**1,860,113**	981,528

On 27 March 2024, the directors of the Company resolved a dividend distribution of RMB0.2225 per share, which was calculated according to 30% of the net profit attributable to the shareholders for the year 2023 of RMB6,200,378,263, which amounted to RMB1,860,113,479 and the total shares of 8,359,816,164 (taking into account of shares repurchased by the Company up to January 2024 which were cancelled on March 2024), such amount of Dividend distribution is subject to approval of the shareholders at the forthcoming Annual General Meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. If any circumstances, such as issuance of new shares or share repurchase before the record date for dividend distribution, results in the changes in our total number of shares on record date for dividend distribution, dividend per share shall be adjusted accordingly on the premise that the total dividend amount remains unchanged.

On 29 March 2023, the directors of the Company resolved that a dividend of RMB0.1171 per share, amounting to RMB981,527,825 distributed to the shareholders for 2022, and was approved by the shareholders at the Annual General Meeting on 15 June 2023. The dividend was fully paid in 2023.

On 30 March 2022, the directors of the Company resolved that a dividend of RMB0.1470 per share, amounting to RMB1,232,148,585 distributed to the shareholders for 2021, and was approved by the shareholders at the Annual General Meeting on 22 June 2022. The dividend was fully paid in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise specified, the following information disclosure was based on financial information prepared in accordance with the International Financial Reporting Standards)

I. INDUSTRY REVIEW

Operational Environment

In 2023, in the face of the complex and severe international environment and arduous tasks of domestic reform, development and stabilization, under the strong leadership of the Central Committee of the CPC with Comrade Xi Jinping at the core, all regions and departments seriously implemented the decisions and deployments made by the Party Central Committee and the State Council, adhered to the general principle of seeking progress while maintaining stability, implemented the new concept of development in a complete, accurate and comprehensive manner, accelerated the establishment of a new development pattern, deepened the reform and opening up in a comprehensive manner, intensified the efforts in macroeconomic adjustment and control, endeavoured to expand domestic demand, optimise the structure, boost confidence, avoid and defuse risks, the economy of China rebounded and recovered, supply and demand steadily improved, restructuring and upgrading were actively promoted, employment and prices were generally stable, people's livelihood was strongly and effectively safeguarded, high-quality development was solidly promoted, and the main expected targets had been satisfactorily attained.

According to the statistics from China Electricity Council, in 2023, power consumption across the country was 9,224.1 billion kWh, representing a year-on-year increase of 6.7%. The total power generation across the country was 9,288.8 billion kWh, representing a year-on-year increase of 6.7%. In particular, the coal power generation amounted to 6,101.9 billion kWh, representing a year-on-year increase of 6.2%; the wind power generation amounted to 885.8 billion kWh, representing a year-on-year increase of 16.2%; and the solar power generation amounted to 583.3 billion kWh, representing a year-on-year increase of 36.4%. The average utilisation hours of power generation facilities of 6,000 kilowatts and above across the country were 3,592 hours, representing a year-on-year decrease of 101 hours. In particular, the average utilisation hours for coal-fired power generation were 4,685 hours, representing a year-on-year increase of 92 hours; and the average utilisation hours for gas-fired power generation were 2,436 hours, representing a year-on-year decrease of 4 hours; the average utilisation hours for on-grid wind power were 2,225 hours, representing a year-on-year increase of 7 hours; and the average utilisation hours for on-grid solar power generation were 1,286 hours, representing a year-on-year decrease of 54 hours.

As of the end of 2023, the power generation installed capacity across the country was 2.92 billion kW, representing a year-on-year increase of 13.9%, of which the capacity of hydro power generation was 420 million kW (including 50.94 million kW for pumped storage), accounting for 14.4% of the total installed capacity; the capacity of coal power generation was 1.39 billion kW (including 1.16 billion kW for coal-fired power generation and 130 million kW for gas-fired power generation), accounting for 47.6% of the total installed capacity; and the capacity of nuclear power generation was 56.91 million kW, accounting for 1.9% of the total installed capacity; the capacity of on-grid wind power was 0.44 billion kW, accounting for 15.1% of the total installed capacity; and the capacity of on-grid solar power generation was 0.61 billion kW, accounting for 20.9% of the total installed capacity. In 2023, the newly added installed capacity of infrastructure across the country was 370 million kW, representing a year-on-year increase of 170 million kW, among which, the newly added installed capacity of wind power was 75.66 million kW, and that of solar power was 220 million kW. The installed capacity of wind power and solar power maintained a relatively fast growth, accounting for 58.5% of the total newly added power generation installed capacity.

Policy Environment

I. Steady Optimisation of Policy Framework and Accelerating Implementation of Green and Low Carbon Transition

In January 2023, the National Energy Administration issued the Blue Paper of New Power System Development (Draft for Soliciting Opinions). In the opinion, it was mentioned that 2030, 2045 and 2060 are important time points for the strategic objectives of new power system construction, and a "three-step" development path for the new power system will be formulated, with the "progress bars" for the construction of the new power system being advanced in a planned and step-by-step manner. By 2030, new energy will become the mainstay of power generation increment, with a proportion of over 40% in installed capacity and over 20% in power generation. By 2045, new energy will become the main source of power for system installation. By 2060, the new power system will enter mature period, and a new form of power system will be fully established. In June 2023, the Blue Paper of New Power System Development was formally issued.

In April 2023, the National Energy Administration issued the 2023 Energy Work Guidance, pointing out the need to vigorously develop wind and solar power generation; to promote the full coverage of green certificate issuance, make a good connection with carbon emission trading, and improve the renewable energy power consumption guarantee mechanism based on green certificate; to strengthen energy construction to assist rural revitalization, steadily promote the pilot development of distributed rooftop photovoltaics throughout the county, and promote clean energy use in rural areas.

In April 2023, the National Energy Administration issued the Guiding Opinions on Strengthening the Stability of New Power Systems (Draft for Soliciting Opinions), which pointed out the need to improve a reasonable power structure, build a strong and flexible power grid platform, deeply tap into the flexibility of the power load side, and scientifically arrange energy storage construction; establish and improve market-oriented incentive mechanisms, and accelerate the construction of new power load management systems. In September 2023, the NDRC and the National Energy Administration formally issued the Guiding Opinions on Strengthening the Stability of Power System under New Situation.

In April 2023, the National Energy Administration issued the Notice on Matters Relating to the Promotion of the Scale Development of Photovoltaic and Thermal Power Generation by the Comprehensive Department of the National Energy Administration, pointing out that the scale development and utilisation of photovoltaic and thermal power generation will become a new growth point of China's new energy industry, and proposing to strive for an annual new construction scale of the country's photovoltaic and thermal power generation of approximately 3 million kW in the "14th Five-Year Plan" period.

In August 2023, the NDRC issued the Circular on the Weight of Responsibility for Renewable Energy Power Consumption in 2023 and Related Matters. In the notice, it was pointed out that all provinces (autonomous regions and municipalities directly under the Central Government) should reasonably arrange the guaranteed grid-connection scale for wind power and photovoltaic power generation in accordance with the weight of the responsibility for the consumption of non-hydroelectricity in their respective provinces (autonomous regions and municipalities directly under the Central Government). We should strictly implement the requirements for the percentage of renewable energy power in the western China – eastern China power transmission and cross-provincial and cross-regional power transmission channels, and the percentage in 2023 should in principle be no lower than the actual implementation figure in 2022. The renewable energy power consumption responsibility weight for 2023 is a binding indicator, and all provinces (autonomous regions, municipalities directly under the Central Government) should conduct the assessment and evaluation in accordance with such indicator; the weight for 2024 is a prospective indicator, and all provinces (autonomous regions, municipalities directly under the Central Government) should commence project reserve in accordance with such indicator.

In October 2023, the National Energy Administration issued the Notice on Organising and Launching the Pilot Demonstration of Renewable Energy Development, proposing the "Demonstration of a High Proportion of New Energy for Generation, Supply and Use", which will mainly support energy users such as parks, enterprises and public building owners to make use of new energy technologies such as direct supply of electricity generated from new energy, coupling of wind power, photovoltaic power, hydrogen and storage, and flexible loading to explore and construct an integrated energy system with new energy as the main source and with complementary multi-energy sources and energy source – load interaction, to create demonstration of high proportion of new energy for generation, supply and use, and to achieve a proportion of new energy power consumption of more than 70%.

II. Continuous Promulgation of Supportive Policies and Rapid Improvement of the Electricity Market System

In January 2023, the National Energy Administration issued the Notice on the Issuance of Key Points for Energy Regulatory Work in 2023, which pointed out the need to accelerate the construction of a unified national electricity market system, strengthen research on regional electricity market setup plans, fully leverage the decisive role of the market in resource allocation, continuously expand the scale of new energy participation in market-oriented transactions, and promote more industrial and commercial users to directly participate in transactions; accelerate the construction of the auxiliary service market, and study and formulate pricing methods for electric power auxiliary services.

In February 2023, the NDRC, the Ministry of Finance and the National Energy Administration published the Circular on Matters Relating to the Participation in Green Power Trading of Green Power Projects Enjoying Central Government Subsidies, proposing the expansion of the scale of green power's participation in the market, allowing green power purchased by the state for indemnificatory purpose to participate in the green power trading or green certificate trading, and confirming that green power participating in the electricity market trading is to be traded by the project units themselves in the green power trading or green certificate trading.

In May 2023, the NDRC issued the Notice on Publicly Soliciting Opinions on the Electricity Demand Side Management Measures (Draft for Soliciting Opinions), which pointed out that non-operational power users with the ability to respond should be guided to participate in demand response in an orderly manner; demand response entities shall be encouraged to participate in the corresponding energy market, auxiliary services market and capacity market; the consumption of green power by industry leaders, large state-owned enterprises and multinational companies should be encouraged; the gradual increase in the proportion of green power consumption in regions with relatively more export-oriented enterprises and stronger economic capacity should be promoted; the level of green power consumption in new infrastructure facilities should be enhanced and the consumption of green power in the vicinity should be promoted. In September 2023, the Electricity Demand Side Management Measures (2023 edition) was formally issued.

In August 2023, the NDRC, the Ministry of Finance and the National Energy Administration jointly issued the Circular on Full Coverage of Renewable Energy Green Electricity Certificates to Promote the Consumption of Renewable Energy Electricity, clarifying that the green certificate is the only proof of the environmental attributes of renewable energy electricity in China, and the only certificate for the recognition of renewable energy electricity production and consumption. The state will issue green certificates for eligible renewable energy electricity, with one green certificate unit corresponding to 1,000 kWh of renewable energy electricity. The notice requires that the issuance of green certificates be standardised, and that green certificates be issued for all electricity produced by renewable energy power generation projects that have been documented, such as wind power (including distributed wind power and offshore wind power), solar power (including distributed photovoltaic power and photo-thermal power), conventional hydroelectric power, biomass power, geothermal power, and ocean energy power, so as to realise the full coverage of the green certificate issuance.

In September 2023, the NDRC and the National Energy Administration organised the publication of the Basic Rules of Electricity Spot Market (Trial), requiring the enhancement of the adjustment capacity for the power system, the promotion of renewable energy consumption, the guarantee of safe and reliable supply of electricity, the promotion of the transition of the power system into a clean, low-carbon, safe and efficient system, and listing the "pushing new types of operating entities, such as distributed power generation, load aggregators, energy storage, and virtual power plants, etc., to take part in the transactions" as a major task in the near-term construction of the electricity spot market.

In October 2023, the NDRC and the National Energy Administration issued the Circular on Further Accelerating the Construction of the Electricity Spot Market, requesting the orderly realisation of the full coverage of the electricity spot market under the premise of ensuring a safe and stable supply of electricity; proposing to promote the participation of distributed new energy on-grid electricity in the market in regions with relatively high proportion of distributed new energy installations. At the same time, time-sharing price signals should be formed through a market-oriented manner, and energy storage, virtual power plants, load aggregators and other new types of entities should be promoted to play an active role in electricity use load regulation, optimisation of the quality of electricity, and exploration of new methods such as "new energy + energy storage".

In November 2023, the NDRC and the National Energy Administration formally issued the Notice on the Establishment of Capacity Tariff Mechanism for Coal-fired Power, deciding to establish the coal-fired power capacity tariff mechanism with effect from 1 January 2024 and to implement a two-part tariff policy for coal-fired power. It is expressly stated that the capacity tariff mechanism for coal-fired power is applicable to qualified public coal-fired power generating units in operation. The capacity tariff for coal-fired power will be determined on the basis of recovery of a certain proportion of the fixed costs of the coal-fired power generating units.

III. Gradual Optimising Supervision Standards Leading to Increasing Effectiveness of Renewable Energy Projects Regulation

In May 2023, the National Energy Administration issued the Interim Regulations on Quality Supervision and Management of Electric Power Construction Projects, which pointed out that power generation construction projects with an installed capacity of less than 6 MW, distributed and decentralised power generation construction projects as clearly defined by the energy regulatory department through filing or approval, and new energy storage power station construction projects with a power of less than 5 MW do not require quality supervision.

In June 2023, the National Energy Administration issued the Management Measures for Wind Farm Transformation, Upgrading, and Retirement, encouraging wind farms that have been connected to the grid for more than 15 years or have a single unit capacity of less than 1.5 MW to carry out transformation and upgrading, and the renovation and upgrading of the original grid connected capacity would not occupy the newly added consumption space; encouraging the new grid-connected capacity to be connected to the grid through market-oriented methods. The on-grid tariff for the subsidized electricity in the wind farm renovation and upgrading project shall be subject to the tariff policy before the renovation, while the on-grid tariff for other electricity shall subject to the tariff policy of the year when the project is approved for the change.

In October 2023, the National Energy Administration issued the Circular on Further Standardising the Management of Electricity Business Permits for Renewable Energy Power Generation Projects. The circular clarifies that on the basis of the existing license exemption policy, decentralised wind power projects will be included in the scope of licensing exemption and will not be required to obtain an electricity business permit. At the same time, the circular adjusts the permit renewal policy for renewable energy power generation projects (units). For wind turbines that have reached the end of their design lives and that satisfy the safe operation conditions according to assessment results and the assessment results have been reported to the local energy authorities, the relevant operating companies will apply for extension of the permits.

II. BUSINESS REVIEW

Business

In 2023, the Group had always taken "developing clean energy and building a Beautiful China" as our mission, centered on the construction of a new Longyuan that embodies the values of "inherent safety, doubled scale, digital transformation, innovation-driven leadership, and proactive growth", overcome difficulties and worked hard, with various tasks and targets for the whole year having been completed and attained in a high-quality manner, leading to a good trend of attaining progress while maintaining steady and prosperous development. In 2023, the newly added consolidated installed capacity of the Group was 4,509.83 MW, of which the newly added consolidated installed capacity of wind power was 1,562.55 MW; the accumulated power generation amounted to 76,225,816 MWh, representing a year-on-year increase of 7.92%, of which wind power generation amounted to 61,352,968 MWh, representing a year-on-year increase of 5.22%; coal power generation amounted to 10,319,796 MWh, representing a year-on-year decrease of 2.39%; other renewable energy power generation amounted to 4,553,052 MWh, representing a year-on-year increase of 159.83%. As of 31 December 2023, the consolidated installed capacity of the Group was 35,593.67 MW, among which, the consolidated installed capacity of the wind power, coal-fired power and other renewable energy segments were 27,754.39 MW, 1,875.00 MW and 5,964.28 MW, respectively.

1. Stabilizing Safety and Environmental Protection Defences and Steadily Improving Quality of Production and Operation

In 2023, the Group carried out the spirit of important instructions on production safety in depth, formulated and issued the Longyuan Power Three-Year Plan for Intrinsic Safety, implemented various tasks around the "Document No. 1" on safety and environmental protection, improved the safety contracting and assurance responsibility system, and strengthened the safety and environmental protection leadership responsibility. The Group improved its system and focused on the significant aspects including production and infrastructure, developed 4 new safety and environmental protection regulations and revised 18 regulations. The Group made efforts to enhance its risk prevention capability and took "visible leadership, visible locals, standard operation" as effective means to safeguard the safety of production and engineering. It conducted remote inspections on high-risk operations with full coverage throughout the year, issued weekly inspection reports, sent reminders and conducted assessments on typical problems, actively improved the dual prevention mechanism for risks and hazards, clarified the list and procedures for risk identification, and dynamically updated the risk database.

In 2023, in the face of the unfavourable situation of frequent occurrence of extreme weather, the Group planned its emergency response work for the whole year in advance, improved the emergency material reserves, emergency plan drills and strengthened the discipline of 24-hour emergency monitoring, and completed 11 emergency drills in a high-quality manner during the year, which effectively improved the emergency response capability. Two units under the Group were awarded the title of excellent healthy enterprise cases by the National Health Commission, and four units were awarded as provincial-level healthy enterprise.

In 2023, the accumulated power generation of the Group amounted to 76,225,816 MWh, representing a year-on-year increase of 7.92%, of which wind power generation amounted to 61,352,968 MWh, representing a year-on-year increase of 5.22%, photovoltaic and other renewable energy power generation amounted to 4,553,052 MWh, representing a year-on-year increase of 159.83%. The average utilisation hours of wind power in 2023 was 2,346 hours, 50 hours more than that in 2022, mainly due to the fact that the accuracy of various fault prediction models of the Group had been improved and we tended to do maintenance proactively rather than repair when units were faulty, achieving the year-on-year increase in the average wind velocity, which effectively increased the utilisation hours of the units. Geographical breakdown of the consolidated power generation of the Company's wind farms for 2022 and 2023:

Region	**2023** *(MWh)*	2022 *(MWh)*	**Percentage of change**
Heilongjiang	**3,321,621**	3,373,653	-1.54%
Jilin	**2,066,421**	2,041,863	1.20%
Liaoning	**3,447,291**	3,111,842	10.78%
Inner Mongolia	**7,327,001**	6,835,334	7.19%
Jiangsu (onshore)	**2,350,093**	2,281,530	3.01%
Jiangsu (offshore)	**5,449,194**	5,380,629	1.27%
Zhejiang	**352,411**	380,131	-7.29%
Fujian	**3,192,975**	3,629,312	-12.02%
Hainan	**133,048**	143,506	-7.29%
Gansu	**3,591,915**	3,217,564	11.63%
Xinjiang	**3,895,993**	3,970,318	-1.87%
Hebei	**4,112,734**	3,993,512	2.99%
Yunnan	**2,992,453**	2,624,821	14.01%
Anhui	**1,772,622**	1,718,341	3.16%
Shandong	**1,531,629**	1,259,587	21.60%
Tianjin	**996,402**	967,771	2.96%
Shanxi	**2,698,406**	2,430,177	11.04%
Ningxia	**1,552,585**	1,490,938	4.13%
Guizhou	**1,659,568**	1,483,689	11.85%
Shaanxi	**1,825,373**	1,715,468	6.41%
Tibet	**13,879**	14,181	-2.13%
Chongqing	**665,104**	658,655	0.98%
Shanghai	**114,068**	115,373	-1.13%
Guangdong	**312,535**	297,506	5.05%
Hunan	**750,926**	666,490	12.67%
Guangxi	**2,423,034**	1,901,034	27.46%
Jiangxi	**455,079**	449,517	1.24%
Hubei	**222,990**	230,239	-3.15%
Qinghai	**299,169**	274,652	8.93%
Henan	**556,963**	445,643	24.98%
Canada	**232,848**	283,219	-17.79%
South Africa	**832,622**	693,043	20.14%
Ukraine	**204,018**	228,529	-10.73%
Total	**61,352,968**	58,308,065	5.22%

Geographical breakdown of the average utilisation hours/load factor of wind power of the Company's wind farms for 2022 and 2023:

Region	**Average utilisation hours of wind power for 2023** *(hour)*	**Average load factor of wind power for 2023**	Average utilisation hours of wind power for 2022 *(hour)*	Average load factor of wind power for 2022	**Percentage of change of the average utilisation hours of wind power**
Heilongjiang	**2,475**	**28%**	2,510	29%	-1.39%
Jilin	**2,360**	**27%**	2,413	28%	-2.20%
Liaoning	**2,388**	**27%**	2,160	25%	10.56%
Inner Mongolia	**2,435**	**28%**	2,417	28%	0.74%
Jiangsu (onshore)	**1,743**	**20%**	1,692	19%	3.01%
Jiangsu (offshore)	**2,484**	**28%**	2,453	28%	1.26%
Zhejiang	**1,536**	**18%**	1,656	19%	-7.25%
Fujian	**2,939**	**34%**	3,340	38%	-12.01%
Hainan	**1,344**	**15%**	1,450	17%	-7.31%
Gansu	**2,122**	**24%**	2,025	23%	4.79%
Xinjiang	**2,434**	**28%**	2,428	28%	0.25%
Hebei	**2,320**	**26%**	2,266	26%	2.38%
Yunnan	**2,786**	**32%**	2,459	28%	13.30%
Anhui	**2,153**	**25%**	2,124	24%	1.37%
Shandong	**2,278**	**26%**	2,317	26%	-1.68%
Tianjin	**1,933**	**22%**	2,010	23%	-3.83%
Shanxi	**2,129**	**24%**	1,960	22%	8.62%
Ningxia	**2,026**	**23%**	1,921	22%	5.47%
Guizhou	**2,043**	**23%**	2,006	23%	1.84%
Shaanxi	**2,188**	**25%**	2,056	23%	6.42%
Tibet	**1,851**	**21%**	1,891	22%	-2.12%
Chongqing	**2,293**	**26%**	2,271	26%	0.97%
Shanghai	**2,401**	**27%**	2,429	28%	-1.15%
Guangdong	**2,548**	**29%**	2,374	27%	7.33%
Hunan	**2,435**	**28%**	2,161	25%	12.68%
Guangxi	**2,894**	**33%**	2,568	29%	12.69%
Jiangxi	**2,317**	**26%**	2,289	26%	1.22%
Hubei	**2,367**	**27%**	2,444	28%	-3.15%
Qinghai	**1,994**	**23%**	1,831	21%	8.90%
Henan	**2,495**	**28%**	2,566	29%	-2.77%
Canada	**2,350**	**27%**	2,858	33%	-17.77%
South Africa	**3,405**	**39%**	2,835	32%	20.11%
Ukraine	**2,667**	**30%**	2,987	34%	-10.71%
Total	**2,346**	**27%**	2,296	26%	2.18%

During the Reporting Period, the consolidated power generation from coal power segment of the Group was 10,319,796 MWh, representing a decrease of 2.39% as compared with 10,572,663 MWh in the corresponding period of 2022, which was primarily due to the significant increase in new energy installed capacity in Jiangsu Province and the significant year-on-year increase in new energy power generation which suppressed coal power generation, resulting in a year-on-year decrease in the load of coal power generating units in Jiangsu Province. The average utilisation hours of the Group's coal power generating units in 2023 was 5,504 hours, representing a decrease of 135 hours as compared with 5,639 hours in 2022.

2. *Focusing on Making Breakthrough in Key Problems and Achieving New High Rate of Growth in New Energy Development*

In 2023, the Group strengthened top-level design, enhanced strategic guidance and gave priority to plans, scientifically studied and judged the development situation around the "14th Five-Year" development goal, and fully leveraged the Group's advantages in brand, technology, talents, layout and other aspects to accelerate high-quality development. Taking into account the strategic consistency and flexibility and in accordance with the development spirit of being "Troikas, Dual-core Development, Four Growth Engines", the Group adhered to the policy of "one province (city), one policy", comprehensively promoted the development of its projects featuring "base-type, station-type and distribution-type"; enhanced its strategic synergy and competed in the initiative for the base development through utilising the strength of the integration of CHN Energy, the industrial supporting advantages of cooperative enterprises and its own professional advantages; adhered to the combination of centralised and distributed operations to promote the efficient and rapid development of PV; deepened policy study and technology research and expanded the development and leading of emerging areas such as new type energy storage, hydrogen energy and other hydrogen-based energy. The Group continued to plan and promote large base projects in a closely consistent manner with the base project development policy of the NDRC, and planned for extra-high voltage lines and supporting coal power capacity in order to promote large base projects along with the construction of extra-high voltage transmission lines. The Group seized the development opportunities of offshore wind power, expanded the offshore layout, and made new breakthrough in its project development in Jiangsu, Hainan, Shanghai, Guangdong and other regions.

In 2023, the Group increased its resource reserve by 54 GW (24.65 GW for wind power, 23.95 GW for photovoltaic power and 5.4 GW for pumped storage and energy storage), all of which are located in regions with better resources. Branches of the Group in 10 provinces including Xinjiang, Hubei, Inner Mongolia, Liaoning, Guangxi, Shandong and Jilin all have additional agreed capacity of more than 1 million kW. It obtained more than 22.75 GW of development quota for the year, including 19.84 GW of new energy development quota (5.07 GW of wind power and 14.77 GW of PV), 2.38 GW of pumped storage and 0.53 GW of independent energy storage.

3. *Building Quality Projects and Maintaining Industry leadership with High-quality Development*

In 2023, the Group continued to promote the "visibility" of project sites and construct project development management system and achieved digitalisation of project development and visualisation of project sites, which became an effective tool for project management. It implemented the "Ten Initiatives" of 100-day Work Safety Campaign, and promoted the dual prevention mechanism of safety risk classification and control and hidden danger investigation and treatment to be effectively implemented at the project sites; prepared technological standards for application within the Group, covering towers, main transformers, box-type transformers, the GIS system, the high-voltage switch gear in respect of wind power; completed the development of the typical design for prefabricated cabin substation, the manual for standard construction processes and the manual for content and depth of preliminary design; strengthened the "Three Simultaneities" management of projects under construction and create quality and competitive projects by adopting strict measures in work commencement and construction process and enhancing inspection.

In 2023, the 100 MW tidal and photovoltaic complementary intelligent power generation project of the Group in Wenling, Zhejiang was honored as one of the China Electricity Quality Projects of the Year 2023. The 400 MW offshore wind power project at the south area of the sea in Sheyang, Jiangsu won the 2023 National Quality Project Award. The photovoltaic project in Dafosi Village in Binzhou, Shaanxi won the 2021–2022 China Installation Engineering Quality Award. The 400 MW offshore wind power project at the south area of the sea in Sheyang, Jiangsu, the wind power project in Xiaohai Township in Weining, Guizhou, the wind power project in Xidajing, Yanchi, Ningxia, the wind power project in Qingyun Township in Linshu, Shandong, and the photovoltaic project in Dafosi Village in Binzhou, Shaanxi were listed among the 2023 Exemplary Projects of the Electric Power Industry for Equipment Management. The wind power project in Beibao Township in Chongming District of Shanghai was honored as one of the A Thousand Clean Energy Demonstration Projects in A Hundred Counties.

In 2023, the consolidated installed capacity of wind power of the Group that was newly put into production was 1,562.55 MW, the consolidated installed capacity of photovoltaic was 2,947.28 MW, and the consolidated installed capacity of biomass decreased by 24 MW due to the bankruptcy liquidation of Donghai Biomass Power Co., Ltd. As of 31 December 2023, the consolidated installed capacity of the Company was 35,593.67 MW, among which, the consolidated installed capacity of the wind power, coal-fired power and other renewable energy were 27,754.39 MW, 1,875.00 MW and 5,964.28 MW, respectively. Geographical breakdown of the consolidated installed capacity of the Company's wind farms as at 31 December 2022 and 31 December 2023:

Region	**2023** *(MW)*	2022 *(MW)*	**Percentage of change**
Heilongjiang	**1,495.70**	1,345.70	11.15%
Jilin	**943.90**	844.40	11.78%
Liaoning	**1,489.70**	1,441.70	3.33%
Inner Mongolia	**3,034.30**	3,034.30	0.00%
Jiangsu (onshore)	**1,338.50**	1,338.50	0.00%
Jiangsu (offshore)	**2,191.60**	2,191.60	0.00%
Zhejiang	**227.90**	227.90	0.00%
Fujian	**1,049.10**	1,049.10	0.00%
Hainan	**99.00**	99.00	0.00%
Gansu	**1,840.80**	1,690.80	8.87%
Xinjiang	**1,790.30**	1,640.30	9.14%
Hebei	**1,770.10**	1,770.10	0.00%
Yunnan	**1,429.10**	1,078.70	32.48%
Anhui	**834.10**	821.60	1.52%
Shandong	**646.90**	646.90	0.00%
Tianjin	**538.00**	538.00	0.00%
Shanxi	**1,339.75**	1,239.75	8.07%
Ningxia	**974.70**	774.70	25.82%
Guizhou	**1,017.80**	789.00	29.00%
Shaanxi	**833.85**	833.85	0.00%
Tibet	**7.50**	7.50	0.00%
Chongqing	**289.50**	289.50	0.00%
Shanghai	**47.50**	47.50	0.00%
Guangdong	**125.74**	125.74	0.00%
Hunan	**308.35**	308.35	0.00%

Region	2023	2022	Percentage of change
	(MW)	*(MW)*	
Guangxi	**993.85**	933.00	6.52%
Jiangxi	**208.90**	196.40	6.36%
Hubei	**94.20**	94.20	0.00%
Qinghai	**150.00**	150.00	0.00%
Henan	**223.65**	223.65	0.00%
Canada	**99.10**	99.10	0.00%
South Africa	**244.50**	244.50	0.00%
Ukraine	**76.50**	76.50	0.00%
Total	**27,754.39**	26,191.84	5.97%

4. *Strengthening Innovation Leadership and Shaping Advantages through Digital Technology*

In 2023, the Group continuously optimized the digital platform for new energy production to enhance its comprehensive capability in intelligent operation through data empowerment. The Company's digital transformation pilot enterprise plan has been reviewed by the SASAC. It comprehensively improved data quality, focused on source data perception, strengthened data governance, launched the first New Energy Intelligent Algorithm Competition, set up three tracks in fault warning, power prediction, and image recognition, and accelerated the release of data value. It strengthened data application, developed precise fitting algorithms for theoretical power curves, intelligent simulation for predicting electricity consumption and other technologies to provide reliable basis for production and operation. It developed models for long-term electricity price prediction and multi-cycle trading strategy risk control to assist in scientific decision-making in electricity marketing.

It improved the "1+1+4+N" technological innovation system, and achieve multiple technological innovation achievements. The world's first floating wind fishing integration demonstration project, "Guoneng Gong Xiang Hao (國能共享號)", has broken through more than ten new key technologies, and has completed the on-grid debugging work at the end of 2023, providing strong technical support for the development of deep-sea wind power. The performance evaluation of the national key R&D program "Research on Complex Wind Farm Characteristics of Wind Power Generation and Its Application and Verification" has been successfully completed and accepted by the Ministry of Science and Technology of China. The first new energy generation simulation platform for a new power system on the power supply side in China has completed the modeling and simulation tasks of 10 large-scale wind and photovoltaic power stations. The hydrogen and ammonia production project of Alxa large-scale scenic base has been shortlisted for the National Development and Reform Commission's "Notice on Organizing and Implementing Clean and Low-Carbon Energy Innovation Application Engineering of Hydrogen" and has been approved and included in the first batch of engineering project list. The value of the data mining system platform for integrated investment, construction, and operation projects was further realized, and the user friendliness was further improved. The key formula for the crushing and forming technology of waste blades in the harmless recycling of solid waste and resource utilization project of new energy has been successfully developed. It completed the acceptance of six scientific and technological projects, including the Research on Key Technology of New Energy Engineering Digitisation Based on Domestic BIM, and additionally applied for 32 new invention patents.

It continued to consolidate its industry leading advantage, and released three-year plan of the Company in technology innovation to deploy technological innovation work for the next three years. Throughout the year, it issued 4 national standards, including "Wind Turbine Communications for Monitoring and Control System of Wind Power Farms Part 4: Mapping to Communication Profile", and 11 energy industry standards, including "Evaluation Method for Optimization Effect of Wind Turbine Units". 3 energy industry standards, including the Technical Regulations for Protection and Renovation of Leading Edge of Wind Turbine Blades, have been approved by the National Energy Administration for project approval.

5. *Optimizing Operation Management and Improving Production Efficiency Level*

In 2023, the Group closely monitored policy orientation, made full use of green finance policies, continuously optimized financing structure, actively carried out existing loan replacement, and reduced the cost of existing loan funds. At the same time, leveraging the credit advantage of the Group, it increased the frequency of capital market financing and successfully obtained approval for the issuance of RMB10 billion corporate bonds on the Shenzhen Stock Exchange this year. It adhered to the implementation of a rigid management fund plan, took measures such as fund collection, unified allocation, and shareholder borrowing to increase the frequency of fund utilization, maximizing the time value of funds. In 2023, the Group successfully issued 15 ultra short financing bonds, seized opportunities to obtain green loans of over RMB30 billion, and maintained industry advantages in funding costs throughout the year.

In 2023, the Group deeply implemented the business philosophy of "integration, price, cost and profit", with a focus on price and volume, and actively carried out market trading work. It strengthened the preliminary research of important policies in the electricity market, and scientifically responded to changes in the situation. In response to the changing trends in the electricity market, it scientifically decomposed the annual electricity plan, kept breast of the completion progress of annual transactions, intensified supervision and inspection of plan execution to ensure the accuracy of plan execution. It thoroughly analysed the base electricity situation, supply-demand balance adjustment, grid structure, external transmission conditions and other factors in various provinces and regions, accurately assessed the regional demand situation, and continuously optimized and improved trading strategies. It took active measures to obtain annual, monthly, green electricity and other trading quota to ensure the acquisition of sufficient power generation space. It adhered to the principle of "prioritizing price, balancing quantity and price, and risk prevention and control", participated in market transactions with high quality, and entered into high-quality medium – and long-term agreements. It accurately implemented policies to improve trading returns, actively explored new models of spot profit, deeply analysed changes in spot rules, and adjusted strategies in a timely manner based on rule requirements and actual operating conditions.

In 2023, the average on-grid tariffs for overall power generation segments of the Group amounted to RMB443 per MWh (value added tax ("**VAT**") exclusive), representing a decrease of RMB25 per MWh as compared with RMB468 per MWh (VAT exclusive) in 2022. The average on-grid tariffs for wind power amounted to RMB457 per MWh (VAT exclusive), representing a decrease of RMB24 per MWh as compared with RMB481 per MWh (VAT exclusive) in the corresponding period of 2022, which was mainly due to the expansion of wind power market transaction volume, the increase in parity production projects and structural factors. The average on-grid tariffs for photovoltaic amounted to RMB308 per MWh (VAT exclusive), representing a decrease of RMB95 per MWh as compared with the average on-grid tariffs for photovoltaic of RMB403 per MWh (VAT exclusive) in 2022, which was mainly due to the fact that the newly-launched photovoltaic projects are all parity production projects. The average on-grid tariffs for coal power amounted to RMB417 per MWh (VAT exclusive), representing an increase of RMB17 per MWh as compared with the average on-grid tariffs for coal power of RMB400 per MWh (VAT exclusive) in 2022, which was mainly due to the rise of market transaction tariff.

6. *Exploring Deeply the Value of Carbon Assets Management and Expanding New Path to Increase Income in an Environmental Friendly Manner*

In 2023, the Group actively participated in the construction of the carbon market, deeply participated in the preparation of two emission reduction methodologies for distributed renewable energy generation and offshore wind power led by China Electricity Council, independently applied for the methodology for renewable energy hydrogen production and emission reduction, and released the emission reduction methodology for offshore wind power. It established a digital carbon inventory control system and applied it to the carbon inventory of 108 thermal power enterprises in the CHN Group, and continuously enhanced the quality of carbon emission data. It upgraded the carbon asset trading operation platform system and promoted the construction of intelligence, informatization, and digitization. It actively participated in the national carbon emission trading market, domestic and international voluntary greenhouse gas emission reduction markets, and domestic green certificate market transactions. Longyuan Carbon Asset Company has completed the second performance cycle of the national carbon market for all key emission units of the CHN Group, and has achieved 100% early payment and performance for two consecutive performance cycles; actively researched and applied the offset mechanisms and completed the transaction of 210,000 tons of CHN Group CCER (China Certified Emission Reduction). It fully tapped into international market opportunities, completed the first international voluntary emission reduction exchange spot trading on the CTX exchange in the UK, and provided international voluntary emission reduction for units affiliated with CHN Group Zhejiang Branch for carbon neutrality at the 19th Asian Games in Hangzhou. Throughout the year, 4.25 million green certificates were sold by the Group. The Company's headquarters office building achieved 100% green electricity consumption through green certificate transactions in 2023.

7. *Focusing on Key Countries and Steadily Increasing the Potential of Overseas Business*

In 2023, the Group formulated the "Three-Year Overseas Development Plan (2023–2025)" for China Longyuan Power Group Corporation Limited", analysing three elements of global politics, economy, and renewable energy resources. It focused on five countries in South Africa and Southeast Asia, including Singapore and Brunei, and formulated the "One Policy for One Country" implementation path. Guided by task goals, it coordinated development work and improved the international strategic planning and management system. After studying and judging the expansion of the BRICS Summit and the new countries added to the "Belt and Road" Forum for International Cooperation, it has updated the overseas development plan and added 6 key countries to lay a good foundation for high-quality overseas development.

In 2023, the Group assisted South Africa to cope with the power crisis. While ensuring the supply of electricity for the wind power project in De Aar, the Group closely tracked the market dynamics, and sorted out and identified the renewable energy bidding projects to be participated in the next round of bidding in South Africa. The Group took the initiative to meet the demand for direct power supply from Chinese-invested industrial and mining enterprises in South Africa, reducing corporate carbon emissions while resolving the problem of power limitation. The Group promoted Southeast Asian countries in their energy transformation by submitting a letter of intent for forestry carbon development to the Brunei Energy Authority to help them create a carbon trading market. The Group entered into an agreement with local partners to jointly develop the complementary fishing and photovoltaic project at Mora Port in Brunei, which has been approved by the government for development, making it the first IPP project approved by the Brunei government and accounting for 75% of the market share in Brunei. It has made progress in Singapore's green low-carbon electricity import project with innovative ideas, and submitted the technical proposal to the Energy Market Authority of Singapore.

In 2023, the Group continued to strengthen overseas asset management, deepened cooperation and exchange and operated all in-service projects well. As of 31 December 2023, Canada Dufferin Wind Farm of the Group recorded the power generation of 232,848 MWh in total, the utilization hours reached 2,350 hours, and it has maintained safe production for 3,317 consecutive days. The wind power projects in De Aar of South Africa recorded the power generation of 832,622 MWh in total, the utilization hours reached 3,405 hours, and it has maintained safe production for 2,252 consecutive days. The wind power projects in Uzhny, Ukraine recorded the power generation of 204,018 MWh in total, the utilization hours reached 2,667 hours, and it has maintained safe production for 871 consecutive days.

Core competitiveness analysis

1. Quality resource acquisition guaranteeing industry leadership

The Group formulated three-year plans regarding key tasks such as early development, technological innovation, digital transformation, corporate governance, and intrinsic safety to comprehensively lead high-quality development. By building an industry-leading service system that covered eleven aspects including station design, power prediction, data analysis, modeling and simulation and preliminary advice, it accumulated rich experience and core technologies in resource assessment, equipment selection and micro-perspective site selection. Leveraging the integration advantages of CHN Energy, it strived for the dominant right of base development, took the initiative to cultivate, plan and create large bases, offshore, overseas large-scale whole project, accelerated the implementation of Tengger Phase II, Badain Jaran, Zhangye in Gansu, Wuqia in Xinjiang, and other existing base projects. It introduced industry clusters via the “New Energy+” pattern featuring agriculture-photovoltaic power integration and ecological management and developed new energy projects on a large scale. It made full use of the advantages of renewable energy development under the new power system, and focused on the integration of power generation, grid, load and energy storage and end-user electrification, exploring the demand for green power. It grasped the development trend of hydrogen energy industry, and combined new energy hydrogen production, actively and steadily promoting new energy and hydrogen-based energy projects. It adhered to the principle of “One Policy for One Province (City)”, strengthened independent development, deepened internal and external cooperation, overcame difficulties in offshore wind power, supported the space for development through “replacing the small with the big”, and achieved historical highs in development indicators, construction and production scale, maintaining industry-leading advantages in resource acquisition capabilities.

2. Strengthening the foundation of safety production

The Group's safety production follows the management requirements of "on-site, reality, and present", adheres to the concept of "accidents can be prevented", and focuses on the "key few" to strengthen the implementation of responsibilities. It conducted an assessment of the performance ability of safety positions, dynamically adjusted safety personnel, and continuously optimized the on-site management team. It gradually promoted the long-term cooperation mechanism for outsourcing contractors to secure high-quality outsourcing team and ensure the effective implementation of management measures. It continuously deepened the standardized operation system, realised "standardized maintenance work lists, standardized safety management and digitized risk control", with institutional processes embedded in 2.8 million standard work sheets. It strictly investigated on-site operations without plans, proper measures, risk control, or supervision, or operations not following the instructions, and continuously strengthened the risk classification and control mechanism. Through digital transformation, it enhanced its ability to ensure safety production, and implemented remote video control for high-risk operations throughout the year, effectively improving risk control capabilities.

3. Technologies enabling improvement in quality and efficiency

The Group adhered to forward-looking promotion of digital transformation and upgrading, empowered production and operation, and promoted "comprehensive data collection, benchmarking management; predictive maintenance, equipment reliability; source and power grid coordination, unattended operation" relying on the scale advantage, management advantage, and technological advantage in the field of new energy, built the world's largest digital platform for new energy production, connected the five major links of the "acquisition, transmission, storage, use, and evaluation" of data, built five levels of ubiquitous perception, network transmission, data management, data application, and evaluation and assessment, comprehensively improved data quality, perceived more than 42,000 devices, and strengthened the governance of 58 billion pieces of data per day. It adhered to the principles of "two separations (兩個分開)", "three unifications and three similarities (三統三同)", and "data centralization (數據集中)", strengthened the cross-integration of digital technology and the new energy industry to continuously improve the efficiency of energy production and operation. The Group improved the "1+1+4+N" technology innovation system, steadily increased the intensity of research and development investment, and empowered the enhancement of quality and increase of efficiency through scientific and technological innovation. It optimized the 3D digital design and improved the design level of stations. It deepened the coordinated control and intelligent operation and maintenance of large base station clusters, carried out the localized alternative application such as PLC, main control system, lubricating oil, IGBT and BDS, optimized meteorology and power prediction, and improved the efficiency of grid-connected power generation of the units. It intensified the full-volume data governance, disaster recovery and arithmetic center construction, data mining platform application, intelligent auxiliary decision-making platform construction and application, as well as the "Longyuan Cloud (龍源雲)" service construction, to promote the digital intelligent transformation.

4. Building a smart new pattern in marketing management

The Group adhered to the principle of "one policy for one enterprise" to deepen power rationing management, strengthened power rationing assessment internally, focused on supervision of key enterprises, ensured power rationing situations controllable and under control, actively sought consumption space externally, fully utilized inter-provincial transmission channel space, and improved cross-provincial consumption capacity. It deeply implemented the business philosophy of "integration, price, cost and profit", analysed electricity market policies with a focus on price and volume, adapted to changing trends in the electricity market, analysed factors such as the base electricity situation, supply-demand balance adjustment, grid structure, and external transmission conditions in various provinces and regions, accurately implemented policies to improve trading returns, and actively explored new models of spot profit. It constructed and operated a new energy spot auxiliary support system in pilot, adopted multi-dimensional and multi-level power prediction and optimization methods to improve the accuracy of electricity prediction, and pioneered the "minimum energy efficiency loss rate" indicator, providing a basis for formulating equipment predictive maintenance and intelligent production scheduling. It strengthened the construction of trading personnel, cultivated a group of backbone forces with high technical level and strong market awareness, and improved the overall level of market trading.

5. Resource sharing improving management performance

The Group deepened internal management reform through the "six sharing" approach, achieved the sharing of financial risk control capabilities, engineering management experience, production human resources, idle energy storage assets, development scale, and digital empowerment, enhanced management performance, and improved business performance. It set up a financial shared service branch to fully host the financial statements of project companies in China and achieved the sharing of financial risk control capabilities. It set up an offshore engineering division, put the "turnkey project" into place for offshore projects, and achieved the sharing of engineering management experience. It accelerated the establishment of provincial operation branches, eliminated the administrative barriers between stations, implemented the practice of "separating operation and inspection, regional maintenance, professional maintenance", and achieved the sharing of production manpower resources. It set up a shared energy storage company, to achieved the sharing of idle energy storage assets strongly allocated on the power supply side. It strengthened the engineering construction with the "Three Unifications and Three Connections (三統三通)" approach, enhanced the standardization of technical specifications for equipment and materials, and achieved the sharing of development scale by implementing standardized procurement through long-term agreements. It integrated digital business services, promoted the "simultaneous design, simultaneous installation and simultaneous operation" based on "unified standards, unified services and unified management", and continued to consolidate the data foundation to achieve the sharing of digital empowerment.

6. Talent team construction stimulating new momentum

The Group highly value the cultivation of talent teams, and established a practical and performance-based employment orientation to consolidate talent support in all aspects. It selected the outstanding to reinforce "three teams", promoted the adjustment of job levels, deepened the management of chief position evaluation, strengthened the construction of a professional talent pool, optimized the talent sequence structure, and increased the number of technical talents by 48%. It comprehensively promoted the tenure system and contractual management of management team members, to achieve more favourable salary distribution to frontline positions and talents who have made outstanding contributions. It emphasised six incremental assessments such as capacity growth, introduced the mandatory distribution of A-E levels and the downgrading of the least competent, and increased the floating wages to account for 70%. It strengthened the performance evaluation of all employees, stimulated new entrepreneurial momentum, and focused on enhancing the core competitiveness of enterprises.

III. RESULTS OF OPERATIONS AND ANALYSIS THEREOF

Profit or loss and other comprehensive income

In 2023, the net profit of the Group amounted to RMB6,868 million, representing an increase of 12.1% as compared to RMB6,128 million in 2022. Net profit attributable to equity holders of the Company amounted to RMB6,355 million, representing an increase of 23.9% as compared to RMB5,131 million in 2022. Earnings per share amounted to RMB73.98 cents, representing an increase of RMB15.36 cents as compared to RMB58.62 cents in 2022.

Operating revenue

In 2023, the operating revenue of the Group amounted to RMB37,638 million, representing a decrease of RMB2,224 million or 5.6% as compared to RMB39,862 million in 2022. The decrease of operating revenue was mainly due to: (1) coal sales revenue of the coal power segment in 2023 was RMB3,242 million, representing a decrease of RMB3,181 million or 49.5% as compared to RMB6,423 million in 2022, which was mainly due to the decrease in sales volume of coal and the unit selling price of coal; revenue from sales of steam amounted to RMB829 million, representing a decrease of RMB20 million or 2.4% as compared to RMB849 million in 2022, which was mainly due to greater decreases in unit price of sales of steam than increases in sales volume of steam; (2) revenue from sales of electricity of the coal power segment for 2023 was RMB3,971 million, representing a decrease of RMB98 million or 2.4% as compared to RMB4,069 million in 2022, which was mainly due to decreases in electricity sales volume of coal power; (3) the revenue from service concession construction of wind power segment in 2023 was nil, representing a decrease of RMB57 million or 100.0% as compared to RMB57 million in 2022, which was primarily due to concession projects under construction in 2022 being close to completion and there were no new concession projects in 2023; (4) revenue from electricity sales and other revenue of wind power segment in 2023 was RMB27,496 million, representing an increase of RMB305 million or 1.1% as compared to RMB27,191 million in 2022, which was primarily due to greater increases in electricity sales volume of wind power segment than decreases in the average unit price; and (5) revenue from electricity sales and other income of the PV power generation segment was RMB1,408 million in 2023, representing an increase of RMB751 million as compared to RMB657 million in 2022, which was mainly due to the increase in sales volume of photovoltaic power.

Operating revenue of each segment and their respective proportions are set out in the diagram below:

Operating revenue	**2023** Amount *(RMB in million)*	**2023** Proportion *(%)*	2022 Amount *(RMB in million)*	2022 Proportion *(%)*
Electricity sales and other revenue of wind power segment	**27,496**	**73.1%**	27,191	68.4%
Electricity sales of coal power segment	**3,971**	**10.6%**	4,069	10.2%
Steam sales of coal power segment	**829**	**2.2%**	849	2.1%
Coal sales	**3,242**	**8.6%**	6,423	16.1%
Electricity sales and other revenue of PV power segment	**1,408**	**3.7%**	657	1.6%
Service concession construction revenue	**–**	**0.0%**	57	0.1%
Others	**692**	**1.8%**	616	1.5%
Total	**37,638**	**100.0%**	39,862	100.0%

Other net income

In 2023, other net income of the Group amounted to RMB1,326 million, representing an increase of 10.0% as compared to RMB1,206 million in 2022, mainly due to: (1) an increase of RMB51 million in income from insurance claims as compared to 2022; (2) an increase of RMB28 million in government grants as compared to 2022; and (3) an increase of RMB13 million in revenue from the Certification Emission Reduction as compared to 2022.

The breakdown of other net income items and their respective proportions are set out in the diagram below:

Other net income	**2023** Amount *(RMB in million)*	**2023** Proportion *(%)*	2022 Amount *(RMB in million)*	2022 Proportion *(%)*
Government grants	**1,131**	**85.3%**	1,103	91.5%
Others	**195**	**14.7%**	103	8.5%
Total	**1,326**	**100.0%**	1,206	100.0%

Operating expenses

Operating expenses of the Group amounted to RMB27,157 million in 2023, representing a decrease of 6.9% as compared to RMB29,165 million in 2022, primarily due to: a decrease of RMB3,156 million in the cost of coal sales and a decrease of RMB122 million in the cost of coal consumption in the coal power segment.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group amounted to RMB10,784 million in 2023, representing an increase of 5.1% as compared to RMB10,260 million in 2022, primarily due to: (1) an increase of RMB289 million or 3.0% in depreciation and amortisation expenses in the wind power segment as compared to 2022 as a result of the effect of expansion in the installed capacity of wind power segment projects; (2) an increase of RMB258 million or 105.2% in depreciation and amortisation expenses in the photovoltaic segment projects as compared to 2022 as a result of the effect of expansion in the installed capacity of photovoltaic projects.

Coal consumption costs

Coal consumption costs of the Group amounted to RMB3,436 million in 2023, representing a decrease of 3.4% as compared to RMB3,558 million in 2022, which was primarily due to: (1) a decrease in the consumption of standard coal by approximately 2.2% as a result of the decrease in power generation; and (2) a decrease of approximately 1.3% in the average unit price of standard coal for power generation and heat supply as affected by the decrease in coal price in 2023.

Coal sales costs

Coal sales costs of the Group in 2023 amounted to RMB3,119 million, representing a decrease of 50.3% as compared to RMB6,275 million in 2022, which was primarily due to the combined effect of a decrease of approximately 25.3% in the average purchase price of coal and a decrease of approximately 32.5% in the sales volume of coal in 2023.

Service concession construction costs

The Group has no service concession construction costs in 2023, representing a decrease of 100.0% as compared to RMB57 million in 2022, as there are no new concession projects during the year.

Personnel costs

Personnel costs of the Group amounted to RMB3,923 million in 2023, representing an increase of 9.7% as compared to RMB3,577 million in 2022, which was primarily due to: (1) an increase in the salary level of staff as a result of expansion in the installed capacity of wind power and photovoltaic projects; and (2) the fact that a portion of the personnel costs were expensed instead of being capitalised as more projects commenced operation.

Material costs

Material costs of the Group amounted to RMB119 million in 2023, representing a decrease of 53.1% as compared to RMB254 million in 2022, which was primarily due to a decrease in costs of environmental protection and emission reduction and auxiliary materials used in daily production as a result of the decrease in power generation of the coal power generation segment in 2023 as compared to 2022.

Repair and maintenance expenses

The repair and maintenance expenses of the Group amounted to RMB1,192 million in 2023, representing an increase of 17.9% as compared to RMB1,011 million in 2022, primarily due to the relatively more maintenance for the large-scale production of photovoltaic segment in 2023.

Administrative expenses

Administrative expenses of the Group amounted to RMB830 million in 2023, representing an increase of 8.4% as compared to RMB766 million in 2022, which was primarily due to the increase in equipment rental and business consulting fees as a result of the further expansion of business scale in 2023.

Other operating expenses

Other operating expenses of the Group amounted to RMB3,678 million in 2023, representing an increase of 7.7% as compared to RMB3,415 million in 2022, primarily due to the relatively more demand for technology development and consulting for the production of wind power and photovoltaic segment in 2023.

Operating profit

In 2023, the operating profit of the Group amounted to RMB11,807 million, representing a decrease of RMB96 million or 0.8% as compared to RMB11,903 million in 2022, which was primarily due to: (1) a decrease of RMB611 million in operating profit of wind power segment as a result of the increase in depreciation and amortisation of the wind power segment and the increase in asset impairment losses; (2) a decrease of RMB46 million in operating profit of coal power segment as a result of the decrease in electricity sales of the coal power segment and hence decrease in revenue from electricity sales; and (3) an increase of RMB480 million in operating profit of photovoltaic power segment as a result of the increase in electricity sales of the photovoltaic power segment and hence increase in revenue from electricity sales.

Net finance expenses

Net finance expenses of the Group amounted to RMB3,437 million in 2023, representing a decrease of RMB363 million or 9.6% as compared to RMB3,800 million in 2022. The change was primarily due to: (1) a decrease of RMB249 million in the net foreign exchange losses incurred by the Group in 2023 as compared with 2022; (2) an increase of RMB108 million in losses as compared with gains from changes in fair value of interest rate swap agreements in 2022; (3) a decrease of RMB97 million in the interest expense of the Group in 2023 as compared with 2022 due to the decrease in Loan Prime Rate (LPR) as compared with the previous year and the increase in the amount of capitalised interest expenses; (4) a decrease of RMB60 million in the unrealized losses recognized for trading securities held in 2023 as compared with 2022; (5) an increase of RMB55 million in interest income from financial assets in 2023 as compared with 2022.

Share of profits less losses of associates and joint ventures

The Group's share of profits less losses of associates and joint ventures amounted to RMB28 million in 2023, representing an increase of RMB447 million or 106.7% as compared to the share of losses of RMB419 million in 2022, which was primarily due to a year-on-year increase in net profit of Jiangsu Nantong Power Generation Co., Ltd. (江蘇南通發電有限公司), a joint venture, in 2023.

Income tax

In 2023, the income tax of the Group amounted to RMB1,530 million, representing a decrease of 1.7% as compared to RMB1,556 million in 2022, which was mainly due to the increase in deferred income tax expenses recognized in 2023.

Net profit

In 2023, the net profit of the Group amounted to RMB6,868 million, representing an increase of 12.1% as compared to RMB6,128 million in 2022, which was mainly due to the combined effect from the increases in net profit of wind power segment, coal power segment and photovoltaic segment.

Net profit attributable to equity holders of the Company

In 2023, the net profit of the Group attributable to equity holders of the Company amounted to RMB6,355 million, representing an increase of 23.9% as compared to RMB5,131 million in 2022, which was mainly due to the combined effect from the increases in net profit of wind power segment, coal power segment and photovoltaic segment.

Segment results of operations

Wind power segment

Operating revenue

In 2023, the operating revenue of the wind power segment of the Group amounted to RMB27,496 million, representing an increase of 0.9% as compared to RMB27,248 million in 2022, primarily due to the increase in revenue from electricity sales in the wind power segment resulting from the increase in installed capacity, and increase in amount of electricity sales and the decrease in revenue from service concession construction.

Operating revenue in the wind power segment and proportions are set out in the diagram below:

Operating revenue	**2023 Amount** *(RMB in million)*	**2023 Proportion** *(%)*	2022 Amount *(RMB in million)*	2022 Proportion *(%)*
Revenue from electricity sales	**27,361**	**99.5%**	27,102	99.5%
Service concession construction revenue	**–**	**0.0%**	57	0.2%
Others	**135**	**0.5%**	89	0.3%
Total	**27,496**	**100.0%**	27,248	100.0%

Operating profit

In 2023, the operating profit in the wind power segment of the Group amounted to RMB11,011 million, representing a decrease of 5.3% as compared to RMB11,622 million in 2022, which was mainly attributable to the decrease in operating profit in the wind power segment resulting from the increase in depreciation amortisation and asset impairment losses in the wind power segment.

Coal power segment

Operating revenue

In 2023, operating revenue of the coal power segment of the Group amounted to RMB8,418 million, representing a decrease of 28.1% as compared to RMB11,716 million in 2022, primarily due to: (1) a decrease of RMB3,181 million in revenue of coal sales in 2023 as compared to 2022 resulting from the decrease in coal sales volume and average sales unit price; and (2) a decrease of RMB98 million in electricity sales revenue of coal power segment as compared to 2022 as affected by the decreases in electricity sales volume of coal power in 2023.

Operating revenue of the coal power segment and proportions are set out in the diagram below:

	2023		2022	
Operating revenue	**Amount**	**Proportion**	Amount	Proportion
	(RMB in million)	***(%)***	*(RMB in million)*	*(%)*
Revenue from electricity sales	**3,971**	**47.2%**	4,069	34.8%
Revenue from sales of steam	**829**	**9.8%**	849	7.2%
Revenue from coal trading	**3,242**	**38.5%**	6,423	54.8%
Others	**376**	**4.5%**	375	3.2%
Total	**8,418**	**100.0%**	11,716	100.0%

Operating profit

In 2023, the operating profit of coal power segment of the Group amounted to RMB395 million, representing a decrease of 10.4% as compared to RMB441 million in 2022, which was mainly attributable to the decrease in operating profit of the coal power segment as a result of the decrease in electricity sales of coal power segment.

Photovoltaic segment

Operating revenue

In 2023, operating revenue of the photovoltaic segment of the Group amounted to RMB1,408 million, representing an increase of 114.3% as compared to RMB657 million in 2022, primarily due to: (1) an increase of RMB730 million in electricity sales revenue resulting from the increase in power generation as affected by the increase in installed capacity of photovoltaic segment; and (2) the revenue from new green certificate transactions of RMB21 million in 2023.

Operating revenue of the photovoltaic segment and proportions are set out in the diagram below:

	2023		2022	
Operating revenue	**Amount *(RMB in million)***	**Proportion *(%)***	Amount *(RMB in million)*	Proportion *(%)*
Revenue from electricity sales	**1,387**	**98.5%**	657	100.0 %
Others	**21**	**1.5%**	–	0.0%
Total	**1,408**	**100.0%**	657	100.0%

Operating profit

In 2023, the operating profit of photovoltaic segment of the Group amounted to RMB627 million, representing an increase of 326.5% as compared to RMB147 million in 2022, which was mainly attributable to an increase in electricity sales revenue resulting from the increase in power generation as affected by the increase in installed capacity of photovoltaic segment.

Other segments

Operating revenue

In 2023, the operating revenue of other segments of the Group amounted to RMB1,083 million, representing an increase of 20.5% as compared to RMB899 million in 2022, which was mainly attributable to (1) an increase of RMB221 million in consulting and design services in other segments as a result of the increase in consulting business, green certificate trading business and energy storage equipment leasing business; and (2) a decrease in revenue from electricity sales of RMB33 million resulting from the decrease in electricity volume generated from biomass segment.

Operating revenue of other segments and proportions are set out in the diagram below:

	2023		2022	
Operating revenue	**Amount *(RMB in million)***	**Proportion *(%)***	Amount *(RMB in million)*	Proportion *(%)*
Revenue from electricity sales	**14**	**1.3%**	47	5.2%
Revenue from EPC	**13**	**1.2%**	27	3.0%
Revenue from other sales	**995**	**91.9%**	774	86.1%
Others	**61**	**5.6%**	51	5.7%
Total	**1,083**	**100.0%**	899	100.0%

Operating profit

In 2023, the operating profit of other segments of the Group amounted to RMB1 million, representing an increase of RMB761 million as compared to RMB760 million of operating loss in 2022, which was mainly attributable to the increase in operating profit from other segments of RMB753 million as a result of the decrease in asset impairment losses of other segments.

Assets and liabilities

As of 31 December 2023, total assets of the Group amounted to RMB229,915 million, representing an increase of RMB6,304 million as compared with total assets of RMB223,611 million as at 31 December 2022. This was primarily due to: (1) an increase of RMB14,201 million in non-current assets including property, plant and equipment; and (2) a decrease of RMB7,897 million in current assets including bank deposits and cash.

As of 31 December 2023, total liabilities of the Group amounted to RMB147,889 million, representing an increase of RMB4,073 million as compared to total liabilities of RMB143,816 million as at 31 December 2022. This was primarily due to: (1) an increase of RMB7,099 million in non-current liabilities including long-term borrowings; and (2) a decrease of RMB3,026 million in current liabilities including short-term borrowings.

As of 31 December 2023, equity attributable to equity holders of the Company amounted to RMB70,580 million, representing an increase of RMB2,133 million as compared with RMB68,447 million as at 31 December 2022. This was primarily due to: (1) an increase of RMB6,355 million in earnings from business for the year; (2) a decrease of RMB981 million in dividend distribution; and (3) a decrease of RMB3,000 million in redemption of perpetual medium-term notes.

Details of assets, liabilities and equity are set out in the diagrams below:

Assets	**2023 Amount** ***(RMB in million)***	2022 Amount *(RMB in million)*
Property, plant and equipment	**162,009**	151,974
Investment properties	**–**	7
Right-of-use assets	**5,757**	3,802
Intangible assets and goodwill	**5,334**	6,483
Other non-current assets	**11,807**	8,440
Current assets	**45,008**	52,905
Total	**229,915**	223,611

Liabilities	**2023 Amount *(RMB in million)***	2022 Amount *(RMB in million)*
Long-term borrowings	**72,780**	66,445
Deferred income and deferred tax liabilities	**1,105**	1,226
Lease liabilities (long-term)	**1,467**	711
Other non-current liabilities	**1,283**	1,154
Current liabilities	**71,254**	74,280
Total	**147,889**	143,816

Equity	**2023 Amount *(RMB in million)***	2022 Amount *(RMB in million)*
Equity attributable to equity holders of the Company	**70,580**	68,447
Non-controlling interests	**11,446**	11,348
Total	**82,026**	79,795

Capital liquidity

As at 31 December 2023, current assets of the Group amounted to RMB45,008 million, representing a decrease of RMB7,897 million as compared with the current assets of RMB52,905 million as at 31 December 2022. It was mainly attributable to the decrease in cash at banks and on hand and restricted deposits.

Current assets by item and proportions are set out in the diagram below:

Current assets	**2023** Amount *(RMB in million)*	**2023** Proportion *(%)*	2022 Amount *(RMB in million)*	2022 Proportion *(%)*
Trade and bills receivables	**35,730**	**79.4%**	27,658	52.3%
Prepayments and other current assets	**3,114**	**6.9%**	3,468	6.6%
Cash at banks and on hand and restricted deposits	**4,876**	**10.8%**	20,476	38.7%
Others	**1,288**	**2.9%**	1,303	2.4%
Total	**45,008**	**100.0%**	52,905	100.0%

As at 31 December 2023, current liabilities of the Group amounted to RMB71,254 million, representing a decrease of RMB3,026 million as compared with the current liabilities of RMB74,280 million as at 31 December 2022, which was mainly attributable to the decrease in short-term borrowings and other current liabilities.

Current liabilities by item and proportions are set out in the diagram below:

Current liabilities	**2023** Amount *(RMB in million)*	**2023** Proportion *(%)*	2022 Amount *(RMB in million)*	2022 Proportion *(%)*
Short-term borrowings	**49,499**	**69.5%**	53,279	71.7%
Trade and bills payables	**7,249**	**10.2%**	2,937	4.0%
Other current liabilities	**13,873**	**19.5%**	17,384	23.3%
Lease liabilities (short-term)	**176**	**0.2%**	267	0.4%
Tax payable	**457**	**0.6%**	413	0.6%
Total	**71,254**	**100.0%**	74,280	100.0%

As at 31 December 2023, net current liabilities of the Group amounted to RMB26,246 million, representing a decrease of RMB4,871 million as compared with the net current liabilities of RMB21,375 million as at 31 December 2022. The liquidity ratio was 0.63 as at 31 December 2023, representing a decrease of 0.08 as compared with the liquidity ratio of 0.71 as at 31 December 2022. The decrease in liquidity ratio was mainly attributable to the decrease in cash at banks and on hand and restricted deposits during the year.

Restricted deposits amounted to RMB347 million, which were mainly project deposits.

Borrowings and bills payables

As at 31 December 2023, the Group's balance of the borrowings and bills payables amounted to RMB128,454 million, representing an increase of RMB7,060 million as compared with the balance of RMB121,394 million as at 31 December 2022. As at 31 December 2023, the Group's outstanding borrowings and bills included short-term borrowings and bills payables of RMB55,674 million (including long-term borrowings due within one year of RMB8,954 million, debentures payables due within one year of RMB6,863 million and bills payables of RMB6,175 million) and long-term borrowings amounting to RMB72,780 million (including debentures payables of RMB4,092 million). The above-mentioned borrowings included borrowings denominated in Renminbi of RMB117,202 million, borrowings denominated in U.S. dollars of RMB1,532 million and borrowings denominated in other foreign currencies of RMB3,545 million. As at 31 December 2023, the long-term liabilities with fixed interest rates of the Group included long-term borrowings with fixed interest rates of RMB685 million and corporate bonds with fixed interest rates of RMB4,092 million. As at 31 December 2023, the balance of bills payables issued by the Group amounted to RMB6,175 million.

Borrowings and bills payables by type and proportions are set out in the diagram below:

	2023		2022	
Borrowings and bills payables	**Amount** ***(RMB in million)***	**Proportion** ***(%)***	Amount *(RMB in million)*	Proportion *(%)*
Bank loans	**84,074**	**65.5%**	68,812	56.7%
Loans from other financial institutions	**844**	**0.7%**	–	0.0%
Loans from fellow subsidiaries	**18,999**	**14.7%**	17,835	14.7%
Loans from an associated company	**357**	**0.3%**	100	0.1%
Corporate bonds	**18,005**	**14.0%**	32,978	27.2%
Bills payables	**6,175**	**4.8%**	1,669	1.3%
Total	**128,454**	**100.0%**	121,394	100.0%

Borrowings and bills payables by term and proportions are set out in the diagram below:

Borrowings and bills payables	2023 Amount (RMB in million)	2023 Proportion (%)	2022 Amount (RMB in million)	2022 Proportion (%)
Within 1 year	**55,674**	**43.3%**	54,949	45.3%
1–2 years	**13,983**	**10.9%**	15,904	13.1%
2–5 years	**20,932**	**16.3%**	17,544	14.4%
Over 5 years	**37,865**	**29.5%**	32,997	27.2%
Total	**128,454**	**100.0%**	121,394	100.0%

The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the diagram below:

Borrowings and bills payables	2023 Amount (RMB in million)	2023 Proportion (%)	2022 Amount (RMB in million)	2022 Proportion (%)
Bills payables	**6,175**	**4.8%**	1,669	1.4%
Fixed rate borrowings	**39,460**	**30.7%**	42,555	35.1%
Floating rate borrowings	**82,819**	**64.5%**	77,170	63.5%
Total	**128,454**	**100.0%**	121,394	100.0%

Capital expenditures

The capital expenditures of the Group amounted to RMB23,896 million in 2023, representing an increase of 33.1% as compared to RMB17,959 million in 2022, among which, the expenditures for the construction of wind power projects amounted to RMB10,469 million, and the expenditures for the construction of PV power projects amounted to RMB12,014 million. The sources of funds mainly included self-owned funds, the borrowings from banks and other financial institutions and the proceeds from the issuance of bonds.

Capital expenditures classified by use and proportions are set out in the diagram below:

Capital expenditures	**2023**		2022	
	Amount ***(RMB in million)***	**Proportion** ***(%)***	Amount *(RMB in million)*	Proportion *(%)*
Wind power projects	**10,469**	**43.8%**	10,421	58.0%
PV power projects	**12,014**	**50.3%**	7,101	39.6%
Others	**1,413**	**5.9%**	437	2.4%
Total	**23,896**	**100.0%**	17,959	100.0%

Net gearing ratio

As at 31 December 2023, the net gearing ratio of the Group was 59.3%, representing an increase of 3.1 percentage points from 56.2% as at 31 December 2022. This was primarily due to the increase in debt being slightly higher than the increase in total equity during 2023.

Major investments

The Group made no major investment in 2023.

Material acquisitions and disposals

The Group has no material acquisitions and disposals in 2023.

Disclosure pursuant to Rule 14A.63 of the Listing Rules

References are made to the announcements of the Company dated 15 January 2021, 18 June 2021, 23 July 2021, and 20 January 2022, and the announcements dated 29 March 2023, and 10 May 2023 (the "**Announcements**"), as well as the circular dated 8 July 2021 (the "**Circular**"), in relation to the entering into of the Profit Compensation Agreement and the implementation of profit commitments for the year 2022.

On 18 June 2021, the Company entered into the Profit Compensation Agreement with each of Liaoning Electric Power, Gansu Electric Power, Guangxi Electric Power, North China Electric Power, Shaanxi Electric Power, and Yunnan Electric Power (individually or collectively, the "**Performance Undertaker(s)**"). According to the completion of this transaction and the provisions of the Profit Compensation Agreement, the performance commitment period set by the Performance Undertakers in respect of Valuation Adjustment Targets is the year following the completion of the purchase of the assets (i.e. the transfer of the assets of the Valuation Adjustment Targets) and the two financial years thereafter, namely 2022, 2023 and 2024 (collectively, the "**Performance Commitment Period**"). Performance Undertakers shall make compensation to the Company in cash for the difference in the valuation result corresponding to the difference in net profit pursuant to the agreement if the amount of the actual net profit (being the net profit attributable to shareholders of the parent company after deduction of non-recurring profit or loss) of the valuation adjustment targets in any accounting year during the Performance Commitment Period is lower than the amount of the committed net profit. In 2023, the predicted net profit of each Valuation Adjustment Target is shown in the table below:

Unit: RMB0'000

Performance Undertaker	**Valuation Adjustment Target**	**Committed Net Profit in 2023**	**Actual Audited Net Profit in 2023**
Liaoning Electric Power	Northeast New Energy	**9,205.16**	**9,403.18**
Shaanxi Electric Power	Dingbian New Energy	**10,642.48**	**11,656.19**
Guangxi Electric Power	Guangxi New Energy	**23,820.20**	**24,337.31**
Yunnan Electric Power	Yunnan New Energy	**13,017.78**	**13,560.73**
Gansu Electric Power	Gansu New Energy	**3,958.41**	**8,868.81**
North China Electric Power	Tianjin Jieneng	**5,106.77**	**5,900.88**
North China Electric Power	Inner Mongolia New Energy	**6,436.18**	**5,888.37**
North China Electric Power	Shanxi Jieneng	**2,572.06**	**3,155.92**

The actual net profit of the above-mentioned Valuation Adjustment Targets in 2023 has been audited by Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership), and the actual net profit of each Performance Undertaker has met the requirement regarding the committed net profit set out in the Profit Compensation Agreement for the year 2023.

Pledged assets

As at 31 December 2023, general banking facilities and bonds amounting to RMB13,034 million are secured by equipment with net carrying amount of RMB3,586 million, inventories with net carrying amount of RMB3 million and trade debtors' beneficial rights arising from future electricity sales.

Contingent liabilities/Guarantees

As at 31 December 2023, the Group issued a counter-guarantee of no more than RMB15 million to the controlling shareholder of an associate. As at 31 December 2023, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB7 million.

Cash flow analysis

As at 31 December 2023, bank deposits and cash held by the Group amounted to RMB4,529 million, representing a decrease of RMB13,809 million as compared to RMB18,338 million as at 31 December 2022. This was mainly attributable to the repayment of more borrowings and payments for acquisition of long term assets during the year. The principal sources of funds of the Group mainly included self-owned funds and external borrowings. The Group mainly used the funds for capital turnovers and the construction of projects.

The net cash inflow from the Group's operating activities amounted to RMB13,884 million in 2023, representing a decrease of RMB15,684 million as compared to RMB29,568 million as at 31 December 2022, which was mainly attributable to the decrease in collection of electricity sales subsidies receivable.

The net cash outflow from investing activities of the Group was RMB21,434 million in 2023, representing an increase of RMB2,325 million as compared to RMB19,109 million as at 31 December 2022. The cash outflow from investing activities was mainly used for the construction for wind power and photovoltaic power generation projects.

The net cash outflow from financing activities of the Group was RMB6,264 million in 2023, representing a decrease of RMB10,241 million from the net cash inflow of RMB3,977 million as at 31 December 2022. The cash inflow from financing activities was mainly generated from the proceeds from the issuance of corporate bonds and bank loans. The cash outflow from financing activities was primarily used for the repayment of borrowings, payments of interest of borrowings and redemption of other equity instruments.

IV. RISK FACTORS AND RISK MANAGEMENT

1. Policy risk and countermeasures

In 2023, the National Energy Administration issued a Notice on Further Accelerating the Construction of the Electricity Spot Market, further clarifying the regions and time schedule for accelerating the construction of the electricity spot market, laying the foundation for the formal operation of the spot market in the next stage, and providing a timetable and roadmap for the construction of China's electricity spot market and regional market. With the accelerated construction of the electricity spot market, the installed capacity of new energy has significantly increased, and market competition has become more thorough and intense, leading to downward risks in the settlement price of new energy.

The Group will track relevant national policies, conduct analysis on the new energy power market and research on transaction policies, analyse the situation, opportunities and the impact of the policies, take effective measures to overcome the downward pressure on electricity prices, and guide the implementation of favourable policies. In line with the characteristics and trading rules of new energy power transactions, the Group will strengthen the management of the entire process of market-based trading decision-making, declaration and settlement, proactively adapt to external changes, and stimulate endogenic driving force.

2. Climatic risk and countermeasures

The major climatic risk confronted by the wind power industry is the annual fluctuation of wind and solar resources, which is represented by the higher power generation in years of high wind velocity and the lower power generation in years of low wind velocity than that in normal years. On the vast territory of our nation which covers a wide span of areas, there is a great variation in climate conditions in different regions. To be specific, the regions have different climatic characteristics of the years of high and low wind velocity in the same period. In 2023, the average wind velocity of most provinces (including autonomous regions and municipalities) in our nation is at to the normal annual level, and the power generation standards are on the normal condition. In response to different climate conditions in different regions, the Group carried out the nationwide dispersed layout to reduce investment risks. As of the end of 2023, the Group had substantial projects in 31 provinces, autonomous regions and municipalities in China, covering all regions except for Hong Kong, Macau and Taiwan and formulating an increasingly optimized and rational project layout. In the future, the Group will further balance the project development ratio in the regions subject to the impact of different climatic conditions.

3. Risks relating to power grids and countermeasures

Against the backdrop of the "30 • 60" strategy, the annual average installed capacity of new energy in China during the 14th Five Year Plan period will reach a historic high, and the problem of weak local grid structure and insufficient external transmission channels still exists. In some areas such as Gansu, Inner Mongolia, Jilin, Shaanxi and Hebei, the constraints of local grid structure exacerbate the risk. On the other hand, large-scale wind power and photovoltaic power base projects focusing on desert, gobi, and desert areas have been successively on-grid and put into production. The consumption of the wind power and photovoltaic power bases requires both the addition of ultra-high voltage and the improvement of the utilisation efficiency of existing ultra-high voltage transmission channels, however, the construction progress of new ultra-high voltage channels does not match that of power source, and the pressure on consumption in some regions increased. Based on different characteristics and situations in each region, the Group will make every effort to respond to the risks of power grid, continue to enhance the communications with the competent government authorities and power grid dispatching, and actively promote the improvement of local grid, and meanwhile expand consumption channels and strive for favorable policies and power generation spaces.

4. Internationalization risks and countermeasures

The current external environment is complex and ever-changing, the conflict between Russia and Ukraine continues, geopolitical risks in Europe and Central Asia are increasing, and globalization is experiencing a reversal; the global macroeconomic outlook is sluggish, with high inflation and interest rates, as well as intensified fluctuations in exchange rates and interest rates; competition for national projects in key regions such as Southeast Asia and South Africa is becoming increasingly fierce. In 2023, the Group took overall measures to prevent risks of overseas projects in preliminary stage, construction on progress and in operation, and continued to perfect risk control and compliance system construction to improve management efficiency; intensified tracking analysis of the conflict between Russia and Ukraine as well as the risk prevention of Ukrainian projects, maintained close communication with relevant ministries and commissions, and ensured the local operation and maintenance of projects in operation and the equipment safety of projects under construction and supplier relationship maintenance, laying a solid foundation for subsequent resumption of work and production; strengthened personnel safety awareness avoid the occurrence of safety incidents, and conducted emergency drills and safety risk assessment for overseas companies according to the plan; implemented information collection and analysis mechanisms, and continuously enhanced overall safety protection capabilities.

5. Risk in interest rate and countermeasures

Changes in macro-economic environment at home and abroad, national economic policies and other factors caused the change in market interest rate, and the fluctuation of market interest rate had a certain impact on loans of the Company and the issuance interest rate of relevant bonds. Keeping abreast of market changes, the Group established financial market information sharing mechanism with several financial institutions, focused on macro environment, fiscal and monetary policies, specific operations of the central bank, and market risk events, and selected a favorable issue window to avoid the risk in interest rate resulting from the acute market volatility; the Group continued to increase the type of financing, did well in setting product terms and quotas, and matching long-term and short-term so as to ensure the stabilities of overall interest rate; the Group kept close cooperation with the financial institutions, to guarantee that issuance interest rate can be at a comparable low level in the degree of marketization.

6. Risk in currency exchange rate and countermeasures

The Group's foreign exchange management principles are not involved in any speculative arbitrage, but for the purpose of risk aversion. Foreign exchange risk management runs through the whole lifetime cycle of the Company. In the preliminary investigation and preparation stage of new overseas projects, the Group shall assign its affiliated Hero Asia Company to intervene, propose suggestions on prevention and control of foreign exchange risk according to relevant data such as new project feasibility report, after consulting with professional financial institutions for external opinions, taking into consideration local overall social and economic situation, so as to avoid the potential foreign exchange risk that may appear in the construction period. In the start-up stage of new projects, Hero Asia Company shall review the relevant foreign exchange risk items mainly through the fund plan and financial statements data reported by overseas subsidiaries. Meanwhile, it shall maintain close daily work liaison with the financial responsible personnel of various new projects. Once the foreign exchange risk exposure caused by currency mismatch and other factors of overseas subsidiaries is found, Hero Asia Company will immediately convene a meeting of overseas financial managers to verify the relevant potential risks. Upon confirmation, Hero Asia Company will report to the Company, and gather all financial institutions in Hong Kong to set up a temporary risk control team with overseas companies involved in risks and the Finance Department of the Company to study, judge and put forward relevant hedging plans. After the plans are approved, all parties shall strictly implement them to ensure that foreign exchange risks are under control.

7. Risk in fuel prices and countermeasures

The Group has two coal power plants with a consolidated installed capacity of 1,875 MW. The fluctuations in coal price will affect the operating results of the Group's coal power business. At present, the main risk is that the supply and demand relationship in the coal market, policy adjustments, and international market changes may all have an impact on coal prices. In 2023, the Group made every effort to complete the full coverage of the annual long-term agreement on coal supply, and signed the annual long-term agreement with CHN Energy. Meanwhile, the Group made good efforts in securing annual quotas for imported coal, paid close attention to changes in coal prices and freight rates to purchase at low cost.

8. Risk in production and countermeasures

Since its establishment in 1993, the Group has been committed to the development, operation, and management of new energy. The longest running wind farm was first put into operation in 1994. Currently it has nearly 10,000 units of 1.5MW and below, accounting for 68% of the total number of units in operation. Photovoltaic power stations were first put into operation in 2010, with 11 photovoltaic power stations operating for over 10 years. The equipment put into production in the early stages gradually exposed problems such as electrical components breakdown, decreased cable insulation, and aging sealing rings, resulting in high treatment costs and certain safety risks.

To cope with the risk of equipment aging, the Group strengthened equipment governance by enhancing equipment monitoring, status evaluation, point inspections, and intelligent monitoring to timely detect anomalies and hidden dangers. At the same time, it optimized equipment systems and solved problems through thematic analysis and technical breakthroughs. Standardized unit maintenance management, priority maintenance arrangements for key equipment, and full process management all aim to ensure the stability and reliability of equipment operation. In addition, the Group accelerated the renovation and upgrading of old wind farms, established a dedicated team responsible for planning and implementation, and continued to carry out unit life extension work relying on the principle of "overall planning and step-by-step implementation" to ensure targeted plans and measures in place, thereby safeguarding the efficient and long-term operation of the wind farms.

V. OUTLOOK IN 2024

From a global perspective, accelerating decarbonization requires the accelerated development of new energy. The global energy production and consumption pattern, market supply and demand situation and price are facing unprecedented impacts. The Russia-Ukraine conflict and Palestine Israel conflict have profoundly changed the geopolitical pattern. The frequent occurrence of extreme weather phenomena and the European energy crisis have increased the urgency of the international community's low-carbon transformation. With the increasing global demand for renewable energy, there are huge market opportunities for the development of overseas new energy projects. Many countries have formulated policies and regulations to encourage and support the development of new energy projects, providing policy guarantees and market opportunities for overseas projects. The Sunnylands Statement of the presidents of China and the USA proposed a goal to triple the global installed capacity of renewable energy by 2030. The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change reached the "UAE Consensus", committing to triple the growth of renewable energy and double energy efficiency by 2030, as well as achieving net zero emissions by 2050.

From a domestic perspective, scale growth maintains a strong momentum. Against the backdrop of the country's gradual shift from dual control of energy consumption to dual control of carbon emissions in the field of energy consumption, high energy consumption industries are seeking clean energy alternatives. The policy environment is more favorable, and the policy environment and guarantee system for the development of new energy industry have been significantly strengthened and improved. Important documents such as the Modern Energy System Plan for the 14th Five Year Plan Period have been released, laying the foundation for the top-level design of the new energy system. With a focus on high-quality development, new energy has been identified as the main incremental of the future power installation structure, and new energy storage technologies have been even recognised at the core position in the power system, and their business models and supporting electricity pricing policies are also gradually becoming clearer. Renewable energy continues to grow rapidly, with its installed capacity historically surpassing that of thermal power in 2023, becoming a new force in ensuring electricity supply. Its production scale in 2024 is expected to far exceed 200 million kilowatts, and new energy has entered a very certain track of rapid growth. Among them, the 14th Five Year Plan for offshore wind power is nearly 60 million kilowatts, and large-scale development and construction will be launched in the next two years.

From an industry perspective, there are both opportunities and risks in the market reshuffle. Currently, the competition for new energy development is constrained by the power grid's consumption capacity, with limited available development indicators and increasingly fierce competition. Distributed projects are developing rapidly, with various land comprehensive utilization and three-dimensional utilization scenarios constantly emerging, and the capacity of distribution network has become a bottleneck for development. Various forms such as multi energy complementarity, power generation, grid, load and energy storage, incremental distribution network, production or conversion of hydrogen, ammonia and methanol, heating conversion, and end-user electrification are promoting expansion and breaking through the situation, increasing the space for new energy consumption with skyrocketing market enthusiasm. Due to the randomness, intermittency, and volatility of new energy, there is a risk of electricity price decline. The deep participation of state-owned energy giants, coupled with the increasing number of renewable energy projects adopting competitive bidding methods in recent years, has intensified the competition for projects.

Operation Targets of the Group in 2024

In 2024, guided by Xi Jinping's thought on socialism with Chinese characteristics for a new era, the Group will deeply implement the spirit of the 20th National Congress of the Communist Party of China, the Second Plenary Session of the 20th Central Committee, and the Central Economic Work Conference, adhere to the principles of seeking progress while maintaining stability, promote stability through making progress, and implement the new development concept in a complete, accurate, and comprehensive manner. It will accelerate the construction of a new development pattern, focus on promoting high-quality development, and deeply practice the new energy security strategy of "four revolutions and one cooperation", fully implement the development strategy of "one goal, three roles, and six responsibilities", follow the work requirements of "focusing on one goal, adhering to two paths, and achieving five improvements", focus on security and stability, scale development, digital empowerment, technological innovation, deepening reform, and Party building leadership, and accelerate the construction of world-class new energy leading enterprises.

Focusing on one goal is to accelerate the construction of a new Longyuan that is inherently safe, doubles in scale, undergoes digital transformation, leads innovation, and makes healthy progress, and comprehensively build a world-class new energy leading enterprise. Adhering to two paths means: first, adhering to scale development and achieving reasonable growth in quantity; second, adhering to innovation and change, and achieving effective improvement in quality. Achieving five improvements means, first, enhancing the sense of mission and responsibility that "we have no way but to do it"; second, enhancing the strategic planning ability of "quick action upon determination"; third, enhancing the demonstration and leading effect of "digital empowerment"; fourth, enhancing the awareness of making up the shortcomings and weaknesses through benchmarking; fifth, enhancing the enterprising and innovative spirit of "there can be no construction without destruction". In 2024, the Group plans to commence new energy projects of 10 GW and puts 7.5 GW into operation, with a focus on the following six areas of work:

1. To become the vanguard of security and stability through resolutely seeking stability in progress

It will implement safety management well, focus on improving quality and efficiency, safeguard the bottom line of risks, adhere to placing safety in an important position, coordinate development and safety, make progress in stabilizing pace, strengthening control, eliminating hidden dangers, and increasing efficiency and benefits, and achieve positive interaction between high-quality development and high-level safety.

2. To become the main force of scale development through resolutely advancing low-carbon transformation

It will adhere to scale development and build a highland for clean energy development. It will adhere to the combination of technology and model innovation, and increase efforts in comprehensive energy development. It will adhere to the principle of "One Policy for One Province" in targeted assistance to address weaknesses, make steady progress and develop overseas markets in an orderly manner. It will pursue a fast pace in start-up and operation, and strengthen node control to ensure production.

3. To become the leader of digital transformation through firmly deepening the empowerment of digital intelligence

It will firmly adhere to the principle of digital transformation, comprehensively collect data resources, deepen the construction of digital platforms, deeply tap into the value of data assistance in decision-making, continuously improve energy production and operation efficiency, and achieve a fundamental leap from "taking the lead" to and "leadership as demonstration".

4. ***To become the pioneer of technological innovation through firmly pursuing technological leadership***

   It will make every effort to improve the scientific and technological innovation system, enhance scientific and technological innovation capabilities, and promote the transformation and landing of achievements. It will enhance the main position of scientific and technological innovation, increase investment, accelerate the transformation of achievements, promote the independence of high-level scientific and technological, and lead the development of new energy industry.

5. ***To become the demonstration team of state-owned enterprise reform through firmly promoting reform and innovation***

   It will comprehensively enhance the modernization level of governance, establish a new type of business responsibility system, deepen reform to build a new workforce, promote innovative allocation of production factors, shape the production relations that adapt to new productivity, and continuously enhance the vitality and competitiveness of enterprises.

6. ***To become the new benchmark in Party building leadership through resolutely strengthening the Party building***

   It will make every effort to strengthen the political construction and grassroots organizational construction of the Party, as well as govern the Party in a comprehensive and strict manner. It will deepen the new great project of Party building in the new era, shoulder the major responsibility of strengthening Party building, and deepen the comprehensive and strict governance of the Party, providing guidance and guarantees for high-quality development.

The Group's operation targets and capital expenditure plans for 2024 are subject to factors such as changes in the scope of the consolidated financial statements, risks, uncertainties and assumptions, and the actual results may differ materially from those described above. Such statements do not constitute actual commitments to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

SUBSEQUENT EVENTS

On 27 February 2024, Mr. Wang Yiguo resigned as a non-executive Director of the Company and a member of the nomination committee of the Board due to his age. The resignation has taken effect on 27 February 2024.

As at the date of this announcement, the Company, except for the above events and save as disclosed in the section headed "PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES", has no other material subsequent events.

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

In order to safeguard the value of the Company and the interests of the Shareholders and to facilitate the healthy development of the Company, the Company respectively repurchased 10,335,000 H Shares and 11,812,000 H Shares, totaling 22,147,000 H Shares, on the Hong Kong Stock Exchange at an aggregate consideration of HK$121,284,849 during the Reporting Period and up to the date of this announcement. Such Shares were cancelled on 11 March 2024, after which the total issued shares of the Company were reduced to 8,359,816,164, comprising 5,041,934,164 A Shares and 3,317,882,000 H Shares. The details of the repurchase of Shares are as follows:

Month of repurchase	Number of shares repurchased	Price paid per share Highest *(HK$)*	Price paid per share Lowest *(HK$)*	Aggregate consideration *(HK$)*
November 2023	5,080,000	6.43	5.83	31,466,384.40
December 2023	5,255,000	5.94	5.41	29,935,289.50
January 2024	11,812,000	5.90	4.37	59,883,175.10
Total	22,147,000	6.43	4.37	121,284,849.00

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

FINAL DIVIDEND

The Board resolved on 27 March 2024 to propose to distribute the final dividend for the year ended 31 December 2023 in cash, with a total proposed cash dividend of RMB1,860,113,479 (tax inclusive). Based on the current total number of 8,359,816,164 shares of the Company in issue (taking into account the shares repurchased and canceled by the Company as at the date of this announcement), the dividend payable for the year 2023 will be RMB0.2225 per share (tax inclusive). In the event that the total number of issued shares of the Company as at the record date for dividend distribution changes due to share repurchases or other reasons, the amount of cash dividend per share will be adjusted accordingly within the total distribution amount of RMB1,860,113,479 (tax inclusive). The abovementioned arrangement for dividend will be subject to shareholders' approval at the annual general meeting (the "**AGM**") of the Company, and is expected to be paid before Monday, 12 August 2024. Details of the dividend payment will be announced after holding of the AGM.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF H SHARE MEMBERS

The Company will determine the time of convening the AGM and the closure of register of H share members as soon as practicable. The notice of the AGM will be published and despatched to the shareholders of the Company in due course (if necessary) in accordance with the requirements of the Listing Rules and Articles of Association.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices.

For the year ended 31 December 2023, the Company complied with all the code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and, where appropriate, adopted the recommended best practices.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") set out in Appendix C3 of the Listing Rules as the code of conduct governing dealings by its Directors and supervisors in the securities of the Company. Having made specific enquiry of the Directors and supervisors of the Company, all Directors and supervisors have confirmed that they have strictly complied with the required standard set out in the Model Code during the Reporting Period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules) in the Company's securities, which are no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operation of the Company from time to time so as to ensure compliance with relevant requirements under the Listing Rules and to protect Shareholders' interests.

AUDITORS

Ernst & Young and Mazars Certified Public Accountants LLP (中審眾環會計師事務所(特殊普通合夥)) were appointed as auditors for the Company's financial statements prepared in accordance with the International Financial Reporting Standards ("**IFRSs**") and China Accounting Standards for Business Enterprises for the year ended 31 December 2023, respectively. The financial statements of the Company for 2023 prepared in accordance with the IFRSs have been audited by Ernst & Young.

The Company has appointed Ernst & Young as its international auditor since 20 June 2017, which has provided audit services to the Company for seven consecutive years. The engagement partner responsible for signing the independent auditor's report for the year 2023 is Ng Siu Ki Ricky, who commenced to provide audit services for the Company in the year 2022, and the audit fee for Ernst & Young for the year 2023 is RMB13.24 million (tax exclusive).

The term of service of Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合夥)), the PRC auditor appointed by the Company since 5 November 2018, has expired at the conclusion of the 2020 annual general meeting of the Company; the term of service of Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)), the PRC auditor appointed by the Company since 14 January 2022, has expired at the conclusion of the 2022 AGM of the Company.

The Company has appointed Mazars Certified Public Accountants LLP as its PRC auditor for the year 2023 since 29 December 2023 for a term commencing from the date of appointment to the conclusion of the 2023 AGM. The engagement partners responsible for signing the audit report for the year 2023 are Li Yuping and Xu Lizhi, and the audit fee of Mazars Certified Public Accountants LLP for the year 2023 is RMB9.929 million (tax exclusive).

AUDIT COMMITTEE

The 2023 annual results of the Group and the financial statements for the year ended 31 December 2023 prepared in accordance with the IFRSs have been reviewed by the audit committee of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement is published on the website of "**HKEXnews**" of the Hong Kong Stock Exchange at http://www.hkexnews.hk and the Company's website at http://www.clypg.com.cn.

The Company's 2023 annual report containing all the information required under the Listing Rules will be despatched to the shareholders according to their requirements and will be published on the websites of the Company and the Hong Kong Stock Exchange in due course. For further details on the arrangement of electronic dissemination, please refer to the circular of the Company dated 5 February 2024.

By order of the Board
China Longyuan Power Group Corporation Limited*
Tang Jian
Chairman

Beijing, the PRC, 27 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Tang Jian and Mr. Gong Yufei; the non-executive directors are Mr. Tang Chaoxiong and Mr. Ma Bingyan; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* *For identification purpose only*