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

2023
ANNUAL REPORT

* For Identification Purpose Only


国家能源集团

CONTENTS

CHAIRMAN'S STATEMENT

Dear Shareholders,

I, on behalf of the Board of Directors, hereby present you with the annual report of Longyuan Power for 2023, and express our heartfelt gratitude to all Shareholders who support the reform and development of the Company and all walks of life who care about the growth and progress of the Company!

The year of 2023 was an extremely extraordinary and challenging one. During the year, the Group continued to take the Thought on Socialism with Chinese Characteristics for a New Era proposed by Xi Jinping as guidance, and deeply implemented the spirit of the 20th National Congress of the Communist Party of China, to build in all aspects a new Longyuan that is "inherently safe, doubling in scale, transforming digitally, innovation-led and progressing healthily", and all targets and missions for the year have been attained and accomplished satisfactorily.

During the year, keeping the "top priorities of China" in mind and dedicating ourselves to serving the strategies of our country, we took the initiative to determine our orientation considering the overall situation of the cause of the Party and our country, took action and strived for development. We adhered to the policy of "one province (city), one policy" and planned in a precise manner, leading to outstanding results being achieved in the "Five Variations" development of new energy. For the whole year, we obtained 22.75 GW qualification for development, 4.51 GW was put into operation, and our consolidated installed capacity amounted to 35.59 GW, further enhancing our leading position in the industry. We devoted our efforts to create "Two high and one low" quality projects, evidenced by a series of quality and demonstration projects completed by us, which made Longyuan become the model, reflecting the high-quality development of the Company.

Also during the year, we advanced reform and quality improvement and fostered long-term value. We utilised digital means to empower our production and operation and continued to enhance the stability and power generation capability of our equipment, resulting an increase of 67% in the number of our units which operated for as long as 300 days. We made use of technological innovation to guide the way to develop, evidenced by the world's first floating wind power and fishery integrating project created by us which realised breakthrough in more than ten new key technologies and our hydrogen production and synthetic ammonia project which explores the "Green power – Green ammonia – Green hydrogen" integrating consumption demonstration path. We advanced "sharing in six aspects", namely sharing of financial risk control abilities, projects management experiences, production manpower resources, idle energy reserve assets, development scale and digital empowering, to continue with the improvement of our management efficiency. We integrated the integration of ESG concepts into the entire process including project planning, construction, production and operation to innovatively create a new natural economy model of "new energy +" natural benefits, and the "Sand-to-Oasis" case at our Tengger base in Ningxia was honoured as CCTV Annual Outstanding ESG Practice. We promoted China's stories at the world stage, the transcultural communication of our project in De Aar, South Africa was honoured by the SASAC as excellent case, fully reflecting our brand image.

The year of 2024 is a critical year for in-depth implementation of the "14th Five-Year" Plan, the Sunnylands Statement made by the heads of China and the US and the conclusion of United Arab Emirates Consensus indicate a firmer determination of the world for decarbonization, and the inevitable realisation of the goal of triple renewable energy by 2030 will pose unprecedented opportunities for the new energy industry of China. The Group will stand at a new start, grasp new opportunities, firmly focus on the targets and missions of the "14th Five-Year" Plan, demonstrate its new commitment and performance in green development, safe development, value development and innovative development, and endeavour to write a new chapter for building world first-class and leading new energy enterprise, and to serve the country, make contribution to the society and reward the Shareholders through high-quality development!

Chairman of the Board
Tang Jian

PRESIDENT'S STATEMENT

Dear Shareholders,

The year of 2023 was the start year for full implementation of the spirit of the 20th National Congress of the Communist Party of China. Under the strong leadership of the Board of Directors, the management of the Group led all the staff to conscientiously implement the spirit of our work conferences at the beginning and in the middle of the year, and advanced the building of a new Longyuan that is "inherently safe, doubling in scale, transforming digitally, innovation-led and progressing healthily" in a high-quality manner.

The growth rate of our new energy development recorded a new record high. The principle of "one province (city), one policy" enabled the diversified and rapid development of new energy, and for the whole year, we obtained 22.75 GW qualification for development and 4.51 GW was put into operation, a record high. The new energy base at Tengger in Ningxia, the first domestic new energy base in "desert, gobi and hungriness" area, started the construction of the Phase II of 2 million kW on schedule following the grid connection of the Phase I of 1 million kW in Zhongwei, the channel plan of the project in Jilin Township, Badan, Gansu was included into the scope of above-scale industries statistics by the NDRC; we obtained the approval for the offshore wind power projects in Sheyang, Jiangsu and Dongfang, Hainan, and won the bidding for the offshore project in Fujian; we developed our key overseas markets which are located in South Africa and Southeast Asia in a meticulous and deepgoing manner; the equal capacity and capacity expansion projects of "replacing small-capacity units with large-capacity units" at Helan Mountain, Ningxia and in Darbancheng, Xinjiang were put into operation successfully. As of the end of 2023, the consolidated installed capacity of the Group was 35.59 GW, of which, the consolidated installed capacity for wind power amounted to 27.75 GW, enabling the Group to maintain its leading position in the industry.

PRESIDENT'S STATEMENT

The production and operation levels were effectively enhanced. We set up an operation branch, eliminated the administrative barriers between stations, implemented the practice of "separating operation and inspection, regional maintenance, professional maintenance", and promoted the sharing of production manpower resources. We comprehensively promoted civilised production management, strengthened multi-dimensional benchmarking of equipment, coordinated the promotion of special remediation, and the percentage of units which operated for as long as 300 days reached 61.69%. We newly added 16 wind power failure early warning models, effectively turning "alarm" to "early warning". The total wind power generation for the whole year amounted to 61.35 billion kWh, representing a year-on-year increase of 5.22%; the utilisation hours of wind power was 2,346 hours, 121 hours higher than the industry average.

Steady growth was achieved in operating results. For the "one profit and five rates" indicators, we raised low-cost funds through multiple channels, launched a campaign of reducing taxes and costs, increased net profit attributable to the parent company, and increased revenue from market-oriented transactions by "striving for volume increase and price maintaining", with the operating results hitting a record high. Net profit attributable to equity holders of the Group of RMB6.36 billion, representing a year-on-year increase of 23.87%; and earnings per share of RMB73.98 cents. Total assets as at the end of the year amounted to RMB229.92 billion, with net assets of RMB82.03 billion and a net gearing ratio of 59.28%.

PRESIDENT'S STATEMENT

Digital intelligence innovation empowered transformation. We completed the building of a digital platform for new energy production which is leading in the world, and it has connected stations of more than 42 GW and over 42,000 units of equipments in total and processes 58 billion pieces of data daily, with its intelligent operation capability being comprehensively enhanced. We explored thoroughly the value of data, put the new energy meteorological atlas which is the first one of the like in China into operation, and developed functions such as power prediction, fault early warning and image recognition, with an industry-leading accuracy rate. We also improved the "1+1+4+N" scientific and technological innovation system, played our role as the National Wind Power R&D Centre, and achieved milestone achievements in a number of key scientific and technological projects.

Reform was furthered to enhance management effectiveness. We set up an actual performance-based employment principle, and more young talents were promoted. We strengthened the construction of our professional talent teams, facilitated the adjustment of position level, deepened the management of evaluation and employment of chief workers, and optimised the structure of the MST sequence. We attached great importance to performance-based incremental assessment, and introduced mandatory distribution, to motivate all our leaders and employees. We improved our multi-level investors interaction mechanism and preliminarily established an ESG system structure, significantly enhancing the awareness of ESG concepts among all staff members, and also won eight state-level ESG awards including the Best ESG Practices for Listed Companies.

PRESIDENT'S STATEMENT

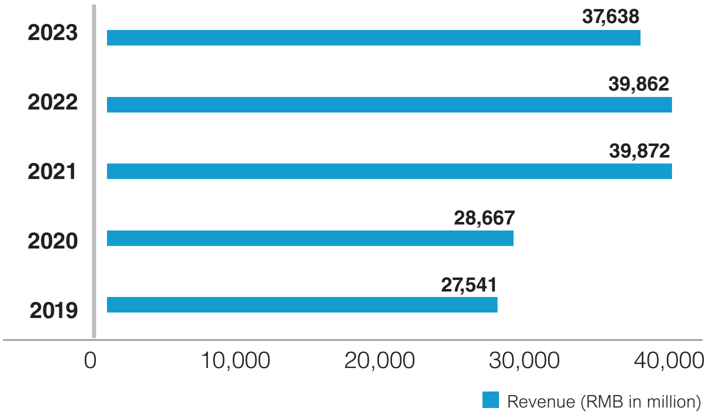
Our achievements in 2023 were hard-won, which were attributable to the solidarity and hard work of all our leaders and staff, as well as the consistent and substantial support from all walks of life and the investors. I, on behalf the management of the Group, hereby extend our heartfelt gratitude to all of you!

In 2024, we will firmly seize the strategic opportunities posed by the rapid development of new energy, adhere to the principles of integrity, sincerity and transparency and standard management, continue to strive for safe production, scale development, digital empowering, technological innovation, deepened reform, Party building and the Party's leading and other key works, try to increase the value of the Company by focusing on our principal business and accomplish our targets and missions for the whole year satisfactorily, so as to reward the investors through more excellent results!

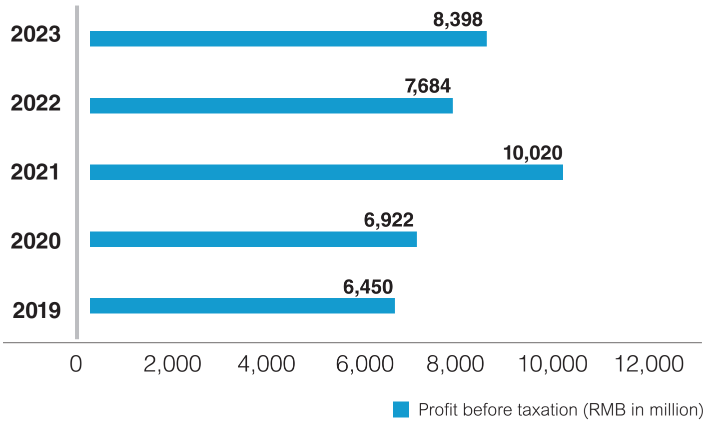
President
Gong Yufei

KEY OPERATING AND FINANCIAL DATA

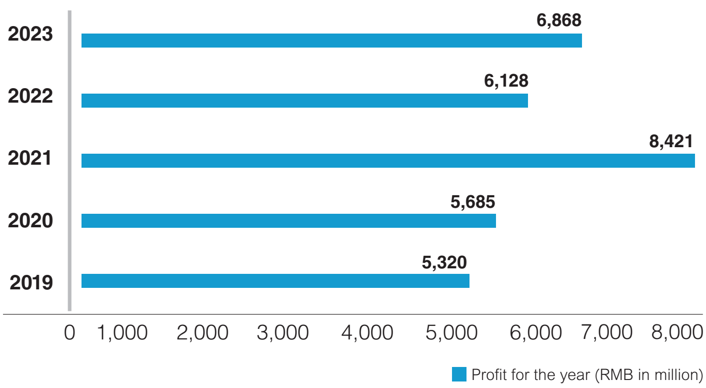
1. Revenue



2. Profit before taxation

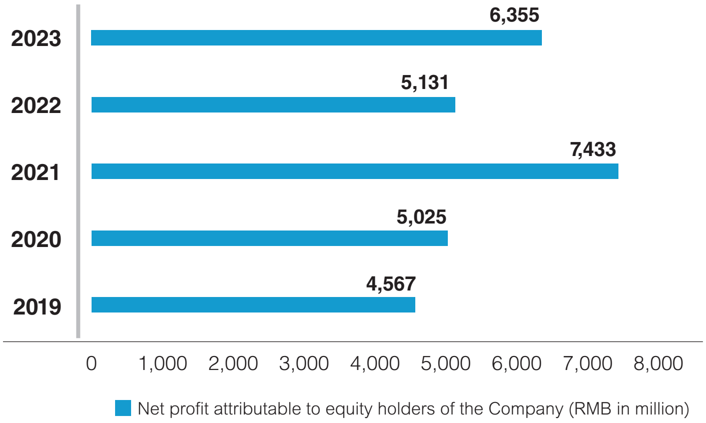


3. Profit for the year

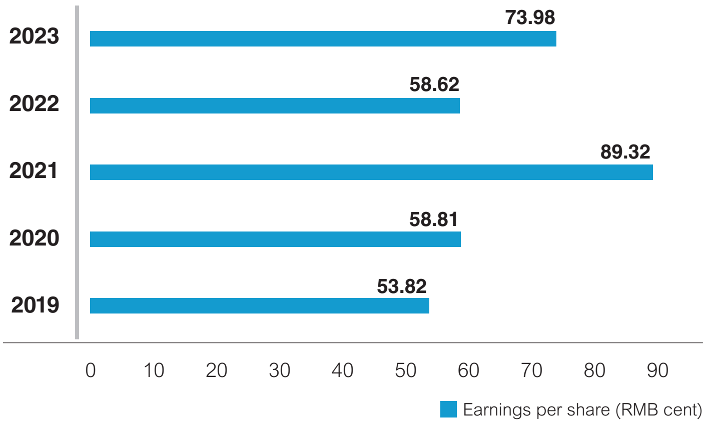


KEY OPERATING AND FINANCIAL DATA

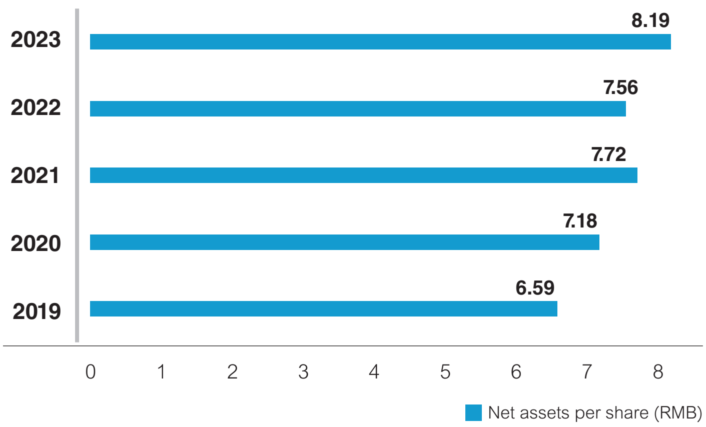
4. Net profit attributable to equity holders of the Company



5. Earnings per share

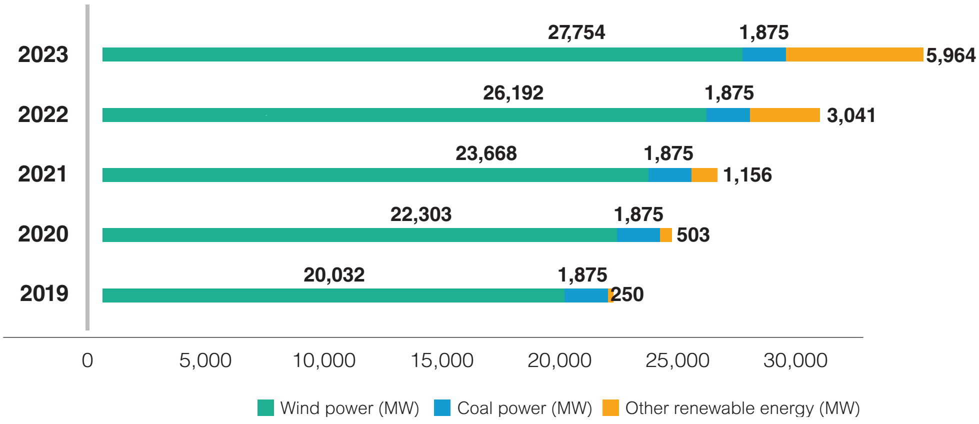


6. Net assets per share

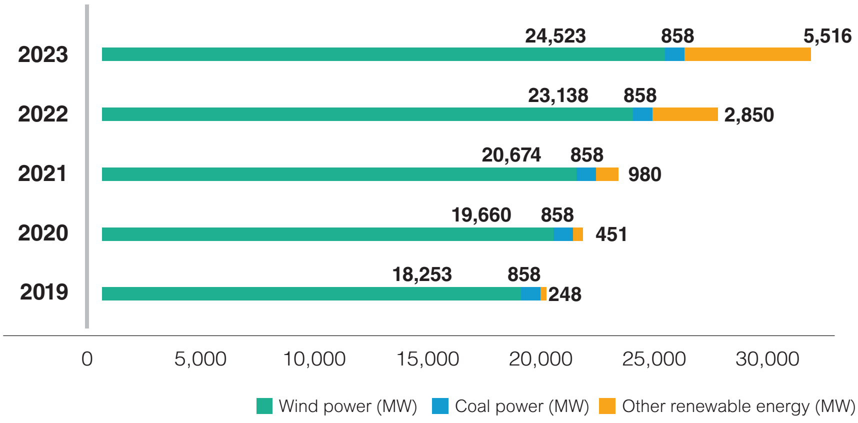


KEY OPERATING AND FINANCIAL DATA

7. Consolidated installed capacity

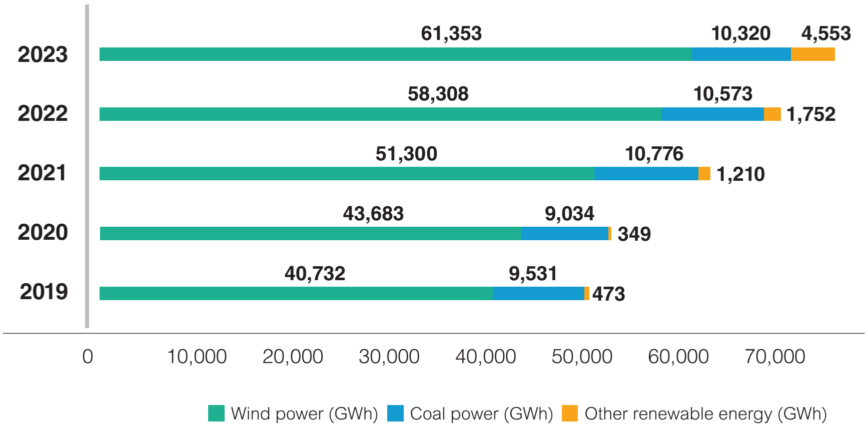


8. Attributable installed capacity

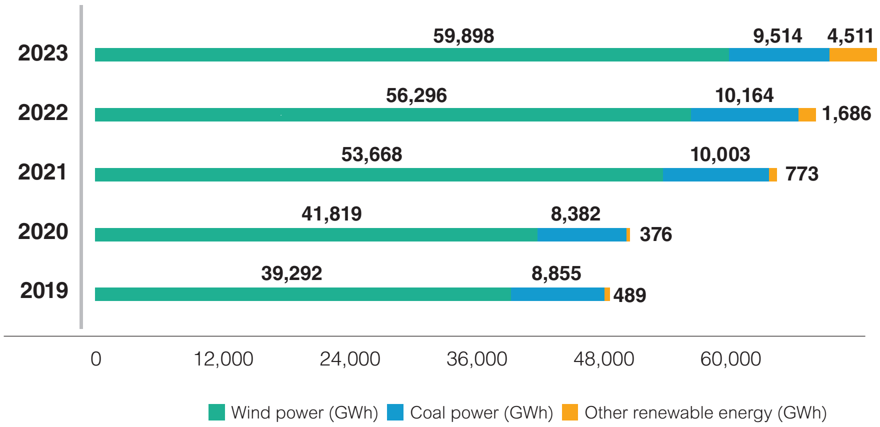


KEY OPERATING AND FINANCIAL DATA

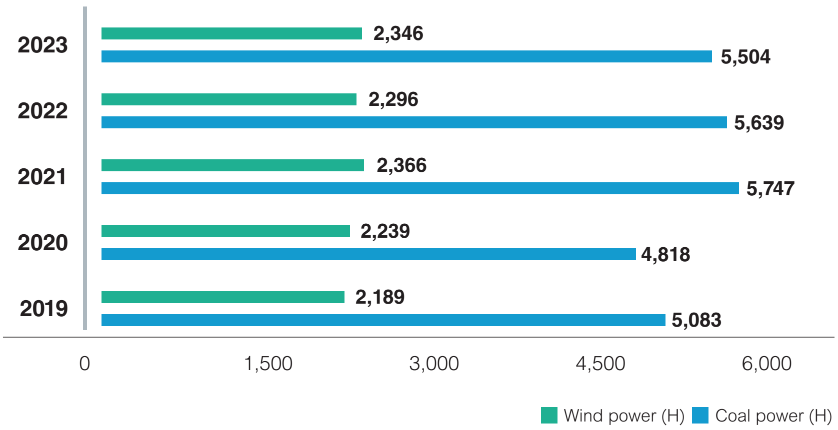
9. Electricity output



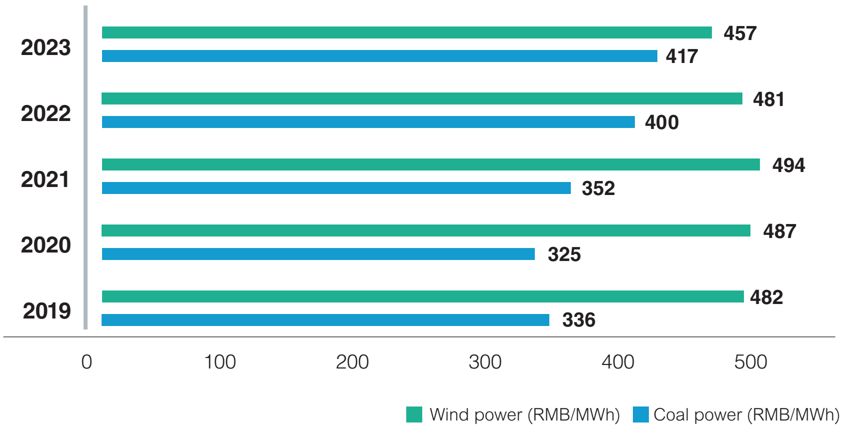
10. Electricity sales



11. Utilisation hours



12. Tariffs (excluding VAT)



KEY OPERATING AND FINANCIAL DATA

	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	**2023** ***RMB'000***
Revenue	27,540,630	28,667,181	39,871,937	39,861,647	**37,638,426**
Profit before taxation	6,450,456	6,921,577	10,019,791	7,683,712	**8,397,812**
Income tax	(1,130,758)	(1,236,082)	(1,598,839)	(1,555,542)	**(1,529,789)**
Profit for the year	5,319,698	5,685,495	8,420,952	6,128,170	**6,868,023**
Attributable to:					
Equity holders of the Company	4,566,790	5,024,979	7,432,663	5,130,763	**6,355,279**
Non-controlling interests	752,908	660,516	988,289	997,407	**512,744**
Total comprehensive income for the year	5,455,679	5,532,714	8,452,586	6,096,487	**6,890,627**
Attributable to:					
Equity holders of the Company	4,713,367	4,882,823	7,459,601	5,090,667	**6,367,752**
Non-controlling interests	742,312	649,891	992,985	1,005,820	**522,875**
Basic and diluted earnings per share *(RMB cent)*	53.82	58.81	89.32	58.62	**73.98**

KEY OPERATING AND FINANCIAL DATA

	2019 *RMB'000*	2020 *RMB'000*	2021 *RMB'000*	2022 *RMB'000*	**2023** ***RMB'000***
Total non-current assets	133,773,499	144,101,991	165,971,744	170,706,566	**184,906,736**
Total current assets	23,029,184	31,183,881	39,723,694	52,904,789	**45,008,403**
Total assets	156,802,683	175,285,872	205,695,438	223,611,355	**229,915,139**
Total current liabilities	43,537,841	52,907,326	62,239,403	74,279,570	**71,254,606**
Total non-current liabilities	52,609,770	55,929,572	65,431,856	69,536,675	**76,634,457**
Total liabilities	96,147,611	108,836,898	127,671,259	143,816,245	**147,889,063**
Net assets	60,655,072	66,448,974	78,024,179	79,795,110	**82,026,076**
Total equity attributable to the equity holders of the Company	52,922,642	57,687,575	68,088,055	68,446,593	**70,580,395**
Non-controlling interests	7,732,430	8,761,399	9,936,124	11,348,517	**11,445,681**
Total equity	60,655,072	66,448,974	78,024,179	79,795,110	**82,026,076**
Net assets per share *(RMB)*	6.59	7.18	7.72	7.56	**8.19**

CORPORATE PROFILE

CORPORATE PROFILE

Founded in 1993, China Longyuan Power Group Corporation Limited was originally affiliated to the National Energy Administration and became an affiliated corporation of former Ministry of Power Industry, former State Power Corporation and China Guodian Corporation successively. It is currently affiliated to CHN Energy. It was successfully listed on the Main Board of the Hong Kong Stock Exchange in 2009, which made it known as the "First Listed New Energy Company in the PRC". It was officially listed on the A share market in 2022 and became the first domestic central government-owned new energy power generation company which is listed on both H-share and A-share markets, the first among the five major power generation groups which are listed on the A-share capital market as new energy enterprise, and the first company which simultaneously implemented absorption and merger through share swap, asset sales and asset purchase projects.

Longyuan Power is the earliest specialized company to develop wind power in China, and the leader in exploring wind power fields such as offshore, low wind speed and high altitude in China, firstly realizing the "going global" of wind power in China, and constantly leading the development of the industry and technological progress. Currently, Longyuan Power has become a large-scale power generation conglomerate focusing on the development and operation of new energy. It possesses wind power, photovoltaic, biomass, tidal, geothermal and coal power generation projects, which has established eleven industry-leading technical support systems, including new energy project preliminary consultation, terminal design, predictive maintenance, technical supervision, power prediction and data analysis. Its business distributes in 31 provinces, autonomous regions and municipalities of the PRC and other countries such as Canada, South Africa and Ukraine, making positive contributions to the green and low-carbon development of global energy and the utilization of renewable energy.

CORPORATE PROFILE

CORPORATE STRUCTURE

Hero Asia (BVI) Company Limited

100%

- 61.71% Yichun Xing'anling Wind Power Generation Co., Ltd.
- 62.70% Sheyang Longyuan Wind Power Generation Co., Ltd.
- 79.58% Longyuan Yancheng Dafeng Off-shore Wind Power Generation Co., Ltd.
- 97.50% Longyuan Hero Asia (Fuqing) Wind Power Generation Co., Ltd.
- 69.37% Longyuan Qidong Wind Power Generation Co., Ltd.
- 89.50% Longyuan Pingtan Wind Power Generation Co., Ltd.
- 72.70% Longyuan Huanghai Rudong Offshore Wind Power Generation Co., Ltd.
- 56.13% Longyuan Guoneng Off-shore Wind Power (Yancheng) Co., Ltd.
- 82.99% Longyuan (Rudong) Wind Power Generation Co., Ltd.
- 57.99% Jiangsu Longyuan Wind Power Generation Co., Ltd.
- 78.10% Jiangsu Off-shore Longyuan New Energy Co., Ltd.
- 39.96% Huanan Longyuan Wind Power Generation Co., Ltd.
- 78.10% Hai'an Longyuan Offshore Wind Power Generation Co., Ltd.
- 78.10% Fujian Longyuan Offshore Wind Power Generation Co., Ltd.
- 61.42% Inner Mongolia Pingzhuang Energy Co., Ltd.
- 80% Jiangsu Longyuan New Energy Power Generation Co., Ltd.

- 100% Zhoushan Longyuan Xiongya New Energy Co., Ltd.
- 100% Zhoushan Longyuan New Energy Co., Ltd.
- 89.69% Zhejiang Zhoushan Cengang Wind Power Generation Co., Ltd.
- 76.29% Zhejiang Wenling Donghaitang Wind Power Generation Co., Ltd.
- 100% Zhejiang Longyuan New Energy Development Co., Ltd.
- 100% Yunnan Longyuan New Energy Co., Ltd.
- 100% Youyu Longyuan New Energy Co., Ltd.
- 100% Yongxiu Longyuan New Energy Co., Ltd.
- 100% Yongchang Longyuan New Energy Co., Ltd.
- 92% Yilan Longyuan Huineng Wind Power Generation Co., Ltd.
- 100% Yichun Longyuan Hero Asia Wind Power Generation Co., Ltd.
- 40% Yichun Longyuan Wind Power Generation Co., Ltd.
- 100% Yanbian Longyuan Wind Power Generation Co., Ltd.
- 100% Hero Asia Investment Limited
- 100% Hero Asia (Wenling) New Energy Co., Ltd.
- 59.53% Xinjiang Tianfeng Power Generation Joint Stock Company
- 100% Xinjiang Longyuan New Energy Co., Ltd.

- 100% Wudalianchi Longyuan New Energy Co., Ltd.
- 100% Wuzhong Longyuan New Energy Co., Ltd.
- 100% Tonggu Longyuan New Energy Co., Ltd.
- 100% Tongyu Xinfa Wind Power Generation Co., Ltd.
- 80% Tonghe Longyuan Wind Power Generation Co., Ltd.
- 100% Tieling Longyuan Wind Power Generation Co., Ltd.
- 100% Tieli Longyuan New Energy Co., Ltd.
- 100% Tianjin Longyuan New Energy Development Co., Ltd.
- 85% Tianjin Longyuan Haijing New Energy Co., Ltd.
- 100% Tianjin Guodian Jieneng Electric Power Co., Ltd.
- 100% Taizhou Luqiao Longyuan New Energy Co., Ltd.
- 100% Songtao Longyuan New Energy Co., Ltd.
- 100% Shuangyashan Longyuan Wind Power Generation Co., Ltd.
- 100% Shenyang Longyuan Hero Asia Wind Power Generation Co., Ltd
- 98.62% Shenyang Longyuan Wind Power Generation Co., Ltd.
- 100% Shaanxi Longyuan New Energy Co., Ltd.

Major Subsidiaries:

New energy business | Coal power business | Other enterprises

CORPORATE PROFILE

CORPORATE PROFILE

CORPORATE STRUCTURE

CORPORATE PROFILE

Shareholders of the Company

- CHN Energy Liaoning Electric Power Co., Ltd. — 1.12%
- CHN Energy — 55.05%
- Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. — 2.54%
- H Shareholders — 39.69%
- Holders of tradable A shares — 1.59%

龍源電力集團股份有限公司
China Longyuan Power Group Corporation Limited

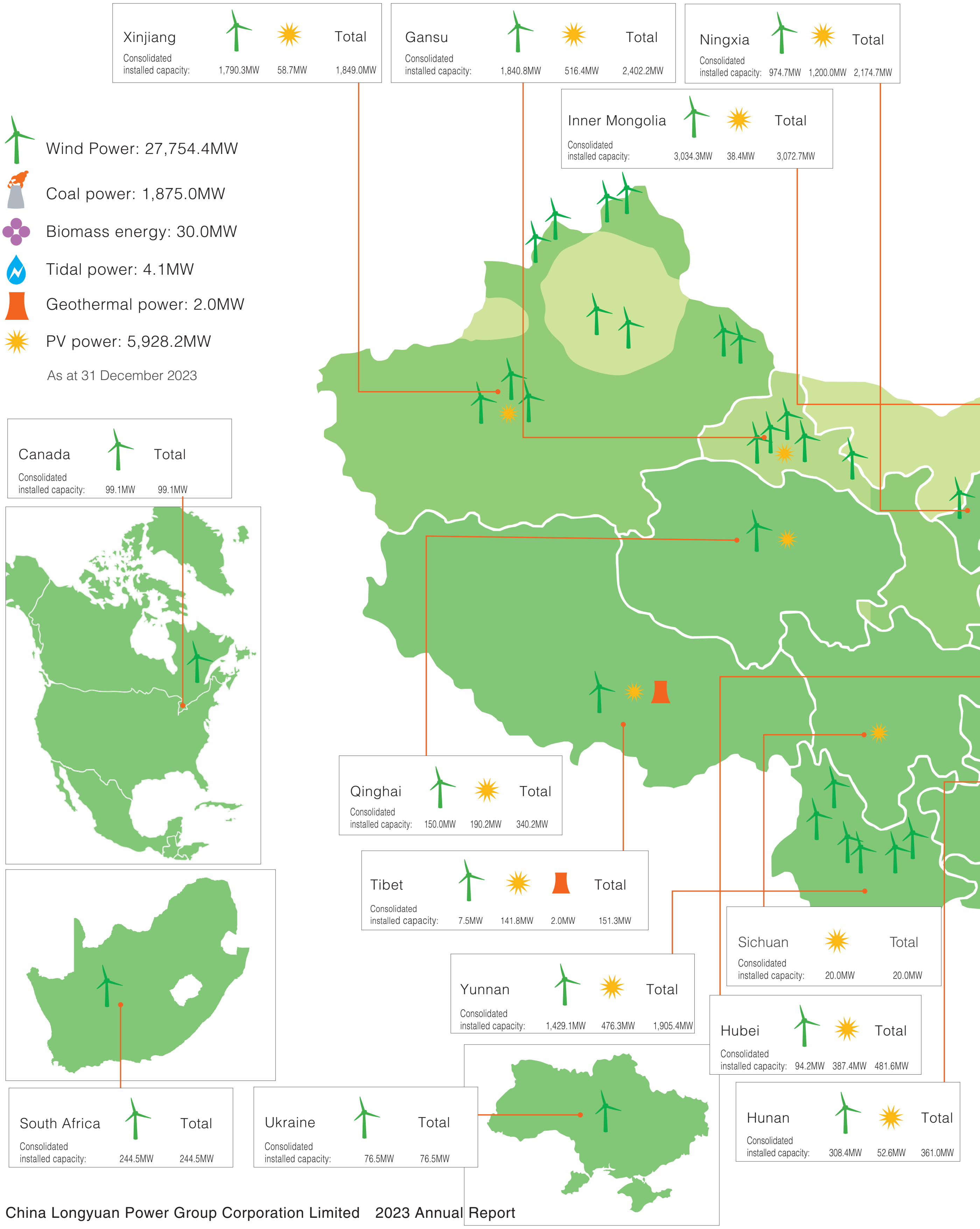
The Company

- Hero Asia Investment Limited — 100%
  - Longyuan Power Overseas Investment Co., Ltd. — 100%
    - Longyuan Ukraine Yuzhne Wind Power Generation Co. Ltd — 100%
  - Longyuan Canada Renewables Ltd. — 100%
  - Longyuan South Africa Renewables Proprietary Ltd. — 100%

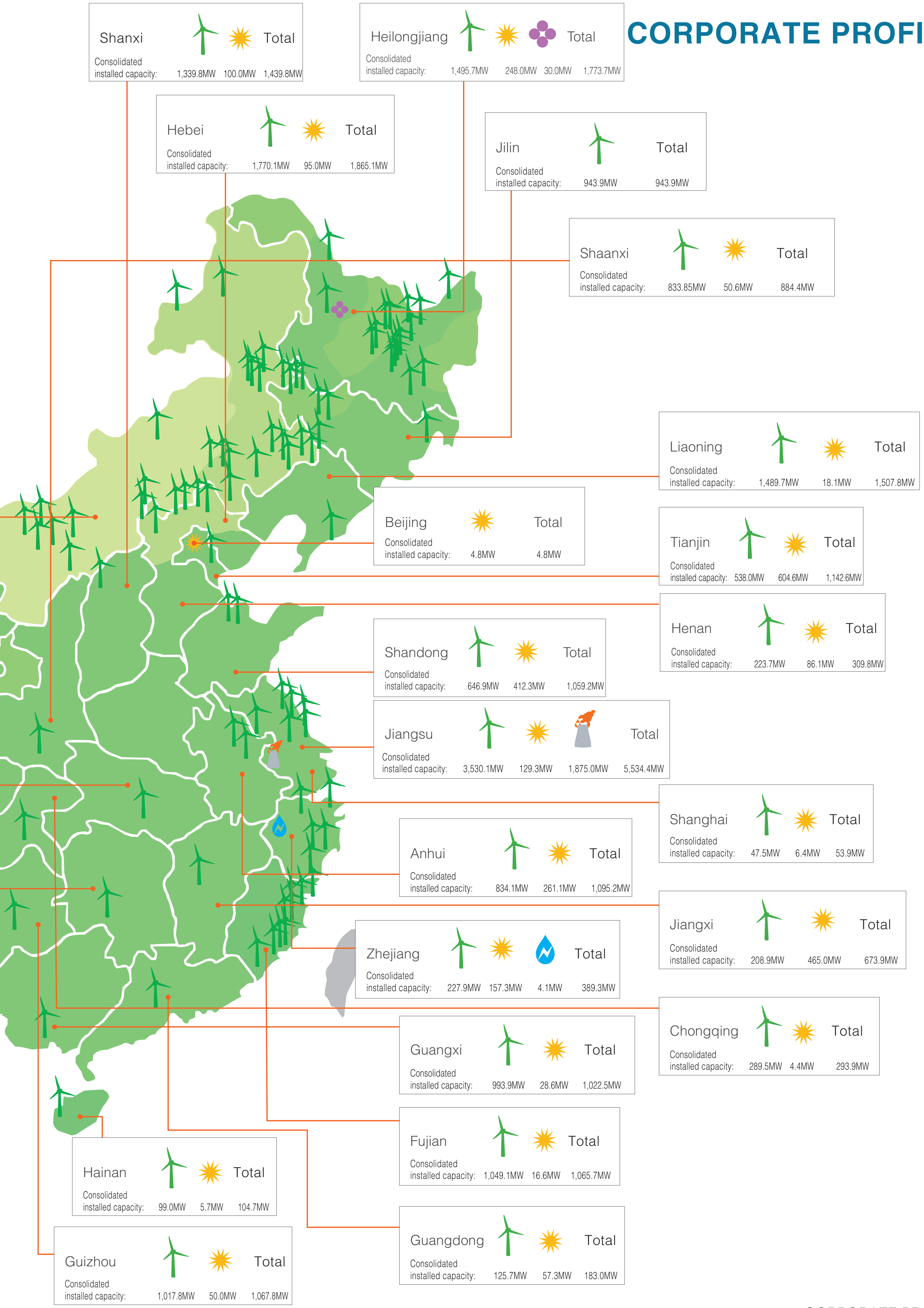
Company	%	Company	%	Company	%
Hebei Weichang Longyuan Construction and Investment Wind Power Generation Co., Ltd.	50%	Guodian Wuchuan Hongshan Wind Power Co., Ltd.	100%	Dexing Longyuan New Energy Co., Ltd.	100%
Hebei Longyuan New Energy Co., Ltd.	100%	Guodian Shanxi Jieneng Co., Ltd.	100%	Chongren Longyuan New Energy Co., Ltd.	100%
Hanshan Longyuan Meishan Wind Power Generation Co., Ltd.	70%	Guodian Shandong Jinan Longyuan Wind Power Generation Co., Ltd.	50%	Chifeng Xinsheng Wind Power Generation Co., Ltd.	34%
Hainan Longyuan New Energy Co., Ltd.	100%	Guodian Longyuan Wuqi New Energy Co., Ltd.	51%	Chifeng Longyuan Songzhou Wind Power Generation Co., Ltd.	100%
Hainan Guoneng Longyuan New Energy Co., Ltd.	100%	Guodian Longyuan Shenchi Wind Power Generation Co., Ltd.	51%	Chifeng Longyuan Wind Power Generation Co., Ltd.	97.01%
Hailin Longyuan Wind Power Generation Co., Ltd.	51%	Guodian North China Inner Mongolia New Energy Co., Ltd.	100%	Butuo Longyuan New Energy Co., Ltd.	100%
Guoneng Chongqing Wind Power Development Co., Ltd.	51%	Guodian Gansu New Energy Co., Ltd.	100%	Bu'erjin Tianrun Wind Power Generation Co., Ltd.	60%
Guoneng Yunnan New Energy Co., Ltd.	100%	Guizhou Longyuan New Energy Co., Ltd.	100%	Binzhou Longyuan New Energy Co., Ltd.	100%
Guoneng Longyuan Luoping New Energy Co., Ltd.	51%	Guangxi Nanning Longyuan New Energy Co., Ltd.	100%	Anhui Longyuan New Energy Co., Ltd.	100%
CHN Energy Longyuan Duyun Wind Power Generation Co., Ltd.	50%	Guangxi Longyuan New Energy Co., Ltd.	100%	Nantong Tianshenggang Power Generating Co., Ltd.	31.94%
Guoneng Longyuan (Songtao) New Energy Co., Ltd.	50%	Guangxi Guoneng Energy Development Co., Ltd.	100%	Jiangyin Sulong Heat and Power Generating Co., Ltd.	27%
Guoneng Longyuan (Fujian) New Energy Co, Ltd.	90%	Guangxi Guoneng Longyuan New Energy Co., Ltd.	51%	Zhongneng Power-Tech Development Co., Ltd.	100%
CHN Energy Fengcheng Photovoltaic Power Co., Ltd.	50%	Gansu Xin'an Wind Power Generation Co., Ltd.	54.54%	China Fulin Wind Power Engineering Co., Ltd.	100%
Guoneng Northeast New Energy Development Co., Ltd.	100%	Gansu Longyuan New Energy Co., Ltd.	100%	China Longyuan Power Group Shared Energy Storage Technology (Beijing) Co., Ltd.	100%
Guoneng Dingbian New Energy Co., Ltd.	100%	Gansu Jieyuan Wind Power Generation Co., Ltd.	77.11%	Longyuan (Yichun) Wind Power Engineering Services Co., Ltd.	100%
Guoneng Badain Jaran (Gansu) Energy Development Investment Co., Ltd.	51%	Fuyuan Longyuan Wind Power Generation Co., Ltd.	100%	Longyuan (Beijing) New Energy Engineering Design and Research Institute Co., Ltd.	100%
CHN Energy Longyuan Jiangyong Wind Power Generation Co., Ltd.	50%	Fujian Pingtan Changjiang'ao Wind Power Generation Co., Ltd.	60%	Longyuan (Beijing) New Energy Engineering Technology Co., Ltd.	100%
CHN Energy Longyuan Anhua Wind Power Generation Co., Ltd.	50%	Fujian Dongshan Aozaishan Wind Power Generation Co., Ltd.	91.15%	Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd.	100%
CHN Energy Golmud Longyuan Photovoltaic Power Generation Co., Ltd.	50%	Fujian Longyuan New Energy Co., Ltd.	100%	Longyuan (Beijing) Solar Energy Technology Co., Ltd.	100%
Guodian Xinjiang Alashankou Wind Power Development Co., Ltd.	70%	Fanshi Longyuan New Energy Co., Ltd.	100%	Jiangsu Longyuan Wind Power Technique Training Co., Ltd.	100%
		Dingbian Longyuan New Energy Co., Ltd.	100%	Guodian United Power Technology (Changchun) Co., Ltd.	100%

CORPORATE PROFILE

GEOGRAPHICAL BREAKDOWN OF OUR PROJECTS



CORPORATE PROFILE



HONOURS AND AWARDS

On 7 January, the 2022 Energy Annual Conference and the 14th China Energy Enterprise Senior Forum, hosted by Energy Magazine, was held in Beijing. During the annual selection event held at the forum, Longyuan Power was honored with the "Special Contribution Award for Energy Transformation and Green Development".

On 19 January, the China Installation Association released the review results of the second batch of 2021–2022 China Installation Engineering Quality Award (China Installation Star), in which the 50 MW agricultural-photovoltaic complementary photovoltaic power generation project by Shaanxi Branch at Giant Buddhist Temple, Binzhou was awarded.

On 29 January, the National Emergency Management Propaganda and Education Network (國家應急管理宣教網) released the list of selected cases for the "Third 2022 Best Practice Cases of Enterprise Safety Culture". The case of "Practical Experience in Establishing an Intrinsic Safety 'Prevention' Culture to Lead the Safe Development of New Energy Enterprises" by Mengdong Company was honoured as the best practice case in the comprehensive category.

HONOURS AND AWARDS

On 8 February, the China Electricity Council announced the list of “2022 Power Industry Cultural Brand Influential Enterprises”, and Longyuan Power was selected as one of the “2022 Power Industry Cultural Brand Influential Enterprises”.

On 6 March, the global first floating wind and fishery integrated platform design, developed under the Longyuan Power’s technology project of “Research and Development in Key Technology of Floating Offshore Wind Power and Engineering Demonstration”, received the Approval in Principle (AIP) certificate from China Classification Society.

On 21 April, the winners of the 19th New Fortune Golden Secretary and the 6th New Fortune Best IR (Investor Relations) Hong Kong Listed Companies were announced. Longyuan Power was awarded the 6th New Fortune Best IR Hong Kong Listed Company (A+H shares).

HONOURS AND AWARDS

On 5 May, the 2023 Fortune China ESG Impact List was announced, and Longyuan Power successfully made the list upon its first application, which is the only wind power company among the 40 listed enterprises.

On 12 May, at the first Energy Brand Promotion Week organized by the China Energy Research Society and China Quality Miles Magazine, Longyuan Power's brand cases, including the "Digital Transformation Solution" and the "244,500kW Wind Power Project in De Aar of South Africa", were awarded the first prize of the "Green Energy Star". The cases of "Wind Rider" (《御風者也》), "Largest Wind Power Online Vibration Monitoring Network in China" and "Wind Power Project in De Aar of South Africa" were recognized as exemplary cases of brand achievements in the 2023 energy industry.

HONOURS AND AWARDS

On 31 May, China Electric Power Construction Association released the review results for the 2023 China Power Quality Project, in which Longyuan Power's 100 MW solar-tidal intelligent photovoltaic power project in Wenling, Zhejiang was awarded.

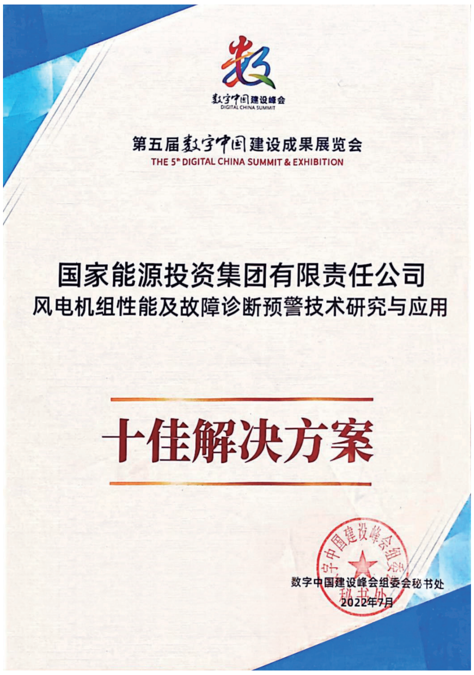
On 16 June, the General Office of the National Health Commission released the list of outstanding cases in the second batch of healthy enterprise construction, in which Anhui Branch and Tianjin Branch of Longyuan Power were successfully included.

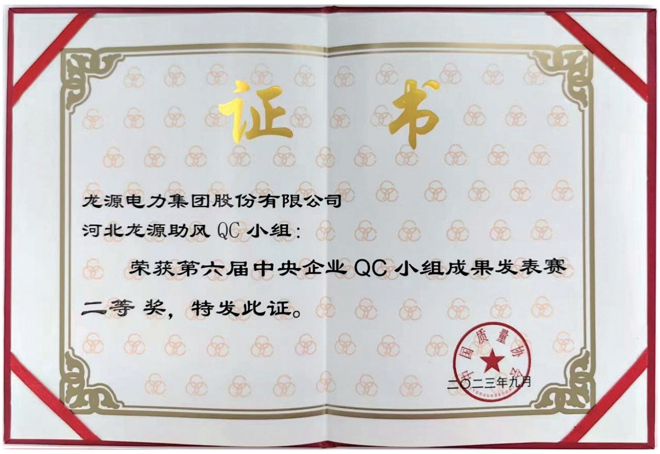
HONOURS AND AWARDS

On July 20, at the first national photovoltaic vocational skills competition jointly organized by the Labor Union of China Energy Chemical and Geology and the Chinese Workers' Technical Association, three young participants selected by Longyuan Power won the first and second prizes for individuals, and the second prize for groups.

On 20 September, the project of "R&D and Application of Wind Power Chemistry Supervision LIMS Informatization Management System" of Longyuan Power Engineering Technology Co., Ltd. (龍源電力工程技術公司) was awarded the first prize for technological supervision innovation achievements in the power industry by the China Electricity Technology Market Association for the year 2023. As the first domestic oil monitoring information management system in the new energy industry, the system has achieved overall technological excellence at an international level, which provides assurance for the economic, environmental, and long-term safe operation of wind power equipment.

On 22 September, Longyuan Power's "Research and Development of Dynamic Power Prediction Software for Regional Wind Farms (《研發區域風電場發電量動態預測軟件》)" won the second prize at the 6th Central Enterprise QC Group Achievement Presentation Competition organized by the China Association for Quality, achieving its best-ever performance in history.





HONOURS AND AWARDS

On 22 September, in the Third National Wind Power Operation and Maintenance Vocational Skills Competition organized by the Labor Union of China Energy Chemical and Geology, Longyuan Power's representative team was awarded the first, second, and third prizes for individuals, as well as the first, second, and third prizes for groups, and received honors such as gold and silver medals for skilled workers.

On 23 September, under the guidance of the Social Responsibility Bureau of the State-owned Assets Supervision and Administration Commission of the State Council and organized by the China Social Responsibility 100 Forum, the "Practicing ESG Concepts, Creating First-Class Enterprises – Central Enterprise ESG Forum", a parallel forum of the 6th China Enterprise Forum, released the "Central Enterprise ESG • Pioneer 100 Index". Longyuan Power was selected for the "Central Enterprise ESG • Pioneer 100 Index" at an advanced level of four and a half stars, ranking second in the electricity, heat production, and supply industry.

HONOURS AND AWARDS

On 12 October, the Power Enterprise Management Innovation Paper Review Committee (電力企業管理創新論文審定委員會) released the results of the evaluation for the 11th National Power Enterprise Management Innovation Paper Competition in 2023. Longyuan Power won awards for six papers in this innovation paper competition. Among them, the paper titled "Preliminary Exploration of Wind Power Enterprise Risk Control Management Intelligent Model" received the special award, the paper titled "Design of Digitalized Quality Management System for Wind Power Equipment" received the second prize, and the papers titled "Management Application of Big Data Analysis in Wind Farm Operation and Maintenance Models", "Analysis of Risk Factors in Wind Power Engineering Cost Based on Fishbone Diagram Theory", "Application of Data Analysis Techniques in the Intelligent Construction of Wind Power Enterprises", and "Brief Analysis of Measures for Internal Audit and Inspection Services in the Strategy of Rural Revitalization" received the third prize.

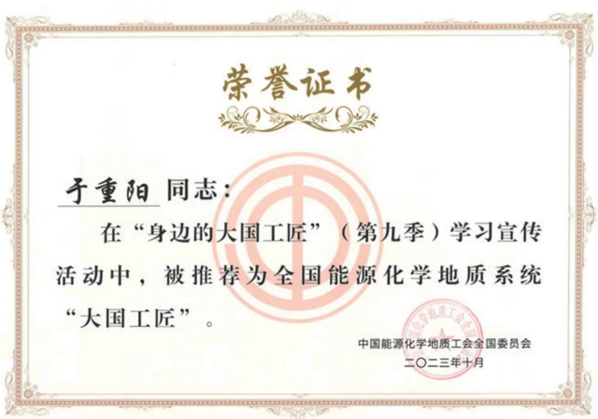
On 20 October, four employees of Longyuan Power were awarded the title of "National Technical Expert" by the Ministry of Human Resources and Social Security.

HONOURS AND AWARDS

On 30 October, one employee of Longyuan Power was awarded the title of "Craftsmen of the Nation" by the Labor Union of China Energy Chemical and Geology.

On 16 November, the first Chinese Listed Companies Sustainable Development Conference, organized by the China Association for Public Companies, was held in Beijing. During the conference, the "Best Practices of ESG in Chinese Listed Companies for 2023" was released, and Longyuan Power's case on "Coordinated Development of Offshore Wind Power and Marine Biodiversity" was successfully made the list.

On 20 November, Longyuan Power won five titles of "Outstanding Wind Farm (Station)" and one title of the "Excellent Organization Unit" in the national large-scale wind farm (station) labor competition by the Labor Union of China Energy Chemical and Geology.



荣誉证书

于重阳 同志：

在"身边的大国工匠"（第九季）学习宣传活动中，被推荐为全国能源化学地质系统"大国工匠"。

中国能源化学地质工会全国委员会
二〇二三年十月

中国上市公司协会
CHINA ASSOCIATION FOR PUBLIC COMPANIES

证 书

龙源电力集团股份有限公司(001289.SZ)入选中国上市公司协会2023年上市公司ESG最佳实践案例。

特发此证，以资鼓励！

中国上市公司协会
二零二三年十二月

HONOURS AND AWARDS

On 4 December, Wind released the list of "2023 Wind Top 100 ESG Best Practices for Chinese Listed Companies". Longyuan Power successfully made it to the list with the highest industry rating of AA.

On 9 December, the 400 MW Wind Power Engineering in the southern area of offshore wind farm of Longyuan Power in Sheyang, Jiangsu, won the 2023 National Quality Project Award.

On 13 December, Longyuan Power's project of "Development and Large-scale Application of Autonomous and Controllable Multi-integrated New Energy Safety Production Monitoring System" received the special project achievement award at the 3rd Power Enterprise Promotional Event of "Innovation and Efficiency of Team and Job Positions • Worker Pioneers Are Playing Their Role".

HONOURS AND AWARDS

On 14 December, the technological achievement titled "Research and Application of Key Technologies for Operation Optimization of New Energy Stations Adapted to the Power Spot Market" independently developed by Shanxi Branch of Longyuan Power was awarded the first prize for power technology innovation by the China Electricity Council in 2023. The project achievement effectively optimized the accuracy of long-term power generation capacity forecasting in new energy stations, facilitating the scientific conduct of power trading activities in these stations.

On 15 December, the 13th Hong Kong International Finance Forum and China Securities Golden Bauhinia Awards ceremony were held in Hong Kong, and Longyuan Power once again won the China Securities Golden Bauhinia Award (the most valuable listed company of investment), and was successfully included in the first 2023 Hong Kong International ESG Alliance, receiving the "Best Practices Amount of ESG in Listed Companies".

CORPORATE MILESTONES IN 2023

On 3 January, the 600 MW Wind, Solar, Hydrogen and Ammonia Infrastructure Integration Low-carbon Park Demonstration Project of Longyuan Power, Inner Mongolia Branch in Alxa Hi-Tech Zone was awarded the qualification for development. This is the first project of CHN Energy in Inner Mongolia to produce hydrogen through green power during the "14th Five-Year Plan" period.

On 15 January, the sixth meeting of the fourth session of the Employee Congress and the 2023 Working Conference of Longyuan Power were held, to take the thought of socialism with Chinese characteristics in the new era proposed by Xi Jinping as the guide, thoroughly implement the spirit of the 20th National Congress of the Communist Party of China (CPC) and the deployment proposed at the Central Economic Work Conference, sum up our work in 2022, analyse the current situation, deploy our work for 2023, to continue to strive for high-quality development in the "14th Five-Year Plan" period and accelerate the promotion of the construction of our company into a world-class new energy company to reach a new level.

On 15 January, on the occasion of the 2023 World Economic Forum (WEF) Annual Meeting in Davos, Tang Jian, Chairman of the Board of Directors and Secretary of the Party Committee of Longyuan Power, as a representative of leading Chinese energy enterprises at the invitation of the Forum, published "The ESG Concepts Driving the Low-Carbon Development of the Wind Power Industry Chain" in the ESG Column of the official website of the WEF entitled "These Chinese Enterprises are Actively Acting for the Integration of ESG", and shared the thinking and practices of the Company on promoting ESG integration with readers around the globe.

On 23 February, Tang Jian, the Secretary of the Party Committee and Chairman of the Board of Directors of Longyuan Power, met with H.E. Siyabonga Cwele, South Africa's Ambassador to China, in Beijing, and exchanged views on strengthening the development of projects in energy field and the construction of supporting industries, as well as jointly promoting the resolution of the current power crisis in South Africa.

CORPORATE MILESTONES IN 2023

On 5 May, the design of construction drawings for key technology study of the large-scale “offshore wind power + marine ranch” integration project of Longyuan Power, Jiangsu Branch was officially launched. This project is the first “wind power-fishery integrated” high sea aquaculture demonstration project of Longyuan Power, which will facilitate the arrival of the “offshore wind power +” era.

On 10 May, the wind power project in Beibao Township in Chongming District under Longyuan Power, Shanghai Branch was successfully listed on the “2023 Typical Cases Catalogue of 1,000 Clean Energy Demonstration Projects in 100 Counties”.

On 12 May, Longyuan Power and Baowu Group entered into a cooperation framework agreement in Shanghai. Longyuan Power and Baowu Clean Energy will establish a communication mechanism, a coordination mechanism and an information sharing mechanism to open up trading channels, promote the consumption of green power, and further promote their cooperation in carbon emission accounting, carbon asset trading, innovative research, etc., and explore the establishment of various modes of cooperation.

On 21 May, Tang Jian, the Secretary of the Party Committee and Chairman of the Board of Directors of Longyuan Power, met with Dato Dr. Abdul Manaf Metussin, Minister of Primary Resources and Tourism of Brunei, and exchanged views on promoting the development of new energy projects in Brunei, such as agriculture-photovoltaic power complementary project and fishery-photovoltaic power complementary project, and helping Brunei in accelerating the achievement of the goal of carbon neutrality.

On 27 June, the retired wind turbine generators relocation and reuse project for the project of “replacing small-capacity units with large-capacity units” of Longyuan Power at the fourth wind farm in Helanshan, Ningxia was successfully completed. This is the first retired wind turbine generators relocation and reuse project that has been implemented in the domestic wind power industry, which is another innovative demonstration for the high-quality development of China’s wind power industry.

CORPORATE MILESTONES IN 2023

On 26 July, Longyuan Power convened the 2023 Mid-Year Work Conference and the Meeting of Commendation for Action of Contribution to "Socialism is the result of work", to thoroughly implement the spirit of the important speeches and instructions of General Secretary Xi Jinping, fulfil the great call of "Socialism is the result of work", sum up the work in the first half of the year, analyse the current situation, deploy the key tasks for the second half of the year, and firmly establish confidence, exert the utmost effort, and ensure the completion of the annual objectives and tasks.

On 21 August, Longyuan Power released the first set of intelligent locks for new energy stations in China, which completely eliminated the probability of unauthorised personnel opening the locks by mistake, improved the safety and reliability of the operation and management of new energy stations, and lowered the operating costs of the stations, which is another milestone achievement of Longyuan Power in its digital transformation.

On 8 September, Carbon Assets Company and Guodian Power Sanhe Power Co., Ltd. worked closely and successfully completed the opening of the first account of the China Certified Emission Reduction (CCER) registration system and trading system, with the user name number being C0000000001.

On 18 September, Longyuan Power and Xinhua Power entered into a strategic cooperation agreement in Guangzhou. Longyuan Power and Xinhua Power will establish a communication mechanism, a coordination mechanism and an information sharing mechanism to give full play to their advantages in technology and experience as central government-owned enterprises, deepen the cooperation in the field of new energy through various modes of cooperation, take the lead in promoting the development of clean energy projects such as "wind, photovoltaic, hydraulic, storage and hydrogen" in Guangdong, Guangxi, Hainan and other regions, share the overseas resources and business experience, seek opportunities for cooperation in the overseas market, deepen the development of international new energy market in the ten countries in Southeast Asia and so on, and enhance the competitiveness of the power technology of the Group in the international market.

CORPORATE MILESTONES IN 2023

On 11 October, the result of the 2023 Guangdong provincial competitive allocation of offshore wind power projects of provincial-managed waters was announced, according to which Longyuan Power, together with Xinhua Power, successfully obtained the development right of the 300 MW wind power project at the second site east of Xuwen, Zhanjiang which is within the provincial-managed waters of Guangdong province, thus realising a “zero” breakthrough in the development of offshore wind power in Guangdong.

On 22 October, the “China ESG (Corporate Social Responsibility) Release” event was held in Beijing by authoritative organisations including China Media Group, the SASAC, the All-China Federation of Industry and Commerce, the Chinese Academy of Social Sciences, and the China Enterprise Reform and Development Society. The “Annual ESG Excellence Practice Report” was released for the first time, and the case of “Sand-to-Oasis” of the new energy base in the Tengger Desert in Ningxia, which was presented by Longyuan Power, stood out from more than 570 cases and was selected for its active exploration and successful identification of a new sustainable development path for “new energy construction + protection and restoration of the desert, gobi and desert areas ecosystem”.

On 24 October, the Ministry of Ecology and Environment officially released the first batch of four methodologies after the re-opening of the China Certified Emission Reduction market, among which the “Methodology for China Certified Emission Reduction Projects Grid-connected Offshore Wind Power Generation” developed by Longyuan Carbon Assets Company jointly with other entities was listed, which has contributed to the promotion of the achievement of the “carbon peak and carbon neutrality” goal.

On 3 November, according to the 2023 Energy Industry Standard Formulation and Revision Plan and Foreign Language Translation Plan issued by the National Energy Administration, three industry standards, including the “Technical Procedures for Anti-Ice Coatings of Wind Turbine Blade”, which was formulated by Longyuan Power Engineering & Technology Company, were approved by the National Energy Administration, filling the gaps in the relevant standards of the wind power industry in China.

CORPORATE MILESTONES IN 2023

On 5 December, the first domestic new energy disposal materials management platform based on LiEMS platform which was developed by Longyuan Power independently was formally put into operation, providing fast, efficient and intelligent solutions for state identification, gradient utilisation and tracking and tracing of disposal materials in the new energy industry.

On 13 December, at the kick-off meeting of the National Energy Administration for the issuance of green certificates, the 100 MW wind power rational price grid-connected project of Longyuan Power in Gongxinji Township, Huanan County, Jiamusi, Heilongjiang Province, was among the first entities which obtained the new version of the green power certificate in China, and the green certificate issued for the project was successfully sold to BASF, a renowned German chemical company, which has become the first single of new green certificate trading in China.

On 27 December, Longyuan Carbon Assets Company successfully passed the EATNS carbon management system assessment, symbolizing that the Group has successfully established a systematic, comprehensive and standardised carbon management system, and the level of the integrated carbon management has been further enhanced.

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, which resulted in the year-on-year increase in the average wind velocity and 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 is:

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%

Region	2023 (MWh)	2022 (MWh)	Percentage of change
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%

MANAGEMENT DISCUSSION AND ANALYSIS

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

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%

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
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 switchgear 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 created 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 1,000 Clean Energy Demonstration Projects in 100 Counties.

MANAGEMENT DISCUSSION AND ANALYSIS

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 is:

Region	**31 December 2023 *(MW)***	31 December 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%

Region	31 December 2023 (MW)	31 December 2022 (MW)	Percentage of change
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%
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 achieved 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 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 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 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, the Group sold 4.25 million green certificates. 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 country, one policy" 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 province (city), one policy", 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 enterprise, one policy" 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 (六個共享)" 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 achieve 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 values 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

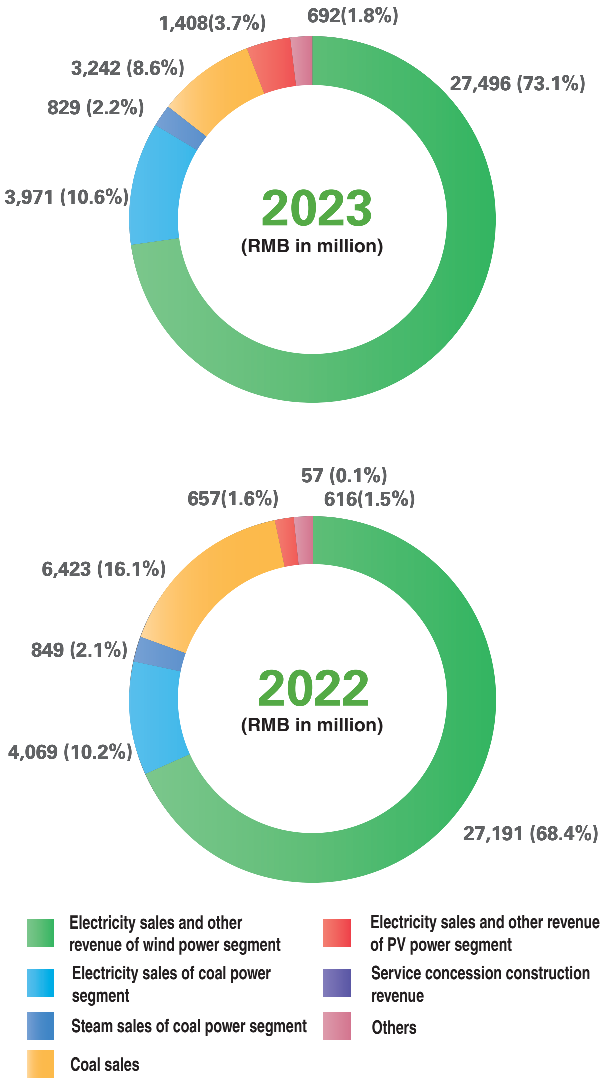
Profit or loss and other comprehensive income

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 electricity sales volume of photovoltaic power.

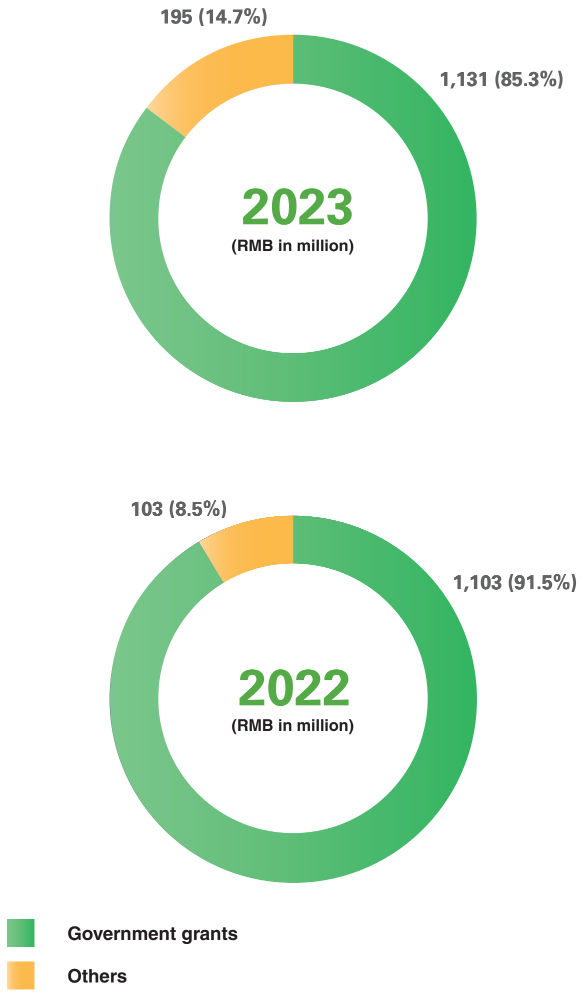
Operating revenue of each segment and their respective proportions are set out in the diagram below:



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.

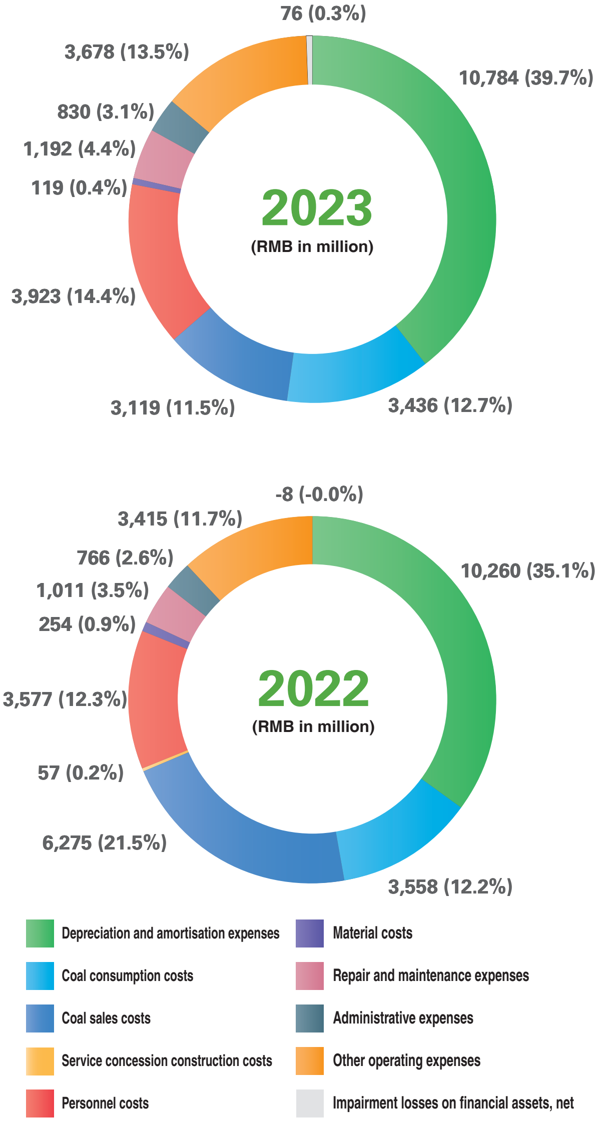
The breakdown of other net income items and their respective proportions are set out in the diagram below:



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.

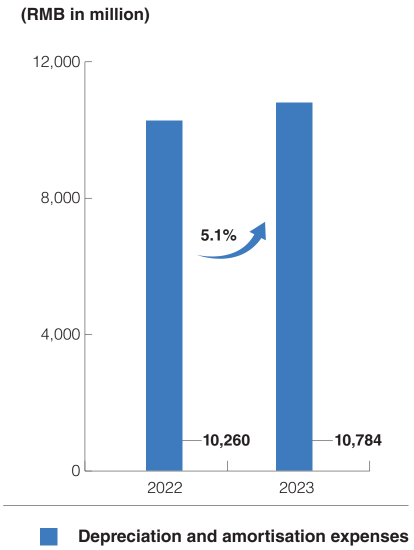
The breakdown of operating expenses items and their respective proportions are set out in the diagram below:



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 projects; (2) an increase of RMB258 million or 105.2% in depreciation and amortisation expenses in the photovoltaic segment as compared to 2022 as a result of the effect of expansion in the installed capacity of photovoltaic projects.

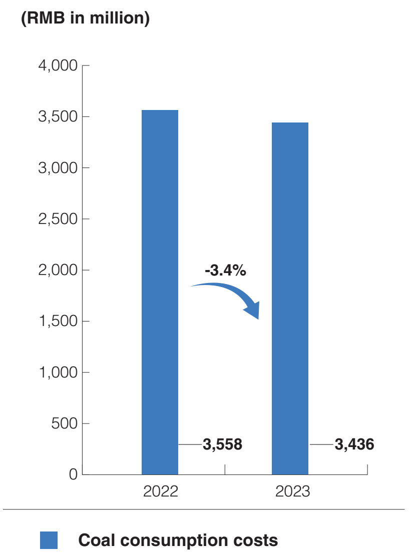
The depreciation and amortization expenses are set out in the diagram below:



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.

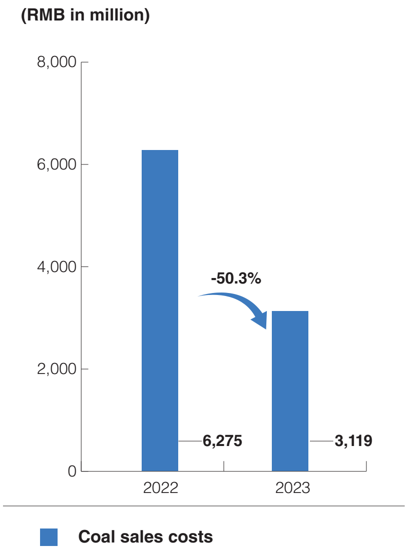
The coal consumption costs are set out in the diagram below:



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.

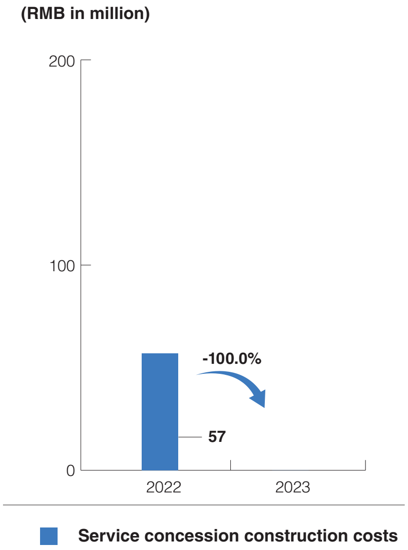
The coal sales costs are set out in the diagram below:



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, mainly as there are no new concession projects during this period.

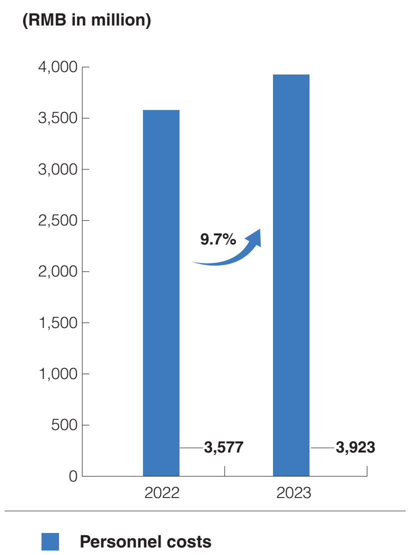
The service concession construction costs are set out in the diagram below:



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.

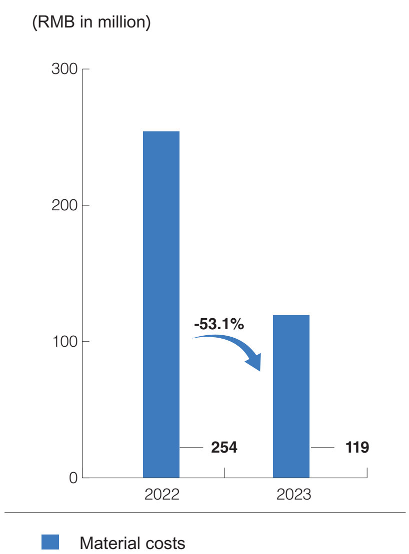
The personnel costs are set out in the diagram below:



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.

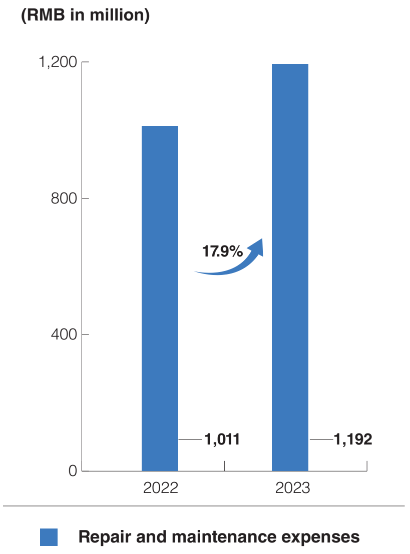
The material costs are set out in the diagram below:



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.

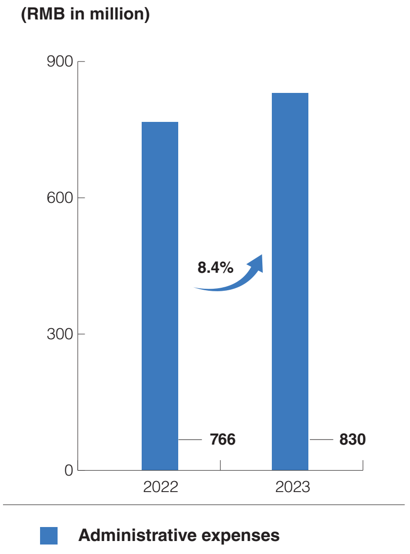
The repair and maintenance expenses are set out in the diagram below:



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.

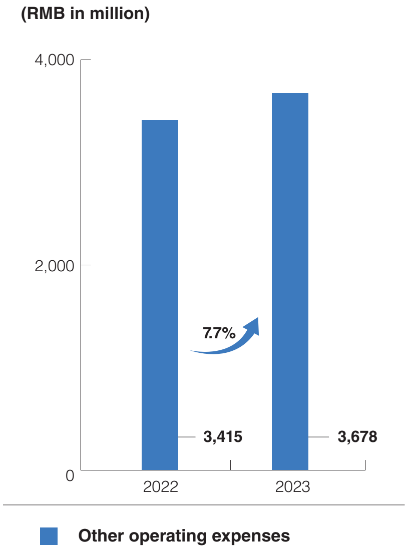
The administrative expenses are set out in the diagram below:



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 consulting as a result of the further production of wind power and photovoltaic segment in 2023.

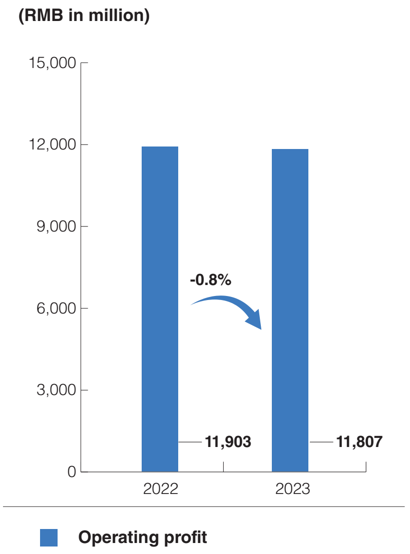
The other operating expenses are set out in the diagram below:



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.

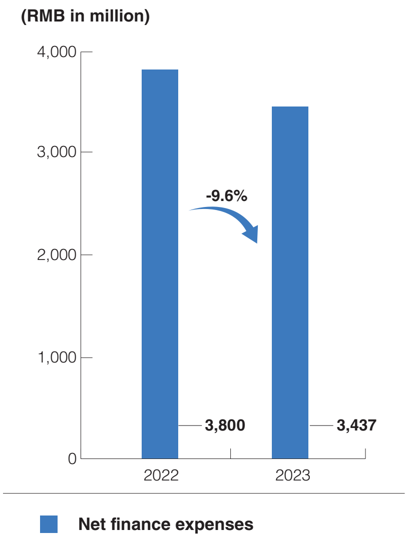
Operating profit is set out in the diagram below:



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; and (5) an increase of RMB55 million in interest income from financial assets in 2023 as compared with 2022.

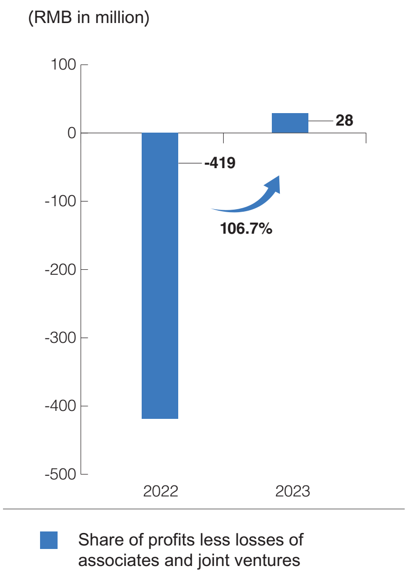
The net finance expenses are set out in the diagram below:



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 an 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.

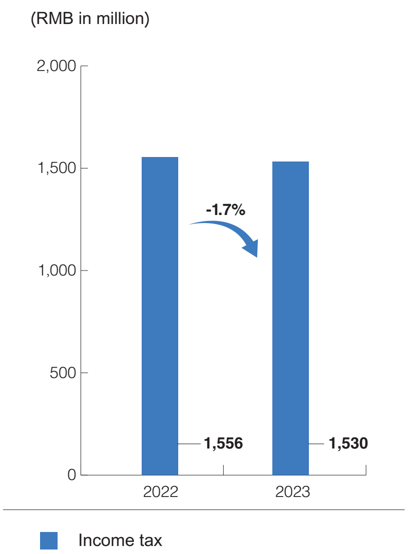
The share of profits less losses of associates and joint ventures is set out in the diagram below:



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 the increase in deferred income tax expenses recognized in 2023.

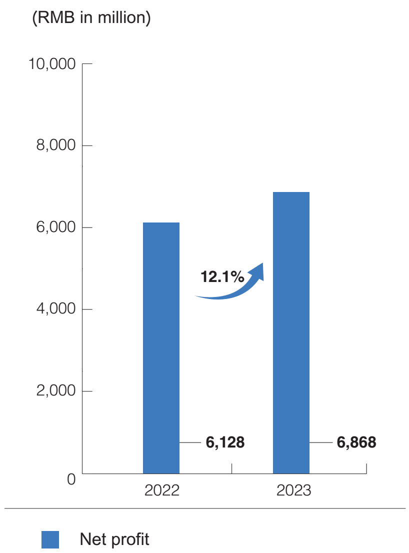
The income tax is set out in the diagram below:



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.

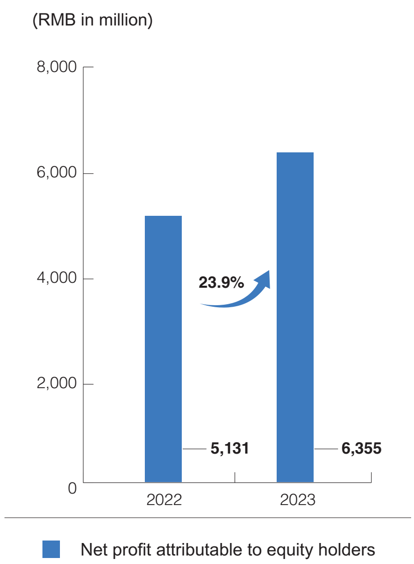
The net profit is set out in the diagram below:



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.

The net profit attributable to equity holders of the Company is set out in the diagram below:



MANAGEMENT DISCUSSION AND ANALYSIS

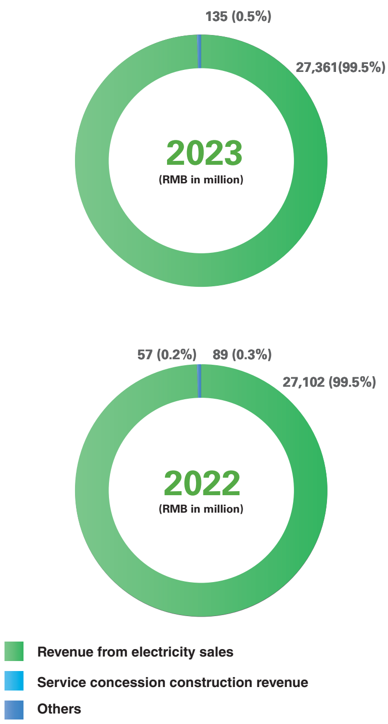
Segment results of operations

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.

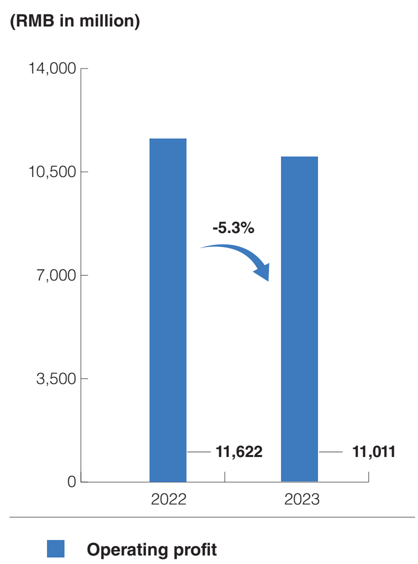
Operating revenue in the wind power segment and proportions are set out in the diagram below:



Operating 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.

The operating profit in the wind power segment is set out in the diagram below:

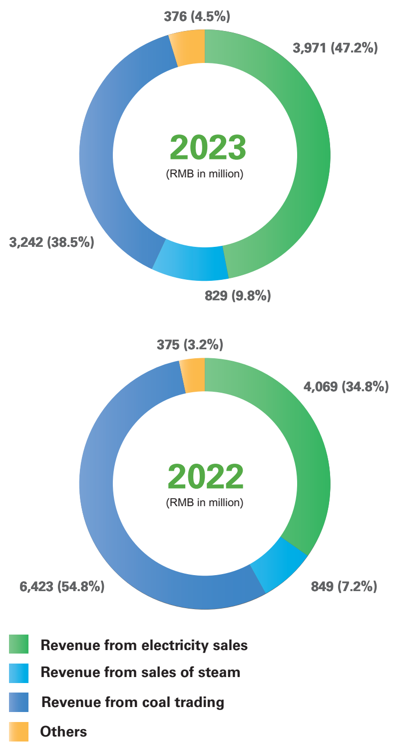


Coal power segment

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.

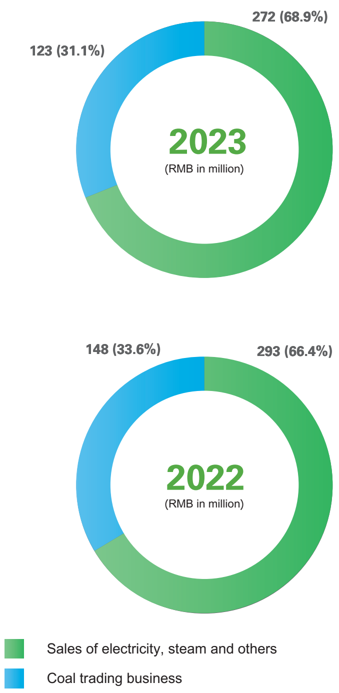
Operating revenue of the coal power segment and proportions are set out in the diagram below:



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.

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

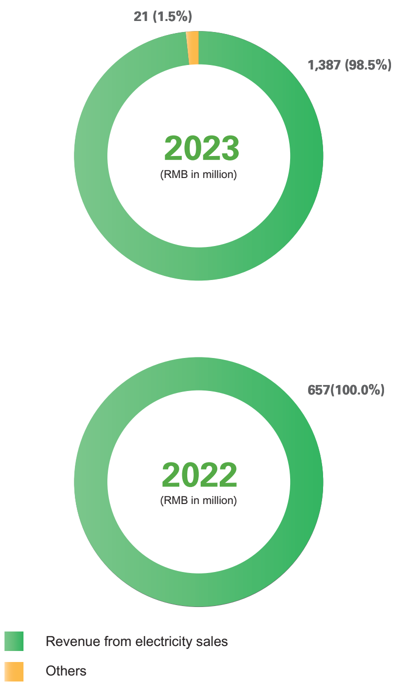


Photovoltaic segment

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.

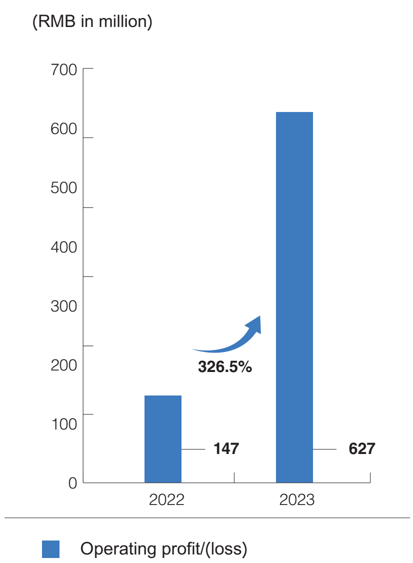
Operating revenue of the photovoltaic segment and proportions are set out in the diagram below:



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.

The operating profit of the photovoltaic segment is set out in the diagram below:

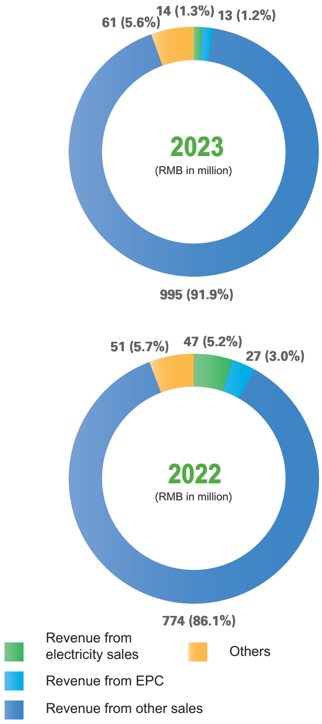


Other segments

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.

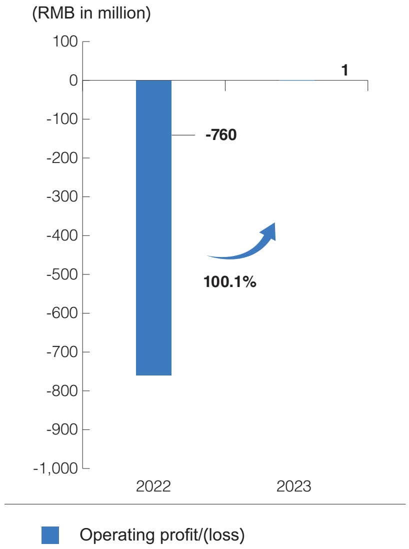
Operating revenue of other segments and proportions are set out in the diagram below:



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.

The operating profit of other segments is set out in the diagram below:



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.

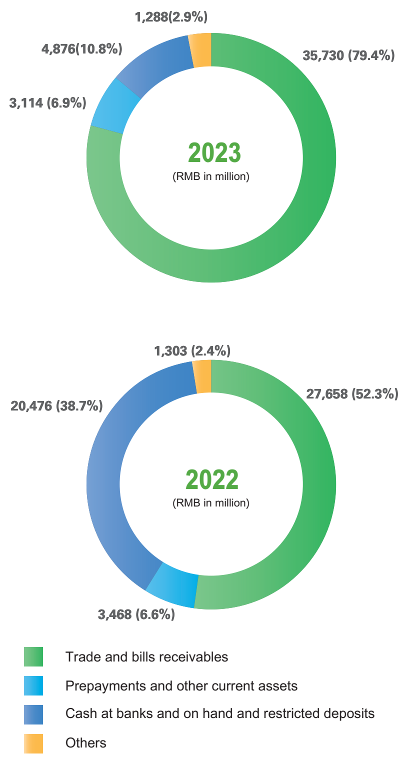
As of 31 December 2023, equity attributable to equity holders of the Company amounted to RMB70,580 million, representing an increase of RMB2,133 million as compared with RMB68,447 million as at 31 December 2022. This was primarily due to: (1) an increase of RMB6,355 million in earnings from business 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:

Capital liquidity

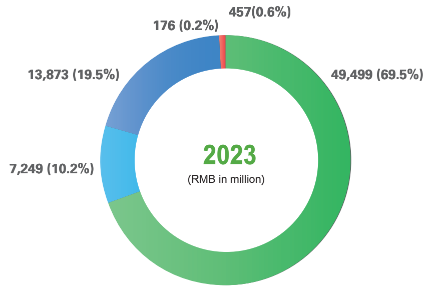
As of 31 December 2023, current assets of the Group amounted to RMB45,008 million, representing a decrease of RMB7,897 million as compared with the current assets of RMB52,905 million as at 31 December 2022. It was mainly attributable to the decrease in cash at banks and on hand and restricted deposits.

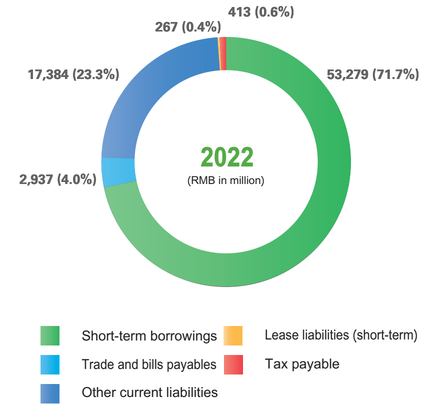
Current assets by item and proportions are set out in the diagram below:



As of 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:





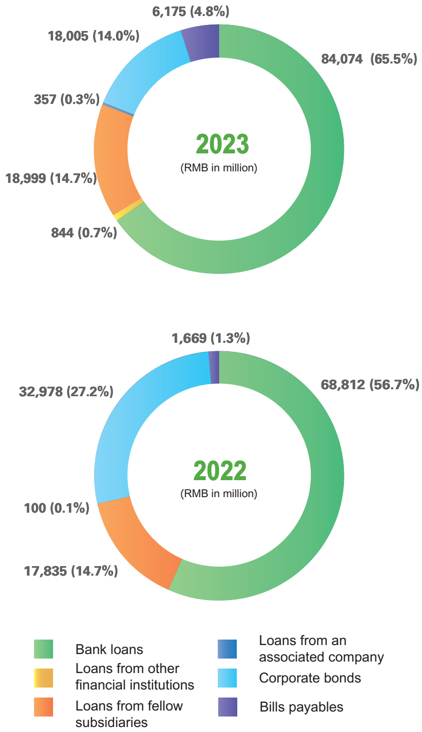
As of 31 December 2023, net current liabilities of the Group amounted to RMB26,246 million, representing an increase of RMB4,871 million as compared with the net current liabilities of RMB21,375 million as at 31 December 2022. The liquidity ratio was 0.63 as of 31 December 2023, representing a decrease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

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

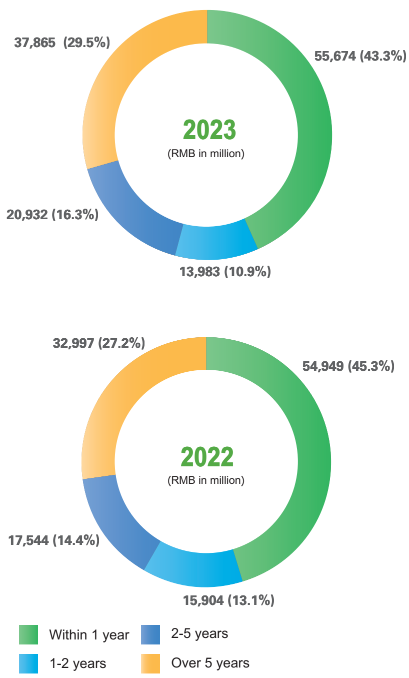
Borrowings and bills payables

As of 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 of 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 of 31 December 2023, the balance of bills payables issued by the Group amounted to RMB6,175 million.

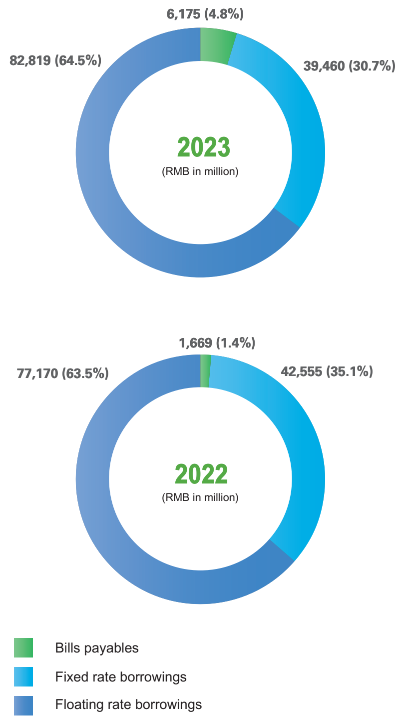
Borrowings and bills payables by type and proportions are set out in the diagram below:



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



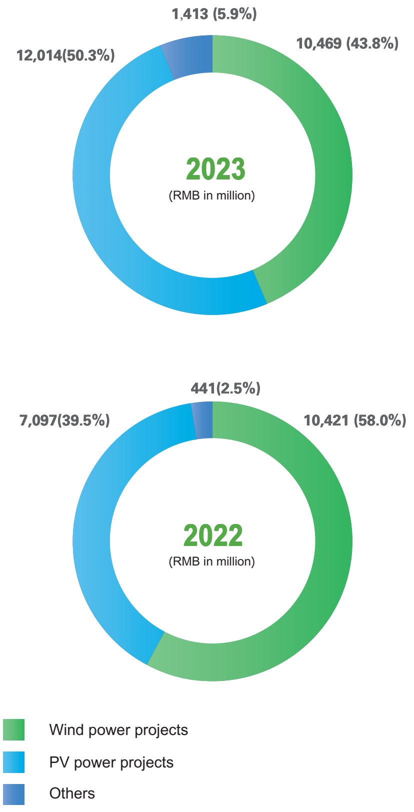
The types of interest rate structure of borrowings and bills payables and their respective proportions are set out in the diagram below:



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:



Net gearing ratio

As of 31 December 2023, the net gearing ratio of the Group, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity, 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, 20 January 2022, 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 of 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 of 31 December 2023, the Group issued a counter-guarantee of no more than RMB15 million to the controlling shareholder of an associate. As of 31 December 2023, the bank loan balance for which the Group provided the counter-guarantee amounted to RMB7 million.

Cash flow analysis

As of 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.

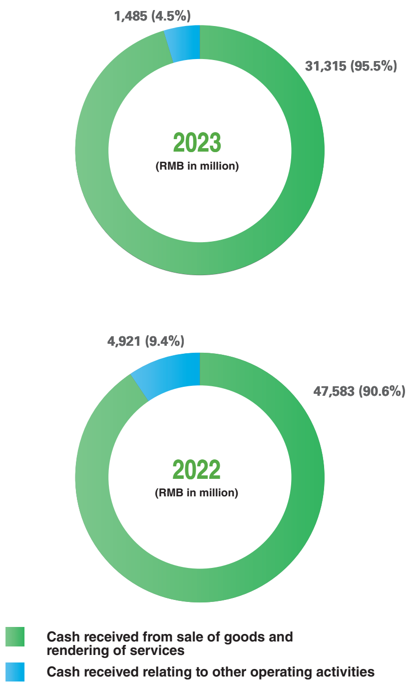
The net cash inflow from the Group's operating activities amounted to RMB13,884 million in 2023, representing a decrease of RMB15,684 million as compared to RMB29,568 million as at 31 December 2022, which was mainly attributable to the decrease in collection of electricity sales subsidies receivable.

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.

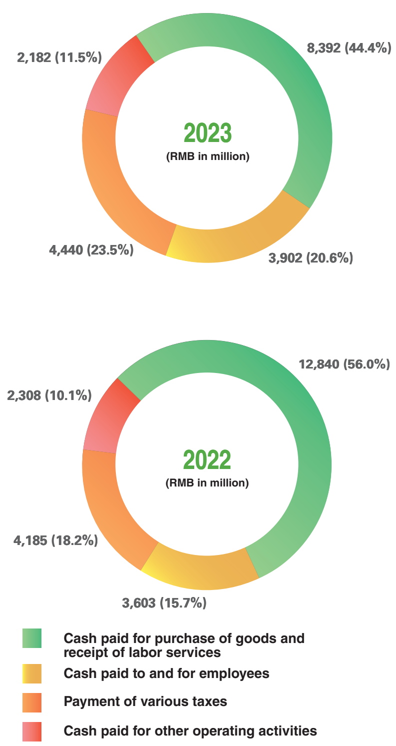
The net cash outflow from financing activities of the Group was RMB6,264 million in 2023, representing a decrease of RMB10,241 million from the net cash inflow of RMB3,977 million as at 31 December 2022. The cash inflow from financing activities was mainly generated from the proceeds from the issuance 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.

Cash inflows from operating activities and cash outflows from operating activities are set out in the diagrams below:

Cash inflows from operating activities

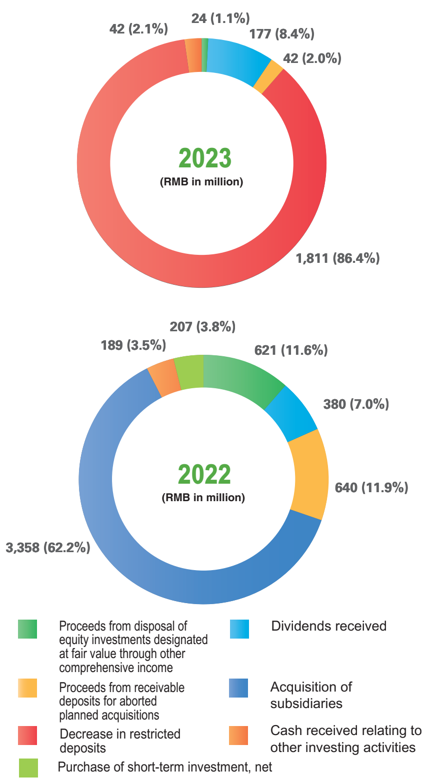


Cash outflows from operating activities

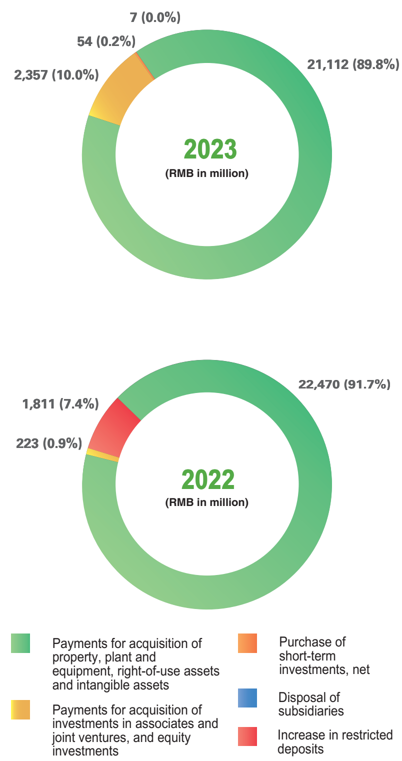


Cash inflows from investing activities and cash outflows from investing activities are set out in the diagrams below:

Cash inflows from investing activities

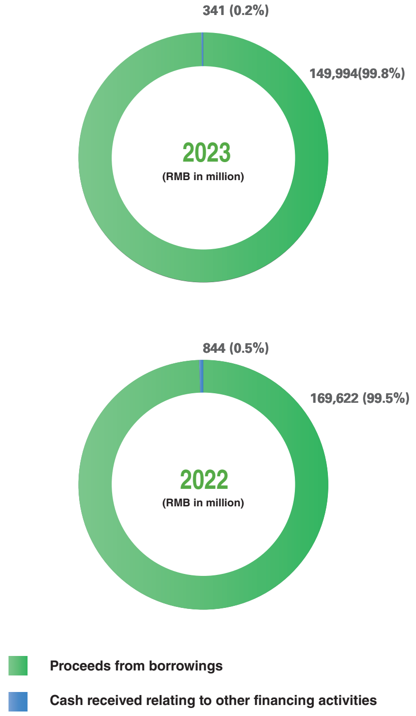


Cash outflows from investing activities

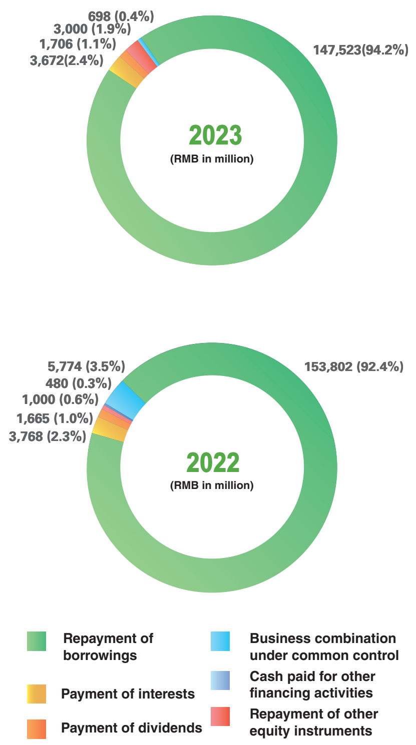


Cash inflows from financing activities and cash outflows from financing activities are set out in the diagrams below:

Cash inflows from financing activities



Cash outflows from financing activities



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 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 7.50 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 province (city), one policy" 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.

DIRECTORS' REPORT

The Board of Directors of the Company hereby presents to the Shareholders the annual report and the audited financial statements for the year ended 31 December 2023 (the "**Financial Statements**").

BOARD OF DIRECTORS MEETING

During the Reporting Period, twelve Board meetings were held and a total of 77 resolutions of the Board were approved:

The 2023 first meeting of the fifth session of the Board was held on 15 February 2023, at which seven resolutions were considered and approved.

The 2023 second meeting of the fifth session of the Board was held on 29 March 2023, at which thirty-four resolutions were considered and approved.

The 2023 third meeting of the fifth session of the Board was held on 25 April 2023, at which eight resolutions were considered and approved.

The 2023 fourth meeting of the fifth session of the Board was held on 30 June 2023, at which three resolutions were considered and approved.

The 2023 fifth meeting of the fifth session of the Board was held on 7 August 2023, at which two resolutions were considered and approved.

The 2023 sixth meeting of the fifth session of the Board was held on 29 August 2023, at which five resolutions were considered and approved.

The 2023 seventh meeting of the fifth session of the Board was held on 6 September 2023, at which two resolutions were considered and approved.

The 2023 eighth meeting of the fifth session of the Board was held on 26 October 2023, at which three resolutions were considered and approved.

The 2023 ninth meeting of the fifth session of the Board was held on 30 October 2023, at which two resolutions were considered and approved.

The 2023 tenth meeting of the fifth session of the Board was held on 17 November 2023, at which three resolutions were considered and approved.

The 2023 eleventh meeting of the fifth session of the Board was held on 20 November 2023, at which five resolutions were considered and approved.

The 2023 twelfth meeting of the fifth session of the Board was held on 29 December 2023, at which three resolutions were considered and approved.

During the Reporting Period, Directors' attendance at the Board meetings is as follows:

Name	Position in the Company	Number of Meetings Attended/Held	Attendance Rate
Tang Jian	Chairman of the Board, Executive Director	12/12	100%
Gong Yufei	Executive Director, President	9/9	100%
Tian Shaolin	Non-executive Director	7/7	100%
Tang Chaoxiong	Non-executive Director	12/12	100%
Wang Yiguo	Non-executive Director	12/12	100%
Ma Bingyan	Non-executive Director	12/12	100%
Michael Ngai Ming Tak	Independent Non-executive Director	12/12	100%
Gao Debu	Independent Non-executive Director	12/12	100%
Zhao Feng	Independent Non-executive Director	12/12	100%

Notes:

1. Mr. Gong Yufei was appointed as an Executive Director of the Company on 15 June 2023.

2. Mr. Tian Shaolin resigned as a Non-executive Director of the Company on 20 October 2023.

3. Mr. Wang Yiguo resigned as a Non-executive Director of the Company on 27 February 2024.

Save as disclosed above, during the year of 2023, the Chairman of the Board and independent non-executive Directors held separate meetings in respect of the business, finance, corporate governance and other matters of the Company during the Reporting Period. Save as disclosed in the notes, the term of office of each of the aforesaid Directors shall expire at the expiry of the term of the fifth session of the Board.

SHARE CAPITAL

As at 31 December 2023, the total share capital of the Company was RMB8,381,963,164, divided into 8,381,963,164 shares of RMB1.00 each. Details of movements in the share capital of the Company during the year are set out in Note 35 to the Financial Statements.

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 Latest Practicable Date. 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:

		Price paid per share		
Month of repurchase	**Number of shares repurchased**	**Highest**	**Lowest**	**Aggregate consideration**
		(HK$)	*(HK$)*	*(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.

PRE-EMPTIVE RIGHTS

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

PRINCIPAL BUSINESS

The Group is principally engaged in the design, development, construction, management and operation of wind farms in areas with abundant wind resources in the PRC and the sales of electricity to the local grid companies. Details of major subsidiaries and associates of the Company are set out in Notes 19 and 20 to the Financial Statements respectively.

BUSINESS REVIEW

In 2023, the Group followed strictly the Company Law of the PRC (《中華人民共和國公司法》), the Securities Law of the PRC (《中華人民共和國證券法》), the Civil Code of the PRC (《中華人民共和國民法典》), the Law of the People's Republic of China on the State-Owned Assets of Enterprises (《中華人民共和國企業國有資產法》), the Electricity Law of the PRC (《中華人民共和國電力法》), the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Forest Law of the People's Republic of China (《中華人民共和國森林法》), the Labour Law of the PRC (《中華人民共和國勞動法》), Administrative Measures for the Legal Disclosure of Corporate Environmental Information (《企業環境信息依法披露管理辦法》) and other relevant laws and regulations as well as environmental policies in China. The Group was not involved in any serious violation of laws or regulations during the Reporting Period.

For the analysis details of business using key financial indicators, major risks the Group is exposed to, particulars of important events affecting the Group and the future business development of the Group, please refer to the section headed Management Discussion and Analysis. For the discussion on the Group's environmental policies and their effectiveness, and the relations between the Group and its employees, customers and suppliers, please refer to the 2023 Environmental, Social and Governance (ESG) Report.

RELATIONS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group had no material or major disputes with its employees, suppliers and customers in 2023.

RELATIONS WITH EMPLOYEES

The Group has maintained friendly relationships with the employees. It improved the working environment and living conditions for the front-line production staff, expanded the frontline work in distressed regions into the advanced study and recreation systems for model workers and thoroughly implemented the "Wu Xin Guan Ai (五心關愛)" project to build a platform for employee growth and strengthen the precise assistance for employees in difficulties, which enhanced the sense of well-being of employees and strengthened the enterprise cohesiveness.

RELATIONS WITH SUPPLIERS

In 2023, the Group continued to attach great emphasis on good cooperative relationships with major suppliers in the industry. The management frequently communicated, exchanged opinions, and discussed cooperative relations with them, so as to achieve the goal of long-term cooperation and win-win results. The Group attracted strong suppliers to participate in the competition by adopting centralized bundling, entering into of long-term agreements and other centralized procurement methods, so as to ensure good brand quality at the source of procurement while reasonably saving cost.

The Group selects its suppliers in a completely competitive manner. It does not make statistics on the number of suppliers by region, gives an annual comprehensive scoring evaluation on suppliers and sets up a warning and no-access mechanism for dishonest suppliers, thus selecting a group of quality suppliers through long-term cooperation.

The Group strengthens the requirements on quality, environmental protection and social responsibility of suppliers in procurement, and requires suppliers to have relevant certifications of quality management system, environmental management system and occupational safety and health management system in major bid sections. At the same time, bidders for major construction bid sections were required to focus on the environmental protection and safety measures, and included this content in the selection system, so as to promote the use of more environmental protection products and services. In addition, in the course of the implementation of contracts, an on-site supervision or manufacturing supervision management system was maintained for the construction and the major equipment bid sections.

RELATIONS WITH CUSTOMERS

The Group has given high priority to the relations with customers and always adhered to the customer-centric concept in carrying out power marketing. It has maintained a good relationship with customers on a long-term basis by analyzing and processing customers' feedback in a timely manner, further exploring customers' needs, continuously enhancing its service quality, and providing fast and thoughtful quality services.

For details of the relations with employees, suppliers and customers, please refer to the 2023 Environmental, Social and Governance (ESG) Report.

ENVIRONMENT-RELATED PERFORMANCE AND POLICIES

The Group adhered to the concept of ecological priority and green development, and strictly managed ecological and environmental protection in accordance with the law, adhered to being responsible, accountable, and diligent in safeguarding our homeland, and promoted high-quality development with a level of ecological environment conservation. Working around "No. 1 Document" of ecological and environmental protection, the Group affirmed work objectives and tasks of various units and departments. It strengthened the on-line air pollutants monitoring of thermal power enterprises by formulating self-monitoring programs and establishing sound data accounts. The operation of the Group's thermal power units remained stable throughout the year and no emission exceeding the standard occurred. It initiated ecological monitoring and assessment work for eight enterprises in the Yangtze River Basin and the Beijing-Tianjin-Hebei region, enhancing each unit's ability to "prove its compliance with the law" and the level of environmental protection. The Group strengthened wildlife protection measures and actively implemented actions to protect biodiversity. The world's first floating wind-fishery integration platform, "Guo Neng Gong Xiang Hao (國能共享號)", was launched in Fujian and connected to the grid for power generation. The Group's first solid waste consolidation demonstration project was set up in Liaoning, and the Jiangsu marine ecological restoration project was selected as a typical COP15 case under the United Nations Convention on Biological Diversity.

For details of the environment-related performance and policies, please refer to the 2023 Environmental, Social and Governance (ESG) Report.

MATERIAL LITIGATION

As of 31 December 2023, the Group has not been involved in any material litigation or arbitration. As far as the Directors are aware, there is no material litigation or claim of material importance pending or threatened against the Group.

DIRECTORS' REPORT

PERFORMANCE

The audited results of the Company and its subsidiaries for the year ended 31 December 2023 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on pages 233 to 235. The financial position of the Company and its subsidiaries as at 31 December 2023 is set out in the Consolidated Statement of Financial Position on pages 236 to 238. The consolidated cash flows of the Company and its subsidiaries for the year ended 31 December 2023 are set out in the Consolidated Statement of Cash Flows on pages 241 to 244.

A discussion and analysis of the Company's performance during the year and the material factors underlying its results and financial position are set out in the Management Discussion and Analysis on pages 38 to 103 in this annual report.

PROFIT DISTRIBUTION

Pursuant to the regulations of the relevant laws of the People's Republic of China, the laws and regulations of the Company's listed places, regulatory requirements and the Articles of Association, the Company has formulated the following profit distribution policies:

I. The Company may distribute dividend in the form of (or take two forms at the same time): 1. cash; 2. shares.

II. When the Company distributes the after-tax profits of the relevant accounting year, the profit shall be distributed based on the after-tax profits in the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and the financial statements prepared in accordance with International Financial Reporting Standards, whichever is less.

III. When the Company distributes the after-tax profits of the current year, it shall withdraw 10% of the profits into the Company's statutory reserve. If the accumulated amount of the Company's statutory reserve amounts to more than 50% of the Company's registered capital, it may no longer be withdrawn.

If the Company's statutory reserve is not sufficient to offset the losses of the previous year, it shall first use the current year's profit to offset the loss before drawing the statutory reserve in accordance with the provisions of the previous terms.

After the Company withdraws the statutory reserve from after-tax profits, it can also withdraw discretionary surplus reserve from after-tax profits after passing a resolution in the general meeting.

After the Company offsets the losses and withdraws the reserve, the remaining after-tax profits shall be distributed to the Shareholders in proportion to their shareholdings.

If the general meeting violates the provisions of the previous terms and distributes profits to Shareholders before the Company offsets losses and withdraws statutory reserve, the Shareholders must return the profits distributed in violation of the regulations to the Company.

The Company shares held by the Company are not involved in the distribution of profits.

IV. The Company pays dividends and other payments to holders of A shares, which are denominated and declared in RMB, and are paid in RMB within three months after the date of the declaration of dividends. The Company pays dividends and other payments to holders of foreign shares, which are denominated and declared in RMB, and are paid in foreign currency within three months after the date of the declaration of dividends. The exchange rate is calculated based on the average closing price of the relevant foreign currency against the Renminbi announced by the People's Bank of China five working days before the date of the declaration of dividends or other distributions, the foreign currency paid to the holders of foreign shares by the Company should be handled in accordance with the regulations of relevant foreign exchange management in China. The distribution of Company dividends is implemented by the Board authorized by the general meeting through ordinary resolutions.

V. Pursuant to the regulations of the prevailing Enterprise Income Tax Law of the PRC and its implementation rules, the Company will withhold and pay income tax on behalf of these Shareholders when distributing the dividend in accordance with relevant regulations.

VI. The Company's profit distribution policy aims at maximizing the value of the Company and the interests of Shareholders, in order to continuously and stably provide reasonable return on investment to Shareholders of the Company. The Company's Board will comprehensively consider the Company's operating conditions, financial performance, cash flow conditions, investment demands and future development plans, decide whether to recommend the distribution of dividends and determine the amount of dividends. The Company intends to distribute dividends to Shareholders after each accounting year, and may also pay interim dividends or distribute special dividends at appropriate times.

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 Latest Practicable Date), 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.

Pursuant to the Enterprise Income Tax Law of the People's Republic of China and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2023 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited (香港中央結算(代理人)有限公司), other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to regulations by the State Administration of Taxation (Guo Shui Han [2011] No. 348) and relevant laws and regulations, if the individual H-share Shareholders are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the individual H-share Shareholders should take the initiative to submit statements to the Company to enjoy the agreed treatment, and keep relevant data for future reference. If the information provided is complete, the Company will withhold it in accordance with regulations of the PRC tax laws and agreements. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual H-share Shareholders are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

For the Southbound Trading Shareholders, in accordance with the relevant requirements of China Securities Depository and Clearing Corporation Limited, Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the Southbound Trading Shareholders for Shanghai market and Shenzhen market, respectively, will receive cash dividends distributed by the Company and distribute the cash dividends to the relevant Southbound Trading Shareholders through its depository and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be distributed in Renminbi whilst that paid to holders of A shares and holders of H shares will be in Renminbi and in Hong Kong dollar respectively. Pursuant to the relevant provisions of the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Caishui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in properties, plants and equipment of the Company and its subsidiaries during the year are set out in Note 15 to the Financial Statements.

RESERVES

Details of the movements in reserves of the Company during the year are set out in Note 35(a) to the Financial Statements, among which, details of reserves distributable to the Shareholders are set out in Note 35(f) to the Financial Statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and its subsidiaries as at 31 December 2023 are set out in Note 28 to the Financial Statements.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The following table sets forth some information concerning the Directors, supervisors and senior management of the Company as at the Latest Practicable Date.

Name	Position in the Company	Date of appointment/ re-election/resignation
Directors		
Tang Jian	Chairman of the Board	Appointed on 8 December 2022
	Executive Director	Re-elected on 12 November 2021
Gong Yufei	Executive Director	Appointed on 15 June 2023
Tang Chaoxiong	Non-executive Director	Re-elected on 12 November 2021
Ma Bingyan	Non-executive Director	Appointed on 27 April 2022
Michael Ngai Ming Tak	Independent Non-executive Director	Appointed on 12 November 2021
Gao Debu	Independent Non-executive Director	Appointed on 12 November 2021
Zhao Feng	Independent Non-executive Director	Appointed on 12 November 2021

Name	Position in the Company	Date of appointment/ re-election/resignation
Resigned Director		
Tian Shaolin	Non-executive Director	Resigned on 20 October 2023
Wang Yiguo	Non-executive Director	Resigned on 27 February 2024
Supervisors		
Liu Jinji	Chairman of the Supervisory Board	Appointed on 29 August 2023
Hao Jingru	Supervisor	Re-elected on 12 November 2021
Wu Jinmei	Employee Supervisor	Re-elected on 12 November 2021
Resigned Supervisor		
Shao Junjie	Chairman of the Supervisory Board	Resigned on 29 August 2023
Senior Management		
Gong Yufei	President	Appointed on 25 April 2023
Yang Wenjing	Chief Accountant	Re-elected on 12 November 2021
Ding Jing	Vice President	Appointed on 20 June 2022
	Secretary to the Board	Appointed on 27 March 2024
Xia Hui	Vice President	Appointed on 20 June 2022
Wang Qi	Vice President	Appointed on 30 December 2022
Li Xingyun	Vice President	Appointed on 25 April 2023
Shi Wenyi	Vice President	Appointed on 3 April 2024
Resigned Senior Management		
Chen Qiang	Vice President	Resigned on 17 August 2023

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of Directors, supervisors and senior management are set out on pages 156 to 173 of this annual report.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with each of the Directors. The principal particulars of such service contracts include: (1) the term from the date of appointment to the date of expiry of the term of the current session of the Board/Supervisory Board; and (2) termination in accordance to the terms of respective contracts.

Each of the supervisors has entered into a contract in respect of compliance of relevant laws and regulations, Articles of Association and provisions on arbitration with the Company.

Save as disclosed above, none of the Directors or supervisors has entered into a service contract with the Company which could not be terminated without payment of compensation (other than statutory compensation) paid by the Company within one year.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the remuneration of the Company's Directors, supervisors and senior management are set out in Notes 10 and 11 to the Financial Statements.

The remuneration of the senior management by remuneration band for the year ended 31 December 2023 is set out below:

Remuneration band *(RMB)*	**Number of persons for 2023**	Number of persons for 2022
<600,000	**0**	3
600,000–1,000,000	**1**	0
>1,000,000	**7**	4
Total	**8**	7

DIRECTOR INSURANCES

The Company has bought effective insurances for the Directors.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

At the end of the year or at any time during the year, there was no transaction, arrangement or contract of significance relating to the Company's business and still valid during the year or at the end of the year, in which the Company or its subsidiaries were a party, directly or indirectly involved in its formulation process, and in which a Director, supervisor or an entity connected with a Director or supervisor had a material interest subsisted.

INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, save as disclosed below, none of the Directors, Supervisors and their associates had any competing interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Company:

Name	Position in the Company	Other interests
Tang Chaoxiong	Non-executive Director	Director of Audit Department of CHN Energy
Ma Bingyan	Non-executive Director	Business Director (2nd Grade) of the Strategic Planning Department of CHN Energy
Liu Jinji	Chairman of the Supervisory Board	Senior Business Director of CHN Energy
Hao Jingru	Supervisor	Vice Team Leader of the Party Committee Inspection Team of CHN Energy

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

As at 31 December 2023, none of the Directors, supervisors and chief executives of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be registered in the register indicated in the section, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2023, so far as known to the Directors, the following persons (other than the Directors, chief executives or supervisors of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
CHN Energy	A shares	Beneficial owner and interest of corporation controlled by substantial Shareholders	4,908,598,141 *(Note 2)* (Long position)	97.36	58.56
Wellington Management Group LLP	H shares	Investment manager	201,215,623 *(Note 3)* (Long position)	6.02	2.40
Wellington Management Group LLP	H shares	Investment manager	2,267 *(Note 4)* (Short position)	0.00	0.00
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	304,334,314 *(Note 5)* (Long position)	9.11	3.63
BlackRock, Inc.	H shares	Interest of corporation controlled by substantial Shareholders	1,267,000 *(Note 6)* (Short position)	0.04	0.02
GIC Private Limited	H shares	Investment manager	168,003,000 (Long position)	5.03	2.00

Name of Shareholder	Class of Share	Capacity	Number of Shares/ Underlying Shares Held *(Share)*	Percentage in the Relevant Class of Share Capital *(Note 1)* *(%)*	Percentage in the Total Share Capital *(Note 1)* *(%)*
Citigroup Inc.	H shares	Interest of corporation controlled by substantial Shareholders and approved lending agent	301,345,809 *(Note 7)* (Long position)	9.02	3.60
Citigroup Inc.	H shares	Interest of corporation controlled by substantial Shareholders	7,618,808 *(Note 8)* (Short position)	0.23	0.09
Citigroup Inc.	H shares	Approved lending agent	294,678,751 (Shares in a lending pool)	8.82	3.52
Brown Brothers Harriman & Co.	H shares	Approved lending agent	191,636,293 (Long position)	5.74	2.29
Brown Brothers Harriman & Co.	H shares	Approved lending agent	191,636,293 (Shares in a lending pool)	5.74	2.29
Lazard Asset Management LLC	H shares	Investment manager	167,128,772 (Long position)	5.00	1.99

Notes:

1. The percentage is based on the issued number of relevant class of shares/total issued shares of the Company as at 31 December 2023.

2. Among these 4,908,598,141 A shares, 4,602,432,800 A shares were directly held by CHN Energy while the remaining 212,238,141 A shares were held by Inner Mongolia Pingzhuang Coal (Group) Co., Ltd. (內蒙古平莊煤業(集團)有限責任公司), an indirect non-wholly-owned subsidiary of CHN Energy and 93,927,200 A shares were held by CHN Energy Liaoning Electric Power Co., Ltd. (國家能源集團遼寧電力有限公司), a wholly-owned subsidiary of CHN Energy. Accordingly, CHN Energy was deemed as the owner of the equity interests held by its aforesaid subsidiaries.

3. Among these 201,215,623 H shares, 200,696,018 H shares were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 392,605 H shares were held by Wellington Management International Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP, 127,000 H shares were held by Wellington Management Singapore Pte. Ltd., an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

4. These 2,267 H shares, were held by Wellington Management Company LLP, an indirect non-wholly-owned subsidiary of Wellington Management Group LLP. Accordingly, Wellington Management Group LLP was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

5. Among these 304,334,314 H shares, 3,144,000 H shares were held by BlackRock Investment Management, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., 18,678,000 H shares were held by BlackRock Financial Management, Inc., an indirect wholly-owned subsidiary of BlackRock, Inc., 62,222,693 H shares were held by BlackRock Institutional Trust Company, National Association, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 86,657,000 H shares were held by BlackRock Fund Advisors, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 3,829,000 H shares were held by BlackRock Advisors, LLC, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 4,996,196 H shares were held by BlackRock Japan Co., Ltd., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 781,000 H shares were held by BlackRock Asset Management Canada Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,323,000 H shares were held by BlackRock Investment Management (Australia) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 2,897,091 H shares were held by BlackRock Asset Management North Asia Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 5,802,840 H shares were held by BlackRock (Netherlands) B.V., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 282,000 H shares were held by BlackRock Advisors (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 39,000 H shares were held by BlackRock International Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 21,150,000 H shares were held by BlackRock Asset Management Ireland Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 71,318,000 H shares were held by BLACKROCK (Luxembourg) S.A., an indirect non-wholly-owned subsidiary of BlackRock, Inc., 5,437,922 H shares were held by BlackRock Investment Management (UK) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 14,195,153 H shares were held by BlackRock Fund Managers Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 48,000 H shares were held by BlackRock Life Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 1,425,419 H shares were held by BlackRock (Singapore) Limited, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 45,000 H shares were held by BlackRock Asset Management Schweiz AG, an indirect non-wholly-owned subsidiary of BlackRock, Inc., 63,000 H shares were held by Aperio Group, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc.. Accordingly, BlackRock, Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

6. Among these 1,267,000 H shares, 1,267,000 H shares were held by BlackRock Advisors, LLC, an indirect non-wholly-owned subsidiary of BlackRock, Inc. Accordingly, BlackRock, Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

7. Among these 301,345,809 H shares, 294,678,751 H shares were held by Citibank, N.A., an indirect wholly-owned subsidiary of Citigroup Inc., 93,900 H shares were held by Citigroup Global Markets Inc., an indirect wholly-owned subsidiary of Citigroup Inc., 6,573,158 H shares were held by Citigroup Global Markets Limited, an indirect non- wholly-owned subsidiary of Citigroup Inc.. Accordingly, Citigroup Inc. was deemed as the owner of the H share equity interests held by its aforesaid subsidiaries.

8. Among these 7,618,808 H shares, 3,514,808 H shares were held by Citigroup Global Markets Hong Kong Limited, an indirect wholly-owned subsidiary of Citigroup Inc., 4,104,000 H shares were held by Citigroup Global Markets Limited, an indirect wholly-owned subsidiary of Citigroup Inc.. Accordingly, Citigroup Inc. was deemed as the owner of the H share short positions held by its aforesaid subsidiaries.

ISSUE OF DEBENTURES

The debentures issued by the Company in 2023 are set out as below:

Issue date	Type of debentures	Financing amount *(RMB million)*	Reasons for the issue
13 January 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
18 January 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
14 February 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
13 March 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
17 April 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
18 April 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
20 April 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
27 April 2023	Ultra short-term debentures	1,500.00	For repayment of the interest-bearing liabilities
26 May 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
26 June 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
27 June 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
23 August 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities
18 September 2023	Ultra short-term debentures	1,550.00	For repayment of the interest-bearing liabilities
18 September 2023	Ultra short-term debentures	3,500.00	For repayment of the interest-bearing liabilities
23 November 2023	Ultra short-term debentures	2,000.00	For repayment of the interest-bearing liabilities

MANAGEMENT CONTRACTS

The Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business of the Company nor did any such contract subsist at any time in 2023.

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 age reason, effective from 27 February 2024.

On 3 April 2024, Mr. Shi Wenyi was appointed as the vice president of the Company.

As at the Latest Practicable Date, save for the aforementioned matters and the disclosure in "Purchase, Sale or Redemption of the Company's Listed Securities", the Company has no other material subsequent events.

CONNECTED TRANSACTIONS

Details of substantial connected transactions occurred during the Reporting Period of the Company are set out in the Connected Transactions section of this report.

DONATIONS

In 2023, the Company donated RMB79,990,557 in total, of which, RMB70,000,000 was donated by the Company to the CHN Energy Public Welfare Foundation.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the purchase from the Company's five largest suppliers in aggregate contributed 9.65% of the Company's total purchase for the year, among which, the total purchase from the largest supplier contributed 3.71% of the Company's total purchase for the year.

For the year ended 31 December 2023, the sales to the Company's five largest customers in aggregate contributed 37.94% of the Company's total sales for the year, among which, the sales to the largest customer contributed 19.81% of the Company's total sales for the year.

During the year, so far as the Directors are aware, none of the Directors or their associates or the Shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the Company's share capital) had any interest in the Company's five largest suppliers or five largest customers during the year.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Company and the Group in 2023 are respectively set out in Note 35(f) and Consolidated Statement of Changes in Equity to the Financial Statements.

REMUNERATION OF THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the five highest paid individuals (other than Directors and supervisors) of the Company in 2023 are set out in Note 11 to the Financial Statements.

MATERIAL CONTRACTS

Save as disclosed in the section headed "Disclosure pursuant to Rule 14A.63 of the Listing Rules" in this annual report, none of the Company or any of its subsidiaries entered into any material contracts with the controlling Shareholder or any of its subsidiaries other than the Company, nor was there any material contracts between the Company and the controlling Shareholder or any of its subsidiaries other than the Company in relation to provision of services in 2023.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at the end of 2023, none of the Directors or supervisors or any of their respective associates was granted by the Company or its subsidiaries any right to acquire shares or debentures of the Company or any other body corporation, or had exercised any such right.

ARRANGEMENTS FOR SHARE PRE-EMPTIVE RIGHT AND SHARE OPTION

In 2023, no arrangement for share pre-emptive right and share option was made by the Company.

EQUITY-LINKED AGREEMENTS

In 2023, no equity-linked agreement was entered into by or subsisted in the Company, and there was no provision to enter into any agreement which will or may result in the Company issuing new shares.

PERMITTED INDEMNITY PROVISION

In 2023, no permitted indemnity provision (whether made by the Company or otherwise) was made or in force for the benefit of the Directors of the Company or any directors of the subsidiaries of the Company (if made by the Company). The Company has liability insurance coverage for certain relevant lawsuits for the Directors, supervisors and senior management.

ACCOUNTING POLICIES

Save for the adoption of the new standards effective on 1 January 2023, the main accounting policies adopted by the Company in preparing the audited consolidated financial statements for the year 2023 are consistent with the main accounting policies used in preparing the audited consolidated financial statements for the year 2022, as detailed in Note 2 and Note 3 to the financial statements.

RETIREMENT AND EMPLOYEES BENEFIT SCHEME

Details of the Company's retirement and employees benefit scheme are set out in Note 32 to the Financial Statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

As a company listed on the Hong Kong Stock Exchange, the Company has committed itself to maintaining a high standard of corporate governance practices and complied with the Code Provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules. Please refer to the section of Corporate Governance Report of this annual report for details.

PUBLIC FLOAT

Based on information publicly available to the Company and so far as the Directors are aware, not less than 25% of the issued share capital of the Company was held by the public as at the Latest Practicable Date, which was in compliance with the requirements under the Listing Rules.

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 International Financial Reporting Standards have been reviewed by the Audit Committee of the Company.

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 financial statements of the Company prepared in accordance with the International Financial Reporting Standards and China Accounting Standards for Business Enterprises for the year ended 31 December 2023, respectively. The Financial Statements of the Company for the year 2023 prepared in accordance with the International Financial Reporting Standards 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 annual general meeting 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).

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

Beijing, 27 March 2024

CONNECTED TRANSACTIONS

Particulars of the major related party transactions of the Group for the year ended 31 December 2023 are set out in Note 39 to the Financial Statements.

Some of the aforementioned related party transactions also constitute connected transactions as prescribed under Chapter 14A of the Listing Rules and are subject to announcement, annual review and seeking independent shareholders' approval (if applicable) requirements under Chapter 14A of the Listing Rules. The aforementioned connected transactions have complied with the requirements under Chapter 14A of the Listing Rules.

The connected transactions disclosed below constitute connected transactions or continuing connected transactions as defined under Chapter 14A of the Listing Rules, and are not exempt from the relevant disclosure requirements. In relation to the connected transactions or continuing connected transactions mentioned below, the Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules. For details, please refer to the announcements disclosed on the website of the Hong Kong Stock Exchange and the website of the Company.

NON-EXEMPT ONE-OFF CONNECTED TRANSACTIONS

1. Capital Increase to Guoneng Financial

On 15 February 2023, Hero Asia (BVI) Company Limited (雄亞(維爾京)有限公司) ("**Hero Asia Company**"), a wholly-owned subsidiary of the Company, China Energy Capital Holdings Co., Ltd. (國家能源集團資本控股有限公司) ("**China Energy Capital**") and Guoneng Financial Leasing Co., Ltd (國能融資租賃有限公司) ("**Guoneng Financial**") entered into a Capital Increase Agreement, pursuant to which Hero Asia Company and China Energy Capital subscribed RMB1,960 million and RMB2,040 million, respectively, for capital increase to Guoneng Financial. As at the date of the transaction, Guoneng Financial is held as to 49% equity interests by Hero Asia Company and as to 51% equity interests by China Energy Capital. Upon completion of the capital increase, the registered capital of Guoneng Financial will be increased from RMB3,000 million to RMB7,000 million; the proportion of equity interests in Guoneng Financial held by Hero Asia Company and China Energy Capital will remain unchanged at 49% and 51%, respectively; and Guoneng Financial will continue to be a subsidiary of China Energy Capital. The amount of the capital increase to Guoneng Financial was determined by the parties after arm's length negotiations, taking into account factors such as the business development, capital requirements and financial position of Guoneng Financial.

According to the provisions of the Interim Measures for the Supervision and Administration of Financial Leasing Companies (《融資租賃公司監督管理暫行辦法》) issued by the China Banking and Insurance Regulatory Commission, the total risk assets of financial leasing shall be subject to a maximum of 8 times of the net assets. As of the end of 2022, the total risk assets of Guoneng Financial were RMB26.329 billion and the net assets were RMB3.454 billion, which were close to the maximum allowed by the current regulatory provisions, and the growth space for business scale was limited. In order to accelerate the expansion, strengthening and improvement of the financial leasing segment and to meet the regulatory requirements, it is necessary to increase the registered capital to ensure the compliance of the operation. As a licensed non-bank financial institution, Guoneng Financial gives full play to financing leasing, which includes raising low-cost capital and providing capital supply. The two parties continue to maintain a close equity cooperation relationship, which is conducive to the expansion of the Company's financing channels and modes. With the full expectation of promising future development prospects, the Company will enjoy investment income and returns after the capital increase.

As at the date of the transaction, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. China Energy Capital, being the wholly-owned subsidiary of CHN Energy, also constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the capital increase to Guoneng Financial by Hero Asia Company, the wholly-owned subsidiary of the Company, and China Energy Capital constitutes a connected transaction of the Company.

Please refer to the announcement of the Company dated 15 February 2023 for details in respect of the capital increase to Guoneng Financial.

2. Participation in the establishment of Lianjiang New Energy

On 25 April 2023, Fujian Longyuan Wind Power Generation Co., Ltd. (福建龍源風力發電有限責任公司) ("**Fujian Longyuan**"), a subsidiary of the Company, Fujian Guodian Wind Power Generation Company Limited (福建國電風力發電有限公司) ("**Fujian Guodian**") and Wanhua Chemical Group Co., Ltd. (萬華化學集團股份有限公司) ("**Wanhua Chemical**") entered into the Investment Agreement, pursuant to which, Fujian Longyuan, Fujian Guodian and Wanhua Chemical agreed to form Lianjiang Longyuan Wanhua New Energy Co., Ltd. (連江龍源萬華新能源有限公司) ("**Lianjiang New Energy**"), among which, Fujian Longyuan, Fujian Guodian and Wanhua Chemical respectively contributed RMB299.475 million, RMB299.475 million and RMB6.655 million in cash to Lianjiang New Energy, accounting for 45%, 45% and 10% of the total registered capital of Lianjiang New Energy. The amount of capital contribution under the Investment Agreement has been determined by the parties after arm's length negotiations.

On the same date, Fujian Longyuan and Fujian Guodian entered into the Shareholders' Voting Rights Exercise Agreement, pursuant to which Fujian Guodian agreed, during the term of its acting as a shareholder of Lianjiang New Energy, to align with Fujian Longyuan in the exercise of proposal rights and voting rights in relation to the operational and financial policy and other matters of Lianjiang New Energy, such as project development, business plans, financial budget and final accounts, financial policy and system, investment and financing management, cash and asset management, or to procure the director(s) whom it appoints to align with that Fujian Longyuan appoints in exercise of voting rights in the meeting of the board of the directors of Lianjiang New Energy. On such basis, the financial results of Lianjiang New Energy will be consolidated into the financial statements of the Company.

The establishment of Lianjiang New Energy can fully utilise and mobilise the local resources of Fujian Guodian and Wanhua Chemical, which will facilitate the Company's access to more offshore wind power resources, thereby further leveraging the Company's expertise and technical advantages in the field of offshore wind power and realising a strong alliance to jointly develop, construct and operate offshore wind power projects.

As at the date of the transaction, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Wanhua Chemical and its ultimate beneficial owner are both independent third parties of the Company and are not connected persons of the Company. CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Fujian Guodian, being a wholly-owned subsidiary of CHN Energy, also constitutes a connected person of the Company under Chapter 14A of the Listing Rules and therefore the transaction constitutes a connected transaction of the Company.

Please refer to the announcement of the Company dated 25 April 2023 for details in respect of the participation in the establishment of Lianjiang New Energy.

3. Participation in the establishment of Guoneng Badain Jaran

On 17 November 2023, the Company and CHN Energy entered into the Investment Agreement, pursuant to which, the Company and CHN Energy agreed to form Guoneng Badain Jaran (Gansu) Energy Development and Investment Co., Ltd. (國能巴丹吉林(甘肅)能源開發投資有限公司) ("**Guoneng Badain Jaran**"), among which, the Company and CHN Energy respectively contributed RMB1,530 million and RMB1,470 million in cash to Guoneng Badain Jaran, accounting for 51% and 49% of the total registered capital of Guoneng Badain Jaran. The amount of capital contribution under the Investment Agreement has been determined by the parties after arm's length negotiations.

The establishment of Guoneng Badain Jaran aims to develop the project of the Badain Jaran (Gansu) Desert Base. The construction scale of the project plans to be 11 GW of new energy, with supporting peak load regulation of thermal power, energy storage and solar thermal projects. The project has not been approved. According to the requirements of the project development, the project shall be developed and constructed integratedly by an investor, and through the joint operation of thermal power and new energy, the advantages of each power source will be complemented to achieve the most favourable economic benefits. Accordingly, the Company has co-operated with CHN Energy to establish Guoneng Badain Jaran to fully utilise the Company's expertise and technological advantages in the field of new energy and leverage on the strengths of CHN Energy in the development, construction and operation of thermal power projects to jointly develop the project of the Badain Jaran (Gansu) Desert Base and to maximise the benefits therefrom.

As at the date of the transaction, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules, and therefore the transaction constitutes a connected transaction of the Company.

Please refer to the announcement of the Company dated 17 November 2023 for details in respect of the participation in the establishment of Guoneng Badain Jaran.

4. Acquisition of 100% Equity Interest in Seven Target Companies

On 29 December 2023, Longyuan Power Group (Shanghai) Investment Co., Ltd. (龍源電力集團(上海)投資有限公司) ("**Longyuan Shanghai**"), a wholly-owned subsidiary of the Company, has entered into the Equity Transfer Agreement with each of Beijing Dongneng Xinyuan Equity Investment Partnership (Limited Partnership) (北京東能新源股權投資合夥企業(有限合夥)) ("**Dongneng Xinyuan**"), Beijing Xinyuan No.1 Equity Investment Fund Partnership (Limited Partnership) (北京新源壹號股權投資基金合夥企業(有限合夥)) ("**Xinyuan No.1**") and Beijing Guoneng Green and Low-Carbon Development Investment Fund (Limited Partnership) (北京國能綠色低碳發展投資基金(有限合夥)) ("**Guoneng Low-Carbon Fund**"), respectively. Pursuant to which Dongneng Xinyuan, Xinyuan No.1 and Guoneng Low-Carbon Fund have conditionally agreed to transfer and Longyuan Shanghai has conditionally agreed to acquire 100% equity interest and its related interest in each of the seven Target Companies at a total consideration of RMB679.6953 million. The consideration for the transactions was determined after arm's length negotiations between the Company and the Transferors with reference to the appraised value of the entire equity interests in the

Target Companies and taking into consideration the market conditions and future business expectations of the Target Companies. Details of such considerations are set out below:

No.	Transferors	Transferee	Target Companies	Transfer Consideration *(RMB'0,000)*
1	Dongneng Xinyuan	Longyuan Shanghai	Qinzhou Jingneng Photovoltaic Power Generation Co., Ltd.* (欽州市晶能光伏發電有限公司)	9,026.68
2	Dongneng Xinyuan	Longyuan Shanghai	Hechi Shengbu Photovoltaic Power Generation Co., Ltd.* (河池市盛步光伏發電有限公司)	9,318.76
3	Dongneng Xinyuan	Longyuan Shanghai	Hechi Jinghong Photovoltaic Power Generation Co., Ltd.* (河池市晶鴻光伏發電有限公司)	13,329.03
4	Xinyuan No.1	Longyuan Shanghai	Tang County Xinxusheng New Energy Development Co., Ltd.* (唐縣新旭晟新能源開發有限公司)	9,400.00
5	Xinyuan No.1	Longyuan Shanghai	Tangyin County Jinghong Photovoltaic Power Co., Ltd.* (湯陰縣晶鴻光伏電力有限公司)	6,200.00
6	Guoneng Low-Carbon Fund	Longyuan Shanghai	Chicheng County Nanjun New Energy Co., Ltd.* (赤城縣楠軍新能源有限公司)	12,496.32
7	Guoneng Low-Carbon Fund	Longyuan Shanghai	Hefei Senyong New Energy Technology Co., Ltd.* (合肥森永新能源科技有限公司)	8,198.74
Total				**67,969.53**

CONNECTED TRANSACTIONS

The Transactions aim to strengthen the layout of the Group in photovoltaic industry, expand the market share of the Group in the field of new energy, realise cost savings through economies of scale, increase its power generation revenues and improve profitability, and improve the competitiveness of the Group.

As at the date of the transaction, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.44% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Dongneng Xinyuan, Xinyuan No.1 and Guoneng Low-Carbon Fund are subsidiaries of CHN Energy and constitute connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Please refer to the announcement of the Company dated 29 December 2023 for details in respect of the acquisition of 100% equity interest in seven target companies.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain non-exempt continuing connected transactions during the year:

- In respect of the type 1 non-exempt continuing connected transaction as set out below, it shall be subject to the annual reporting, announcement and independent Shareholders' approval requirements of the Listing Rules, and the annual caps for each year from 2021 to 2023 have been considered and approved at the third extraordinary general meeting in 2020 held on 31 December 2020.

- In respect of the type 2 non-exempt continuing connected transaction as set out below, it shall be subject to the annual reporting and announcement requirements of the Listing Rules, but exempt from independent Shareholders' approval requirements of the Listing Rules, and the annual caps of Financial Services Agreement from 27 April 2022 to 31 December 2024 have been considered and approved by the Board of the Company on 27 April 2022.

- In respect of the type 3 non-exempt continuing connected transaction as set out below, it shall be subject to the annual reporting and announcement requirements of the Listing Rules, but exempt from independent Shareholders' approval requirements of the Listing Rules, and the annual caps of Financing Lease Related Services Framework Agreement with Guoneng Financial Leasing Co., Ltd ("**Guoneng Financial**") from 29 March 2023 to 28 March 2025 were considered and approved by the Board of the Company on 29 March 2023.

- In respect of the type 4 non-exempt continuing connected transaction as set out below, it shall be subject to the annual reporting and announcement requirements of the Listing Rules, but exempt from independent Shareholders' approval requirements of the Listing Rules, and the annual caps of Factoring Services Agreement with Guoneng (Beijing) Commercial Factoring Co., Ltd.* (國能(北京)商業保理有限公司) ("**Guoneng Factoring**") from 17 November 2023 to 31 December 2025 were considered and approved by the Board of the Company on 17 November 2023.

- In respect of the type 5 non-exempt continuing connected transaction as set out below, it shall be subject to the annual reporting, announcement and independent shareholders' approval requirements of the Listing Rules, and the annual caps for each of the years from 2024 to 2026 were considered and approved at the fifth extraordinary general meeting in 2023 held on 29 December 2023.

The diagram below sets out the annual caps and actual transaction amounts of such non-exempt continuing connected transactions for 2023:

No.	Connected Person	Connected Transactions		Annual Cap for 2023 *(RMB'000)*	Actual Transaction Amount for 2023 *(RMB'000)*
1.	CHN Energy	Framework Agreement for the Purchase and Sale of Comprehensive Products and Services	Provision of products and services by the Group	1,250,000	469,032
			Provision of products and services to the Group	5,446,451	3,941,894

CONNECTED TRANSACTIONS

No.	Connected Person	Connected Transactions		Annual Cap for 2023 *(RMB'000)*	Actual Transaction Amount for 2023 *(RMB'000)*
2.	China Energy Finance	Financial Services Agreement	Deposit Services	No more than RMB3 billion of the maximum daily deposit balance (inclusive of accrued interests occurred)	2,761,754
3.	Guoneng Financial	Financing Lease related Services Framework Agreement	Direct Lease	500,000	–
			Sales and Leaseback	390,000	357,000
4.	Guoneng Factoring	Factoring Services Agreement	Provision of factoring and factoring-related services to the Group	No more than RMB1.2 billion of the maximum daily balance (including interest, factoring service fee and other related financing charges)	90,056

1. ENTERING INTO FRAMEWORK AGREEMENT FOR THE PURCHASE AND SALE OF COMPREHENSIVE PRODUCTS AND SERVICES

The Company entered into the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services with CHN Energy on 12 November 2020. Pursuant to the agreement, the products and services provided by the Group to CHN Energy mainly include wind power design and consulting services, wind power technical services, resource evaluation of wind power projects, wind power vocational training and development and technical services of photovoltaic power generation.

The principal terms and conditions of the agreement are set out as follows:

- The products and services provided by the Group to CHN Energy mainly include wind power design and consulting services, wind power technical services, resource evaluation of wind power projects, wind power vocational training and development and technical services of photovoltaic power generation;

- The products and services provided by CHN Energy to the Group mainly include wind power generating units, unit spare parts, and relevant technical services, coals, power generation rights transactions and general contracting;

- The terms of products and services offered by the Group to CHN Energy are no better than those offered by an independent third party, and the terms of products and services offered by CHN Energy to the Group are no less favourable than those offered by an independent third party;

- The settlement terms shall be determined separately and in line with market practice applicable to each specific transaction. The detailed settlement terms will be set out in separate agreements; and

- Relevant subsidiaries of both parties will enter into separate agreements which shall set out the specific scope of provision of products and/or services and terms and conditions of providing such products and/or services according to the principles laid down by the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services.

CONNECTED TRANSACTIONS

The Framework Agreement for the Purchase and Sale of Comprehensive Products and Services has a term of 3 years commencing on 1 January 2021 and expiring on 31 December 2023, and is renewable subject to the agreement of the parties and the compliance with the Listing Rules.

It is beneficial to the Company to maintain the continuing connected transactions as the transactions between the Company and CHN Energy in the past and in the future are both beneficial to the business operation and development of the Company, and the long-term cooperating relationship can reduce integration costs for the Company. The Company purchases products and services from CHN Energy and/or its associates in the ordinary and usual course of business. Over several years, the Company has been using the products and services supplied by CHN Energy and/or its associates, and CHN Energy provides the Company with stable supply in long term. Therefore, CHN Energy and its associates can adequately understand the Company's business and operating requirements. Maintaining the Company's stable and high quality supply of products and services is critical to our current and future production and operation. With reference to the Company's purchase experience with CHN Energy and its associates before, the Company believes that CHN Energy can effectively satisfy the Company's requirements of the supply of stable and high quality products and integrated services.

As at the date of signing the agreement, as CHN Energy directly and indirectly holds approximately 4,696,360,000 Domestic Shares, representing 58.44% of the issued share capital of the Company, it is a controlling Shareholder as defined under the Listing Rules and thus a connected person of the Company. Accordingly, the transactions between the Group and CHN Energy constitute connected transactions under the Listing Rules. As the highest applicable percentage ratios of the provision of products and services by the Group contemplated under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services are more than 0.1%, but less than 5%, it shall be subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios of the provision of products and services to the Group contemplated under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services are more than 5%, it shall be subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, the annual cap of the provision of products and services by the Group under the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services for 2023 was RMB1,250,000,000, while the actual transaction amount was RMB469,032,100; the annual cap of the provision of products and services to the Group under the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services for 2023 was RMB5,446,451,000, while the actual transaction amount was RMB3,941,894,022.

Please refer to the announcements of the Company dated 12 November 2020 and 30 December 2020 and the circular dated 14 December 2020 for details in respect of the Framework Agreement for the Purchase and Sale of Comprehensive Products and Services.

2. ENTERING INTO FINANCIAL SERVICES AGREEMENT

The Company entered into the Financial Services Agreement with China Energy Finance on 27 April 2022, pursuant to which, China Energy Finance agreed to provide the Group with loan services, deposit services and other financial services in accordance with the terms and conditions provided therein. The term of the Financial Services Agreement shall commence from 27 April 2022 and expire on 31 December 2024.

The principal terms and conditions of the agreement are set out as follows:

- Pursuant to the Financial Services Agreement, the services to be provided by China Energy Finance to the Group include the provision of comprehensive credit facilities, intra-group transfer and settlement services, assistance in the receipt and payment of transaction proceeds, entrusted loans and entrusted investment services, bill acceptance and discount services, deposit services, provision of finance leasing services to the Group, financial and financing advisory services, credit attestation and related consultancy and agency services, underwriting services, financial consultation services, revolving entrusted loan services and other services.

- In particular, the provision of revolving entrusted loan services by China Energy Finance to the Group is to manage the collection and allocation of funds between the Company and its subsidiaries in the form of entrusted loans. Specifically, the revolving entrusted loan business of the Group is to enable the branches and subsidiaries of the Company to collect funds from the Company in the form of entrusted loans through the cash management module of the new core system of China Energy Finance, and the Company allocates funds to each member of the Company in the form of entrusted loan repayment. The service fees charged by China Energy Finance for the provision of the revolving entrusted loan services to the Group are included in the annual caps of the total service fees charged by China Energy Finance for the provision of other financial services to the Group.

- China Energy Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the asset-liabilities risk so as to satisfy the payment needs of the Group.

- In respect of the provision of the loan services under the Financial Services Agreement, the maximum daily balance of loans provided by China Energy Finance to the Group (including loans, credit, bill acceptance and discounting, guarantee, letter of guarantee, overdraft, opening of letter of credit, etc., including accrued interest incurred) shall not exceed RMB22 billion.

- In respect of the provision of the deposit services under the Financial Services Agreement, the maximum daily deposit balance of the Group with China Energy Finance (including accrued interest incurred) shall not exceed RMB3 billion for the period from 27 April 2022 to 31 December 2024.

- In addition to the loan services and deposit services, during the term of the Financial Services Agreement, the total agency fees, handling fees, consulting fees or other service fees charged by China Energy Finance for the provision of other financial services (including but not limited to the provision of consultation, agency, settlement, transfer, investment, letter of credit, online banking, entrusted loans, guarantees, bill acceptance and other services) to the Group shall not exceed RMB10 million for each year.

For deposit services, China Energy Finance has been maintaining satisfactory operating performance and financial position, with prescribed risk monitoring and good performance in supervision and management, and security level of its settlement system has reached the level of domestic commercial banks. Compared with typical commercial banks, the account supervision of China Energy Finance such as substantial payment is more stringent, and its deposit services provides higher fund security. The deposit placed with China Energy Finance facilitates the settlement within the subsidiaries of the Group and between the subsidiaries of CHN Energy, and shortens the time required for transfer and turnover of funds. China Energy Finance will enable the Company to lower the cost of funds by improving the efficiency of the internal settlement and help realise optimisation of cost and operational efficiency. In addition, deposits placed with China Energy Finance would be conducive to realising centralized fund management of subsidiaries of the Group and can satisfy the flexible needs of funds of the Group. China Energy Finance offers the Group relatively good commercial terms as compared with the domestic commercial banks.

In the area of credit services, compared with typical commercial banks in the PRC, China Energy Finance could provide the Group with stronger support and more flexible loan conditions. The collaboration between the Group and China Energy Finance may reduce finance costs, ensure the security of the capital chain and help monitor risks for the Group. China Energy Finance is familiar with the capital structure, business operation, capital needs and cash flow pattern of each subsidiary of the Group, enabling it to better forecast the capital needs of the Group. Therefore, China Energy Finance can provide flexible, convenient and low-cost services to the Group at any time. By entering into the Financial Services Agreement with China Energy Finance, the Group opens another channel for service providers. The Group is allowed to cooperate with China Energy Finance without being prohibited from selecting other financial and insurance institutions, including commercial banks in the PRC. The Group may freely cooperate with any institutions selected and obtain any best terms offered. Moreover, the credit services provided by China Energy Finance for the Group may increase credit for the credit provided by domestic commercial banks for the Group.

As at the date of signing the Financial Services Agreement, as CHN Energy directly and indirectly holds approximately 58.56% of the issued share capital of the Company, it is a controlling Shareholder as defined under the Listing Rules and thus a connected person of the Company. China Energy Finance is a subsidiary and, by virtue of this, an associate of CHN Energy, and is therefore the connected person of the Company. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under the Listing Rules. As each of the applicable percentage ratios of the deposit services contemplated under the Financial Services Agreement is more than 0.1%, but less than 5%, they shall be subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The loan services contemplated under the Financial Services Agreement are on normal commercial terms which, as far as the Group is concerned, are similar to or more favourable than those offered from independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of the loan services, therefore the loan services are exempt from the annual reporting, announcement and independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules. As each of the applicable percentage ratios of other financial services contemplated under the Financial Services Agreement is less than the de minimis threshold set out in Rule 14A.76 of the Listing Rule, they are exempt from the annual reporting, announcement and independent Shareholders' approval requirements of the Listing Rules.

In view of the business development needs of the Company, the Company entered into a Supplemental Agreement with China Energy Finance on 26 October 2023 to amend the maximum daily balance of the loan under the Financial Services Agreement from not more than RMB22 billion to not more than RMB50 billion. Save for the aforesaid amendment, other terms of the Financial Services Agreement remain unchanged.

The principal terms and conditions of the Supplemental Agreement are set out as follows:

- During the validity period of the Financial Services Agreement, the maximum daily balance of the loan (including direct loans, credits, bill acceptance and discount, guarantees, letters of guarantee, overdrafts, issuance of letters of credit, etc., inclusive of accrued interest thereon) provided by China Energy Finance to the Group shall not be higher than RMB22 billion was amended to not be higher than RMB50 billion.

The members of the Company have established long-term and stable cooperation with China Energy Finance, and have formed stable business relationships in areas such as deposits, loans, bills, settlement, and agency services. China Energy Finance serves as the financial service platform of CHN Energy. With the premise of ensuring fund safety, the Company entered into the Supplemental Agreement with China Energy Finance, under which China Energy Finance will continue to provide financial services to the members of the Company, which is beneficial in maintaining the continuity of financial services received by the members of the Company, optimizing corporate financial management, improving fund utilization efficiency, and reducing financing costs. As a professional centralized fund management platform, China Energy Finance generally provides more favorable terms and rates to the members of the Company compared to other financial institutions. Pursuant to the Supplemental Agreement, China Energy Finance provides the members of the Company with loan rates not higher than similar loan rates of major commercial banks on the same term.

As at the date of signing the Supplemental Agreement, as CHN Energy directly and indirectly holds approximately 58.56% of the issued share capital of the Company, it is a controlling Shareholder as defined under the Listing Rules and thus a connected person of the Company. China Energy Finance is a subsidiary and, by virtue of this, an associate of CHN Energy, and is therefore the connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under the Listing Rules. The loan services contemplated under the Financial Services Agreement are on normal commercial terms which, as far as the Group is concerned, are similar to or more favourable than those offered from independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of the loan services, therefore the loan services are exempt from the annual reporting, announcement and independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

During the Reporting Period, the cap of the maximum daily deposit balance (including accrued interest incurred) for deposit services under the Financial Services Agreement for 2023 was RMB3,000,000,000 and the actual maximum daily deposit balance (including any interest accrued thereon) was RMB2,761,754,000.

Please refer to the announcements of the Company dated 27 April 2022 and 26 October 2023 for details in respect of the Financial Services Agreement.

3. ENTERING INTO FINANCING LEASE RELATED SERVICES FRAMEWORK AGREEMENT

The Company entered into the Financing Lease Related Services Framework Agreement with Guoneng Financial on 29 March 2023, pursuant to which, Guoneng Financial has agreed to provide the Company with financing lease related services, including direct lease, sales and leaseback and related consulting services. The Financing Lease Related Services Framework Agreement and its corresponding annual caps are valid for two years from 29 March 2023 to 28 March 2025.

The principal terms and conditions of the agreement are set out as follows:

- The financing lease related services provided by Guoneng Financial to the Company include:

    o Provision of direct lease related services ("**Direct Lease**") in financing lease to the Company. In relation to Direct Lease, the lessor (being Guoneng Financial), based on the choice of the lessee (being the Company or its subsidiaries), acquires the leased property for the direct purpose of leasing it out to the lessee. The lessor owns the title to the leased property. The lessee, pursuant to the relevant agreement(s), shall pay the rent (inclusive of interest) to the lessor during the lease term. At the expiry of the lease term, the lessee is given an option to purchase, or to renew or terminate the lease of, the leased property;

- o Provision of sales and leaseback related services ("**Sales and Leaseback**") in financing lease to the Company. In relation to Sales and Leaseback, the lessor (being Guoneng Financial), based on the choice of the lessee (being the Company or its subsidiaries), acquires from the lessee the leased property and then leases it back to the lessee. The lessee, pursuant to the relevant agreement(s), shall pay the rent and interests to the lessor during the lease term. At the expiry of the lease term, the lessee is given an option to purchase, or to renew or terminate the lease of, the leased property;

- o Provision of consulting services in respect of industry development, business management, asset and equipment management and related laws and taxation ("**Related Consulting Services**") for financing lease business of the Company.

- During the term of the Financing Lease Related Services Framework Agreement, (1) the total transaction amounts of Direct Lease between the Company and Guoneng Financial shall not exceed RMB500 million per year; (2) the total transaction amounts of Sales and Leaseback between the Company and Guoneng Financial shall not exceed RMB390 million per year; and (3) the total amounts of Related Consulting Services fees provided by Guoneng Financial to the Company in relation to the financing lease business shall not exceed RMB10 million per year.

As a financial service platform of China Energy Capital Holdings Co., Ltd., Guoneng Financial provides the Company with high-quality financing lease and related business management consulting services under the premise of ensuring the safety of funds. The Company has conducted connected transactions with Guoneng Financial based on the following advantages: firstly, broadening financing channels and enriching sources of funds; secondly, improving cash management and optimizing capital planning; and thirdly, reducing financing costs and improving capital efficiency.

As at the date of signing the agreement, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Guoneng Financial, being the subsidiary of CHN Energy, also constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Financing Lease Related

Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Direct Lease services and Sales and Leaseback services contemplated under the Financing Lease Related Services Framework Agreement is more than 0.1%, but less than 5%, it shall be subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios of the Related Consulting Services contemplated under the Financing Lease Related Services Framework Agreement is less than 0.1%, it is exempt from the annual reporting, announcement and independent Shareholders' approval requirements of the Listing Rules.

During the Reporting Period, the cap of the Direct Lease under the Financing Lease Related Services Framework Agreement for 2023 was RMB500,000,000 and the cap for Sales and Leaseback was RMB390,000,000, while the actual transaction amounts were RMB0 and RMB357,000,000, respectively.

Please refer to the announcement of the Company dated 29 March 2023 for details in respect of the Financing Lease Related Services Framework Agreement.

4. ENTERING INTO FACTORING SERVICES AGREEMENT

The Company entered into the Factoring Services Agreement with Guoneng Factoring on 17 November 2023, pursuant to which, Guoneng Factoring agreed to provide the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.) and factoring-related services such as related consulting, agency, asset management and supply chain finance platform services.

The principal terms and conditions of the agreement are set out as follows:

Guoneng Factoring will provide the Group with the following services:

- providing the Group with factoring services (including recourse factoring, non-recourse factoring, reverse factoring, etc.).

- providing the Group with other factoring-related services such as consulting, agency, asset management and supply chain finance platform services.

- the Factoring Services Agreement shall become effective from the date when it is approved by the Board of the Company, signed by the legal representatives or authorized representatives of both parties and affixed with the company seals or special contract seals, with a valid period from 17 November 2023 to 31 December 2025.

- the parties to the Factoring Services Agreement may enter into separate execution contracts for each of the specific transactions contemplated under the Factoring Services Agreement. Any such execution contracts will not exceed the scope of the Factoring Services Agreement and annual caps thereunder.

- if the provision of factoring services to the Group by Guoneng Factoring does not comply with the relevant laws and regulations and the relevant provisions of regulatory agencies resulting in damage to the Company's interests, the Company shall be indemnified against all losses.

- during the term of the Factoring Services Agreement, the annual caps of the maximum daily balance of the factoring services provided by Guoneng Factoring to the Group (including interest, factoring service fees and other related financing fees) for each of the years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall be set at RMB1.2 billion.

As a financial service platform of CHN Energy, Guoneng Factoring is familiar with the development needs of the Group and is able to provide the Group with high-quality, efficient and convenient factoring services under the premise of ensuring the safety of funds. Entering into of the Factoring Services Agreement will help alleviate the pressure on the Group's collection of accounts receivable and accelerate the efficiency of capital turnover; broaden the financing channels and reduce the financing cost; and improve the efficiency of capital and promote the Company's high-quality development.

As at the date of signing the agreement, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules. Guoneng Factoring is a subsidiary of CHN Energy and also constitutes a connected person of the Company under Chapter 14A of the Listing Rules and therefore the Factoring Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As one or more of the applicable percentage ratios of the transactions contemplated under the Factoring Services Agreement are more than 0.1%, but less than 5%, they shall be subject to the reporting and announcement requirements but exempt from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the Reporting Period, the cap of maximum daily balance (including interest, factoring service fee and other related financing charges) under the Factoring Services Agreement for 2023 was RMB1,200,000,000, while the actual maximum daily balance (including interest, factoring service fee and other related financing charges) was RMB90,056,000.

Please refer to the announcement of the Company dated 17 November 2023 for details in respect of the Factoring Services Agreement.

5. ENTERING INTO THE NEW FRAMEWORK AGREEMENT FOR PURCHASE AND SALE OF COMPREHENSIVE PRODUCTS AND SERVICES

In view of the expiry of the Existing Framework Agreement for Purchase and Sale of Comprehensive Products and Services on 31 December 2023, the Company has entered into the New Framework Agreement for Purchase and Sale of Comprehensive Products and Services with CHN Energy on 17 December 2023. Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, the Group has agreed to provide products and services to CHN Energy and CHN Energy has agreed to provide products and services to the Group. The term of the New Framework Agreement for Purchase and Sale of Comprehensive Products and Services shall commence from 1 January 2024 and expire on 31 December 2026.

The principal terms and conditions of the agreement are set out as follows:

- Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, the Group will provide products and services to CHN Energy and its subsidiaries, including:
    - in terms of production: electricity trading, power generation rights trading, wind power technical services, resource evaluation of wind power projects, development and technical services of photovoltaic power generation and other related or similar services;
    - in terms of supply: sales or leasing of spare parts, technical and design consulting services such as wind power design and consulting services, and other related or similar products and services;
    - in terms of auxiliary production: engineering general contracting services, software and hardware sales and related technical services, information technology services, logistics services, wind power vocational training, and other related or similar products and services.
- Pursuant to the Framework Agreement for Purchase and Sale of Comprehensive Products and Services, CHN Energy and its subsidiaries will provide products and services to the Group, including:
    - in terms of production: electricity trading, power generation rights trading and other related or similar services;
    - in terms of supply: sales of coal, sales or leasing of production equipment and spare parts (such as wind power generating units, unit spare parts and relevant technical services), office supplies, and other related or similar products and services;
    - in terms of auxiliary production: EPC services for projects, engineering construction, logistics services, training, bidding agency services, information technology services, technical consulting, and other related or similar services;

  - o in terms of administrative management: social security and pension management services and staff data recording management services and other related or similar services.

- The Group and CHN Energy and its subsidiaries will enter into specific transaction agreements setting out the content of the products and/or services to be supplied and the terms and conditions on which such products and/or services will be provided, in accordance with the principles laid down by the Framework Agreement for Purchase and Sale of Comprehensive Products and Services.

- The settlement terms shall be determined separately and in line with market practice applicable to each specific transaction. The detailed settlement terms will be set out in specific transaction agreements.

- There is no exclusivity arrangement between the Group and CHN Energy under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services. In the event that one party under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services is unable to satisfy the other party's demand for products or services, or if more favourable conditions are offered by an independent third party, the other party will be entitled to enter into a transaction with such independent third party.

- If either party violates any term of the Framework Agreement for Purchase and Sale of Comprehensive Products and Services (the "**Defaulting Party**"), the other party (the "**Observant Party**") can notify it in written form about the breach, and require the Defaulting Party to remedy the breach within a reasonable term. If the Defaulting Party fails to make any remedy for the breach within the above term, the Observant Party shall be entitled to terminate the Framework Agreement for Purchase and Sale of Comprehensive Products and Services immediately and reserve the right to claim compensation and any other legally permitted claims against the Defaulting Party.

- The annual caps for the provision of products and services by the Group to the CHN Energy for the years ending 31 December 2024, 31 December 2025 and 31 December 2026 are RMB4,030.46 million, RMB4,276.28 million and RMB4,664.43 million, respectively, and the annual caps for the provision of products and services by the CHN Energy to the Group are RMB7,484.21 million, RMB7,360.14 million and RMB7,444.47 million, respectively.

The transactions between the Group and CHN Energy and its subsidiaries have been and will continue to be beneficial to the operation and development of the business of the Group. The provision of products and services by the Group to CHN Energy and its subsidiaries enables the Group to carry out its business more extensively and to have a comprehensive understanding of the development of the industry;

The Group purchases products and services from CHN Energy and its subsidiaries in the ordinary and usual course of business, and CHN Energy and its subsidiaries have provided a stable supply to the Group for a long period of time. Therefore, CHN Energy and its subsidiaries are able to fully understand the business and operational requirements of the Group. The Group and CHN Energy and its subsidiaries have established a long-term cooperative relationship and understand each other's operational plans, quality control and certain special requirements. The provision of products and services by CHN Energy and its subsidiaries to the Group will, to a large extent, enhance the operational efficiency of the Group and reduce operating costs and risks of the Group;

To maintain a stable and high-quality supply of products and services to the Group is crucial to the Group's current and future production and operations. Based on the past experience in the mutual supply of products and services between the Group and CHN Energy and its subsidiaries, CHN Energy and its subsidiaries have a relatively good ability to perform their contracts. The Group has maintained normal business dealings with CHN Energy and its subsidiaries, and all specific connected transactions have been executed in accordance with the business contracts entered into, which have agreed on a reasonable settlement period. So far, all the connected transaction contracts have been well executed. CHN Energy and its subsidiaries are in good financial position. The risk of loss to the Group due to the inability of the connected parties to perform contracts properly is relatively small and within the available range. Accordingly, it is believed that CHN Energy and its subsidiaries are able to effectively meet the Group's requirements for stable and high-quality supply of products and services.

CONNECTED TRANSACTIONS

As at the date of signing the agreement, CHN Energy, being the controlling shareholder of the Company, directly and indirectly holds approximately 58.56% of the issued share capital of the Company and is a connected person of the Company under Rule 14A.07 of the Listing Rules, and therefore the Framework Agreement for Purchase and Sale of Comprehensive Products and Services and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As the highest applicable percentage ratios of the transactions contemplated under the Framework Agreement for Purchase and Sale of Comprehensive Products and Services are more than 5%, they shall be subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Please refer to the announcements of the Company dated 20 November 2023 and 29 December 2023 and the circular dated 13 December 2023 for details in respect of the New Framework Agreement for Purchase and Sale of Comprehensive Products and Services.

CONFIRMATION OF INDEPENDENT NON–EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company have reviewed each of the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

1. in the usual course of business of the Group;

2. on normal commercial terms or, if there are no sufficient comparable transactions to determine whether the transaction terms are on normal commercial terms, on terms no less favourable to the Group than those available to or from independent third parties; and

3. in accordance with relevant terms of the transaction agreements, and the transaction terms are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

CONFIRMATION OF AUDITOR

The Company has engaged its external auditor to report on the Group's continuing connected transactions in accordance with "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" in Hong Kong Standard on Assurance Engagements 3000 and with reference to "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" Practice Note 740 issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions set out above in accordance with Rule 14A.56 of the Listing Rules.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Tang Jian, aged 52, is the secretary of the Party Committee, an executive Director and the Chairman of the Board of the Company. He graduated from China University of Mining and Technology with a bachelor degree in engineering. He is a senior engineer. He has served as an executive Director of the Company since May 2021 and the Chairman of the Board of the Company since December 2022. He worked at Yangzhou No. 2 Power Plant (揚州第二發電廠) and Guodian Changzhou Power Generating Co., Ltd. (國電常州發電有限公司). He successively served as a member of the Party Committee and the vice general manager of Guodian Bengbu Power Generation Co., Ltd. (國電蚌埠發電有限公司); the deputy head and head of the Coal-fired Power Office of the Engineering Construction Department, and head of the General Office of China Guodian Corporation (中國國電集團公司); a deputy general manager and a member of the Party Committee of Guodian Technology & Environment Group Corporation Limited and the general manager and the deputy secretary of the Party Committee of Beijing Guodian Longyuan Environmental Engineering Co., Ltd. (北京國電龍源環保工程公司); a deputy general manager and a member of the Party Committee of Guodian Technology & Environment Group Corporation Limited and the chairman of the board of directors and the secretary of the Party Committee of Guodian Longyuan Environmental Engineering Co., Ltd. (國電龍源環保工程有限公司); a member of the Party Committee and vice president of China Longyuan Power Group Corporation Limited (龍源電力集團股份有限公司); and the deputy secretary of the Party Committee and general manager of China Longyuan Power Group Corporation Limited .

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Gong Yufei, aged 52, is the deputy secretary of the Party Committee, executive Director and president of the Company. He graduated from Shandong Institute of Mining and Technology with a bachelor's degree in engineering and from Shandong University with a master's degree in business administration. Mr. Gong has served as an executive Director of the Company since June 2023. He worked at Shandong International Trust and Investment Corporation (山東省國際信託投資公司) and Shandong Zhonghua Power Company, Ltd. (山東中華發電有限公司). Mr. Gong successively served as the general manager and the chairman of Shandong Guohua ERA Investment and Development Co., Ltd. (山東國華時代投資發展公司), the general manager and chairman of Shandong Branch of Guohua Energy Investment Co., Ltd. (國華能源投資有限公司山東分公司), the general manager of the Project Construction Department of Guohua Energy Investment Co., Ltd., a member of the Party Committee and the deputy general manager of CHN Energy Properties Co., Ltd., a member of the Party Committee and a vice president of China Longyuan Power Group Corporation Limited.

NON-EXECUTIVE DIRECTORS

Mr. Tang Chaoxiong, aged 55, is a non-executive Director of the Company. He graduated from Changsha Institute of Water Conservancy and Electric Power, majoring in finance and accounting, and is a senior accountant. He has served as a non-executive Director of the Company since June 2021. Mr. Tang successively served as the deputy director of the financial department of Sichuan Electric Power Corporation; the deputy director of the financial department of State Power Corporation; the director of the financing and accounting division of the financial property department of China Guodian Corporation; the vice general manager and a member of the Party group of Guodian Finance Co., Ltd.; the vice general manager and a member of the Party group of China Guodian Capital Holdings Ltd., the vice chairman of Bank of Shizuishan Co., Ltd.; a member of the Party Committee, executive director, deputy general manager and chief accountant of Guodian Technology & Environment Group Corporation Limited (HKSE: 1296), the chairman of Yantai Longyuan Power Technology Co., Ltd. (SZSE: 300105); the head of capital operation department of China Energy Investment Corporation Limited; and the head of audit department of China Energy Investment Corporation Limited.

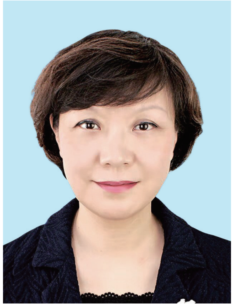
BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Ma Bingyan, aged 59, is a non-executive Director of the Company. He graduated from Lanzhou University with a master degree in business administration and is a senior engineer. He has served as a non-executive Director of the Company since April 2022. He served as the chief engineer of Planning and Development Department of Gansu Electric Power Company, as the manager assistant (presiding over the work), deputy manager (presiding over the work), manager of Planning and Development Department of Guodian Power Development Co., Ltd. (SHSE: 600795), as the head of the comprehensive planning division of Planning and Development Department of China Guodian Corporation, as the secretary of the party group, deputy general manager, general manager and deputy secretary of the party group of Qinghai Branch of China Guodian Corporation, as the deputy director of the Planning and Development Department of China Guodian Corporation; as the deputy director of the Strategic Planning Department of China Energy Investment Corporation Limited; and as the second-level business director of the Strategic Planning Department of China Energy Investment Corporation Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Michael Ngai Ming Tak, aged 56, is an independent non-executive Director of the Company. He graduated from University of Cambridge. He has served as an independent non-executive Director of the Company since November 2021. He is the chairman of The Red Group, the chairman of Asia GreenTech Fund, the president of Green Economy Development Limited (HKSE: 01315), external director of COSCO Limited, an independent non-executive director of CRRC Corporation Limited (HKSE:01766, SHSE:610766), an independent non-executive director of True Partner Capital Holding Limited (HKSE: 08657), an independent non-executive director of Sanergy Group (Hong Kong) Limited (HKSE:02459) and was previously the managing director of UBS AG. Mr. Ngai has a wealth of experience in the international financial sector. Mr. Ngai is also a member of the 12th, 13th and 14th National Committee of the Chinese People's Political Consultative Conference, the chairman of Hong Kong Finance Association, Fellow Commoner of Clare Hall, University of Cambridge, a council member of The Hong Kong University of Science and Technology, a court member of Hong Kong Metropolitan University, Honorary Fellow of Lingnan University, Honorary Citizen of Harbin City, Heilongjiang Province.

Mr. Gao Debu, aged 68, is an independent non-executive Director of the Company. He graduated from the Faculty of Economics of Renmin University of China with a doctorate degree in economics. He has served as an independent non-executive Director of the Company since November 2021. He successively served as the deputy director of the Faculty of Economics of Renmin University of China, the vice dean of the School of Economics and the head of the organization department under the Party Committee of Renmin University of China. He was a senior visiting scholar at University of California, Los Angeles (UCLA), the US in 2002. He currently serves as a supervisor of Inner Mongolia Yili Industrial Group Co., Ltd. (SHSE: 600887), an independent director of Baotou Dongbao Bio-Tech Co., Ltd. (包頭東寶生物技術股份有限公司) (SZSE: 300239) and a professor and doctoral supervisor of the School of Economics of Renmin University of China, undertook and completed various national, provincial and ministerial level research projects.



Ms. Zhao Feng, aged 54, is an independent non-executive Director of the Company. She graduated from Nankai University with a bachelor degree in accounting and auditing. She is a PRC Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants (FCCA) and a member of Hong Kong Institute of Certified Public Accountants (HKICPA). She has served as an independent non-executive Director of the Company since November 2021. She served as an auditor of Arthur Anderson Hua Qiang Certified Public Accountants (安達信華強會計師事務所), the chief financial officer of East Asiatic Company (PRC), the chief financial officer and the general manager of Denmark Wangtai Communications Technology (PRC) (丹麥網泰通訊科技(中國)), the chief financial officer of Apple Inc. (PRC), the chief financial officer and the general manager of Infront Sports & Media (PRC), and an independent director of Shenzhen Weiye Decoration Group Co., Ltd. (深圳市維業裝飾集團股份有限公司) (SZSE: 300621). She is currently an independent non-executive director of Shandong Gold Mining Co., Ltd. (SHSE: 600547, HKSE: 01787), an independent non-executive director of Xiamen International Bank (廈門國際銀行), and a non-executive director of China International Marine Containers (Group) Co., Ltd. (SZSE: 000039, HKSE: 02039).

SUPERVISORS

Mr. Liu Jinji, aged 59, is the chairman of the Supervisory Board of the Company. He received a bachelor's degree in engineering from Shanxi Mining Institute and is a senior engineer. He has served as a supervisor and the chairman of the Supervisory Board of the Company since August 2023. He has worked in Huaneng Clean Coal Company Dongsheng Branch(華能精煤公司東勝分公司), Shenhua Group Shenfu Dongsheng Coal Co., Ltd. (神華集團神府東勝煤炭有限責任公司) and Shendong Coal Branch of China Shenhua Energy Company Limited (中國神華能源股份有限公司神東煤炭分公司). He successively served as the deputy general manager of Shenhua Ningxia Coal Industry Co., Ltd. (神華寧夏煤業集團有限責任公司); the general manager, deputy secretary of the party committee and general manager, secretary of the party committee and the chairman of China Shenhua Xinjiang Energy Co., Ltd. (神華新疆能源有限責任公司); the secretary of the party committee and the chairman of CHN Energy Xinjiang Energy Co., Ltd. (Guodian Xinjiang Power Co., Ltd.); the director of safety production of China Energy Investment Corporation Limited; and a senior business director of China Energy Investment Corporation Limited.

Ms. Hao Jingru, aged 57, is a supervisor of the Company. Ms. Hao graduated from Party School of the Central Committee of CPC with a master's degree in engineering. She is a senior accountant. She has served as a supervisor of the Company since February 2020. She successively served as the deputy financial manager of Shenhua Shendong Coal Group Co., Ltd. (神華神東煤炭集團有限責任公司); person in charge of budget and business performance of the Finance Department, director of the Budget and Business Performance Division of the Finance Department, and deputy general manager of the Finance Department of Shenhua Group Corporation Limited (神華集團有限責任公司); deputy general manager of the Finance Department of Shenhua Group Corporation Limited; deputy general manager of the Financial Department of China Shenhua Energy Company Limited (中國神華能源股份有限公司); financial controller and deputy general manager of China Shenhua Coal-to-liquid and Chemical Company Limited (中國神華煤製油化工公司); associate director of the Finance and Property Department of China Energy Investment Corporation Limited (國家能源投資集團有限責任公司); and the deputy team leader of the Party Committee Inspection Team of China Energy Investment Corporation Limited.

Ms. Wu Jinmei, aged 54, is an employee supervisor of the Company. Ms. Wu graduated from Party School of the Central Committee of CPC with a master's degree in economic administration and is a professor-level senior political engineer. She has served as an employee supervisor of the Company since March 2021. Ms. Wu successively served as the secretary of the Youth League Committee of Xinjiang Electric Power Company (新疆電力公司); the deputy secretary of the Party Committee, deputy general manager and chairman of the Labour Union of Xinjiang Wind Power Generation Company (新疆風力發電公司) (Wind Power Plant (風力發電廠), Tianfeng Power Generation Joint Stock Company (天風發電股份有限公司), Dabancheng Wind Power Generation Co., Ltd. (達阪城風力發電有限責任公司)); the deputy head of the Party Office, deputy head of the Political Work Department (in charge of work), head of the Political Work Department, deputy chairman of the Labour Union Committee and head of the Political Work Department, deputy chairman of the Labour Union Committee and head of the Corporate Culture Department of China Longyuan Electric Power Group Corporation (龍源電力集團公司); the deputy chairman of the Labour Union Committee and head of the Corporate Culture Department, deputy chairman of the Labour Union Committee and head of the Promotion Department of the Party Committee (Political Work Department), and head of the Organization Department of the Party Committee (Human Resources Department) of China Longyuan Power Group Corporation Limited. She is currently an assistant to president and the head of the Organization and Personnel Department (Human Resources Department).

SENIOR MANAGEMENT

Mr. Gong Yufei, aged 52, is the deputy secretary of the Party Committee, executive Director and president of the Company. He graduated from Shandong Institute of Mining and Technology with a bachelor's degree in engineering and from Shandong University with a master's degree in business administration. Mr. Gong has served as an executive Director of the Company since June 2023. He worked at Shandong International Trust and Investment Corporation (山東省國際信託投資公司) and Shandong Zhonghua Power Company, Ltd. (山東中華發電有限公司). Mr. Gong successively served as the general manager and the chairman of Shandong Guohua ERA Investment and Development Co., Ltd. (山東國華時代投資發展公司), the general manager and chairman of Shandong Branch of Guohua Energy Investment Co., Ltd. (國華能源投資有限公司山東分公司), the general manager of the Project Construction Department of Guohua Energy Investment Co., Ltd., a member of the Party Committee and the deputy general manager of CHN Energy Properties Co., Ltd., a member of the Party Committee and a vice president of China Longyuan Power Group Corporation Limited.

Ms. Yang Wenjing, aged 54, is a member of the Party Committee, the chief accountant of the Company. She graduated from Central University of Finance and Economics majoring in accounting, with as a doctoral degree in management. She is a senior accountant. She successively served as deputy head of the Fund Management Division of the Finance Department, senior head of assets and equity of the Finance and Equity Management Department and manager for fund management of the Finance and Equity Management Department of Guohua (Beijing) Electric Power; performance convenor of the Finance and Equity Operation Department, manager of the Finance and Assets Department, manager of the Finance and Equity Department of Guohua Electric Power Company of China Shenhua Energy Company, manager of the Finance Department of CSEC Guohua International Power Company Limited, deputy chief accountant, manager of the Finance and Equity Department of Guohua Electric Power Company and manager of the Finance Department, deputy chief accountant of CSEC Guohua International Power Company; deputy general manager of the Finance Department of China Shenhua Energy Company; deputy general manager, chief financial officer of Shenhua Trading Group Co., Ltd.; chief accountant, member of the Party Committee of the coal operation branch of CHN Energy (Shenhua Trading Group Co., Ltd.).

Ms. Ding Jing, aged 54, is a vice president and the Secretary to the Board of the Company. She graduated from Beijing Normal University with a master degree in environmental science. She is a senior engineer. She successively served as a deputy director of strategic projects in China of World Wide Fund For Nature (Switzerland), Beijing Representative Office (世界自然基金會(瑞士)北京代表處); deputy director of Technology Management Department (International Cooperation Department) of Guodian New Energy Technology Research Institute (國電新能源技術研究院); head of Integrated Management Division of International Cooperation and Overseas Business Department of China Guodian Corporation (中國國電集團公司); assistant and deputy director of Office of Cooperation with the United States of CHN Energy; deputy director of International Cooperation Department (Overseas Cooperation Department, Office of Cooperation with the United States) of CHN Energy; deputy general manager of China Longyuan Power Group Corporation Limited.

Mr. Xia Hui, aged 50, is a member of the Party Committee and a vice president of the Company. He graduated from Shenyang Gold Institute with a college degree majoring in industrial and electric automation, and is a bachelor in engineering and senior engineer. He successively served as deputy director and director of Repair Department of Xinjiang Wind Power Plant (新疆風力發電廠); deputy chief engineering of Xinjiang Wind Power Plant; deputy general manager of Gansu Jieyuan Wind Power Generation Co., Ltd. (甘肅潔源風電有限責任公司); deputy general manager of Beijing Zhongneng Lianchuang Wind Power Technology Company Limited (北京中能聯創風電技術有限公司); a member of the Party committee of Zhongneng Power-Tech Development Co., Ltd. (中能電力科技開發有限公司); a member of the Party committee and deputy general manager of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd. (龍源(北京)風電工程技術有限公司); deputy director of Safety Production Department of China Longyuan Power Group Corporation Limited; secretary of the Party committee, secretary of the discipline inspection committee and deputy general manager of Longyuan Ningxia Wind Power Generation Co., Ltd. (龍源寧夏風力發電有限公司); general manager and deputy secretary of the Party Committee of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd.; secretary of the Party Committee and chairman of the board of directors of Longyuan (Beijing) Wind Power Projects Technology Co., Ltd..

Mr. Wang Qi, aged 48, is a member of the Party Committee and a vice president of the Company. He graduated from Wuhan University of Hydraulic and Electrical Engineering with a master degree and is a senior engineer. He successively served as a member of the Party Committee and manager of Wind Power Tender Department of Zhongneng Power-Tech Development Co., Ltd. (中能電力科技開發有限公司); deputy general manager and chairman of the Labour Union of Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd. (龍源(興安盟)風力發電有限公司); general manager, deputy secretary of the general party branch and chairman of the Labour Union of Longyuan (Xing'anmeng) Wind Power Generation Co., Ltd.; general manager and deputy secretary of the Party Committee of Jilin Longyuan Wind Power Generation Co., Ltd. (吉林龍源風力發電有限公司); secretary of the Party Committee, secretary of the discipline inspection committee and deputy general manager of Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd. (龍源(北京)風電工程技術有限公司); secretary of the Party Committee and deputy general manager of Longyuan (Beijing) Wind Power Projects Design & Consultation Co., Ltd. (龍源(北京)風電工程設計諮詢有限公司); director of procurement and materials management department, director of general management department (Party Committee office), secretary for the office of the Party Committee and director of construction engineering department of China Longyuan Power Group Corporation Limited.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Li Xingyun, aged 51, is a member of the Party Committee, vice president of the Company and chairman of the Labour Union. He graduated from Wuhan University of Water Resources and Electric Power and is a senior engineer. He previously worked at China Energy Power Technology Development Co., Ltd., Longyuan Hubei Wind Power Project Preparation Office, and Longyuan Hunan Wind Power Project Preparation Office. He successively served as the general manager and deputy secretary of the Party Committee of Ningxia Longyuan New Energy Co., Ltd., general manager and deputy secretary of the Party Committee of Longyuan (Beijing) Carbon Asset Management Technology Co., Ltd., director of the Office, director of the Science and Technology and Information Department, and director of the Planning and Development Department (Base Project Office) of China Longyuan Power Group Corporation Limited.

Mr. Shi Wenyi, aged 40, is a member of the Party Committee and vice president of the Company. He graduated from Inner Mongolia Agricultural University with a bachelor's degree. He is a holder of master's degree in engineering, and is a senior engineer. He once worked in Guohua (Hebei) New Energy Co., Ltd. (國華(河北)新能源有限公司) and Bayan Nur Branch of Guohua Co. (國華巴彥淖爾分公司). He once successively served as the assistant general manager of Bayan Nur Branch of Guohua Energy Investment Co., Ltd. (國華能源投資有限公司巴彥淖爾分公司); the vice general manager and a member of the Party Committee of Hebei Branch of Guohua Energy Investment Co., Ltd. (國華能源投資有限公司河北分公司); the general manager (acting chairman of the board of directors), secretary of the Party Branch and chairman of the board of directors (legal representative) of Guoneng Yuanjing (Hainan) Integrated Intelligent Energy Co., Ltd.; the chairman of the board of directors of Integrated Intelligent Energy Branch of Guohua Energy Investment Co., Ltd. (國華能源投資有限公司綜合智慧能源分公司) and the vice general manager of the planning and development department of Guohua Energy Investment Co., Ltd.; the vice chairman of the board of directors and deputy secretary of the Party Committee of Hebei Branch of Guohua Energy Investment Co., Ltd. (國華能源投資有限公司河北分公司) and the secretary of the Party Committee and chairman of the board of directors of Hebei Branch of Guohua Energy Investment Co., Ltd.

COMPANY SECRETARY

Ms. Chan Sau Ling, was appointed as one of the joint Company secretaries from 26 October 2017 to 12 November 2021, and has served as the Company secretary since 12 November 2021. She is a director of the Corporate Services Division of Tricor Services Limited (卓佳專業商務有限公司) ("**Tricor**"). Ms. Chan is a chartered secretary, chartered governance professional and a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Chan has extensive experience in the corporate service field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. (Note: The Company has engaged Tricor as external service provider and appointed Ms. Chan Sau Ling as the Company's company secretary.)

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. MAJOR ENVIRONMENTAL PROTECTION ISSUES

1. Environmental protection related policies and industry standards

The Group has always adhered to the path of green and low-carbon development, strictly adhered to the red and bottom lines of ecological and environmental protection, coordinated and promoted various work to ensure the stability of the ecological and environmental protection situation. In daily production and operation, the Group strictly adheres to laws and regulations such as the Environmental Protection Law, Water Pollution Prevention and Control Law, Air Pollution Prevention and Control Law, and Solid Waste Pollution Prevention and Control Law of the People's Republic of China, and firmly implements the Opinions on Comprehensively Strengthening Ecological Environment Protection and Resolutely Fighting the Battle of Pollution Prevention and Control of the Central Committee of the Communist Party of China and the State Council, fully implemented the deployment of the National Conference on Ecological and Environmental Protection, accelerated the construction of a world-class new energy leading enterprise with global competitiveness, and continued to improve the level of ecological civilization construction.

During the Reporting Period, the environmental protection facilities such as dust removal, desulfurization, and denitrification of the coal power enterprises under the Group operated normally, and the main pollutant emission indicators met Jiangsu Province's Comprehensive Emission Standards for Air Pollutants (DB 32/4041–2021).

2. Environmental protection administrative licensing situation

The two coal power enterprises under the Group have organized and carried out environmental impact assessment work in accordance with the Classification and Management List of Construction Project Environmental Impact Assessment and obtained approval from relevant departments. The environmental impact report for the terminal transfer renovation project of Jiangyin Sulong Heat and Power Generating Co., Ltd. obtained approval from relevant departments on 20 June 2023. The environmental impact report for the coal-fired boiler co-firing project obtained approval from relevant departments on 28 December 2023.

Name of company or subsidiary	Name of major pollutants and specific pollutants	Mode of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration *(mg/m³)*	Pollutant discharge standards implemented *(mg/m³)*	Total amount of discharge *(t)*	Total amount of discharge approved *(t)*	Excessive discharge
Jiangyin Sulong Heat and Power Generating Co., Ltd.	Sulfur dioxide	Continuously	3	Unit discharge outlet	12.17	35	426.93	1,198	Nil
	Nitrogen oxide	Continuously	3	Unit discharge outlet	24.60	50	864.30	1,711	Nil
	Smoke	Continuously	3	Unit discharge outlet	1.10	10	38.48	178	Nil
Nantong Tianshenggang Power Generating Co., Ltd.	Sulfur dioxide	Continuously	2	Unit discharge outlet	6.45	35	88.07	462	Nil
	Nitrogen oxide	Continuously	2	Unit discharge outlet	24.68	50	336.83	660	Nil
	Smoke	Continuously	2	Unit discharge outlet	1.68	10	22.98	132	Nil

3. Treatment of pollutants

The Group strictly controls the management of pollutant emissions in accordance with relevant national and local regulations and standards. The 8 coal-fired units of the two coal power enterprises under the Group have all been equipped with environmental protection facilities such as desulfurization, denitrification, and dust removal, and completed ultra-low emission transformation for three pollutants (sulfur dioxide, nitrogen oxides, and smoke) and passed environmental acceptance. It comprehensively strengthens the supervision of the whole process of hazardous waste generation, storage, transportation, utilization and disposal, and ensures that 100% of hazardous waste is disposed of safely; improves the construction of temporary storage facilities for hazardous waste at the site, and ensures that the facilities are equipped with ventilation and anti-leakage devices; enhances the management of accounts and records, improves the disposal agreements for waste oil, waste storage batteries and discarded blades, and categorizes production and domestic waste at designated locations.

4. Contingency plan for environmental emergencies

The Group conducts ecological environment risk assessment and emergency resource investigation to dynamically grasp ecological environment risks, improve emergency measures, and reserve sufficient emergency supplies; strengthens regional emergency response coordination and develops emergency response drills; and conducts emergency response drills for typical incidents such as soil erosion and waste oil pollution.

5. Environmental self-monitoring plan

Two coal power enterprises under the Group have prepared the "Self Monitoring Plan of Jiangyin Sulong Heat and Power Generating Co., Ltd." and "Self Monitoring Plan of Nantong Tianshenggang Power Generating Co., Ltd." based on documents such as the "Measures for Self Monitoring and Information Disclosure of National Key Monitoring Enterprises" and the "Technical Guidelines for Self Monitoring of Pollutant Discharge Units – Coal Power Generation and Boilers". In 2023, two coal power enterprises effectively monitored various monitoring projects according to the monitoring plan, and the monitoring frequency and results met the relevant national and industry standards.

6. Investment in environmental governance and protection and payment of environmental protection taxes

The Group starts from the source of project development, deepens the concept of "doing it all at once", and strictly implements the "Three Simultaneities" policy of water conservation and environmental protection. In January 2023, the Group issued the Outline of Ecological Environment Protection Inspection for New Energy Enterprises, and carried out comprehensive inspections on all units in combination with daily video inspections and on-site project supervision; supervises the water conservancy construction of the project, with a focus on the construction sites prone to landslides in mountains and road slopes with high rainfall, hilly and karstic landscapes to ensure that no slope scouring occurs and no water sources are affected during construction, and that construction waste is stored in designated locations. The Group strictly implements the national major strategic deployment of the Two Rivers Basin, invests funds to carry out remote sensing monitoring of soil and water conservation for enterprises in the Yangtze River Basin and the Beijing-Tianjin-Hebei region, and develops renewable energy according to local conditions to expand the new natural economy model of "new energy +".

The Group implements the green development concept contained in environmental protection tax, practices the concept of "more emissions and more payments, less emissions and less payments, and no emissions and no payments" in the Environmental Protection Tax Law, and consciously takes the initiative to remove "pollution". In 2023, the Group paid a total of RMB8.0255 million of environmental protection tax, representing a decrease of RMB0.4463 million or 5.27% compared to the corresponding period of last year, which was mainly due to the significant decrease in pollutants such as nitrogen oxides, carbon dioxide, and sulfur dioxide emitted in this period compared to the corresponding period of last year.

7. Any administrative penalties caused by environmental issues during the Reporting Period

During the Reporting Period, the Group was not under any administrative punishment for environmental issues.

8. **Measures taken to reduce carbon emissions during the Reporting Period and effects**

The coal power enterprises under the Group attach great importance to ecological and environmental protection work, actively respond to national decisions and requirements, clarify environmental protection objectives and responsibilities, establish a comprehensive environmental management system, fulfill the management functions of environmental protection and energy-saving technology supervision, and timely revise the management system related to ecological and environmental protection based on the actual situation of the power plant. In terms of environmental protection renovation projects, No. 2 Unit of Nantong Tianshenggang Power Generating Co., Ltd. completed the air preheater renovation in May 2023. By replacing the heat exchanger plate and seals, the air leakage rate of air preheater and the electrical consumption of wind turbine were reduced, and the efficiency of boiler was improved. In terms of energy-saving technology transformation, both of two coal power enterprises attach great importance to it, and effectively reduce carbon dioxide emissions by increasing the construction of distributed photovoltaic systems on plant roofs and roofs of urban plants.

9. **Other disclosable environmental information**

The environmental monitoring information of the two coal power enterprises under the Group is publicly available on the self monitoring information release platform of Jiangsu Province’s pollutant discharge units.

10. Other environmental related information

Two coal power enterprises attach great importance to ecological and environmental protection work, actively respond to national policy requirements, clarify environmental protection goals and responsibilities, establish a comprehensive environmental management system, strictly control the quality of carbon emission data, conscientiously fulfill environmental responsibilities, and timely revise ecological and environmental protection management systems based on the actual situation of the power plants. In terms of environmental protection renovation projects, No. 2 Unit of Nantong Tianshenggang Power Generating Co., Ltd. completed the denitrification precision ammonia injection renovation in May 2023, which kept the nitrogen oxide emission target below 25mg/Nm^3 and ensured that the ammonia escape was not higher than 3ppm. In addition, the CNAS laboratories of the two coal power enterprises have passed on-site evaluation and obtained the accreditation certificate.

In 2023, two coal power enterprises under the Group operated with ultra-low emissions. By strengthening the management of effective environmental protection facilities, optimizing operation, and continuously implementing energy-saving and consumption reduction measures, pollutants such as carbon dioxide, sulfur dioxide, and nitrogen oxides significantly decreased compared to the corresponding period of last year.

The emissions of two coal power enterprises under the Group are as follows:

		Data in 2023	
Items		**Total** *(t)*	**Density** *(g/kWh)*
Emission of pollutants	Carbon dioxide	9,950,660	832.132
	Sulfur dioxide	514.995	0.045
	Nitrogen oxide	1,201.129	0.106
	Dust	61.458	0.005
Energy consumption	Water	9,105,953	882.378
	Fuel	199	0.019
	Standard coal	3,505,964	293.111

11. Occurrence of environmental incidents of listed companies

There were no environmental incidents within the Group during the Reporting Period.

II. PERFORMANCE OF SOCIAL RESPONSIBILITIES

In 2023, the Group actively fulfilled its social responsibilities, the details of which are set out in the Company's 2023 Environmental, Social and Governance (ESG) Report, which was disclosed concurrently with this report.

III. CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS OF POVERTY ALLEVIATION AND RURAL REVITALIZATION

In 2023, in order to thoroughly implement the decision-making and deployment of the Party Committee of the Company on rural revitalization work, in accordance with the spirit of the work on agriculture, rural areas and farmers and the central rural work conference in the report of the 20th National Congress of the Communist Party of China, the Company effectively carried out the key work of rural revitalization and high-quality development based on the current achievements of Youyu County in consolidating and expanding poverty alleviation, and continued to perform good work in targeted assistance in Youyu County. The Company invested RMB18 million of assistance funds throughout the year, implemented 12 targeted assistance programs, carried out habitat improvement, and assistance in industry, education, livelihood and etc. in a planned manner, strengthened assistance measures, fulfilled the responsibility and mission of the central enterprises, and focused on giving full play to industrial advantages, the cohesion of synergies, the promotion of comprehensive revitalization, as well as guarding the bottom line and red line, in order to boost the overall revitalization of rural areas in Youyu County.

In May 2023, Longyuan Power was awarded the "Advanced Group for Promoting High Quality Economic Development" of Youyu County, which was the sixth consecutive year that the Company has won the award. In September 2023, Longyuan Power was awarded the "Advanced Unit for Respecting Teachers" of Youyu County, which was the second consecutive year that the Company has obtained the award, receiving highly praise and recognition of the Party Committee and the people's government of Youyu County.

In 2023, the Group invested a total of RMB18 million in Youyu County, which has been fully allocated in two batches. It introduced external free assistance funds of RMB849,000 for Youyu County, and helped to sell agricultural products of Youyu County of approximately RMB52.12 million. It trained 596 grassroots cadres and 40 rural revitalization leaders, carried out training courses on the topic of short-video live steam operation of e-commerce, and trained six medical technological talents for the county hospital and local Chinese medicine hospital. It recruited seven persons from poverty alleviation families, and provided assistance in employment for 191 people in Youyu County.

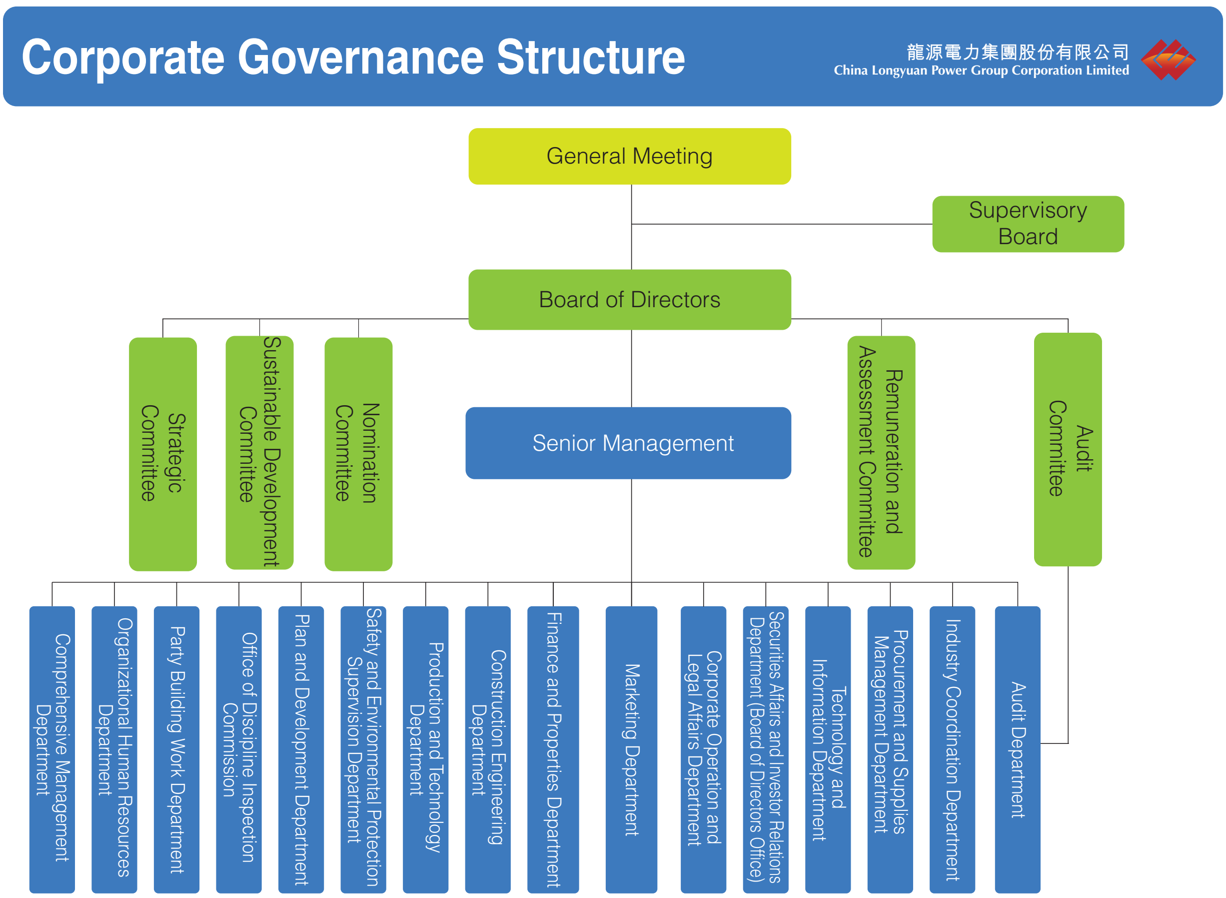
In 2024, the Group will intensify its efforts to assist Youyu County and vigorously promote measures to make up for shortcomings, strengthen weaknesses and promote industries, with the focus of the assistance work on the implementation of rural construction actions and improving the quality, efficiency and competitiveness of agriculture. It will carry out planned assistance in rural infrastructure, education and livelihood, strengthen assistance measures, fulfill the responsibility and mission of central enterprises, focus on giving full play to industrial advantages, cohesion, promotion of comprehensive revitalization, and guarding the bottom line and red line, and successfully and efficiently complete the tasks of targeted assistance.

CORPORATE GOVERNANCE REPORT

The Board of the Company hereby presents to the Shareholders the corporate governance report for the year ended 31 December 2023.

The Company has complied with the Code provisions as set out in the Corporate Governance Code (the "**Corporate Governance Code**") in Appendix C1 to the Listing Rules of the Hong Kong Stock Exchange, as well as most of the recommended best practices therein. For the recommended best practices, the Company strives to implement them to the largest extent based on the Company's actual management conditions. Meanwhile, the Board also monitors and reviews the existing corporate governance on a regular basis with the aim of constantly advocating and carrying out a sound standard of corporate governance. The Board of the Company is responsible for performing the corporate governance duties set out in the terms of reference in the Code Provision A.2.1 of the Corporate Governance Code.

The corporate governance structure of the Company is set out as follows:



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE

The Group adheres to the guidance of the new energy security strategy of "Four Revolutions and One Cooperation", thoroughly implements the overall development strategy of "One Goal, Three Roles and Six Duties", and has always taken "developing clean energy and building a Beautiful China" as our mission all the time, committed itself to building a world class new energy company with global competitiveness, and contributed to the realization of the national goal of "carbon peak and carbon neutrality".

The Company strictly abides by national laws and regulations, continuously improves the corporate governance structure, and strives to enhance the level of corporate governance. We operate our business with high standards of business ethics and reflect our firm belief that in order to achieve long-term business goals, we shall act with integrity, transparency, and accountability. We believe that this will ultimately bring the greatest returns for our shareholders, as well as benefit our employees, business partners, and the communities where we operate. We actively promote harmony and unity between the Company's development and employee growth, providing various training and enriching employee activities. At the same time, we value communication with employees and stakeholders and spread our corporate culture through dialogue. The Board believes that the corporate culture is consistent with the goals, values, and strategies of the group.

For details on the Company's practices corporate culture, values, and strategies, please refer to the "2023 Environmental, Social, and Governance (ESG) Report" which will be disclosed separately by the Company.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for performing the corporate governance duties of the Company, which are specifically as follows: (1) formulating and reviewing the Company's policies and practices on corporate governance; (2) reviewing and monitoring the training and continuous professional development of Directors and senior management; (3) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (4) formulating, reviewing and monitoring the code of conduct of employees and Directors; and (5) reviewing the Company's compliance with the Corporate Governance Code and the disclosures in the Corporate Governance Report contained in annual report.

As a company listed on the Hong Kong Stock Exchange, the Company is committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2023, the Company has complied with all the Code provisions and, where appropriate, adopted certain recommended best practices as set out in the Corporate Governance Code.

CORPORATE GOVERNANCE REPORT

Corporate governance practices adopted by the Company are summarised below:

1. The Board

The Board exercises its powers and functions in accordance with the provisions as set out in the Articles of Association. The Board follows the principle of acting in the best interest of the Company and its Shareholders, reports its works at general meetings, implements the resolutions passed at general meetings and is accountable to the general meetings.

1.1 Composition of the Board

As of the Latest Practicable Date, the Board consisted of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors.

The biographical details of the Directors as at the Latest Practicable Date are set out in the section of Biographies of Directors, Supervisors and Senior Management of this annual report. There are no relationships (including financial, business, family or other material or relevant relationship) among members of the Board. The structure of the Board is well balanced with each Director having sound knowledge, experience and expertise relevant to the business operation and development of the Group. All Directors are aware of their joint and several responsibilities to the Shareholders.

Since the listing of the Company, the Board has been in compliance with the requirement under Rule 3.10(1) of the Listing Rules requiring the appointment of at least three independent non-executive Directors. It has also complied with the subsequent new requirement of Rule 3.10A of the Listing Rules which requires that independent non-executive Directors shall represent at least one third of the Board. The Company is also in compliance with Rule 3.10(2) of the Listing Rules regarding the qualifications requirement of at least one of the independent non-executive Directors. In addition, the Company has received annual confirmations from independent non-executive Directors as to their respective independence in accordance with Rule 3.13 of the Listing Rules. The Company therefore believes that all independent non-executive Directors are independent as required under the Listing Rules.

Upholding its belief that the increasing diversity at the Board level is one of the essential elements in supporting the attainment of its strategic objectives and its sustainable development, the Company formulated the Board Diversity Policy in October 2013. While determining the composition of the Board, the Company shall consider the diversity of the Board from various perspectives, including but not limited to gender, age, cultural and educational background, professional experiences, skills, knowledge and service tenure, and finally make decisions based on the value of candidates and contributions they can brought to the Board. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The nomination committee will report the composition of the Board at a diversity level in the annual report each year, supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. The nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for approval.

As at the Latest Practicable Date, the current composition of the Board of the Company is set out as follows:

Name	Position in the Company	Date of appointment/re-election
Tang Jian	Chairman of the Board	8 December 2022
	Executive Director	12 November 2021
Gong Yufei	President	25 April 2023
	Executive Director	15 June 2023
Tang Chaoxiong	Non-executive Director	12 November 2021
Ma Bingyan	Non-executive Director	27 April 2022
Michael Ngai Ming Tak	Independent non-executive Director	12 November 2021
Gao Debu	Independent non-executive Director	12 November 2021
Zhao Feng	Independent non-executive Director	12 November 2021

The Board of Directors consists of seven Directors with different backgrounds in engineering, finance, economics, accounting, and management, and different ages, and female Directors account for 14.3% of the total number of Directors. The composition of the Board is in compliance with the gender diversity requirements of the Board under the Listing Rules and is in line with the Company's Board Diversity Policy. The Company appreciates the importance and benefits of gender diversity on the Board. The Company's nomination policy and the Board Diversity Policy ensure that the Board will have alternate potential successors to continue the existing gender diversity on the Board. For the Company, the composition of the current Board presents diversity in terms of skills, gender, experience and knowledge as follows:

Gender Diversity	Number of Directors	Percentage of Board Members
Male	6	85.7%
Female	1	14.3%

Diversity in Educational Background	Number of Directors	Percentage of Board Members
Bachelor degree	2	28.6%
Master degree	4	57.1%
Doctor degree	1	14.3%

Diversity in Skills, Experience and Knowledge	Number of Directors	Percentage of Board Members
Accounting or finance related	3	42.9%
Business and management experience	7	100%
Industry related knowledge	4	57.1%

1.2 Board Meetings

Pursuant to the Articles of Association, the Board is required to hold at least four meetings each year, to be convened by the Chairman of the Board. A notice of at least 14 days shall be given for a regular Board meeting. The notice shall state relevant data such as the time, venue, agenda and the subject matters to be discussed, etc.

Except for the Board's consideration of matters in relation to connected transactions as stipulated by the Articles of Association, the quorum for a Board meeting is at least half of the total number of the Directors. A Director may attend the Board meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The secretary to the Board is responsible for preparing and keeping the minutes of Board meetings and ensuring that such minutes are available for inspection by any Director.

The details regarding Board meetings convened in the Reporting Period and the attendance of Directors at such meetings are set out in the Directors' Report in this report.

The Board of Directors confirm that corporate governance shall be collective responsibility of the Directors, and the corporate governance functions include the following:

1. Formulating and reviewing the issuer's policies and practices on corporate governance and making recommendations to the Board;

2. Reviewing and monitoring the training and continuous professional development of the Directors and senior management;

3. Reviewing and monitoring the issuer's policies and practices on compliance with legal and regulatory requirements;

4. Formulating, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and

5. Reviewing the issuer's compliance with the Corporate Governance Code and disclosures in the Corporate Governance Report.

1.3 Powers Exercised by the Board and the Management

The powers and duties of the Board and the management are expressly stipulated in the Articles of Association, which aims to provide adequate check and balance mechanism for good corporate governance and internal control.

The Board is responsible for deciding on the Company's business and investment plans, deciding on the establishment of the Company's internal management structure, formulating the Company's basic administration rules, determining other material business and administrative matters of the Company and monitoring the performance of the management.

Led by the President, the management of the Company is responsible for implementing the resolutions approved by the Board and administering the Company's day-to-day operation and management.

1.4 Chairman and President

The roles of the Chairman of the Board and President (i.e. the chief executive pursuant to the relevant Listing Rules) of the Company are separate and held by different persons to ensure their respective independence of responsibilities, accountability and the balance of power and authority between them. The Board considered and approved the Rules of Procedures of the Board Meeting and the Terms of Reference of the Senior Management of the Company, which clearly defined the division of duties between the Chairman and the President. As at the Latest Practicable Date, Mr. Tang Jian serves as the Chairman of the Board of the Company, and Mr. Gong Yufei serves as the President of the Company.

The Chairman of the Board leads the Board to determine the overall development plan of the Company, ensure the effective operation of the Board, performs the due obligation and discuss all important and appropriate matters timely; ensures the Company formulate sound corporate governance practices and procedures; and ensures the acts of the Board conform to the best interests of the Company and its Shareholders as a whole. The President is primarily responsible for the daily operation management of the Company, including organizing the implementation of the resolutions of the Board and making daily decisions, etc.

1.5 Appointment and Re-election of Directors

Pursuant to the Articles of Association, the Directors shall be elected at the Shareholders' meetings with a term of office of three years, renewable upon re-election. The Company has implemented a set of effective procedures for appointment of new Directors. Nomination of new Directors shall be first considered by the nomination committee whose recommendations will then be put forward to the Board for consideration, and elected and approved at the general meetings.

The Company has entered into service contracts with each of the Directors (including non-executive Directors). Such service contracts are for a term commencing from the date of appointment to the expiry of the current session of the Board.

1.6 Directors' Remuneration

The remuneration and assessment committee makes recommendations in respect of Directors' remuneration according to criteria such as educational background and work experience. Directors' remuneration is determined by the Board, subject to approval at general meeting, with reference to Directors' experience, work performance, positions and market conditions.

1.7 Independent View and Opinions

The Board has established mechanisms to ensure that the Board obtains independent views and opinions, and the Board has also reviewed the implementation and effectiveness of such mechanisms annually. According to the Articles of Association and other provisions, the number of independent non-executive Directors is not less than 3, accounting for at least one third of the number of the Board. The Board also evaluates the independence of independent non-executive Directors every year to ensure that such persons can continue to make independent judgments. In addition, the Chairman and independent non-executive Directors also hold separate meetings on the business, finance, corporate governance and other matters of the Company.

The Company has established the independent Director system to stipulate the qualifications and responsibilities of independent Directors. According to the Articles of Association and other provisions, in addition to those powers vested to independent Directors by the Company Law, other relevant laws and regulations and the listing rules of the stock exchanges on which the Company's shares are listed and the Articles of Association, independent Directors shall have the following special functions and powers with the consensus of more than one half of or all independent Directors: proposing to the Board with respect to the engagement or dismissal of accounting firms; proposing to the Board with respect to the holding of extraordinary general meetings; proposing the holding of Board meetings; independently appointing external audit firms or consultancies to carry out audits and provide consultancy on specific issues; major connected transactions shall be recognised by independent Directors before submitted to the Board for discussion; publicly collecting voting rights from Shareholders prior to the convening of the general meetings, etc.

During the Reporting Period, the Board has complied with the above relevant requirements and the above mechanism has been effective in providing independent views and opinions to the Board.

2. Board Committees

There are five Board committees, namely the Audit Committee, remuneration and assessment committee, nomination committee, strategic committee and sustainable development committee.

2.1 Audit Committee

As at the Latest Practicable Date, the Audit Committee consists of three Directors: Mr. Tang Chaoxiong (non-executive Director), Mr. Michael Ngai Ming Tak (independent non-executive Director) and Ms. Zhao Feng (independent non-executive Director). Ms. Zhao Feng serves as the chairlady of the Audit Committee.

The audit of risk management system of the Company is included in the Terms of Reference of the Audit Committee.

The primary responsibilities of the Audit Committee include, but not limited to: to supervise the Group's financial reporting system, supervise and review the annual and interim reports and results announcements; supervise the Company's risk management and internal control systems (unless such matters are to be handled by separately established risk committee or the Board itself), and supervise and evaluate the effectiveness of the Company's internal inspection and audit function and audit process; review the annual internal audit plan, material risks and the ability of the Company to cope with risks; oversee the appointment, re-appointment and removal of external auditors, and make recommendations to the Board to approve the remuneration and terms of appointment of external auditors; review and oversee the independence and objectivity of external auditors and effectiveness of audit process; formulate and implement policies in relation to non-audit services provided by external auditors; oversee the quality of internal audit and disclosure of financial information of the Company; review interim and annual financial statements before submission to the Board; review and oversee the financial reporting system, risk management and internal control procedures of the Company and the effectiveness of the procedures in complying with relevant regulations under the Listing Rules; review material faults or defects (if any) and the impact that has and may incur thereby; evaluate the effectiveness of the internal control and risk management system; ensure coordination between the internal and external auditors and ensure that the internal audit function is operating with adequate resources in the Company and the relevant staff have sufficient capabilities and experience and are provided with regular training programs or similar arrangement; organise and promote the development of the rule of law in the Company, and to receive reports on the work on the development of the rule of law in the Company. In 2023, the Audit Committee and the Board of the Company had no disagreements with the selection, appointment, resignation or dismissal of the external auditors.

During the Reporting Period, the Audit Committee held five meetings, details of which are as follows:

- On 22 March 2023, the 2023 first meeting of the Audit Committee of the fifth session of the Board was held, at which eight proposals were considered and approved.

- On 25 April 2023, the 2023 second meeting of the Audit Committee of the fifth session of the Board was held, at which one proposal was considered and approved.

- On 28 August 2023, the 2023 third meeting of the Audit Committee of the fifth session of the Board was held, at which five proposals were considered and approved.

- On 26 October 2023, the 2023 fourth meeting of the Audit Committee of the fifth session of the Board was held, at which one proposal was considered and approved.

- On 20 November 2023, the 2023 fifth meeting of the Audit Committee of the fifth session of the Board was held, at which one proposal was considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Tang Chaoxiong	5/5	100%
Michael Ngai Ming Tak	5/5	100%
Zhao Feng	5/5	100%

During the Reporting Period, the Audit Committee has reviewed 16 proposals, the annual results of the Group for 2022, unaudited consolidated results for the three months ended 31 March 2023, interim results for 2023 and unaudited consolidated results for the nine months ended 30 September 2023 and assisted the Board in reviewing the effectiveness and assessment of the risk management and internal control systems. For detailed information about the Company's review of risk management and internal control systems, please refer to "Risk Management and Internal Control" section of this report.

2.2 Remuneration and Assessment Committee

As at the Latest Practicable Date, the remuneration and assessment committee consists of three Directors: Mr. Ma Bingyan (Non-executive Director), Mr. Michael Ngai Ming Tak (independent non-executive Director) and Mr. Gao Debu (independent non-executive Director). Mr. Michael Ngai Ming Tak is the chairman of the remuneration and assessment committee.

The Company has adopted the approach that the remuneration and assessment committee makes recommendations to the Board for determining the remuneration packages of executive Directors and senior management.

The primary responsibilities of the remuneration and assessment committee are (including but not limited to) to make recommendations to the Board with respect to the establishment of policies, schemes or proposals for Directors' and senior management's overall remuneration; review, approve and oversee the overall remuneration proposals for Directors and senior management; formulate the evaluation standards on Directors and senior management and assess the said standards; ensure that neither the Director nor any of his or her associates may determine his or her own remuneration; assess the performance of executive Directors; approve the terms of service contracts of executive Directors, etc.

During the Reporting Period, the remuneration and assessment committee held one meeting, details of which are as follows:

- On 17 March 2023, the 2023 first meeting of the remuneration and assessment committee of the fifth session of the Board was held, at which three proposals were considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Ma Bingyan	1/1	100%
Michael Ngai Ming Tak	1/1	100%
Gao Debu	1/1	100%

During the Reporting Period, the remuneration and assessment committee reviewed the implementation of the remuneration of the Directors, supervisors and senior management in 2022, and the remuneration plan of the Directors, supervisors and senior management in 2023.

2.3 Nomination Committee

As at the Latest Practicable Date, the nomination committee consists of two Directors: Mr. Gao Debu (independent non-executive Director) and Ms. Zhao Feng (independent non-executive Director). Mr. Gao Debu is the chairman of the nomination committee. Mr. Wang Yiguo resigned on 27 February 2024. The nomination committee is looking for a suitable person to fill the vacancy following the resignation of Mr. Wang Yiguo.

The primary responsibilities of the nomination committee (including but not limited to): to review the structure, size and composition of the Board, formulate the procedures and standards for nominating candidates for Directors and senior management, conduct preliminary review of the qualifications and other credentials of the candidates for Directors and senior management and comment and review the independence of independent non-executive Directors.

In accordance with the Board Diversity Policy issued by the Company in October 2013, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. All Board nominations will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the merit and contribution that the selected candidates will bring to the Board. The nomination committee shall supervise the implementation of the Board Diversity Policy and review the policy when appropriate to ensure its effectiveness. Meanwhile, the nomination committee will discuss any amendments to the Board Diversity Policy when necessary and propose such amendments to the Board for the approval of the Board. The nomination committee considered that during the Reporting Period, the composition of the members of the Board was in accordance with the requirements of the Board Diversity Policy. The nomination committee has reviewed the implementation and effectiveness of the Board Diversity Policy during the year and is of the view that the policy is effective.

In order to implement the Board's diversity policy, the following measurable objectives have been achieved:

1. the Board has independent non-executive Directors representing more than one-third of the Board;

2. at least one of the independent non-executive Directors has professional qualifications in line with the regulatory requirements.

During the Reporting Period, the nomination committee held one meeting, details of which are as follows:

- On 25 April 2023, the 2023 first meeting of the nomination committee of the fifth session of the Board was held, at which three proposals were considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Wang Yiguo	1/1	100%
Gao Debu	1/1	100%
Zhao Feng	1/1	100%

Note:

1. Mr. Wang Yiguo ceased to serve as a member of the nomination committee on 27 February 2024.

During the Reporting Period, the nomination committee reviewed three proposals, and conducted the following nomination procedures for Director candidates pursuant to the Rules of Procedures of the Nomination Committee of the Board of China Longyuan Power Group Corporation Limited. The nomination committee carried researches on the list of Director candidates in accordance with laws, regulations, normative documents, regulatory requirements and the Articles of Association and submitted the recommendation opinion to the Board to determine whether to submit for election at the general meeting. The nomination committee and the Board fully took consideration of the Board diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure) and the benefits therefrom; they focused on the educational background of the candidates and their professional experience, in particular, the management research experience in financial and insurance industries and paid special attention to the independence of the candidates for independent non-executive Directors. During the Reporting Period, the Shareholders elected Mr. Gong Yufei as the executive Director of the Company at the 2022 annual general meeting.

2.4 Strategic Committee

As at the Latest Practicable Date, the strategic committee consists of three Directors: Mr. Tang Jian (executive Director), Mr. Gong Yufei (executive Director) and Mr. Ma Bingyan (non-executive Director). Mr. Tang Jian is the chairman of the strategic committee.

The primary responsibilities of the strategic committee (including but not limited to): to formulate the Company's overall development plans and investment decision-making procedures; review the Company's long-term development strategies; review the Company's strategic planning and implementation reports; and review significant capital expenditure, investment and financing projects that require approval of the Board.

During the Reporting Period, the strategic committee held three meetings, details of which are as follows:

- On 29 March 2023, the 2023 first meeting of the strategic committee of the fifth session of the Board was held, at which one proposal was considered and approved.

- On 30 June 2023, the 2023 second meeting of the strategic committee of the fifth session of the Board was held, at which one proposal was considered and approved.

- On 29 December 2023, the 2023 third meeting of the strategic committee of the fifth session of the Board was held, at which one proposal was considered and approved.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Tang Jian	3/3	100%
Gong Yufei	2/2	100%
Ma Bingyan	3/3	100%
Tian Shaolin	2/2	100%

Notes:

1. Mr. Gong Yufei has served as a member of the strategic committee since 15 June 2023.

2. Mr. Tian Shaolin ceased to serve as a member of the strategic committee on 20 October 2023.

During the Reporting Period, the resolution on the comprehensive scheme, target and arrangement of the Company for 2023 was considered at the strategic committee.

2.5 Sustainable Development Committee

On 15 February 2023, the Board established the Sustainable Development Committee. As at the Latest Practicable Date, the Sustainable Development Committee comprises three Directors, namely Mr. Tang Jian (executive Director), Mr. Michael Ngai Ming Tak (independent non-executive Director) and Mr. Gao Debu (independent non-executive Director). Mr. Tang Jian is the chairman of the Sustainable Development Committee.

The primary responsibilities of the Sustainable Development Committee (including but not limited to): to study and make recommendations on the Company's sustainable development policies and measures; study and provide decision-making consultation and recommendations on the Company's ESG governance; and review the Company's performance and risks in the ESG area and propose coping strategies.

During the Reporting Period, the Sustainable Development Committee held two meetings, details of which are as follows:

- On 17 March 2023, the 2023 first meeting of the Sustainable Development Committee of the fifth session of the Board was held, at which two proposals were considered and approved.

- On 29 December 2023, the 2023 second meeting of the Sustainable Development Committee of the fifth session of the Board was held, at which one report was briefed.

Details of the attendance of the meetings are as follows:

Name of Committee Members	Number of Meetings Attended/Held	Attendance Rate
Tang Jian	2/2	100%
Michael Ngai Ming Tak	2/2	100%
Gao Debu	2/2	100%

During the Reporting Period, the ESG report and plan for 2022 were considered at the Sustainable Development Committee.

3. Directors' Responsibility for the Financial Statements

The Board acknowledges its responsibility for preparing the financial statements of the Group for the year ended 31 December 2023.

The Board is responsible for presenting a clear and specific assessment of annual and interim reports, inside information and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment and approval, as appropriate, of the financial information and position of the Group.

There are no material uncertainties relating to events or conditions that may have a severe impact on the Company's ability to continue as a going concern.

In addition, the Company has arranged appropriate insurance cover in respect of possible legal actions and liabilities against the Directors.

The statement of the Company's auditor about its reporting responsibilities on the financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

4. Compliance with the Code for Securities Transactions

The Company has adopted the Model Code (the "**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.

5. Compliance with the Corporate Governance Code

As a company listed on the Hong Kong Stock Exchange, the Company is committed to maintaining a high standard of corporate governance practices. For the year ended 31 December 2023, the Company has complied with all the Code provisions set out in the Corporate Governance Code and, where appropriate, adopted the recommended best practices set out therein.

6. Training of Directors and Company Secretaries

All Directors participated in continuous professional development training in 2023 to develop and refresh their knowledge and skills in order to ensure that their contribution to the Board remains informed and relevant. Details of all current Directors' training during the Reporting Period are set out as below:

Name	Position held at the Company	Length of training received in 2023 *(hours)*	Areas covered in the training
Tang Jian	Chairman of the Board and Executive Director	253	regulations related to the performance of duties by directors, supervisors, and senior management of listed companies, the internal reporting system for significant information, etc.
Gong Yufei	Executive Director and President	177	regulations related to the performance of duties by directors, supervisors, and senior management of listed companies, corporate governance, related transactions management, etc.
Tian Shaolin	Non-executive Director	150	regulations related to the performance of duties by directors, supervisors, and senior management of listed companies.
Tang Chaoxiong	Non-executive Director	267	management measures for independent directors of listed companies, insider information management, risk control, etc.
Wang Yiguo	Non-executive Director	259	corporate governance, laws and regulations, industry policy, management measures for independent directors of listed companies, etc.

Name	Position held at the Company	Length of training received in 2023 *(hours)*	Areas covered in the training
Ma Bingyan	Non-executive Director	256	industry development, financial management, safety production, management measures for independent directors of listed companies, etc.
Michael Ngai Ming Tak	Independent non-executive Director	255	corporate governance, management philosophy, securities investment, management measures for independent directors of listed companies, etc.
Gao Debu	Independent non-executive Director	254	financial economy, industry policy, industry economy, corporate finance, management measures for independent directors of listed companies, etc.
Zhao Feng	Independent non-executive Director	256	econometrics, financial management, macro economy, risk control, management measures for independent directors of listed companies, etc.

In 2023, Ms. Chan Sau Ling, being the company secretary of the Company, received no less than 15 hours of relevant professional training, as required under Rule 3.29 of the Listing Rules.

Notes: Mr. Gong Yufei was appointed as an executive Director of the Company on 15 June 2023.

Mr. Tian Shaolin resigned as a Non-executive Director of the Company on 20 October 2023.

Mr. Wang Yiguo resigned as a Non-executive Director of the Company on 27 February 2024.

7. Risk Management and Internal Control

In accordance with the requirements of the Listing Rules, the Company has established a standardized governance structure, improved its deliberation and decision-making system, and clarified the boundaries of powers and responsibilities between the Board of Directors, the Audit Committee and the Supervisory Board. The Board is responsible for approving risk management and internal control system, evaluating their effectiveness and truthfully disclosing the internal control related reports. The Audit Committee and other professional committees under the Board perform their duties in accordance with regulations and provide support to the Board in making scientific decisions. The Supervisory Board of the Company supervises the establishment and implementation of internal control by the Board. The audit department of the Group is the department in charge of risk management and internal control management, and the corporate management and legal affairs department is the department in charge of compliance management. In 2023, the personnel of all departments and responsible departments of the Company performed their respective duties and no material weaknesses were identified through self-assessment, and during the Reporting Period, the Group conducted a review and evaluation of the effectiveness of the operation of the internal control system for comprehensive risk management, which covered all significant control aspects, including financial control, operational control and compliance control, and the risk management and internal control were effective and adequate. The Board is responsible for the Company's systems of risk management and internal control and has a duty to review the effectiveness of the design and implementation of these systems. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and the Board can only provide reasonable, but not absolute, assurance that these systems protect against material misrepresentation or loss.

The Company, in accordance with the requirements of the Central Enterprise Comprehensive Risk Management Guidelines, has improved the risk management system and thoroughly implemented the full process of risk identification, analysis, evaluation, response, and reporting. By combining the review of last year's risk management and control with the actual situation of the enterprise, a three-level risk framework was formulated to carry out a comprehensive risk assessment, covering all departments of the Company's headquarters and all its grassroots units, including members of the leadership team, department heads, and key positions, totaling 1,195 persons. A multi-dimensional evaluation system was adopted to establish major risk items and prevention and control priorities. Meanwhile, scientific response strategies were formulated, and dynamic monitoring and risk warning mechanisms were improved to ensure risks are under control. In addition, the Company has established a standardized risk reporting system, including regular and special reports, to ensure that management and governance levels are timely informed of risk dynamics and effectively respond to major risk events.

The Company has deepened the construction of the internal control management system to enhance risk prevention and control capabilities and governance efficiency. By combining self-evaluation of internal controls with independent supervision, it has established a set of scientific and rigorous standards for internal control self-assessment and independent supervision, and has clearly defined defect classifications and assessment scales. It has mobilized all relevant departments of its headquarters and subordinate units to complete 97 detailed internal control evaluation drafts, developed practical corrective measures for problems identified in the self-assessments, and implemented corrective responsibilities, using a monthly tracking mechanism to ensure timely and efficient rectification of issues. Adhering to the principle of key monitoring, it conducted in-depth inspections of 13 key units in high-risk areas and critical business processes, developed meticulous inspection plans and drafts, and compiled inspection reports for review by management and governance bodies, so as to ensure the authority and effectiveness of the internal control evaluation mechanism, continuously improve the level of internal control management of the Group, and provide a solid guarantee for the stable operation and sustained healthy development of the Group.

In accordance with the Company's 2023 internal control evaluation standards and defect recognition criteria, no material internal control deficiencies were identified throughout 2023.

In 2023, the risks were generally controllable and under control, and the control of the top five risks was generally stable, with no major risk events occurring.

In 2023, facing complex and diverse overseas business risks, the Company took the initiative to strengthen project management, and solidify the foundation for development; established an Overseas Risk Management Committee and set up the first specialized management institution for overseas risks at Longyuan Power's overseas companies; closely monitored the situation of the Russia-Ukraine conflict and made preliminary preparations for post-war reconstruction. The Group will continue to track major risks in overseas investments and management, continuously strengthen capacity building, improve management levels, and carry out project operations and management in compliance with laws and regulations.

8. Internal Audit Function

The audit department of the Company is responsible for group-wide audit. Each subordinate unit sets up an internal audit institution in accordance with relevant laws, regulations and regulations of the Company and ensures the personnel needed for the performance of duties of internal audit institutions. The internal audit institution conducts internal audit work under the direct leadership of the Party committee and the Board (or the principal), and is responsible for and reports to them. The legal representative or the principal is in charge of the internal audit work. Auditors are required to have professional knowledge and ability appropriate to the internal audit work which they engage in. Head of audit institutions is required to have a bachelor degree or above in finance and related majors, advanced professional technical qualifications or relevant practice qualifications such as certified public accountants, and more than eight years' work experience of related posts. The Company supports and guarantees that auditors improve the occupational competence through continuing education and other ways, establishes and improves the work shift and cultivation, selection and appointment mechanism of auditing personnel, tries to build the internal audit platform into the cradle of training of enterprise management talent.

In 2023, the audit department strengthened the overall planning and coordination of audit work, enhanced the capability for risk monitoring and risk warning, organized and implemented annual major risk assessments, conducted major risk monitoring each quarter, proposed contingency plans for risk prevention and control measures, and urged various departments to further refine risk management and control measures; completed the Company's annual internal control self-assessment and supervisory evaluation, deeply carried out rectification of internal control deficiencies; compiled an internal control risk management manual for the new energy industry, and a key risk management supplement for core risks and key control measures, continuously improving the internal control risk management system; expanded the economic responsibility audit work from out-of-office to in-service, implementing audit supervision in advance to prevent problems before occurrence. With economic responsibility and construction project audits as the carrier, and employing a 1+N audit approach, it focused on key issues and key areas, revealed problems accurately and efficiently, and enhanced the overall effectiveness of audit supervision. Audit rectification was intensively reviewed and re-examined to further strengthen the long-term mechanism for audit rectification, ensuring the rectification of various audit findings was in place and improving the utilization of results.

9. Inside Information Management

With respect to procedures and internal controls for the handling and dissemination of inside information, the Company:

is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules and the overriding principle that inside information should be announced immediately after such information comes to our attention and/or it is the subject of a decision unless it falls within the Safe Harbours set out in the Securities and Futures Ordinance;

conducts its affairs with close regard to the "Guidelines on Disclosure of Inside Information" and "Recent Economic Developments and the Disclosure Obligations of Listed Issuers" issued by the Securities and Futures Commission in June 2012 and the Hong Kong Stock Exchange in 2008 respectively; and

has established and implemented procedures for responding to external enquiries about the Group's affairs. Senior management of the Company is identified and authorized to act as the Company's spokesperson and responds to enquiries in allocated areas of issues.

10. Auditors' Remuneration

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.

For the year ended 31 December 2023, the annual audit fee of Ernst & Young was RMB13,240,000 (tax exclusive), the annual audit fee and internal control report review fee of Mazars Certified Public Accountants LLP (中審眾環會計師事務所(特殊普通合夥)) was RMB9,929,000 (tax exclusive), and the interim review fee of Ernst & Young was RMB6,300,000 (tax exclusive). The statements of the reporting responsibility of Ernst & Young, the Company's external auditor, in respect of the financial statements are set out on pages 230 to 232 of this annual report.

11. Shareholders' Meetings

During the Reporting Period, the Company held six Shareholders' meetings and two class meetings in total.

On 30 January 2023, the first extraordinary general meeting of the Company in 2023 was held. All Directors were present.

On 15 June 2023, the annual general meeting of the Company in 2022 was held. Mr. Tang Jian, Mr. Tian Shaolin, Mr. Wang Yiguo, Mr. Ma Bingyan, Mr. Gao Debu and Ms. Zhao Feng were present; Mr. Tang Chaoxiong and Mr. Michael Ngai Ming Tak were absent due to other business.

On 29 August 2023, the second extraordinary general meeting of the Company in 2023 was held. Mr. Tang Jian, Mr. Gong Yufei, Mr. Tian Shaolin, Mr. Wang Yiguo and Ms. Zhao Feng were present; Mr. Tang Chaoxiong, Mr. Ma Bingyan, Mr. Michael Ngai Ming Tak and Mr. Gao Debu were absent due to other business.

On 27 September 2023, the third extraordinary general meeting of the Company in 2023, the first A shareholders class meeting in 2023 and the first H shareholders class meeting in 2023 were held. Mr. Gong Yufei, Mr. Tang Chaoxiong, Mr. Wang Yiguo, Mr. Gao Debu and Ms. Zhao Feng were present; Mr. Tang Jian, Mr. Tian Shaolin, Mr. Ma Bingyan and Mr. Michael Ngai Ming Tak were absent due to other business.

On 17 November 2023, the fourth extraordinary general meeting of the Company in 2023 was held. Mr. Gong Yufei, Mr. Wang Yiguo, Mr. Michael Ngai Ming Tak and Mr. Gao Debu were present; Mr. Tang Jian, Mr. Tang Chaoxiong, Mr. Ma Bingyan and Ms. Zhao Feng were absent due to other business.

On 29 December 2023, the fifth extraordinary general meeting of the Company in 2023 was held. Mr. Wang Yiguo, Mr. Ma Bingyan, Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng were present; Mr. Tang Jian, Mr. Gong Yufei and Mr. Tang Chaoxiong were absent due to other business.

The Company will arrange the Board and relevant committee members to attend and answer questions from Shareholders at the forthcoming 2023 annual general meeting of the Company.

During the Reporting Period, details of the attendance of the Shareholders' meetings by the Directors are as follows:

Name	**Position in the Company**	**Number of Meetings Attended/Held**	**Attendance Rate**
Tang Jian	Chairman and Executive Director	3/6	50%
Gong Yufei	Executive Director and President	3/4	75%
Tian Shaolin	Non-executive Director	3/4	75%
Tang Chaoxiong	Non-executive Director	2/6	33.33%
Wang Yiguo	Non-executive Director	6/6	100%
Ma Bingyan	Non-executive Director	3/6	50%
Michael Ngai Ming Tak	Independent non-executive Director	3/6	50%
Gao Debu	Independent non-executive Director	5/6	83.33%
Zhao Feng	Independent non-executive Director	5/6	83.33%

Notes:

1. Mr. Gong Yufei was appointed as an Executive Director of the Company on 15 June 2023.

2. Mr. Tian Shaolin resigned as a Non-executive Director of the Company on 20 October 2023.

3. Mr. Wang Yiguo resigned as a Non-executive Director of the Company on 27 February 2024.

12. Communication Policy with Shareholders

The Company establishes a Shareholder communication policy and conduct annual review to ensure its effectiveness. The Company highly values Shareholders' opinions and advice, and proactively organizes various investor relations activities to maintain connections with Shareholders and respond to the reasonable requests of Shareholders in a timely manner. Various material issues of the Company are communicated to Shareholders on a regular, timely and fair basis through quarterly, interim, annual reports, announcements and circulars, etc. In accordance with the requirement of the expansion of paperless listing regime of Hong Kong Stock Exchange, all of those information and corporate communications will be provided through the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website (www.clypg.com.cn). During the Reporting Period, after implementing the above measures and conducting a review, the Company considers the existing Shareholder communication policy to be adequate and effective.

12.1 Shareholders' Rights

The Board is committed to maintaining an on-going dialogue with Shareholders and makes timely disclosure to Shareholders and investors as to the significant development of the Company. The general meetings of the Company provide a forum for communication between Shareholders and the Board. A twenty (20) days' prior notice in announcement for convening an annual general meeting, and a fifteen (15) days' prior notice in announcement for convening an extraordinary general meeting shall be served to notify the Shareholders, whose names appear in the register of members of the Company, of the matters proposed to be considered and the date and venue of the meeting. Where the relevant rules otherwise stipulated by the regulatory authorities and the stock exchange of the place where the Company's Shares are listed, such provisions shall prevail.

Two or more Shareholders who severally or jointly hold more than 10% (including 10%) of the issued and voting shares of the Company shall sign one or more (in the same form) requisitions in writing to request the Board to convene an extraordinary general meeting or a Shareholders' class meeting, with the matters to be considered at the meeting stated in the request. The Board shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply on whether or not to convene the extraordinary general meeting within 10 days after receipt of the request. The calculation of the abovementioned shareholdings shall be based on the information as at the date on which the written request is submitted.

If the Board fails to furnish any reply within 10 days from the date of receipt of the above written request, Shareholders individually or jointly holding more than 10% (including 10%) of the shares carrying the right to vote at the forthcoming meeting are entitled to request the Supervisory Board to convene an extraordinary general meeting or a Shareholders' class meeting and such request should be made in written form. In the event that the Supervisory Board agrees to convene a general meeting or a Class Meeting, it shall issue the notice of the general meeting or the Class Meeting within five days from the receipt of the request. In the case of the failure of the Supervisory Board to convene and preside over such a meeting, Shareholders individually or jointly holding more than 10% (including 10%) of the Company's shares for more than 90 consecutive days shall be entitled to convene and chair the meeting. The procedures of convening such a meeting should follow, as far as possible, those of a Shareholders' meeting convened by the Board.

In the event the Company convenes an annual general meeting, Shareholders who individually or jointly hold an aggregate of 3% (including 3%) or more of the Company's shares with voting rights are entitled to propose ad hoc motions in writing to the Company. The Company should include those motions which fall within the scope of duties and functions of general meetings into the agenda of the meeting. The ad hoc motions proposed by Shareholders shall be subject to the following requirements: (i) the contents shall not contravene any requirements of the laws and regulations and shall fall within the scope of the Company's operations and duties and functions of general meetings; (ii) they shall relate to definite topics and specific matters to resolve; and (iii) they shall be made in writing and submitted/delivered to the Board at least ten days prior to the holding of the general meeting.

12.2 Shareholders' Enquiries and Communication

The Company publishes its announcements, financial information and other relevant information on its website at www.clypg.com.cn, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business of the Company in Hong Kong, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company and investors' means of enquiries and communication is set out in the section of Corporate Profile of this annual report.

The Board welcomes Shareholders' views and encourages them to attend general meetings to communicate and raise any concerns they might have with the Board or the management. The Chairman of the Board and the chairmen of the respective Board committees usually attend the annual general meeting and other general meetings to address Shareholders' queries.

13. Investor Relations

13.1 Results Roadshows

In 2023, the Company published its 2022 annual results, 2023 first quarter results, 2023 interim results and 2023 third quarter results in March, April, August and October, respectively, and organised results roadshows. More than 1,000 analysts and investors attended the four results presentation. During the period of results roadshow, the management of the Company communicated with over 500 new and existing Shareholders through teleconferences.

13.2 Investor Research Reception

In 2023, the Company had sufficient and effective communication and exchanges with over 1,000 institutional investors and analysts in the form of one-to-one phone conference or group phone conference.

13.3 Information Disclosure

The Company formulated the Provisions on Information Disclosure Management (《信息披露事務管理規定》) to ensure a timely and fair disclosure of comprehensive and accurate information to investors. We extensively utilised the website of the Company to release information and ensured that all Shareholders can receive important information of the Company in a timely and fair manner. The financial reports, energy generation and other news and exchange announcements of the Company are available on the website of the Company. In 2023, the Company published 376 pieces of information on the Hong Kong Stock Exchange.

14. Company Secretary

Ms. Chan Sau Ling from Tricor Services Limited, being an external service provider, is acting as the company secretary of the Company. Ms. Gao Zhenli acts as the securities affairs representative of the Company who is the principal liaison of Ms. Chan Sau Ling.

15. Articles of Association

The Shareholders of the Company have considered and approved the Resolution on Amendments to the Articles of Association of China Longyuan Power Group Corporation Limited at the annual general meeting of 2022 on 15 June 2023. Please refer to the circular for details of the amendments. The revised Articles of Association became effective and was implemented from the date of consideration at the general meeting of the Company on 15 June 2023.

The Articles of Association of the Company was published on the website of the Company for public access.

16. Roles and Responsibilities

Good governance emanates from an effective and accountable Board. The Board, directly and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Company's operational and financial performance, reviews the Company's compensation policies and succession planning, and ensures that effective governance and corporate social responsibility policies and sound internal control and risk management systems are in place.

The Chairman of the Board and the President of the Company are held by different persons. The Board and the management fulfill their duties in strict compliance with the requirements under the Articles of Association, the Terms of Reference for the Board of Directors of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司董事會議事規則》) and the Work Rules for President of China Longyuan Power Group Corporation Limited (《龍源電力集團股份有限公司總經理工作細則》) and relevant regulation.

17. Authorization of the Board

The Board shall review the implementation and effectiveness of the mechanism on an annual basis.

The Board reserves the decision-making power on all major matters of the Company, including approving and supervising all matters relating to policies, overall strategy, internal control and risk management system, significant transactions (especially transactions involving conflicts of interest), financial information, nomination of Director candidates and other important financial, production and operational matters. The Directors may seek independent and professional opinions when performing their duties, with the expenses being borne by the Company. Meanwhile, the Directors are encouraged to independently consult the senior management of the Company.

The senior management is authorized to take charge of the Company's day-to-day management, administration and operation, and the Board will regularly review the performance of the senior management and the execution of relevant resolutions. The management shall obtain approval from the Board before entering into any major transactions.

18. Confirmation on the Independence of Independent Non-executive Directors

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company believes that each of the independent non-executive Directors is independent of the Company.

19. Employee of the Group

As at 31 December 2023, the Group had a total of 8,752 employees. The staff structure is as follows:

Education Background

Number of employees with a master's degree and above	737
Number of employees with a bachelor's degree	5,695
Number of employees with an associate degree and below	2,320

Age

Number of employees aged below 30	2,424
Number of employees aged 30–50	5,017
Number of employees aged over 50	1,311

The Group fully respects the individual differences of talents and values gender diversity among employees. As at the Latest Practicable Date, the gender ratio of employees (including senior management) of the Group is 7,429:1,323. The Group expects to maintain a reasonable level of gender diversity at the employee level. Differences in employees' educational levels, cultural backgrounds, professional backgrounds, and job requirements are the main influencing factors for gender diversity among employees. The Company primarily engaged in the design, development, construction, management and operation of wind farms, and the industry has traditionally had a high concentration of male employees. In order to promote gender diversity as much as possible, and on the premise of providing equal employment opportunities, career development and promotion opportunities, the Company continuously introduced professionals of different genders and ethnicities based on its own development needs, and cultivated and nurtured a moderately-sized, high-end leading, structurally balanced, and highly qualified talent team, aiming to establish and maintain the Company's talent advantage in the industry, and laying a solid foundation of talent to achieve its development strategy.

For details of the composition of the Group's employees, please refer to the 2023 Environmental, Social and Governance (ESG) Report.

Remuneration Policies

We conduct performance appraisal for all employees, highlight performance contribution, and gradually establish a positive and incentive system with distinctive orientation and hierarchical classification. More attention is paid to high-level and high-skilled professionals on the front line who occupy key positions and are urgently needed. We also boost and maintain the salary competitiveness of key positions, make timely contributions to the “five mandatory insurance plans and housing provident fund” for employees with supplementary medical insurance and personal accident insurance, and strictly implement the leave regulations for female employees during pregnancy and childbirth.

Employee Training

We fully respect the talent value, place considerable value on talent growth, focus on the talent cultivation, constantly promote the Company’s “14th Five-Year Plan” for talent cultivation and “Longteng” talent project, and continue to optimize the talent cultivation system and project curriculums, to ensure the sustainable development of enterprise talents.

Career advancement

We formulated the specialized and systematic Administration Measures for Positions and Ranks, and establish a three-channel promotion system known as “administration, technology and skill”. In 2023, a total of 1,002 employees were promoted through position and rank adjustments, accounting for 16.1%; 258 employees were transferred to different jobs, accounting for 4.1%. After the adjustments and optimization, the distribution of MST employees was optimized to 29:65:6. The workforce structure has been improved, with an increase in technical talent from 252 to 374, representing a growth rate of 50%. We intensify efforts to cultivate outstanding young talents. In 2023, we selected and promoted 29 young managers, accounting for 76% of the promoted employees.

On-the-job training

We accelerate the training of professionals and establish a professional talent pool of 516 people covering five professional directions, including internationalization, law, science and technology innovation, directors and supervisors, and certified professionals. We continue to promote the construction of lead instructors, title evaluation and skills identification, with 505 lead instructors employed in 2023. We also provide high-quality training projects such as “Craftsmanship Training Camp”, “Grassroots Comprehensive Management Ability Promotion Class”, “Employees with Certificates”, “Lead Instructor Training”, and “Famous Teachers’ Lecture” tailored for employees.

For details of the Group’s employees, please refer to the 2023 Environmental, Social and Governance (ESG) Report.

SUPERVISORY BOARD'S REPORT

On 12 November 2021, the current session of Supervisory Board was established upon the approval of the 2021 fourth extraordinary general meeting of the Company. The current session of the Supervisory Board consists of three supervisors.

In 2023, the Supervisory Board of the Company acted in strict compliance with relevant laws and regulations, the provisions of the systems such as the Company Law of the PRC (the "**Company Law**"), the Stock Listing Rules of the Shenzhen Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of China Longyuan Power Group Corporation Limited (the "**Articles of Association**"), and the Rules of Procedures of the Supervisory Board of China Longyuan Power Group Corporation Limited (the "**Rules of Procedures of the Supervisory Board**"). In the spirit of being responsible to all Shareholders, it earnestly performed the supervisory duties of the Supervisory Board, actively carried out relevant work, attended all general meetings and Board meetings of the Company, supervised and verified the Company's operation and decision-making procedures, legal compliance of the operation, financial position and internal management, and conducted comprehensive supervision over the performance of duties by the Directors and senior management of the Company, effectively enhancing the effectiveness of supervision and providing strong protection for the Company's standardized operation and healthy development. Major work of the Supervisory Board in 2023 is reported as follows:

I. MEETINGS CONVENED BY THE SUPERVISORY BOARD

During the Reporting Period, the Supervisory Board of the Company held a total of 5 meetings and considered 18 resolutions. The convening, holding and voting procedures of the meetings were in compliance with the provisions of the Company Law, the Articles of Association and other laws, regulations and regulatory documents. The details are as follows:

The 2023 first meeting of the fifth session of the Supervisory Board was held on site on 29 March 2023, at which ten resolutions were considered and approved.

The 2023 second meeting of the fifth session of the Supervisory Board was held on site on 25 April 2023, at which one resolution was considered and approved.

The 2023 third meeting of the fifth session of the Supervisory Board was held on site on 30 June 2023, at which two resolutions were considered and approved.

The 2023 fourth meeting of the fifth session of the Supervisory Board was held both on site and by teleconference on 29 August 2023, at which four resolutions were considered and approved.

The 2023 fifth meeting of the fifth session of the Supervisory Board was held both on site and by teleconference on 26 October 2023, at which one resolution was considered and approved.

II. VERIFICATION OPINIONS OF THE SUPERVISORY BOARD ON RELATED MATTERS OF THE COMPANY IN 2023

In accordance with relevant laws and regulations such as the Company Law, the Stock Listing Rules of the Shenzhen Stock Exchange, as well as the provisions of the Articles of Association, the Supervisory Board of the Company earnestly performed the functions of the Supervisory Board from the perspective of earnestly safeguarding the interests of the Company and the shareholders, and conducted comprehensive supervision and verification on the Company's standard operation, financial conditions and the performance of duties by senior management personnel, and formed the following opinions:

1. Legal Compliance of the Company's Operation

In 2023, members of the Supervisory Board attended the Company's Board meetings and the general meetings in accordance with the law, exercised the necessary strict supervision over the decision-making procedures of the Company and the performance of duties by the Directors and senior management of the Company, and supervised important matters throughout.

The Supervisory Board is of the opinion that the decision-making procedures of the Company for the year of 2023 were in strict compliance with the Company Law, the Securities Law of the PRC and other laws and regulations and various provisions stipulated by China Securities Regulatory Commission and the Shenzhen Stock Exchange, and the Company has established a sound corporate governance structure and a strict internal control system, forming a standardized management system. In order to maintain the sustainable and healthy development of the Company and maximize the interests of

Shareholders, the Directors and senior management of the Company diligently performed their duties with devotion. During the performance of duties, there was no violation of laws, regulations, the Articles of Association or any act that damaged the interests of the Company.

2. Inspection of the Company's Financial Condition

During the Reporting Period, the Supervisory Board conducted a serious examination and supervision of the financial position of the Company in 2023. The Supervisory Board is of the opinion that the Company's financial system and internal control mechanism are sound, the financial operation is standardized, the financial position is in good condition, and the recognition and measurement of revenue, expenses and profit are true and accurate. The 2023 standard unqualified audit report issued by Mazars Certified Public Accountants LLP (中審眾環會計師事務所(特殊普通合夥)) and Ernst & Young on the Company is objective and fair and truly reflects the financial position, operation results and cash flow of the Company.

3. Supervision on the Company's Information Disclosure

During the Reporting Period, the Supervisory Board effectively urged the Board of Directors and senior management of the Company to pay attention to and make information disclosure in accordance with relevant regulations, and urged regular reports and interim reports to be disclosed in a timely and fair manner within the specified period to ensure the truthfulness, accuracy, completeness, timeliness and fairness of the disclosed information, and no untimely or correction of information disclosure occurred. The Company strictly regulated the procedures for spreading information for insider information and controlled the scope of insiders; during sensitive periods such as the disclosure of regular reports and significant matters, the Company avoided receiving investors' research, actively performed information confidentiality work, and the Company's Directors, senior management and other insiders were not engaged in inside trading, short-swing trading, etc., which maintained the openness, fairness and impartiality of the Company's information disclosure and protected the legitimate rights and interests of investors.

4. Verification on the Company's Related Transactions

During the Reporting Period, the Supervisory Board supervised the related transactions conducted in 2023 and was of the opinion that the decision-making procedures of the related transactions conducted by the Company were legal, the transaction prices were reasonable, without any prejudice to the interests of the Company and all Shareholders, especially small and medium-sized Shareholders.

5. Verification on the Fund Occupancy and Guarantee

During the Reporting Period, the Supervisory Board supervised the external guarantees of the Company in 2023. All necessary decision-making procedures were implemented to the Company's external guarantees in 2023, without guarantees provided in violation of relevant regulations or prejudice to the interests of the Shareholders, especially small and medium-sized Shareholders, and the Company's external guarantee was in compliance with the requirements of laws and regulations as well as the Company's rules and regulations. Except for the cash flow with related parties in normal operation, there was no illegal occupation of the Company's funds by related parties.

III. 2024 WORKING PLAN

In the year of 2024, the Supervisory Board of the Company will continue to perform its supervisory duties assigned by the laws, regulations and the Articles of Association with the goal of standardized management of the Company, supervising the legal operation of the Company, performing its supervisory duties on the Company's finance, internal control, external guarantees etc., and striving for the standardized operation and stable and healthy development of the Company. In the year of 2024, the Supervisory Board will focus on the following areas of work:

1. Actively participate in relevant training organized by the regulatory authorities, strengthen the learning of relevant laws and regulations, continuously improve its professional level and enhance its ability to perform its duties.

2. Strengthen the supervision of material matters such as related transactions and external guarantees of the Company, ensure that the Company implements an effective internal control system to ensure the efficiency and compliance in the use of funds, and actively prevent contingent risks.

3. Perform its duties in a diligent and faithful manner, actively participate in the Board of Directors and general meeting of the Company, pay close attention to the operation of the Company, participate in the decision-making process of major matters, urge the Company's Directors and senior management to perform their duties in a diligent and faithful manner, prevent acts that may harm the Company's interests, and earnestly safeguard the rights and interests of the Company and Shareholders.

4. Undertake both regular and ad hoc reviews of the Company's financial situation, undertake regular reviews of the financial work, listen to reports on various tasks such as production and operation, corporate management, etc., timely put forward rectification opinions and reasonable suggestions, and promote the orderly and efficient operation of the Company's business.

Chairman of the Supervisory Board
Liu Jinji

Beijing, 27 March 2024

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of China Longyuan Power Group Corporation Limited
(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Longyuan Power Group Corporation Limited (the "Company") and its subsidiaries (the "Group") set out on pages 233 to 424, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Assessing potential impairment of property, plant and equipment and intangible assets	
As at 31 December 2023, the Group had property, plant and equipment ("PPE") of RMB162,009 million and intangible assets of RMB5,139 million. Management assessed that impairment indicators for certain PPE and intangible assets existed. For those PPE and intangible assets with impairment indicators identified, management performed impairment assessment by determining the recoverable amounts of the cash-generating units ("CGUs") to which the PPE and intangible assets belong. As a result of the impairment assessment, impairment losses of RMB1,472 million for PPE and 636 million for intangible assets were recognised during the year ended 31 December 2023. Auditing management's impairment assessment of PPE and intangible assets is complex due to significant estimation and judgement involved in projections of future cash flows, including future sales volumes, future on-grid tariffs, future operating costs and discount rates applied to these forecasted future cash flows. These estimation and judgement may be significantly affected by unexpected future market or economic conditions. Related disclosures are included in Notes 2(m)、4(a)、15 and 17 to the consolidated financial statements.	We evaluated management's significant assumptions in determining the recoverable amounts of the CGUs to which the PPE and intangible assets belong. We assessed the key assumptions such as CGUs identification, future sales volumes, future on-grid tariffs and future operating costs by comparing them with the recent historical results of the related CGUs, and reviewed the related supporting documents. We also tested the accuracy in the calculation of the recoverable amounts. In addition, we also involved our internal valuation specialists to assist us in evaluating the methodology and discount rates used in the calculation of the recoverable amounts. We also assessed the adequacy of the Group's disclosures included in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ng Siu Ki Ricky.

Ernst & Young
Certified Public Accountants
Hong Kong

27 March 2024

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** ***RMB'000***	2022 (Restated) *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	8	**(3,677,815)**	(3,415,915)
		(27,157,153)	(29,165,140)
Operating profit		**11,807,345**	11,902,935
Finance income		**250,738**	306,836
Finance expenses		**(3,687,775)**	(4,106,687)
Net finance expenses	7	**(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

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 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	12	**22,604**	(31,683)
Total comprehensive income for the year		**6,890,627**	6,096,487

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 RMB'000	2022 (Restated) RMB'000
Profit attributable to:			
Equity holders of the Company			
– Shareholders		**6,200,378**	4,902,415
– Holders of other equity instruments	44	**154,901**	228,348
Non-controlling interests		**512,744**	997,407
Profit for the year		**6,868,023**	6,128,170
Total comprehensive income attributable to:			
Equity holders of the Company			
– Shareholders		**6,212,851**	4,862,319
– Holders of other equity instruments	44	**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)	13	**73.98**	58.62

The Notes on pages 245 to 424 form part of these financial statements.

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 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Non-current assets				
Property, plant and equipment	15	**162,009,189**	151,973,702	145,929,078
Investment properties		**–**	7,090	7,680
Right-of-use assets	16(a)	**5,757,038**	3,802,118	3,734,270
Intangible assets	17	**5,138,708**	6,287,691	6,905,846
Goodwill	18	**195,617**	195,617	195,617
Investments in associates and joint ventures	20	**5,994,794**	3,746,677	4,166,936
Other assets	21	**4,957,783**	4,153,194	4,736,326
Deferred tax assets	31(b)	**853,607**	540,477	296,799
Total non-current assets		**184,906,736**	170,706,566	165,972,552
Current assets				
Inventories	22	**727,196**	749,955	765,096
Trade and bills receivables	23	**35,729,786**	27,657,623	30,250,343
Prepayments and other current assets	24	**3,114,181**	3,468,318	3,663,413
Tax recoverable	31(a)	**102,234**	104,479	127,128
Other financial assets	25	**459,073**	448,539	742,494
Restricted deposits	26	**346,789**	2,137,452	262,099
Cash at banks and on hand	27	**4,529,144**	18,338,423	3,913,121
Total current assets		**45,008,403**	52,904,789	39,723,694

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 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
Current liabilities				
Borrowings	28(b)	**49,498,691**	53,279,235	42,402,672
Trade and bills payables	29	**7,249,278**	2,936,532	4,130,038
Other current liabilities	30	**13,872,794**	17,384,390	15,347,582
Lease liabilities	16(b)	**176,218**	266,882	37,325
Tax payable	31(a)	**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	28(a)	**72,780,016**	66,445,183	61,165,878
Lease liabilities	16(b)	**1,466,547**	711,384	1,286,944
Deferred income	33	**845,360**	965,503	1,103,361
Deferred tax liabilities	31(b)	**259,521**	260,699	200,835
Other non-current liabilities	34	**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

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 RMB'000 (Restated)	1 January 2022 RMB'000 (Restated)
CAPITAL AND RESERVES				
Share capital	35(c)	**8,381,963**	8,381,963	8,036,389
Treasury shares	35(d)	**(56,648)**	–	–
Other equity instruments	44	**2,022,877**	5,056,400	6,061,652
Reserves	35(e)	**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

Approved and authorised for issue by the board of directors on 27 March 2024.

Tang Jian
Chairman

Gong Yu Fei
Executive Director

The Notes on pages 245 to 424 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

	Attributable to the equity holders of the Company											
	Share capital *RMB'000*	Treasury shares *RMB'000* *(Note 35 (d))*	Other equity instruments *RMB'000* *(Note 44)*	Capital reserve *RMB'000* *(Note 35 (e) (i))*	Statutory surplus reserve *RMB'000* *(Note 35 (e) (ii))*	Special reserve *RMB'000* *(Note 35 (e) (v))*	Exchange reserve *RMB'000* *(Note 35 (e) (iii))*	Fair value reserve *RMB'000* *(Note 35 (e) (iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 31 December 2022 (As previously reported)	8,381,963	–	5,056,400	14,958,211	2,822,761	19,667	(416,992)	(51,692)	37,677,310	68,447,628	11,295,641	79,743,269
Effect of amendments to IAS 12 *(Notes3(a))*	–	–	–	–	–	–	–	–	(1,035)	(1,035)	76	(959)
Business combination under common control **	–	–	–	–	–	–	–	–	–	–	52,800	52,800
At 1 January 2023 (Restated)	8,381,963	–	5,056,400	14,958,211	2,822,761	19,667	(416,992)	(51,692)	37,676,275	68,446,593	11,348,517	79,795,110
Changes in equity:												
Profit for the year	–	–	154,901	–	–	–	–	–	6,200,378	6,355,279	512,744	6,868,023
Other comprehensive income/(loss)	–	–	–	–	–	–	14,138	(1,665)	–	12,473	10,131	22,604
Total comprehensive income/(loss)	–	–	154,901	–	–	–	14,138	(1,665)	6,200,378	6,367,752	522,875	6,890,627
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	–	231,545	231,545
Redemption of other equity instruments	–	–	(2,992,024)	(7,976)	–	–	–	–	–	(3,000,000)	–	(3,000,000)
Appropriation	–	–	–	–	555,098	–	–	–	(555,098)	–	–	–
Dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(664,562)	(664,562)
Dividends to shareholders of the Company *(Note35(b))*	–	–	–	–	–	–	–	–	(981,528)	(981,528)	–	(981,528)
Distributions to holders of other equity instruments *(Note44)*	–	–	(196,400)	–	–	–	–	–	–	(196,400)	–	(196,400)
Transfer of fair value reserve upon the disposal of equity investment at fair value through other comprehensive income	–	–	–	–	–	–	–	(6,143)	6,143	–	–	–
Acquisition of non-controlling interests***	–	–	–	760	–	–	–	–	–	760	(13,310)	(12,550)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	20,616	20,616
Repurchase of own shares *(Note35(d))*	–	(56,648)	–	(134)	–	–	–	–	–	(56,782)	–	(56,782)
Safety Production Expenditures	–	–	–	–	–	95,246	–	–	(95,246)	–	–	–
Share of other change of reserves of associates and joint ventures	–	–	–	2,357	–	–	–	–	(2,357)	–	–	–
At 31 December 2023	8,381,963	(56,648)	2,022,877	14,953,218*	3,377,859*	114,913*	(402,854)*	(59,500)*	42,248,567*	70,580,395	11,445,681	82,026,076

* These reserve accounts comprise the consolidated reserves of RMB60,232,203,000 (2022: RMB55,008,230,000 (restated)) in the consolidated statement of financial position.

** In July 2023, Heilongjiang Longyuan New Energy Development Company Limited, a wholly-owned subsidiary of the Company, obtained the control of Guoneng Tonghe County New Energy Co., Ltd through the concert agreement and the acquisition was considered as a business combination under common control.

*** On 28 December 2023, Guangxi Guoneng Energy Development Co., Ltd ("Guangxi Guoneng"), a subsidiary of the Company, entered into the equity transfer agreements with Beijing Youneng Bochang New Energy Technology Co., Ltd ("Youneng Bochang"). According to the equity transfer agreements, Guangxi Guoneng acquired 3% equity interests which were previously hold by Youneng Bochang in Guodian Youneng Gongcheng Wind Power Co., Ltd ("Youneng Gongcheng") and Guodian Youneng Quanzhou Wind Power Co., Ltd. ("Youneng Quanzhou") respectively. The total consideration is RMB12,549,577. The acquisition was completed on 28 December 2023, upon which, Youneng Gongcheng and Youneng Quanzhou became wholly-owned subsidiaries of Guangxi Guoneng.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022 (Expressed in thousands of Renminbi unless otherwise stated)

	Attributable to the equity holders of the Company										
	Share capital *RMB'000*	Other equity instruments *RMB'000* *(Note 44)*	Capital reserve *RMB'000* *(Note 35 (e) (i))*	Statutory surplus reserve *RMB'000* *(Note 35 (e) (ii))*	Special reserve *RMB'000* *(Note 35 (e) (v))*	Exchange reserve *RMB'000* *(Note 35 (e) (iii))*	Fair value reserve *RMB'000* *(Note 35 (e) (iv))*	Retained earnings *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2022 (As previously reported)	8,036,389	6,061,652	17,568,059	2,637,321	–	(254,319)	(71,692)	34,110,645	68,088,055	9,936,124	78,024,179
Effect of amendments to IAS 12 *(Notes3(a))*	–	–	–	–	–	–	–	4	4	105	109
At 1 January 2022 (Restated)	8,036,389	6,061,652	17,568,059	2,637,321	–	(254,319)	(71,692)	34,110,649	68,088,059	9,936,229	78,024,288
Changes in equity:											
Profit for the year	–	228,348	–	–	–	–	–	4,902,415	5,130,763	997,407	6,128,170
Other comprehensive (loss)/ income	–	–	–	–	–	(162,673)	122,577	–	(40,096)	8,413	(31,683)
Total comprehensive income/(loss)	–	228,348	–	–	–	(162,673)	122,577	4,902,415	5,090,667	1,005,820	6,096,487
Issue of shares *(Note35(c))*	345,574	–	3,057,211	–	–	–	–	–	3,402,785	–	3,402,785
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	–	–	844,082	844,082
Redemption of other equity instruments	–	(998,200)	(1,800)	–	–	–	–	–	(1,000,000)	–	(1,000,000)
Appropriation	–	–	–	185,440	–	–	–	(185,440)	–	–	–
Dividends by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	(432,024)	(432,024)
Dividends to shareholders of the Company *(Note35(b))*	–	–	–	–	–	–	–	(1,232,149)	(1,232,149)	–	(1,232,149)
Distribution to holders of other equity instruments *(Note44)*	–	(235,400)	–	–	–	–	–	–	(235,400)	–	(235,400)
Business combination under common control *(Note41)*	–	–	(5,744,114)	–	–	–	–	–	(5,744,114)	–	(5,744,114)
Transfer of fair value reserve upon the disposal of equity investment at fair value through other comprehensive income	–	–	–	–	–	–	(102,577)	102,577	–	–	–
Acquisition of non-controlling interests	–	–	144	–	–	–	–	–	144	(7,700)	(7,556)
Safety Production Expenditures	–	–	–	–	19,667	–	–	(21,777)	(2,110)	2,110	–
Profit compensation	–	–	108,711	–	–	–	–	–	108,711	–	108,711
At 31 December 2022	8,381,963	5,056,400	14,958,211*	2,822,761*	19,667*	(416,992)*	(51,692)*	37,676,275*	68,446,593	11,348,517	79,795,110

The Notes on pages 245 to 424 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2023 RMB'000	2022 (Restated) RMB'000
Cash flows from operating activities			
Profit before taxation		**8,397,812**	7,683,712
Adjustments for:			
Depreciation		**10,186,788**	9,650,787
Amortisation		**597,184**	609,167
Provision of impairment losses on property, plant and equipment and intangible assets	8	**2,110,168**	2,044,675
Gains on disposal of property, plant and equipment, right-of-use assets and intangible assets	6	**(22,443)**	(1,732)
Loss on disposal of subsidiaries	6	**28,596**	–
Gain on acquisition of subsidiaries		**–**	(2,210)
Interest expenses on financial liabilities		**3,357,436**	3,451,833
Interest expenses on lease liabilities		**48,854**	50,846
Recognition of provision for loss allowance of receivables		**75,582**	(7,770)
Recognition of provision for inventory obsolescence		**1,105**	8,094
Net foreign exchange losses		**173,197**	422,182
Net unrealised losses/(gains) on derivative financial instruments		**2,701**	(104,518)
Interest income on financial assets		**(38,905)**	(59,898)
Dividend income		**(11,913)**	(12,317)
Share of profits less losses of associates and joint ventures		**(27,504)**	419,372
Deferred income		**(120,143)**	(139,982)
Changes in fair value of listed equity securities designated at fair value through profit or loss		**48,567**	108,086

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2023 RMB'000	2022 (Restated) RMB'000
Changes in working capital:			
Decrease in inventories		**20,471**	7,047
(Increase)/decrease in trade and bills receivables		**(8,140,894)**	2,603,493
Decrease in prepayments, restricted deposits and other current assets		**1,988,536**	1,989,449
(Decrease)/increase in trade and bills payables and other current liabilities		**(3,003,929)**	2,417,522
Cash generated from operations		**15,671,266**	31,137,838
Income tax paid	31	**(1,786,808)**	(1,569,659)
Net cash generated from operating activities		**13,884,458**	29,568,179

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2023 RMB'000	2022 (Restated) RMB'000
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment and intangible assets		**(21,111,976)**	(22,470,246)
Payments for acquisition of investments in associates and joint ventures, and equity investments		**(2,357,136)**	(223,149)
Proceeds from receivable deposits for aborted planned acquisitions		**42,000**	640,000
Decrease/(increase) in restricted deposits		**1,810,631**	(1,810,631)
Proceeds from disposal of property, plant, equipment, right-of-use assets and intangible assets		**1,005**	18,721
Payments from disposal of subsidiaries, net of cash disposed of		**(7,051)**	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**23,559**	621,343
Repayments of loans and advances		**2,008**	126,991
Dividends received		**177,939**	379,543
Interest received		**38,905**	43,953
Purchase of short-term investments, net		**(53,800)**	206,700
Acquisition of subsidiaries		**–**	3,357,692
Net cash used in investing activities		**(21,433,916)**	(19,109,083)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

	Notes	2023 RMB'000	2022 (Restated) RMB'000
Cash flows from financing activities			
Capital contributions		**231,545**	844,082
Proceeds from borrowings		**149,993,080**	169,622,783
Repayment of borrowings		**(147,523,139)**	(153,802,198)
Dividends paid by subsidiaries to non-controlling equity owners		**(723,711)**	(432,788)
Dividends paid to shareholders of the Company		**(981,528)**	(1,232,149)
Redemption of other equity instruments		**(3,000,000)**	(1,000,000)
Interest paid for borrowing		**(3,475,767)**	(3,533,385)
Distributions to holders of other equity instruments		**(196,400)**	(235,400)
Lease payments		**(628,451)**	(471,945)
Business combination under common control		**–**	(5,774,114)
Acquisition of non-controlling interests		**(12,550)**	(7,556)
Repurchase of own shares		**(56,782)**	–
Proceeds from performance compensation		**108,711**	–
Net cash (used in)/generated from financing activities		**(6,264,992)**	3,977,330
Net (decrease)/increase in cash and cash equivalents		**(13,814,450)**	14,436,426
Cash and cash equivalents at the beginning of year		**18,338,423**	3,913,121
Effect of foreign exchange rate changes		**5,171**	(11,124)
Cash and cash equivalents at the end of year	27	**4,529,144**	18,338,423

The Notes on pages 245 to 424 form part of these financial statements.

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 photovoltaic ("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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

Basis of consolidation (Continued)

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 (see Note 36(c)).

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.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(c) Functional and presentation currency

The financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the Group's presentation currency and the functional currency of the Company and its major subsidiaries.

(d) Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in an associate and a joint venture are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

(e) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(f) Business combination for entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that control the Group are accounted for as if the acquisition had occurred at the beginning of the year or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's shareholders' consolidated financial statements.

Upon transfer of interest in an entity to another entity that is under the control of the shareholders that control the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. After initial recognition, the Group chooses the cost model to measure all of its investment properties.

Depreciation is calculated to write off the cost less residual value if applicable, using the straight-line method over the estimated useful lives of 40 years. Rental income from investment properties is accounted for as described in Note 2(y).

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and in the year of the retirement or disposal.

(h) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment and depreciation (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

	Depreciation period
– Buildings and structures	10–50 years
– Wind turbines & PV equipment	20 years
– Other generators and related equipment	10–35 years
– Motor vehicles	8–10 years
– Furniture, fixtures and others	5–10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(i) Intangible assets (other than goodwill)

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses (see Note 2(m)).

Other intangible assets that are acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Concession assets	20–25 years
–	Power sales rights	20 years
–	Software and others	5-10 years

Both the period and method of amortisation are reviewed annually.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

(k) Leases

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

(i) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

(i) Group as a lessee (Continued)

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

–	Land	20–50 years
–	Buildings and structures	2–8 years
–	Generators and related equipment	5–20 years
–	Motor vehicles	2–3 years
–	Sea-use rights	24–29 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

(i) Group as a lessee (Continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(k) Leases (Continued)

(i) Group as a lessee (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

(ii) Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(I) Fair value measurement

The Group measures its certain trade and bills receivables, unquoted equity investment in non-listed companies, equity investment in listed companies, other financial assets, and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(l) Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(m) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Impairment of non-financial assets (Continued)

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

(n) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for section 2(y) "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as financial income in the statement of profit or loss when the right of payment has been established.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below:

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2 MATERIAL ACCOUNTING POLICIES (Continued)

(p) Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(q) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, lease liabilities, trade and bills payables and financial liabilities included in other liabilities.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Subsequent measurement (Continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement (Continued)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.

- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(q) Financial liabilities (Continued)

Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges (Continued)

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(s) Inventories

Inventories excluding spare parts are carried at the lower of cost and net realisable value. Spare parts are stated in the statement of financial position at cost less provision for obsolescence.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(t) Perpetual securities

Perpetual securities are classified as equity if it is non-redeemable, or redeemable only at the issuer's option, and any interest and distributions are discretionary. Interest and distributions on perpetual securities classified as equity are recognised as distributions within equity.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Perpetual securities (Continued)

Perpetual securities are classified as a liability if it is redeemable on a specific date or at the option of the holder of the note, or if any interest payments are not discretionary. The liability is recognised in accordance with the Group's policy for interest-bearing borrowings set out in note 2(q) and, accordingly, interests thereon are recognised on an accrual basis in profit or loss as part of finance expenses.

(u) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(v) Employee benefits

(i) Short term employee benefits and defined contribution retirement plans

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(v) Employee benefits (Continued)

(i) Short term employee benefits and defined contribution retirement plans (Continued)

In connection with pension obligations, the Group operates various defined contribution plans in accordance with the local conditions and practices in the countries and provinces in which it operate. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate publicly administered pension insurance plan on mandatory and voluntary bases. The contributions are recognised as employee benefits when incurred.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(w) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(w) Income tax (Continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(x) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Provisions (Continued)

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

(y) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(y) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(i) Sale of electricity, steam and goods (including coal trading)

Revenue from the sale of electricity, steam and goods is recognised at the point in time when control of the asset is transferred to the customer, generally when electricity is supplied to the provincial grid companies or on delivery of the goods.

(ii) 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, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. 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.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(y) Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(ii) Service concession construction revenue (Continued)

Revenue from the operation under a service concession construction contract is recognised at the point in time as described in Note 2 (y) (i) Sale of electricity, steam and goods (including coal trading).

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(z) Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(ab) Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

(ac) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(ac) Government grants (Continued)

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(ad) Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(ad) Foreign currencies (Continued)

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(ad) Foreign currencies (Continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

(ae) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(af) Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the Notes 35(b) to the financial statements.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(ag) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(ah) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or the Group's parent.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(ah) Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) The entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) The entity is controlled or jointly controlled by a person identified in Note (a);

(vii) A person identified in Note (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) 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.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(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.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

(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.

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

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

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
Exchange reserve	**22**	–	–
Equity attributable to equity holders of the Company	**(1,426)**	(1,035)	4
Non-controlling interests	**(834)**	76	105
Total equity	**(2,260)**	(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.

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

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

Impact on the consolidated statements of financial position:

	Increase/(decrease) For the year ended 31 December 2023 *RMB'000*	2022 *RMB'000*
Income tax expense	**1,323**	1,068
Profit for the year	**(1,323)**	(1,068)
Profit attributable to:		
Equity holders of the Company	**(413)**	(1,039)
Non-controlling interests	**(910)**	(29)
	(1,323)	(1,068)
Total comprehensive income for the year	**(1,323)**	(1,068)
Total comprehensive income attributable to:		
Equity holders of the Company	**(413)**	(1,039)
Non-controlling interests	**(910)**	(29)
	(1,323)	(1,068)

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) Changes in accounting policies and disclosures (Continued)

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

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.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")* [1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")* [1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements* [1]
Amendments to IAS 21	*Lack of Exchangeability* [2]

[1] Effective for annual periods beginning on or after 1 January 2024

[2] Effective for annual periods beginning on or after 1 January 2025

[3] No mandatory effective date yet determined but available for adoption

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (Continued)

(i) Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The mandatory effective date for these amendments is not yet determined but early adoption is permitted. The Group is currently assessing the impact that the amendments will have on current practice.

(ii) Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (Continued)

(iii) Amendments to IAS 1 the 2020 Amendments and 2022 Amendments

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted.

An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group’s consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Issued but not yet effective International Financial Reporting Standards (Continued)

(iv) Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The Group is currently assessing the impact of the amendments. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's consolidated financial statements.

(v) Amendments to IAS 21 Lack of Exchangeability

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The Group is currently assessing the impact that the amendments will have on current practice.

4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Impairment losses on non-current assets

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, investment properties, right-of-use assets, intangible assets, goodwill and investments in associates and joint ventures, the recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use for each smallest identifiable group of assets that generate independent cash flows ("CGU"), expected cash flows generated by each CGU are discounted to their present value, which requires significant judgement relating to items such as future sales volumes, future on-grid tariffs, future operating costs and the discount rates applied. The Group uses all readily available information in determining an amount that is the reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as future sales volumes, future on-grid tariffs, future operating costs and the discount rates applied

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

5 REVENUE

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

	2023 *RMB'000*	2022 *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

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5 REVENUE (Continued)

(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 2023 (Expressed in thousands of Renminbi unless otherwise stated)

5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued)

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

5 REVENUE (Continued)

(i) Disaggregated revenue information (Continued)

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.

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5 REVENUE (Continued)

(ii) Performance obligations (Continued)

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.

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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

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

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%).

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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

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8 PROFIT BEFORE TAXATION (Continued)

(b) Other items (Continued)

	2023 RMB'000	2022 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".

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

8 PROFIT BEFORE TAXATION (Continued)

(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

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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 *RMB'000*	2022 (Restated) *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 *(Note 31(b))*	(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.

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

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

Notes: (Continued)

(i) 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%.

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

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

(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

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments disclosed pursuant to the Listing Rules section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2023:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*
Directors				
Mr. Tang Jian *(Chairman)*	–	481	1,554	157
Mr. Gong Yufei (Appointed in June 2023)	–	451	1,478	147
Mr. Tian Shaolin (Resigned in October 2023)	–	–	–	–
Mr. Tang Chaoxiong	–	–	–	–
Mr. Wang Yiguo (Resigned in February 2024)	–	–	–	–
Mr. Ma Bingyan	–	–	–	–
Independent non-executive Directors				
Mr. Michael Ngai Ming Tak	143	–	–	–
Mr. Gao Debu	143	–	–	–
Ms. Zhao Feng	143	–	–	–
Supervisors				
Mr. Liu Jinji (Appointed in August 2023)	–	–	–	–
Ms. Hao Jingru	–	–	–	–
Ms. Wu Jinmei	–	302	821	140
Mr. Shao Junjie (Resigned in August 2023)	–	–	–	–
	429	1,234	3,853	444

The total emoluments of directors Mr. Tang Jian, Mr. Gong Yufei, and supervisor Ms. Wu Jinmei in the year of 2023 was approximately RMB2.19 million, RMB2.08 million, and RMB1.26 million respectively. The total emoluments of independent non-executive directors Mr. Michael Ngai Ming Tak, Mr. Gao Debu, and Ms. Zhao Feng in the year of 2023 was approximately RMB0.14 million each.

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

For the year ended 31 December 2022:

	Directors' and supervisors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*
Directors				
Mr. Li Zhongjun (Resigned in July 2022)	–	261	581	85
Mr. Tang Jian *(Chairman)* (Appointed in December 2022)	–	459	840	148
Mr. Liu Jinhuan (Resigned in March 2022)	–	–	–	–
Mr. Tian Shaolin	–	–	–	–
Mr. Tang Chaoxiong	–	–	–	–
Mr. Wang Yiguo (Appointed in January 2022)	–	–	–	–
Mr. Ma Bingyan (Appointed in April 2022)	–	–	–	–
Independent non-executive directors				
Mr. Michael Ngai Ming Tak	143	–	–	–
Mr. Gao Debu	143	–	–	–
Ms. Zhao Feng	143	–	–	–
Supervisors				
Mr. Shao Junjie	–	–	–	–
Ms. Hao Jingru	–	–	–	–
Ms. Wu Jinmei	–	330	626	121
	429	1,050	2,047	354

The total emoluments of directors Mr. Li Zhongjun, Mr. Tang Jian and supervisor Ms. Wu Jinmei in the year of 2022 was approximately RMB0.93 million, RMB1.45 million, and RMB1.08 million respectively. The total emoluments of independent non-executive directors Mr. Michael Ngai Ming Tak, Mr. Gao Debu, and Ms. Zhao Feng in the year of 2022 was approximately RMB0.14 million each.

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10 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

During the year, no emolument was paid to the directors or the supervisors as an inducement to join or upon joining the Company or as compensation for loss of office (2022: nil).

No director or supervisor had waived or agreed to waive any emoluments during the years 2023 and 2022.

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The numbers of directors and non-directors included in the five highest paid individuals for the years ended 31 December 2023 and 2022 are set forth below:

	2023	2022
Directors	**2**	1
Non-directors	**3**	4
	5	5

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11 INDIVIDUALS WITH HIGHEST EMOLUMENTS (Continued)

The emoluments of the directors are disclosed in Note 10. The emoluments of the highest paid non-director individuals are as follows:

	2023	2022
	RMB'000	*RMB'000*
Salaries and other emoluments	**845**	1,005
Discretionary bonuses	**3,364**	3,565
Retirement scheme contributions	**621**	470
	4,830	5,040

The emoluments of the non-director individuals with the highest emoluments are within the following bands:

	2023	2022
HKD1,000,000 to HKD1,500,000	**0**	3
HKD1,500,001 to HKD2,000,000	**3**	1

During the year, no emolument was paid to the five highest paid employees as an inducement to join or upon joining the Company or as compensation for loss of office (2022: nil).

No five highest paid employees had waived or agreed to waive any emoluments during the years 2023 and 2022.

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12 OTHER COMPREHENSIVE INCOME

	2023	2022
	RMB'000	*RMB'000*
Other comprehensive income that will not be reclassified to profit 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) for the year, net of tax	**22,604**	(31,683)

13 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).

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

14 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.

14 SEGMENT REPORTING (Continued)

(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.

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

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

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2023: (Continued)

	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

14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2023: (Continued)

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 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); (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).

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2022:

	Wind power (Restated) RMB'000	Coal power RMB'000	PV power RMB'000	All others RMB'000	Total (Restated) 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
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

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14 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

For the year ended 31 December 2022: (Continued)

	Wind power (Restated) *RMB'000*	Coal power *RMB'000*	PV power *RMB'000*	All others *RMB'000*	Total (Restated) *RMB'000*
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

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14 SEGMENT REPORTING (Continued)

(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 (profit)/losses	**(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

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14 SEGMENT REPORTING (Continued)

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

	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

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14 SEGMENT REPORTING (Continued)

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

	2023	2022 (Restated)
	RMB'000	*RMB'000*
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

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14 SEGMENT REPORTING (Continued)

(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.

(i) 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
	RMB'000	*RMB'000*
		(Restated)
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.

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15 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2022	17,557,669	176,037,231	296,702	1,670,306	21,773,818	217,335,726
Additions (Restated)	24,252	8,804	13,138	145,755	17,201,641	17,393,590
Transfer from construction in progress	901,342	18,193,067	970	291,703	(19,387,082)	–
Disposals	(11,830)	(46,375)	(3,833)	(76,196)	(6,882)	(145,116)
Disposal of subsidiaries	–	–	–	(415)	(71,422)	(71,837)
Acquisition of a subsidiary	–	44,947	–	–	–	44,947
Reclassification	88,454	(705,515)	56,050	561,011	–	–
Reclassification between assets	(4,383)	260,799	–	–	(54,318)	202,098
Exchange adjustments	69,722	(132,865)	11	3,096	(96,533)	(156,569)
At 31 December 2022 (Restated)	18,625,226	193,660,093	363,038	2,595,260	19,359,222	234,602,839
At 1 January 2023	**18,625,226**	**193,660,093**	**363,038**	**2,595,260**	**19,359,222**	**234,602,839**
Additions	**2,765**	**944,280**	**8,809**	**108,041**	**20,474,381**	**21,538,276**
Transfer from construction in progress	**512,030**	**15,586,205**	**–**	**243,947**	**(16,342,182)**	**–**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**(7,851)**	**(7,851)**
Disposals	**(2,780)**	**(56,600)**	**(8,962)**	**(42,442)**	**(7,793)**	**(118,577)**
Disposal of subsidiaries *(Note 42)*	**(77,429)**	**(71,613)**	**–**	**–**	**(102,565)**	**(251,607)**
Reclassification	**145,755**	**(145,755)**	**–**	**–**	**–**	**–**
Reclassification between assets	**(5,200)**	**150,581**	**–**	**738**	**(117,197)**	**28,922**
Exchange adjustments	**325**	**(66,932)**	**19**	**7,130**	**(8,439)**	**(67,897)**
At 31 December 2023	**19,200,692**	**210,000,259**	**362,904**	**2,912,674**	**23,247,576**	**255,724,105**

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15 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings and structures	Generators and related equipment	Motor vehicles	Furniture, fixtures and others	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation and impairment losses:						
At 1 January 2022	6,034,145	63,155,444	272,332	1,239,993	704,734	71,406,648
Depreciation (Restated)	481,473	8,673,620	5,130	353,005	–	9,513,228
Impairment *(Note (ii))*	16,346	1,376,571	–	293	547,592	1,940,802
Write-back on disposal	(9,150)	(31,799)	(3,707)	(61,313)	(6,882)	(112,851)
Disposal of subsidiaries	–	–	–	(415)	(71,422)	(71,837)
Reclassification	(2,118)	(319,410)	42,494	279,034	–	–
Reclassification between assets	1,001	(9,015)	–	–	(3,637)	(11,651)
Exchange adjustments	49,992	(64,025)	13	444	(21,626)	(35,202)
At 31 December 2022 (Restated)	6,571,689	72,781,386	316,262	1,811,041	1,148,759	82,629,137
At 1 January 2023	**6,571,689**	**72,781,386**	**316,262**	**1,811,041**	**1,148,759**	**82,629,137**
Depreciation	**484,762**	**9,097,559**	**8,420**	**377,116**	**–**	**9,967,857**
Impairment *(Note (ii))*	**12,409**	**1,182,068**	**–**	**–**	**277,080**	**1,471,557**
Write-back on disposal	**(312)**	**(47,464)**	**(8,782)**	**(38,929)**	**(6,418)**	**(101,905)**
Disposal of subsidiaries *(Note 42)*	**(77,429)**	**(71,613)**	**–**	**–**	**(102,565)**	**(251,607)**
Reclassification	**52,381**	**(52,381)**	**–**	**–**	**–**	**–**
Reclassification between assets	**(2,204)**	**11,878**	**–**	**261**	**–**	**9,935**
Exchange adjustments	**219**	**(11,186)**	**5**	**3,705**	**(2,801)**	**(10,058)**
At 31 December 2023	**7,041,515**	**82,890,247**	**315,905**	**2,153,194**	**1,314,055**	**93,714,916**
Net carrying amount:						
At 31 December 2022 (Restated)	12,053,537	120,878,707	46,776	784,219	18,210,463	151,973,702
At 31 December 2023	**12,159,177**	**127,110,012**	**46,999**	**759,480**	**21,933,521**	**162,009,189**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(i) Certain of the Group's interest-bearing bank borrowings and bonds were secured by the Group's equipment, which had an aggregate net book value of RMB3,586,436,337 as at 31 December 2023 (31 December 2022: RMB3,846,970,373).

(ii) Provision of impairment losses

For the year ended 31 December 2023, the wind power segment, the PV segment and the other segment of the Group recognized impairment losses for property, plant and equipment ("PPE"), intangible assets and right-of-use assets of RMB2,110,168,000 (2022: RMB2,044,657,000). The impairment losses included the impairment of individual assets and impairment for CGUs, which are included in "Other operating expenses".

– Impairment for individual assets

For the year ended 31 December 2023, certain PPE and construction in progress in the wind power segment, the PV power segment and other segment were in long-term delay of construction progress or suspended due to various factors. The Group impaired those assets and recognised an impairment loss of RMB278,301,000 (2022: RMB561,136,000), RMB1,383,000 (2022: none) and RMB13,120,000 (2022: RMB2,164,000) respectively.

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(ii) Provision of impairment losses (Continued)

– Impairment for CGUs

When any indicators of impairment are identified, PPE or intangible assets are reviewed for impairment based on each CGU. The CGU is an individual plant or individual entity. The carrying values of these individual plants or entities were compared to the recoverable amounts of the CGUs.

(a) For the year ended 31 December 2023, certain wind farms of the Group carried out the special programme of replacing smaller units of wind turbines with larger ones, the generators and related equipment of these wind farms will be demolished in the near future and would no longer be used, the recoverable amount of these CGUs is lower than their carrying amount. The Group estimated the recoverable amount of these CGUs based on value-in-use, which is calculated using future cash flows and discounted at an appropriate discount rate. Based on management's assessment, the recoverable amount of these CGUs as at 31 December 2023 was RMB1,058,265,000, an impairment loss of RMB1,506,590,000 was recognized, of which RMB867,979,000 was included in impairment loss of PPE, RMB636,125,000 was included in impairment loss of intangible assets and RMB2,486,000 was included in right-of-use assets.

(b) For the year ended 31 December 2023, some projects of certain subsidiaries in wind power segment of the Group had operating losses or a declince in the expectation of profitability which showed indications of impairment of the related PPE. The Group estimated the recoverable amount of these CGUs based on value-in-use, which was calculated using future cash flows and discounted at an appropriate discount rate. Based on management's assessment, the recoverable amount of the CUGs as at 31 December 2023 was RMB689,433,000, and an impairment loss of RMB310,772,000 was recognized for PPE.

The principal assumptions used in assessing the recoverable amount of the CUGs are as follows:

– The main factor affecting the future sales volumes of electricity is the power generation hours, which was forecasted with reference to the historical periods and the budget for the forecast period.

– The future on-grid tariffs was forecasted based on the relevant national policies and regional power trading policies combined with the historical average tariffs.

– The future operating costs mainly include repair and maintenance costs, personnel costs and other operating expenses, which are forecasted based on operating costs and budgets for the historical period.

– The pre-tax discount rate used is 7.10% to 10.67%.

– The long-term growth rate was not used in the cash flow forecasts.

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16 LEASES

The Group as a lessee

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land	Buildings and structures	Generators and related equipment	Motor vehicles	Sea-use rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	2,566,762	46,084	711,139	1,694	408,591	3,734,270
Additions	383,250	30,207	5,786	3,793	3,204	426,240
Depreciation charge	(85,571)	(30,540)	(7,392)	(1,364)	(16,762)	(141,629)
Disposals	–	(4,317)	–	–	–	(4,317)
Reclassification between assets	51,006	1	(263,995)	(131)	–	(213,119)
Exchange adjustments	597	53	–	23	–	673
As at 31 December 2022	2,916,044	41,488	445,538	4,015	395,033	3,802,118
As at 1 January 2023	**2,916,044**	**41,488**	**445,538**	**4,015**	**395,033**	**3,802,118**
Additions	**1,781,979**	**132,365**	**230,175**	**4,260**	**121,224**	**2,270,003**
Depreciation charge	**(203,917)**	**(33,520)**	**(23,603)**	**(5,202)**	**(19,993)**	**(286,235)**
Impairment *(Note 15 (ii))*	**–**	**–**	**–**	**–**	**(2,486)**	**(2,486)**
Disposals	**(173)**	**(5,268)**	**(8,685)**	**–**	**–**	**(14,126)**
Disposal of a subsidiary *(Note 42)*	**(1,487)**	**–**	**–**	**–**	**–**	**(1,487)**
Reclassification between assets	**188,158**	**219**	**(201,182)**	**–**	**–**	**(12,805)**
Exchange adjustments	**2,186**	**(105)**	**–**	**(25)**	**–**	**2,056**
As at 31 December 2023	**4,682,790**	**135,179**	**442,243**	**3,048**	**493,778**	**5,757,038**

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16 LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023	2022
	RMB'000	*RMB'000*
Carrying amount at 1 January	**978,266**	1,324,269
Additions	**1,218,203**	74,782
Accretion of interest recognised during the year	**73,172**	52,747
Disposal	**(223)**	–
Payments	**(628,451)**	(471,945)
Exchange adjustments	**1,798**	(1,587)
Cost and carrying amount as at 31 December	**1,642,765**	978,266
Analysed into:		
Current portion	**176,218**	266,882
Non-current portion	**1,466,547**	711,384

As at 31 December 2023, part of the lease liabilities amounting to RMB347,438,000 (2022: RMB330,196,000) was derived from leases from the related parties under China Energy.

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16 LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities (Continued)

The amounts recognised in profit or loss in relation to leases are as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**48,854**	50,846
Depreciation charge of right-of-use assets	**221,244**	139,543
Expense relating to short-term leases and lease of low-value assets	**108,126**	77,692
Variable lease payments not included in the measurement of lease liabilities	**10,784**	6,858
Total amounts recognised in profit or loss	**389,008**	274,939

(c) Variable lease payments

The Group has lease contracts for land that contain variable payments based on the Group's revenue generated from the sale of electricity. These terms are negotiated by management for certain land where the wind turbines are located. Management's objective is to align the lease expense with the revenue of the sale of electricity. The amount of variable lease payments recognised in profit or loss for the current year for these leases was RMB10,784,000 (2022: RMB6,858,000).

(d) The total cash outflow for leases is disclosed in Note 43 to the financial statements.

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17 INTANGIBLE ASSETS

	Concession assets *RMB'000*	Power sales rights *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2022	11,803,430	538,458	220,246	12,562,134
Additions	65,170	–	29,038	94,208
Disposal	–	–	(423)	(423)
Disposal of subsidiaries	–	–	(171)	(171)
Reclassification between assets	–	–	(630)	(630)
Exchange adjustments	–	7,211	22	7,233
At 31 December 2022	11,868,600	545,669	248,082	12,662,351
At 1 January 2023	**11,868,600**	**545,669**	**248,082**	**12,662,351**
Additions	**60,223**	**–**	**27,214**	**87,437**
Disposal	**–**	**–**	**(103)**	**(103)**
Disposal of a subsidiary *(Note 42)*	**–**	**–**	**(317)**	**(317)**
Reclassification between assets	**–**	**–**	**300**	**300**
Exchange adjustments	**–**	**5,135**	**11**	**5,146**
At 31 December 2023	**11,928,823**	**550,804**	**275,187**	**12,754,814**

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17 INTANGIBLE ASSETS (Continued)

	Concession assets *RMB'000*	Power sales rights *RMB'000*	Software and others *RMB'000*	Total *RMB'000*
Accumulated amortization and Impairment losses:				
At 1 January 2022	5,475,597	69,660	111,031	5,656,288
Amortization	571,217	32,205	11,316	614,738
Impairment losses	–	103,603	270	103,873
Disposal	–	–	(238)	(238)
Disposal of a subsidiary	–	–	(171)	(171)
Exchange adjustments	–	164	6	170
At 31 December 2022	6,046,814	205,632	122,214	6,374,660
At 1 January 2023	**6,046,814**	**205,632**	**122,214**	**6,374,660**
Amortization	**569,007**	**28,566**	**12,439**	**610,012**
Impairment losses *(Note 15 (ii))*	**635,864**	**–**	**261**	**636,125**
Disposal	**–**	**–**	**(103)**	**(103)**
Disposal of a subsidiary *(Note 42)*	**–**	**–**	**(317)**	**(317)**
Reclassification between assets	**–**	**–**	**26**	**26**
Exchange adjustments	**–**	**(4,309)**	**12**	**(4,297)**
At 31 December 2023	**7,251,685**	**229,889**	**134,532**	**7,616,106**
Net Carrying amount:				
At 31 December 2022	5,821,786	340,037	125,868	6,287,691
At 31 December 2023	**4,677,138**	**320,915**	**140,655**	**5,138,708**

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18 GOODWILL

	2023	2022
	RMB'000	*RMB'000*
Cost	**195,617**	213,521
Accumulated impairment losses	**–**	(17,904)
Cost and carrying amount as at 31 December	**195,617**	195,617

Impairment tests for CGUs containing goodwill:

Goodwill is allocated to the Group's CGUs identified according to operating segment as follows:

	2023	2022
	RMB'000	*RMB'000*
Wind power	**145,668**	145,668
Coal power	**49,949**	49,949
Cost and carrying amount as at 31 December	**195,617**	195,617

Goodwill of the wind power segment in the Group arose from the acquisition of Buerjin Tianrun Wind Power Co., Ltd. ("Buerjin Tianrun"), Fuxin Julonghu Wind Power Generation Co., Ltd. ("Fuxin Julonghu"), Fuxin Huashun Wind Power Generation Co., Ltd. ("Fuxin Huashun"), Ji'an Changchuan Hydropower Generation Co., Ltd. ("Ji'an Changchuan"). On 15 January 2021, the Company entered into the Agreement on Purchase of Assets through Cash Payment with CHN Energy Northeast Electric Power Co., Ltd. ("Northeast Electric Power") for the purchase of 100% interest of Guoneng Northeast New Energy Development Co., ("Northeast New Energy") and recognized the goodwill arising from Northeast New Energy's acquisitions of Ji'an Changchuan in 2010 and Fuxin Juronghu and Fuxin Huashun in 2023.

18 GOODWILL (Continued)

On 7 December 2023, Ji'an Changchuan was deregistered, thus the cost and the accumulated impairment losses of goodwill relates to acquisition of Ji'an Changchuan were derecognized.

The recoverable amount of goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 10.95% to 12.46% (2022: 7.83% to 10.01%).

Goodwill of the coal power segment in the Group arises from the acquisition of Jiangyin Binjiang Heat and Power Generating Co., Ltd. ("Jiangyin Binjiang"), Jiangyin Chengdong Heat and Power Generating Co., Ltd. ("Jiangyin Chengdong") and Nantong Xinxing Heat and Power Generating Co., Ltd. ("Nantong Xinxing") in 2016. The recoverable amount of the above goodwill is determined based on value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and pre-tax discount rates of 12.51% to 14.64% (2022: 12.50% to 13.35%).

Cash flows beyond the five-year period are expected to maintain constant, which is comparable with the industry. Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

The key assumption used for the value-in-use calculations is the revenue from electricity and heat sales. Management determined the revenue from electricity and heat sales based on its expectation of electricity and heat volume and the tariffs approved by related government authorities.

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19 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries at 31 December 2023 which principally affected the results, assets or liabilities of the Group.

Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
1 江蘇龍源新能源有限公司 Jiangsu Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB684,488,300	51.00%	49.00%	Wind power generation
2 吉林龍源風力發電有限公司 Jilin Longyuan Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB438,200,000	56.58%	9.65%	Wind power generation
3 遼寧龍源新能源發展有限公司 Liaoning Longyuan New Energy Development Co., Ltd.	PRC/Chinese Mainland	RMB1,270,493,600	100.00%	–	Wind power generation
4 龍源栖霞風力發電有限公司 Longyuan Qixia Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB23,000,000	–	80.00%	Wind power generation
5 天津龍源海晶新能源有限公司 Tianjin Longyuan Haijing New Energy Co., Ltd.	PRC/Chinese Mainland	RMB755,195,400	85.00%	–	PV power generation
6 雄亞(維爾京)有限公司 Hero Asia (BVI) Co., Ltd.	The British Virgin Islands	USD1,000	–	100.00%	Investment
7 射陽龍源風力發電有限公司 Sheyang Longyuan Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB1,300,000,000	50.00%	12.70%	Wind power generation
8 龍源鹽城新能源發展有限公司 Longyuan Yancheng New Energy Development Co., Ltd.	PRC/Chinese Mainland	RMB1,350,000,000	51.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
9 龍源國能海上風電(鹽城)有限公司 Longyuan Guoneng Offshore Wind Power Generation (Yancheng) Co., Ltd.	PRC/Chinese Mainland	RMB1,350,000,000	51.00%	5.13%	Wind power generation
10 依蘭龍源匯能風力發電有限公司 Yilan Longyuan Huineng Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB175,120,000	92.00%	–	Wind power generation
11 國能重慶風電開發有限公司 China Energy Chongqing Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB499,198,000	51.00%	–	Wind power generation
12 通榆新發風力發電有限公司 Tongyu Xinfa Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB790,729,000	95.46%	4.54%	Wind power generation
13 寧夏龍源新能源有限公司 Ningxia Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB1,905,930,000	100.00%	–	Wind power generation
14 龍源阜新風力發電有限公司 Longyuan Fuxin Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB188,186,000	100.00%	–	Wind power generation
15 龍源(張北)風力發電有限公司 Longyuan (Zhangbei) Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB168,670,000	100.00%	–	Wind power generation
16 臨澤龍源新能源有限公司 Linze Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB1,176,510,000	100.00%	–	Wind power generation
17 國能北投灌陽風電有限公司 Guoneng Beitou Guanyang Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB207,100,000	–	51.00%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
18 國電優能全州風電有限公司 Guodian Youneng Quanzhou Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB411,380,300	–	100.00%	Wind power generation
19 龍源(張家口)風力發電有限公司 Longyuan (Zhangjiakou) Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB1,636,105,900	100.00%	–	Wind power generation
20 福建龍源海上風力發電有限公司 Fujian Longyuan Offshore Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB2,204,800,000	70.00%	8.10%	Wind power generation
21 龍源大柴旦新能源開發有限公司 Longyuan Da Chai Dan New Energy Development Co., Ltd.	PRC/Chinese Mainland	RMB302,000,000	100.00%	–	Wind power generation
22 阜新巨龍湖風力發電有限公司 Fuxin Julong Lake Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB400,000,000	–	60.00%	Wind power generation
23 吳忠龍源新能源有限公司 Wuzhong Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB256,000,000	100.00%	–	Wind power generation
24 貴州龍源新能源有限公司 Guizhou Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB1,327,195,600	100.00%	–	Wind power generation
25 龍源大豐風力發電有限公司 Longyuan Dafeng Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB520,614,000	100.00%	–	Wind power generation
26 河北龍源中保風力發電有限公司 Hebei Longyuan Zhongbao Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB409,808,000	–	70.00%	Wind power generation
27 赤峰龍源松州風力發電有限公司 Chifeng Longyuan Songzhou Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB1,105,582,140	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
28 內蒙古龍源蒙東新能源有限公司 Inner Mongolia Longyuan Mengdong New Energy Co., Ltd.	PRC/Chinese Mainland	RMB585,802,700	100.00%	–	Wind power generation
29 雲南龍源新能源有限公司 Yunnan Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB1,822,808,000	100.00%	–	Wind power generation
30 甘肅龍源新能源有限公司 Gansu Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB624,530,000	75.00%	25.00%	Wind power generation
31 天津龍源新能源開發有限公司 Tianjin Longyuan New Energy Development Co., Ltd.	PRC/Chinese Mainland	RMB556,798,920	100.00%	–	Wind power generation
32 福建龍源新能源有限公司 Fujian Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB552,793,000	100.00%	–	Wind power generation
33 龍源阿拉山口風力發電有限公司 Longyuan Alashankou Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB308,610,000	100.00%	–	Wind power generation
34 龍源(酒泉)風力發電有限公司 Longyuan (Jiuquan) Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB925,634,000	100.00%	–	Wind power generation
35 山西龍源新能源有限公司 Shanxi Longyuan New Energy Co. Ltd.	PRC/Chinese Mainland	RMB533,097,930	100.00%	–	Wind power generation
36 河北龍源新能源有限公司 Hebei Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB917,836,750	100.00%	–	Wind power generation
37 江蘇海上龍源新能源有限公司 Jiangsu Offshore Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB768,000,000	70.00%	8.10%	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
38 龍源大理風力發電有限公司 Longyuan Dali Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB649,211,900	80.00%	–	Wind power generation
39 龍源黃海如東海上風力發電有限公司 Longyuan Huanghai Rudong Offshore Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB500,000,000	70.00%	2.70%	Wind power generation
40 江陰蘇龍熱電有限公司 Jiangyin Sulong Heat and Power Generating Co., Ltd. *(Notes (iv) and (v))*	PRC/Chinese Mainland	USD144,320,000	2.00%	25.00%	Coal power generation
41 南通天生港發電有限公司 Nantong Tianshenggang Power Generation *(Notes (iv) and (v))*	PRC/Chinese Mainland	RMB52,980,000	0.65%	31.29%	Coal power generation
42 龍源(北京)風電工程技術有限公司 Longyuan (Beijing) Wind Power Engineering Technology Co., Ltd.	PRC/Chinese Mainland	RMB30,000,000	100.00%	–	Manufacture and sale of power equipment
43 龍源巴裏坤風力發電有限公司 Longyuan Balikun Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB563,442,800	100.00%	–	Wind power generation
44 龍源達茂風力發電有限公司 Longyuan Damao Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB420,898,700	100.00%	–	Wind power generation
45 龍源臨沂風力發電有限公司 Longyuan Linyi Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB397,580,000	51.00%	49.00%	Wind power generation
46 龍源哈密新能源有限公司 Longyuan Hami New Energy Co., Ltd.	PRC/Chinese Mainland	RMB259,630,000	100.00%	–	Wind power generation

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of the company	Place of incorporation/ registration and business	Issued and fully paid-up/ registered capital	Percentage of attributable equity interest		Principal activities
			Direct	Indirect	
47 海安龍源海上風力發電有限公司 Haian Longyuan Offshore Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB840,000,000	70.00%	8.10%	Wind power generation
48 龍源鹽城大豐海上風力發電有限公司 Longyuan Yancheng Dafeng Offshore Wind Power Generation Co., Ltd.	PRC/Chinese Mainland	RMB1,507,142,900	70.00%	9.58%	Wind power generation
49 龍源南非可再生能源有限公司 Longyuan South Africa Renewables Proprietary Limited	South Africa	ZAR100	–	100.00%	Wind power generation
50 廣西龍源新能源有限公司 Guangxi Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB864,648,840	100.00%	–	Wind power generation
51 雄亞投資有限公司 Hero Asia Investment Limited *(Note (iii))*	Hong Kong	HKD10,000	100.00%	–	Investment
52 國能定邊新能源有限公司 Guoneng Dingbian New Energy Co., Ltd.	PRC/Chinese Mainland	RMB388,929,444	100.00%	–	Wind power generation
53 國能雲南新能源有限公司 Guoneng Yunnan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB335,657,400	100.00%	–	Wind power generation
54 國電甘肅新能源有限公司 Guodian Gansu New Energy Co., Ltd.	PRC/Chinese Mainland	RMB264,234,525	100.00%	–	Wind power generation
55 中衛龍源新能源有限公司 Zhongwei Longyuan New Energy Co., Ltd.	PRC/Chinese Mainland	RMB1,030,400,000	–	100.00%	PV power generation

19 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

(i) For subsidiaries incorporated in the PRC, the English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) All subsidiaries established in the PRC are limited liability companies.

(iii) The bonds issued by the subsidiaries are set out in Note 28(e).

(iv) The Company directly or indirectly owns no more than half of equity interests in these companies. The Company is the largest equity owner of these companies and no other equity owners individually or in aggregate had the power to control these companies according to the articles of association. The Company or the Company's subsidiaries have signed the concert party agreements with certain equity owners of these companies, whereby such equity owners have agreed to vote the same as the Company. Such equity owners have also confirmed that the voting in concert with the Company has existed since the establishment of these entities. The PRC lawyer of the Company confirmed that the concert party agreements are valid under the relevant PRC laws. In addition to the concert party agreements, the Company controlled the operation of these entities by appointing senior management, approving annual budgets, determining the remuneration of employees, etc. Considering the above mentioned factors, the directors are of the opinion that the Company controlled these entities during the years presented. Therefore, the financial statements of these companies are consolidated by the Company during the years presented.

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19 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued):

(v) The following table lists out the information relating to subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below presents the amounts before any inter-company eliminations.

	Jiangyin Sulong Heat and Power Generating Co., Ltd.		Nantong Tianshenggang Power Generation Co., Ltd.	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
NCI percentage	**73.00%**	73.00%	**68.06%**	68.06%
Profit allocated to NCI	**341,324**	319,318	**109,981**	761
Dividend paid to NCI	**164,152**	81,358	**40,515**	27,224
Capital contributions by NCI	**–**	–	**–**	14,700
Other reserve to NCI	**169**	–	**(2,618)**	2,762
Carrying amount of NCI	**2,502,234**	2,324,893	**2,011,695**	1,942,106
Revenue	**6,355,504**	8,781,006	**2,062,705**	2,935,129
Total expenses	**(5,888,707)**	(8,344,384)	**(1,898,429)**	(2,931,072)
Profit for the year	**466,797**	436,622	**164,276**	4,057
Total comprehensive income	**466,797**	436,622	**168,303**	7,752
Profit attributable to the non-controlling shareholders of the Company	**2,081**	2,163	**2,867**	1,613
Current assets	**1,281,732**	1,269,132	**611,612**	665,246
Non-current assets	**4,921,264**	4,627,701	**3,442,430**	3,359,137
Current liabilities	**(2,418,099)**	(2,473,468)	**(930,732)**	(920,092)
Non-current liabilities	**(376,659)**	(257,930)	**(189,436)**	(277,478)
Attributable to the shareholders of the Company	**3,355,572**	3,113,119	**2,887,223**	2,769,930
Attributable to the non-controlling shareholders of the Company	**52,666**	52,316	**46,651**	56,883
Cash flows from operating activities	**694,966**	42,453	**(61,070)**	360,435
Cash flows (used in)/from investing activities	**(484,410)**	(123,148)	**(27,632)**	158,235
Cash flows (used in)/from financing activities	**(219,962)**	93,032	**45,443**	(464,633)
Net (decrease)/increase in cash and cash equivalents	**(9,406)**	12,337	**(43,259)**	54,037

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2023	2022
	RMB'000	*RMB'000*
Share of net assets	**5,994,794**	3,746,677

The following list contains only the particulars of material associates and material joint ventures at 31 December 2023, all of which are limited liability companies established in the PRC, which principally affected the results or assets of the Group:

	Place of incorporation/ registration and business	**Particulars of registered capital**	**Percentage of attributable equity interest**		**Principal activities**
		RMB'000	**Direct**	**Indirect**	
Associates					
國能融資租賃有限公司 Guoneng Financial Leasing Co., Ltd.	PRC/Chinese Mainland	3,000,000	–	49.00%	Financial leasing
Joint venture					
江蘇南通發電有限公司 Jiangsu Nantong Power Generation Co., Ltd.	PRC/Chinese Mainland	1,596,000	–	50.00%	Coal power generation

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

Summarised financial information of the material associates and a material joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	China Guoneng Financial Leasing Co., Ltd.		Jiangsu Nantong Power Generation Co., Ltd.	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Cash and cash equivalents	**275,222**	210,202	**93,483**	191,671
Other current assets	**23,833,614**	8,696,817	**588,991**	763,194
Current assets	**24,108,836**	8,907,019	**682,474**	954,865
Non-current assets	**28,463,879**	17,632,364	**3,770,615**	4,133,307
Financial liabilities	**(28,636,953)**	(9,276,596)	**(1,064,570)**	(1,867,564)
Other current liabilities	**(3,468,125)**	(4,282,818)	**(43,697)**	(196,408)
Current liabilities	**(32,105,078)**	(13,559,414)	**(1,108,267)**	(2,063,972)
Non-current financial liabilities	**(11,648,077)**	(8,908,096)	**(2,098,120)**	(1,825,480)
Other non-current liabilities	**(1,544,984)**	(684,959)	**(15,632)**	(14,140)
Net assets	**7,274,576**	3,386,914	**1,231,070**	1,184,580
Reconciled to the Group's interests in the associates and joint ventures:				
The Group's effective interest	**49.00%**	49.00%	**50.00%**	50.00%
The Group's interest in net assets of the investee at end of year	**3,564,542**	1,659,588	**615,535**	592,290
Elimination of unrealised profit on downstream sales	**–**	–	**58,749**	51,686
Carrying amount of interests in associates and joint ventures at end of year	**3,564,542**	1,659,588	**674,284**	643,976

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20 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

	China Guoneng Financial Leasing Co., Ltd.		Jiangsu Nantong Power Generation Co., Ltd.	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	**1,106,453**	974,823	**4,192,954**	4,360,813
Depreciation and amortisation	**(1,237)**	(1,080)	**(399,529)**	(389,831)
Finance income	**3,916**	3,455	**1,099**	2,339
Finance expenses	**–**	–	**(88,479)**	(110,559)
Income tax	**(8,668)**	(54,234)	**(17,278)**	116,747
Profit/(Loss) for the year	**24,718**	158,173	**46,490**	(351,555)
Total comprehensive income/(loss)	**24,718**	158,173	**46,490**	(351,555)
Dividends declared during the year	**84,361**	141,906	**–**	–

Aggregate information of associates and joint ventures that are not individually material is as follows:

	2023	2022
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint ventures in the consolidated financial statements	**1,755,968**	1,471,584
Aggregate amounts of the Group's share of those associates' and joint ventures' (loss)/profit for the year	**(14,916)**	130,671
Aggregate amounts of the Group's share of those associates' and joint ventures' total comprehensive (loss)/income	**(14,916)**	130,671

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21 OTHER ASSETS

	2023	2022
	RMB'000	*RMB'000*
Listed equity investments designated at FVOCI *(Note (i))*	**20,778**	45,317
Unlisted equity investments designated at FVOCI *(Note (ii))*	**162,085**	166,315
Financial assets at fair value through profit or loss *(Note (iii))*	**50,000**	50,000
Loans and advances to non-controlling equity owner *(Note (iv))*	**42,425**	48,597
Others	**83,127**	71,431
Subtotal	**358,415**	381,660
Deductible VAT *(Note (v))*	**4,599,368**	3,771,534
	4,957,783	4,153,194
Less: Allowance for doubtful debts	**–**	–
	4,957,783	4,153,194

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21 OTHER ASSETS (Continued)

Notes:

(i) The listed equity investments designated at FVOCI are equity investments in companies established in the PRC and listed in Shanghai Stock Exchange Market and Shenzhen Stock Exchange Market. The detailes are as follows:

	2023	2022
	RMB'000	*RMB'000*
Shenzhen Energy Group Co., Ltd.	**19,294**	19,025
Kangxin New Materials Co., Ltd.	**1,484**	1,691
Bank of Jiangsu Co., Ltd.	**–**	24,601
	20,778	45,317

(ii) The unlisted equity investments designated at FVOCI are equity investments in limited liability companies established in the PRC and the Group's management has assessed and classified these equity investments into equity investments through other comprehensive income and measured them at fair value (cannot be reclassified to profit or loss in subsequent periods). The details are as follows:

	2023	2022
	RMB'000	*RMB'000*
Inner Mongolia Hohhot Pumped Storage Power Generation Co., Ltd.	**120,442**	118,524
Jilin Zhanyu Wind Power Asset Management Co., Ltd.	**38,938**	45,086
Tibet Electricity Trading Center	**1,372**	1,372
Zhangjiakou Great Wall Wind Power Co., Ltd.	**1,333**	1,333
	162,085	166,315

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21 OTHER ASSETS (Continued)

Notes (Continued):

(iii) Jiangyin Sulong Heat and Power Generating Co., Ltd. ("Jiangyin Sulong") invested in Jiangyin New Guolian Equity Investment Fund (limited partnership) ("Jiangyin Guolian Investment Fund") in January 2022, with a term of operation of 10 years. As a limited partner, Jiangyin Sulong has no significant influence on the business decisions of Jiangyin Guolian Investment Fund, thus Jiangyin Sulong classifies it as a financial assets at fair value through profit or loss.

(iv) The loans to non-controlling equity owners were unsecured and not past due as at the end of the reporting period, and bore interest at the rates of 11.66% per annum for the year ended 31 December 2023 (31 December 2022: 9.82%).

(v) Deductible VAT mainly represents the input VAT relating to the acquisition of property, plant and equipment, inventories and intangible assets.

22 INVENTORIES

Inventories comprised:

	2023 *RMB'000*	2022 *RMB'000*
Fuel for power generation	**237,849**	202,239
Material and supplies	**498,546**	555,810
	736,395	758,049
Less: provision for inventory obsolescence	**(9,199)**	(8,094)
Total	**727,196**	749,955

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22 INVENTORIES (Continued)

Movements of provision for inventory obsolescence during the years are analyzed as follows:

	2023 RMB'000	2022 RMB'000
Beginning of the year	(8,094)	–
Provision	(1,105)	(8,094)
End of the year	(9,199)	(8,094)

23 TRADE AND BILLS RECEIVABLES

	2023 RMB'000	2022 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

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23 TRADE AND BILLS RECEIVABLES (Continued)

(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.

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23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables

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

	2023	2022
	RMB'000	*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.

23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

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.

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23 TRADE AND BILLS RECEIVABLES (Continued)

(b) Impairment of trade and bills receivables (Continued)

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.

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24 PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022 (Restated)
	RMB'000	*RMB'000*
Loans and advances to:		
– Associates and joint ventures	**39,503**	44,803
– Third parties	**38,022**	37,477
Government grant receivables	**171,795**	186,773
Dividends receivable from associates	**28,041**	57,544
Deductible VAT *(Note 21(v))*	**1,714,770**	1,932,486
Receivable deposits for aborted planned acquisitions	**209,750**	251,750
Prepayments and others	**1,350,269**	1,013,053
	3,552,150	3,523,886
Less: Allowance for doubtful debts	**(437,969)**	(55,568)
	3,114,181	3,468,318

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24 PREPAYMENTS AND OTHER CURRENT ASSETS (Continued)

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

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**55,568**	340,217
Impairment losses recognised	**4,276**	6,976
Reversal of impairment losses	**(10)**	(32,823)
Impairment losses recognised upon disposal of subsidiaries *(Note (i))*	**378,135**	–
Uncollectible amounts written off	**–**	(258,802)
At 31 December	**437,969**	55,568

Note:

(i) As disclosed in Note 42, the Group disposed four subsidiaries in the year of 2023, the other receivables of the Company or the other subsidiaries from such disposed entities have became the receivables from third parties and have been fully made provision upon the disposal and such provision was recorded in the loss on disposal of subsidiaries.

Where applicable upon the financial assets above, an impairment analysis is performed at each reporting date by considering the probability of default by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

For the other loans and advances due from related parties, dividend receivables, government grant receivables and deductible VAT, there was a specific due date or settlement schedule. Management considered the probability of default as nil. The remaining allowance amounted to RMB4,276,000, which has been provided during 2023 for the remaining items of prepayments and other current assets with expected credit loss rates from 0.00% to 100.00%.

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25 OTHER FINANCIAL ASSETS

	2023	2022
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss		
– Listed equity securities on the Hong Kong Stock Exchange	**163,273**	206,539
– Financial products *(Note (i))*	**295,800**	242,000
	459,073	448,539

Note:

(i) Financial assets at fair value through profit or loss represented financial products issued by financial institutions with a guaranteed principal and variable returns. The expected annual return rate is 1.15% to 2.93% (2022: 1.30% to 2.75%).

26 RESTRICTED DEPOSITS

Restricted deposits as at 31 December 2023 mainly represent the deposits used by various companies to repay bank loans, as well as performance bond deposits and land reclamation deposits.

27 CASH AT BANKS AND ON HAND

	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Cash on hand	**1**	3
Cash at banks and other financial institutions	**4,529,143**	18,338,420
	4,529,144	18,338,423
Representing:		
– Cash and cash equivalents	**4,529,144**	18,338,423
	4,529,144	18,338,423

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28 BORROWINGS

(a) The long-term interest-bearing borrowings comprise:

	2023	2022 (Restated)
	RMB'000	*RMB'000*
Bank loans		
– Secured *(Note (i))*	**11,025,086**	7,593,831
– Unsecured *(Note (ii))*	**55,643,634**	51,520,796
Loans from fellow subsidiaries		
– Unsecured	**10,328,396**	9,026,190
Loans from an associate		
– Secured *(Note (i))*	**357,000**	100,000
Loans from third parties		
– Secured *(Note (i))*	**287,740**	–
Other borrowings *(Note 28(e) (i))*		
– Secured *(Note (i))*	**658,096**	688,659
– Unsecured	**10,296,444**	17,389,522
	88,596,396	86,318,998
Less: Current portion of long-term borrowings *(Note 28(b))*		
– Bank loans	**(7,532,462)**	(11,537,806)
– Loans from fellow subsidiaries	**(1,338,600)**	(1,175,100)
– Loans from third parties	**(82,765)**	–
– Other borrowings	**(6,862,553)**	(7,160,909)
	72,780,016	66,445,183

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28 BORROWINGS (Continued)

(a) The long-term interest-bearing borrowings comprise: (Continued)

Notes:

(i) Certain secured borrowings of the subsidiaries of the Group were secured by property, plant and equipment with net carrying amount of RMB3,586,436,337 (31 December 2022: RMB3,846,970,373), inventories with net carrying amount of RMB2,898,696 (31 December 2022: RMB3,494,807) and trade debtors' beneficial rights arising from future electricity sales.

(ii) As at 31 December 2023, the Group's loans and borrowings guaranteed by CHN Energy amounted to RMB75,663,644 (31 December 2022: RMB124,027,000).

(b) The short-term interest-bearing borrowings comprise:

	2023 ***RMB'000***	2022 *RMB'000*
Bank loans		
– Secured *(Note (i))*	**150,000**	27,698
– Unsecured	**17,255,311**	9,668,722
Loans from fellow subsidiaries		
– Unsecured	**8,671,000**	8,809,000
Loans from a third party		
– Secured *(Note (i))*	**556,000**	–
Other borrowings		
– Unsecured *(Note 28(e) (ii))*	**7,050,000**	14,900,000
Current portion of long-term borrowings *(Note 28(a))*		
– Bank loans	**7,532,462**	11,537,806
– Loans from fellow subsidiaries	**1,338,600**	1,175,100
– Loans from third parties	**82,765**	–
– Other borrowings	**6,862,553**	7,160,909
	49,498,691	53,279,235

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28 BORROWINGS (Continued)

(b) The short-term interest-bearing borrowings comprise: (Continued)

Notes:

(i) Certain secured borrowings of the subsidiaries of the Group were secured by trade debtors' beneficial rights arising from future electricity sales.

(c) The effective interest rates per annum on borrowings are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Long-term		
Bank loans	1.80%~11.28%	1.80%~12.36%
Loans from fellow subsidiaries	2.45%~3.65%	2.70%~4.90%
Loans from an associate	2.80%~3.10%	4.18%
Loans from third parties	2.90%~3.55%	–
Other borrowings	1.80%~4.89%	1.80%~4.89%
Short-term		
Bank loans	2.00%~6.11%	1.23%~5.60%
Loans from fellow subsidiaries	2.10%~4.99%	2.20%~4.25%
Loans from a third party	3.62%	–
Other borrowings	2.32%~2.38%	1.53%~2.51%

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28 BORROWINGS (Continued)

(d) The borrowings are repayable as follows:

	2023 *RMB'000*	2022 (Restated) *RMB'000*
Within 1 year	**49,498,691**	53,279,235
After 1 year but within 2 years	**13,982,905**	15,903,657
After 2 years but within 5 years	**20,932,229**	17,543,707
After 5 years	**37,864,882**	32,997,819
	122,278,707	119,724,418
Including		
Bank loans:		
Within 1 year	**24,937,773**	21,234,226
After 1 year but within 2 years	**8,836,100**	5,610,699
After 2 years but within 5 years	**18,235,077**	13,133,863
After 5 years	**32,065,081**	28,832,259
	84,074,031	68,811,047
Loans other than bank loans:		
Within 1 year	**24,560,918**	32,045,009
After 1 year but within 2 years	**5,146,805**	10,292,958
After 2 years but within 5 years	**2,697,152**	4,409,844
After 5 years	**5,799,801**	4,165,560
	38,204,676	50,913,371

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings:

(i) On 22 October 2015, a subsidiary of the Company, Longyuan Canada Renewables Limited, issued an eighteen-year secured corporate bond of CAD200 million at par with a coupon rate of 4.32% per annum. The effective interest rate is 4.57%. As at 31 December 2023, CAD76,175,764 of the corporate bond was repaid.

On 23 April 2018, the Company issued a seven-year unsecured corporate bond of RMB3,000 million at par with a coupon rate of 4.83% per annum. The effective interest rate is 4.89%.The Company repaid the unsecured corporate bond of RMB3,000 million in 2023.

On 27 April 2020, the Company issued a three-year unsecured medium-term note of RMB2,000 million at par with a coupon rate of 2.38% per annum. The effective interest rate is 2.50%.The Company repaid the unsecured corporate bond of RMB2,000 million in 2023.

On 18 November 2020, a subsidiary of the Company, Hero Asia Investment Limited, issued a three-year unsecured corporate bond of USD300 million at par with a coupon rate of 1.50% per annum. The effective interest rate is 1.80%. The Company repaid the unsecured corporate bond of USD300 million in 2023.

On 16 July 2021, the Company issued a three-year unsecured medium-term note of RMB1,000 million at par with a coupon rate of 3.20%. The effective interest rate is 3.30%.

28 BORROWINGS (Continued)

(e) Significant terms of other borrowings:

(i) (Continued)

On 4 August 2021, the Company issued a three-year unsecured medium-term note of RMB791 million at par with a coupon rate of 3.05%. The effective interest rate is 3.15%.

On 20 August 2021, the Company issued a three-year unsecured medium-term note of RMB2,000 million at par with a coupon rate of 3.05%. The effective interest rate is 3.10%.

On 2 December 2021, the Company issued a three-year unsecured corporate bond of RMB2,990 million at par with a coupon rate of 2.70% per annum. The effective interest rate is 2.80%.

On 13 January 2022, the Company issued an three-year unsecured corporate bond of RMB2,000 million at par with a coupon rate of 2.93% per annum. The effective interest rate is 2.99%.

On 12 May 2022, the Company issued an three-year unsecured corporate bond of RMB1,500 million at par with a coupon rate of 2.65% per annum. The effective interest rate is 2.70%.

(ii) Short-term financing bonds represented a series of unsecured corporate bonds with the coupon rates from 2.31% to 2.37% issued in 2023. The effective interest rates of these bonds are from 2.32% to 2.38%.

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29 TRADE AND BILLS PAYABLES

	2023	2022
		(Restated)
	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
		(Restated)
	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.

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30 OTHER CURRENT LIABILITIES

	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Payables for acquisition of property, plant and equipment	**8,963,910**	8,685,189
Payables for staff-related costs	**224,041**	197,620
Payables for other taxes	**515,728**	482,169
Dividends payable	**673,790**	732,939
Amounts due to associates and joint ventures *(Note (i))*	**1,442,513**	1,558,604
Amounts due to fellow subsidiaries *(Note (i))*	**268,159**	286,844
Amounts due to CHN Energy *(Note (i))*	**39,647**	39,501
Payables for acquisition of a subsidiary	**85,793**	85,793
Other accruals and payables	**1,491,787**	5,112,212
Derivative financial instruments		
– Interest rate swap contracts *(Note (ii))*	**24,301**	23,265
Contract liabilities	**143,125**	180,254
	13,872,794	17,384,390

Notes:

(i) Amounts due to CHN Energy, fellow subsidiaries, associates and joint ventures are unsecured and interest-free, and have no fixed terms of repayment.

(ii) In 2015, Longyuan Mulilo De Aar Wind Power (RF) Proprietary Limited and Longyuan Mulilo De Aar 2 North (RF) Proprietary Limited, two subsidiaries of the Group, entered into interest rate swap contracts to mitigate the interest rate risks. The interest rate swap contracts are recognised in accordance with the accounting policies set out in Note 2(q).

(iii) Except for derivative financial instruments, all other payables are measured at amortised cost and expected to be settled within one year or are repayable on demand.

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31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Tax payable/(recoverable) in the consolidated statement of financial position represents:

	2023	2022
	RMB'000	*RMB'000*
Net tax payable at 1 January	**308,052**	194,658
Provision for the year *(Note 9(a))*	**1,811,801**	1,661,809
Underprovision in respect of prior years *(Note 9(a))*	**22,346**	21,244
Income tax paid	**(1,786,808)**	(1,569,659)
Net tax payable at 31 December	**355,391**	308,052
Representing:		
Tax payable	**457,625**	412,531
Tax recoverable	**(102,234)**	(104,479)
	355,391	308,052

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31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

Deferred tax assets arising from:	Provision for impairment of assets	Unrealised profits	Depreciation and amortisation	Gains and losses on changes in fair value of derivative financial instruments	Losses available for offsetting against future taxable profits	Equity investments	Revaluation of other properties	Lease liability	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	86,884	66,174	62,109	25,986	491,094	15,544	40,251	–	37,101	825,143
Effect of amendments to IAS 12	–	–	–	–	–	–	–	15,068	–	15,068
At 1 January 2022 (Restated)	86,884	66,174	62,109	25,986	491,094	15,544	40,251	15,068	37,101	840,211
Assets acquisition	74,658	–	–	–	–	–	–	–	–	74,658
Credited/(charged) to profit or loss	179,221	27,965	(16,443)	(29,265)	(65,263)	–	(4,801)	4,537	5,319	101,270
Fair value reserve	–	–	–	–	–	(10,298)	–	–	–	(10,298)
Reclassification	–	–	–	2,873	–	–	–	–	–	2,873
Exchange reserve	(4,337)	–	–	406	13,067	–	–	–	386	9,522
At 31 December 2022 (Restated)	336,426	94,139	45,666	–	438,898	5,246	35,450	19,605	42,806	1,018,236
At 1 January 2023	**336,426**	**94,139**	**45,666**	**–**	**438,898**	**5,246**	**35,450**	**19,605**	**42,806**	**1,018,236**
Credited/(charged) to profit or loss	**307,457**	**2,810**	**(2,706)**	**–**	**(55,473)**	**–**	**(4,801)**	**135,045**	**3,993**	**386,325**
Fair value reserve	**–**	**–**	**–**	**–**	**–**	**6,287**	**–**	**–**	**–**	**6,287**
Exchange reserve	**(726)**	**–**	**–**	**–**	**(9,608)**	**–**	**–**	**22**	**256**	**(10,056)**
At 31 December 2023	**643,157**	**96,949**	**42,960**	**–**	**373,817**	**11,533**	**30,649**	**154,672**	**47,055**	**1,400,792**

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31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised (Continued)

Deferred tax liabilities arising from:	Revaluation of other properties *RMB'000*	Depreciation and amortisation *RMB'000*	Gains and losses on changes in fair value of derivative financial instruments *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
At 1 January 2022	(16,023)	(713,265)	–	–	(729,288)
Effect of amendments to IAS 12	–	–	–	(14,959)	(14,959)
At 1 January 2022 (Restated)	(16,023)	(713,265)	–	(14,959)	(744,247)
Credited/(charged) to profit or loss	1,007	30,839	–	(5,605)	26,241
Acquisition of a subsidiary	(345)	–	–	–	(345)
Reclassification	–	–	(2,873)	–	(2,873)
Exchange reserve	–	(17,234)	–	–	(17,234)
At 31 December 2022 (Restated)	(15,361)	(699,660)	(2,873)	(20,564)	(738,458)
At 1 January 2023	**(15,361)**	**(699,660)**	**(2,873)**	**(20,564)**	**(738,458)**
Credited/(charged) to profit or loss	**1,948**	**51,629**	**824**	**(136,368)**	**(81,967)**
Exchange reserve	**–**	**13,515**	**204**	**–**	**13,719**
At 31 December 2023	**(13,413)**	**(634,516)**	**(1,845)**	**(156,932)**	**(806,706)**

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31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised (Continued)

Reconciliation to the consolidated statement of financial position:

	2023	2022 (Restated)
	RMB'000	*RMB'000*
Net deferred tax asset recognised in the consolidated statement of financial position	**853,607**	540,477
Net deferred tax liability recognised in the consolidated statement of financial position	**(259,521)**	(260,699)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(w), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB3,595,935,000 (2022: RMB2,104,956,000) and deductible temporary differences of RMB1,262,762,000 (2022: RMB2,216,140,000) as at 31 December 2023, as it is not probable that future taxable profits against which the losses and the provisions can be utilised will be available in the relevant entity. According to the tax law, the taxes that will expire in the years ending 31 December 2024, 2025, 2026, 2027 and 2028 are RMB915,702,000, RMB406,826,000, RMB304,903,000 RMB223,156,000, and RMB1,227,445,000 respectively. Tax losses of an amount of RMB517,903,000 are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

31 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(d) Deferred tax liabilities not recognised

As the Company is a PRC Tax Resident Enterprise, the Company is exempted from the PRC tax charged on the dividends remitted to the Company by the PRC subsidiaries, associates or joint ventures. As such, no deferred income tax liabilities on unremitted earnings of PRC subsidiaries, associates or joint ventures would be recognized and the Company has no plan to dispose of any of these investees in the foreseeable future.

As at 31 December 2023, the temporary difference relating to the retained earnings of the Group's overseas subsidiaries was RMB5,884,000 (31 December 2022:RMB28,495,000). As the Group has control over the subsidiary's dividend policy and anticipates that the profits will most likely not be distributed in the foreseeable future and the Company has no plan to dispose of any of these investees in the foreseeable future, no deferred tax liability has been recognized for income tax payable as a result of the distribution of these retained earnings.

32 EMPLOYEE BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participated in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities for its employees. The Group is required to make contributions to the Schemes at 14% to 20% of the salaries of the employees. The local government authorities are responsible for the entire pension obligations payable to retired employees. In addition, the Group and its staff participate in a retirement plan managed by CHN Energy to supplement the above-mentioned Schemes, and may not utilise any forfeited contributions in order to make fewer contributions than the current amounts. The Group has no other material obligation to make payments in respect of pension benefits associated with these Schemes and the supplementary retirement plan other than the annual contributions described above.

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33 DEFERRED INCOME

	2023	2022
	RMB'000	*RMB'000*
At 1 January	**965,503**	1,103,361
Additions	**8,994**	13,782
Credited to profit or loss	**(129,137)**	(151,640)
At 31 December	**845,360**	965,503

Deferred income mainly represents the VAT refund granted by the government relating to the purchase of domestic equipment, other subsidies relating to the construction of property, plant and equipment, which would be recognized as income on a straight-line basis over the expected useful life of the relevant assets, and service income received in advance by a subsidiary of the Group, which would be recognized as income on a straight-line basis over the contractual life of the service agreements.

34 OTHER NON-CURRENT LIABILITIES

	2023	2022
	RMB'000	*RMB'000*
Long-term retention payables and engineering equipment payables		
– Associates and joint ventures	**193,313**	123,421
– Fellow subsidiaries	**27,603**	28,928
– Third parties	**815,594**	738,106
Others	**246,503**	263,451
	1,283,013	1,153,906

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35 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000* *(Note 35(c))*	Other equity instruments *RMB'000* *(Note 44)*	Capital reserve *RMB'000* *(Note 35 (e) (i))*	Statutory surplus reserve *RMB'000* *(Note 35 (e) (ii))*	Special reserve *RMB'000* *(Note 35 (e) (v))*	Fair value reserve *RMB'000* *(Note 35 (e) (iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2022	8,036,389	6,061,652	13,956,759	2,637,321	–	(38,527)	15,843,481	46,497,075
Change in equity for 2022:								
Profit for the year	–	228,348	–	–	–	–	2,053,718	2,282,066
Other comprehensive income	–	–	–	–	–	141,584	–	141,584
Total comprehensive income	–	228,348	–	–	–	141,584	2,053,718	2,423,650
Issue of shares *(Note35(c))*	345,574	–	3,057,211	–	–	–	–	3,402,785
Redemption of other equity instruments	–	(998,200)	(1,800)	–	–	–	–	(1,000,000)
Appropriation	–	–	–	185,440	–	–	(185,440)	–
Dividends to shareholders of the Company	–	–	–	–	–	–	(1,232,149)	(1,232,149)
Distribution to holders of other equity instruments *(Note44)*	–	(235,400)	–	–	–	–	–	(235,400)
Business combination under common control	–	–	(994,130)	–	–	–	–	(994,130)
Transfer of fair value reserve upon the disposal of equity investment at fair value through other comprehensive income	–	–	–	–	–	(102,577)	102,577	–
Profit compensation	–	–	108,711	–	–	–	–	108,711
Safety Production Expenditures	–	–	–	–	30	–	(30)	–
At 31 December 2022	8,381,963	5,056,400	16,126,751	2,822,761	30	480	16,582,157	48,970,542

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35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

	Share capital *RMB'000* *(Note 35 (c))*	Treasury shares *RMB'000* *(Note 35 (d))*	Other equity instruments *RMB'000* *(Note 44)*	Capital reserve *RMB'000* *(Note 35 (e) (i))*	Statutory surplus reserve *RMB'000* *(Note 35 (e) (ii))*	Special reserve *RMB'000* *(Note 35 (e) (v))*	Fair value reserve *RMB'000* *(Note 35 (e) (iv))*	Retained earnings *RMB'000*	Total equity *RMB'000*
At 1 January 2023	8,381,963	–	5,056,400	16,126,751	2,822,761	30	480	16,582,157	48,970,542
Change in equity for 2023:									
Profit for the year	–	–	154,901	–	–	–	–	5,462,989	5,617,890
Other comprehensive income	–	–	–	–	–	–	178	–	178
Total comprehensive income	–	–	154,901	–	–	–	178	5,462,989	5,618,068
Redemption of other equity instruments	–	–	(2,992,024)	(7,976)	–	–	–	–	(3,000,000)
Appropriation	–	–	–	–	555,098	–	–	(555,098)	–
Dividends to shareholders of the Company	–	–	–	–	–	–	–	(981,528)	(981,528)
Distribution to holders of other equity instruments *(Note44)*	–	–	(196,400)	–	–	–	–	–	(196,400)
Safety Production Expenditures	–	–	–	–	–	(30)	–	30	–
Share Repurchases *(Note35(d))*	–	(56,648)	–	(134)	–	–	–	–	(56,782)
At 31 December 2023	8,381,963	(56,648)	2,022,877	16,118,641	3,377,859	–	658	20,508,550	50,353,900

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

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.

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35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

	2023	2022
	RMB'000	*RMB'000*
Issued and fully paid:		
Domestic state-owned ordinary shares of RMB1.00 each *(Note (i))*	**5,041,934**	5,041,934
H shares of RMB1.00 each	**3,340,029**	3,340,029
	8,381,963	8,381,963

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Notes:

(i) On 21 January 2022, the Company merged with Inner Mongolia Pingzhuang Energy Co., Ltd. ("Pingzhuang Energy") successfully by a share swap and was listed on the Main Board of Shenzhen Stock Exchange ("SZSE") with the total issuance of 345,574,164 shares (SZSE: 001289) on 24 January 2022. Each share of Pingzhuang Energy A-shares held by the shareholders of Pingzhuang Energy can be converted into 0.3407 shares of A-shares issued by the Company (the "Merger"). Upon the completion of the Merger on 21 January 2022, the total number of shares of the Company was 8,381,963,164 including A shares of 5,041,934,164 and H shares of 3,340,029,000.

(d) Treasury shares

During the year of 2023, the Company repurchased 10,335,000 H shares with a total consideration (excluding the related transactions costs) of RMB56,648,000, representing 0.3094% of the Company's total H shares and 0.1233% of the Company's total shares. Up to 31 December 2023, the above repurchased shares have not been cancelled. The implementation of the repurchase was in compliance with the requirements of the Company's share repurchase program and relevant laws and regulations.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve includes share premium and the other capital reserve.

Share premium represents the difference between the total amount of the par value of the shares issued and the amount of the net proceeds received from the Initial Public Offering ("IPO") in December 2009 and the placing of new H shares in December 2012.

The other capital reserve mainly represents the difference between the total amount of the nominal value of shares issued and the amount of the net assets injected by CHN Energy and the cash injection in excess of the nominal value of shares issued to Guodian Northeast Electric Power Co., Ltd. upon the establishment of the Company, and the capital reserve as a result of merger with Pingzhuang Energy by a share swap, and the capital reserve as a result of the acquisition of business and business combinations under common control.

(ii) Statutory surplus reserve

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the PRC Accounting Rules and Regulations to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity holders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Nature and purpose of reserves (Continued)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have functional currencies other than the RMB and the foreign exchange differences on the net investment in foreign operations of the Group which are dealt with in accordance with the accounting policies as set out in Note 2(ad).

(iv) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income (income tax exclusive) held at the end of the reporting period and is dealt with in accordance with the accounting policies in Notes 2(n) and 2(w).

(v) Special reserve

According to the "Management Measures for the Extraction and Use of Enterprise Safety Production Expenses" issued by the Ministry of Finance on 13 December 2022 (Caizi[2022] No.136), the subsidiaries of the Company which are engaging power generation are required to set aside an amount of certain percentage of revenue to safety production fund since December 2022. The withdrawn safety production fund was recorded in special reserve, which can be used for safety facilities and environment improvement, and is not available for distribution to shareholders. Upon incurring qualifying safety expenditure, an equivalent amount should be transferred from special reserve to retained earnings.

35 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Distributability of reserves

At 31 December 2023, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB20,508,550,000 (2022: RMB16,582,157,000). After the end of the reporting period, the directors proposed a final dividend of RMB0.2225 per share, amounting to RMB1,860,113,479 (Note 35(b)). The dividend has not been recognised as a liability at the end of the reporting period.

(g) Capital management

The Group's primary objectives for managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the net gearing ratio, which is calculated by dividing net debt (the sum of total borrowings and lease liabilities less cash and cash equivalents) by the sum of net debt and total equity. The net gearing ratio of the Group as at 31 December 2023 was 59.3% (2022: 56.2%).

There were no changes in the Group's approach to capital management compared with previous years. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

At 31 December 2023

	Financial assets at fair value through profit or loss *RMB'000*	Financial assets at fair value through other comprehensive income *RMB'000*	Financial assets at amortised cost *RMB'000*	Total *RMB'000*
Current				
Trade and bills receivables	–	35,318,248	411,538	35,729,786
Financial assets included in other current assets	–	–	928,638	928,638
Other financial assets	459,073	–	–	459,073
Restricted deposits	–	–	346,789	346,789
Cash and cash equivalents	–	–	4,529,144	4,529,144
	459,073	35,318,248	6,216,109	41,993,430
Non-current				
Financial assets included in other assets	50,000	182,863	42,425	275,288
	50,000	182,863	42,425	275,288
	509,073	35,501,111	6,258,534	42,268,718

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial liabilities

At 31 December 2023

	Financial liabilities at fair value through profit or loss *RMB'000*	Financial liabilities at amortised cost *RMB'000*	Total *RMB'000*
Current			
Interest-bearing loans and other borrowings	–	49,498,691	49,498,691
Trade and bills payables	–	7,249,278	7,249,278
Lease liabilities	–	176,218	176,218
Financial liabilities in other current liabilities	24,301	12,878,398	12,902,699
	24,301	69,802,585	69,826,886
Non-current			
Interest-bearing loans and other borrowings	–	72,780,016	72,780,016
Financial liabilities in other non-current liabilities	–	1,073,535	1,073,535
Lease liabilities	–	1,466,547	1,466,547
	–	75,320,098	75,320,098
	24,301	145,122,683	145,146,984

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial assets

At 31 December 2022

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost (Restated)	Total (Restated)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Trade and bills receivables	–	27,100,443	557,180	27,657,623
Financial assets included in other current assets	–	–	971,026	971,026
Other financial assets	448,539	–	–	448,539
Restricted deposits	–	–	2,137,452	2,137,452
Cash and cash equivalents	–	–	18,338,423	18,338,423
	448,539	27,100,443	22,004,081	49,553,063
Non-current				
Financial assets included in other assets	50,000	211,632	48,597	310,229
	50,000	211,632	48,597	310,229
	498,539	27,312,075	22,052,678	49,863,292

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

Financial liabilities

At 31 December 2022

	Financial liabilities at fair value through profit or loss *RMB'000*	Financial liabilities at amortised cost (Restated) *RMB'000*	Total (Restated) *RMB'000*
Current			
Interest-bearing loans and other borrowings	–	53,279,235	53,279,235
Trade and bills payables	–	2,936,532	2,936,532
Lease liabilities	–	266,882	266,882
Financial liabilities in other current liabilities	23,265	16,408,610	16,431,875
	23,265	72,891,259	72,914,524
Non-current			
Interest-bearing loans and other borrowings	–	66,445,183	66,445,183
Financial liabilities in other non-current liabilities	–	937,832	937,832
Lease liabilities	–	711,384	711,384
	–	68,094,399	68,094,399
	23,265	140,985,658	141,008,923

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial instruments by category (Continued)

The exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities, and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted deposits, trade and bills receivables, other financial assets, financial assets included in prepayments and other current assets and financial assets included in other non-current assets.

The receivables from the sale of electricity mainly represent receivables from the provincial power grid companies. The Group has no significant credit risk with any of these power grid companies as the Group and its subsidiaries maintain long-term and stable business relationships with these companies. The receivables from the provincial power grid companies accounted for 99% of the Group's total trade and bills receivables as at 31 December 2023 (2022: 98%).

For other trade receivables and other receivables, the Group performs an ongoing individual credit evaluation of its customers' and counterparties' financial conditions. The allowance for doubtful debts has been made in the financial statements.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total *RMB'000*
Trade and bills receivables*	109,027	–	–	35,978,449	36,087,476
Financial assets included in prepayments and other current assets					
– Normal**	928,638	–	–	–	928,638
– Doubtful**	–	–	437,969	–	437,969
Other financial assets	295,800	–	–	–	295,800
Restricted deposits	346,789	–	–	–	346,789
Cash and cash equivalents	4,529,144	–	–	–	4,529,144
Financial assets included in other non-current assets	42,425	–	–	–	42,425
	6,251,823	–	437,969	35,978,449	42,668,241

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 (Restated) *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Simplified approach *RMB'000*	Total (Restated) *RMB'000*
Trade and bills receivables*	363,820	–	–	27,584,528	27,948,348
Financial assets included in prepayments and other current assets					
– Normal**	971,026	–	–	–	971,026
– Doubtful**	–	–	55,568	–	55,568
Other financial assets	242,000	–	–	–	242,000
Restricted deposits	2,137,452	–	–	–	2,137,452
Cash and cash equivalents	18,338,423	–	–	–	18,338,423
Financial assets included in other non-current assets	48,597	–	–	–	48,597
	22,101,318	–	55,568	27,584,528	49,741,414

* For trade receivables included in trade and bills receivables to which the Group applies the 12-month ECLs and the simplified approach for impairment, information based on the provision matrix is disclosed in Note 23 to the financial statements.

** The credit quality of the financial assets included in prepayments and other current assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance.

The Group provided financial guarantees to related parties. Except for the financial guarantees extended by the Group as set out in Note 38, the Group did not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in Note 38.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and bills receivables, and prepayments and other current assets are set out in Notes 23 and 24, respectively.

(c) Liquidity risk

The Group's objective is to ensure the continuity of sufficient funding and flexibility by utilising a variety of bank and other borrowings with debt maturities spreading over a range of periods, thereby ensuring that the Group's outstanding borrowing obligation is not exposed to excessive repayment risk in any one year.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

The Company is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2023, the Group has unutilised banking facilities of RMB149,378,641,000. The Group manages the proportion of its current liabilities with respect to the total liabilities to mitigate the liquidity risk.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date that the Group can be required to pay.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

	Carrying amount	Contractual cash flows	On demand	1 year or less	1 to 2 years	2 to 5 years	More than 5 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
Borrowings	122,278,707	137,053,500	–	52,104,803	15,798,873	25,064,813	44,085,011
Lease liabilities	1,642,765	2,321,736	–	176,218	112,899	356,441	1,676,178
Trade and bills payables	7,249,278	7,249,278	–	7,249,278	–	–	–
Financial liabilities in other current liabilities	12,902,699	12,902,699	–	12,902,699	–	–	–
Guarantees	–	7,236	7,236	–	–	–	–
Other long-term liabilities	1,073,535	1,073,535	–	–	906,759	118,118	48,658
	145,146,984	160,607,984	7,236	72,432,998	16,818,531	25,539,372	45,809,847
31 December 2022							
Borrowings	119,724,418	135,178,752	–	56,680,312	17,863,244	21,665,774	38,969,422
Lease liabilities	978,266	1,222,677	–	343,381	93,350	148,608	637,338
Trade and bills payables	2,936,532	2,936,532	–	2,936,532	–	–	–
Financial liabilities in other current liabilities	16,431,875	16,431,875	–	16,431,875	–	–	–
Guarantees	–	7,194	7,194	–	–	–	–
Other long-term liabilities	937,832	937,832	–	–	733,290	144,798	59,744
	141,008,923	156,714,862	7,194	76,392,100	18,689,884	21,959,180	39,666,504

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk

The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group regularly reviews and monitors the mix of fixed and variable rate borrowings in order to manage its interest rate risk. During the years ended 31 December 2023 and 2022, however, except for the interest rate swap contracts entered into as stated in Note 30(ii), the management of the Group did not consider it necessary to use interest rate swaps to hedge the exposure to interest rate risk.

The following table details the profile of the Group's net borrowings (interest-bearing financial liabilities less interest-bearing financial assets) at the end of the reporting period. The detailed interest rates and maturity information of the Group's borrowings are disclosed in Note 28.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

	2023	2022
		(Restated)
	RMB'000	*RMB'000*
Net fixed rate borrowings:		
Lease liabilities	1,642,765	978,266
Borrowings	39,460,394	42,554,960
	41,103,159	43,533,226
Net floating rate borrowings:		
Borrowings	82,818,313	77,169,458
Less: Bank deposits (including restricted deposits)	(4,875,933)	(20,475,875)
Other assets *(Note 21)*	(42,425)	(48,597)
	77,899,955	56,644,986
Total net borrowings	119,003,114	100,178,212

At 31 December 2023, it is estimated that a general increase/decrease of 100 basis points in interest rates of net floating borrowings, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB624,269,000 (2022: RMB581,651,000)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of the reporting period.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Interest rate risk (Continued)

The estimated 100 basis points' increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The sensitivity analysis is performed on the same basis for the years presented.

(e) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily the Hong Kong Dollar, Euro and United States Dollar. The Group manages this risk as follows:

(i) Recognised assets and liabilities

Except for subsidiaries in Hong Kong, South Africa, Canada, and Ukraine, which were denominated in foreign currencies, all revenue-generating operations of the Group are transacted in RMB. In addition, the Group has certain borrowings that are denominated in South African Rand, Canadian Dollar, Euro and United States Dollar.

On the other hand, the RMB is not a freely convertible currency and the PRC government may, at its discretion, restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands and the Group may not be able to pay dividends in foreign currencies to its equity holders.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(ii) Exposure to currency risk

The Group's cash at banks and on hand, prepayments and other current assets, borrowings, trade and bills payables and other current liabilities contain items denominated in foreign currencies. The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in the movement in value of the United States dollar against other currencies.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained earnings**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
		RMB'000		*RMB'000*
HKD	**5%**	**92**	5%	(225)
	(5%)	**(92)**	(5%)	225
USD	**5%**	**(82,547)**	5%	(34,720)
	(5%)	**82,547**	(5%)	34,720
EUR	**5%**	**(61,068)**	5%	(66,350)
	(5%)	**61,068**	(5%)	66,350
RMB	**5%**	**(5,743)**	5%	25,864
	(5%)	**5,743**	(5%)	(25,864)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk (Continued)

(ii) Exposure to currency risk (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender and the borrower.

(f) Equity price risk

The Group is exposed to equity price changes arising from equity investments at fair value through profit or loss (Note 25) and equity investments at fair value through other comprehensive income (Note 21). The Group's listed investments are listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. Listed investments have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Unlisted investments are held for long-term purposes. Their performance is assessed at least annually based on the information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

The directors considered that the Group's exposure to equity price risk is insignificant.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13 Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date).

– Level 2 valuations: Fair value measured using Level 2 inputs (i.e. observable inputs which fail to meet the criteria of Level 1, and not using significant unobservable inputs). Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

		Fair value measurements as at 31 December 2023 categorised into		
	Fair value at 31 December 2023	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	162,085	–	–	162,085
Unlisted equity investments designated at fair value through profit or loss	50,000	–	–	50,000
Listed equity investments designated at FVOCI	20,778	20,778	–	–
Other financial assets designed at fair value through profit or loss	459,073	163,273	295,800	–
Trade and bills receivables designated at FVOCI	35,318,248	–	2,910,020	32,408,228
Liabilities:				
Derivative financial instruments				
– Interest rate swap contracts	24,301	–	24,301	–

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

	Fair value at 31 December 2022	Fair value measurements as at 31 December 2022 categorised into		
		Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Assets:				
Unlisted equity investments designated at FVOCI	166,315	–	–	166,315
Unlisted equity investments designated at fair value through profit or loss	50,000	–	–	50,000
Listed equity investments designated at FVOCI	45,317	45,317	–	–
Other financial assets designed at fair value through profit or loss	448,539	206,539	242,000	–
Trade and bills receivables designated at FVOCI	27,100,443	–	1,903,264	25,197,179
Liabilities:				
Derivative financial instruments – Interest rate swap contracts	23,265	–	23,265	–

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

During the year ended 31 December 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2022: nil). The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of interest rate swap contracts in Level 2 is determined by discounting the contractual fixed interest rate and deducting the forward JIBAR. The discount rate used is derived from the JIBAR swap yield curve as at the end of the reporting period.

The Group entered into securitisation transactions whereby it transferred trade receivables on the tariff premium of renewable energy (the "Transferred Financial Assets") to unrelated third parties and derecognised the Transferred Financial Assets (Note 45). The Group endorsed and factored a significant part of its bills receivable in its normal course of business. The Group managed its trade and bills receivables which generated cash flows resulting from both collecting contractual cash flows and selling the financial assets during the current year. Therefore, the Group measured trade and bills receivables at fair value through other comprehensive income. The fair values of trade and bills receivables were measured using the discounted cash flows model. The model incorporates various market observable inputs including the annualised yields of similar securitisation products and interest rate curves. The carrying amounts of trade and bills receivables are the same as their fair values.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at FVOCI have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple, enterprise value to earnings before interest and taxes ("EV/EBIT"), price to earnings ("P/E") multiple and price to book ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December:

2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B	1.1-1.2	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB15,938,000
		Discount for lack of marketability	25%-29%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB5,605,000

2022

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average P/B	1.2	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB16,361,000
		Discount for lack of marketability	26%-28%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB5,918,000

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36 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(g) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

The fair value of trade and bills receivables designated at FVOCI classified as level 3 is determined by discounting the expected future cash flow with discount rate by reference to the market rate of return of other financial instruments with similar contract terms, credit risks and residual periods.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 2022 except the following:

	2023		2022	
	Carrying amount *RMB'000*	**Fair value** *RMB'000*	Carrying amount *RMB'000*	Fair value *RMB'000*
Other borrowings *(Note 28(a))*	**4,091,987**	**4,282,447**	10,917,272	11,160,334
Fixed rate long-term loans	**684,855**	**696,324**	1,792,977	1,822,408
Total	**4,776,842**	**4,978,771**	12,710,249	12,982,742

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37 COMMITMENTS

Capital commitments mainly relate to the construction of new power projects, certain ancillary facilities and renovation projects for existing power plants. Details of such commitments are as follows:

	2023	2022
	RMB'000	*RMB'000*
Contracted, but not provided	**9,804,170**	6,571,710

38 CONTINGENT LIABILITIES

The Company issued a counter-guarantee to Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司), the controlling equity owner of Hubei Jiugongshan Wind Power Co., Ltd. (湖北省九宮山風力發電有限責任公司), which is an associate of the Company, in respect of a guarantee issued by Hubei Energy Group Co., Ltd. (湖北能源集團股份有限公司) for a banking facility granted to the associate. As 31 December 2023 the balance of the guarantee provided by Hubei Energy Group Co., Ltd. for Hubei Jiugongshan Wind Power Generation Co., Ltd. is RMB 15,076,000, and the balance of the counter-guarantee provided by the Company based on the equity interest in Hubei Jiugongshan Wind Power Generation Co., Ltd. is RMB 7,236,000 (31 December 2022: RMB7,194,000).

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39 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The Group is part of a large group of companies under CHN Energy and has significant transactions and relationships with the subsidiaries of CHN Energy.

The principal transactions are as follows:

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Sales of goods and provision of services to	(i)		
CHN Energy		**541**	–
Fellow subsidiaries		**468,326**	166,902
Associates and joint ventures		**326,982**	717,329
Purchase of goods and receipt of services from	(ii)		
Fellow subsidiaries		**3,195,337**	2,797,935
Associates and joint ventures		**1,220,977**	1,239,678
Sales/(purchase) of property, plant and equipment and intangible assets	(iii)		
Fellow subsidiaries		**566**	1,514
Associate		**(201,182)**	–
Net changes in working capital provided (to)/repaid from	(iv)		
Associate		**(3,064)**	37,595
Loan guarantees revoked from	(v)		
CHN Energy		**(48,363)**	(34,818)

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Notes	2023 RMB'000	2022 (Restated) RMB'000
Loans provided by/(repaid to)	(vi)		
Fellow subsidiaries		**1,164,206**	10,063,230
Associate		**257,000**	(33,000)
Interest expenses and other financial services expenses	(vii)		
Fellow subsidiaries		**493,505**	184,775
Associates and joint ventures		**20,310**	14,327
Interest income	(viii)		
Fellow subsidiaries		**20,405**	22,139
Associates and joint ventures		**–**	4,433
Lease payments			
Fellow subsidiaries		**1,128**	25,486
Associates and joint ventures		**–**	19,265
Lease income			
Fellow subsidiaries		**6,739**	3,305
Associates and joint ventures		**3,145**	3,031
Lease liabilities			
Fellow subsidiaries		**348,608**	5,054
Associates		**3,060**	575
Deposits (withdrawn from)/placed with	(ix)		
a fellow subsidiary		**(585,159)**	241,050
Increase investment to			
Associates		**2,357,136**	181,709

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes:

(i) The sales to the related parties were made according to the published prices and conditions offered to the major customers of the Group.

(ii) The purchases from the related parties were made according to the published prices and conditions offered by the fellow subsidiaries and associates to their major customers.

(iii) The amount represented sale of property, plant and equipment and intangible assets to fellow subsidiaries.

(iv) The working capital provided to and received from the related parties is unsecured and interest-free.

(v) CHN Energy has guaranteed certain bank loans made to the Group as at the end of the reporting period, as further detailed in Note 28(a) to the financial statements.

(vi) The Group received loans from the related parties, as further detailed in Note 28 to the financial statements.

(vii) The amount represented the interest expenses and other financial services expenses incurred for the loans received from the fellow subsidiaries.

(viii) The amount represented the interest income received for the loans provided to the fellow subsidiaries, associates and joint ventures.

(ix) The amount represented the deposit placed and withdrawn from a fellow subsidiary, as further detailed in Note 39(b) to the financial statements.

39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties

The deposits placed with a fellow subsidiary amounted to RMB2,365,644,000 as at 31 December 2023 (2022 (Restated): RMB2,950,803,000). Details of the other outstanding balances with related parties are set out in Notes 16, 21, 23, 24, 28, 29, 30 and 34.

(c) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled entity and operates in an economic regime currently dominated by entities directly or indirectly owned or controlled by the PRC government and numerous government authorities and agencies (collectively referred to as “state-controlled entities”).

Apart from the transactions mentioned above, the Group conducts a majority of its business activities with state-controlled entities in the ordinary course of business. These transactions are carried out on terms similar to those that would be entered into with non-state-controlled entities. Transactions with other state-controlled entities include, but are not limited to the following:

– Sale of electricity;

– Depositing and borrowing money;

– Purchase of materials and receipt of construction work services; and

– Service concession arrangements.

The tariff of electricity is regulated by the relevant government authorities. The Group prices its other services and products based on the commercial negotiations. The Group has also established its approval process for the sale of electricity, purchase of products and services and its financing policy for borrowings. Such approval process and financing policy do not depend on whether the counterparties are state-controlled entities or not.

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other state-controlled entities in the PRC (Continued)

Having considered the potential for transactions to be impacted by related party relationships, the Group's approval process and financing policy, and what information would be necessary for an understanding of the potential effect of the relationship on the financial statements, the directors are of the opinion that the following transactions require disclosure as transactions with other state-controlled entities:

	2023	2022
	RMB'000	*RMB'000*
Sales of electricity	**32,011,060**	31,189,923
Sales of other products	**1,613,022**	2,292,098
Interest income	**175,065**	85,574
Interest expenses	**2,475,039**	2,842,017
Loans received	**16,044,787**	4,776,657
Deposits (withdrawn from)/placed with state-owned banks	**(15,041,882)**	15,195,700
Purchase of materials and receipt of construction services	**3,379,629**	2,895,993
Service concession construction revenue	**–**	56,704

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with other state-controlled entities in the PRC (Continued)

The balances of transactions with other state-controlled entities are as follows:

	2023 *RMB'000*	2022 *RMB'000*
Receivables from sales of electricity	**35,383,680**	27,265,685
Receivables from sales of other products	**29,067**	60,047
Bank deposits (including restricted deposits)	**1,623,419**	16,665,301
Borrowings	**82,352,481**	66,307,694
Payable for purchase of materials and receiving construction work services	**2,805,186**	1,938,404

(d) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 10, and the highest paid non-director employees as disclosed in Note 11, is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Salaries and other emoluments	**3,512**	2,154
Discretionary bonuses	**7,692**	4,986
Retirement scheme contributions	**1,042**	703
	12,246	7,843

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39 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(e) Commitment with related parties

	2023 *RMB'000*	2022 *RMB'000*
Capital commitment with		
Associates	**220,930**	256,189

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the sales and purchases of goods, the provision of and receipt of services to and from CHN Energy and its subsidiaries, loans from and deposits placed with CHN Energy and its subsidiaries, the provision of financing lease related service and factoring service from CHN and its subsidiaries as detailed in Note 39(a) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed “Connected transactions” in the Director’s Report of the Group for the year ended 31 December 2023.

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40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2023 RMB'000	2022 RMB'000
Non-current assets		
Property, plant and equipment	241,161	151,165
Investment properties	–	92,745
Intangible assets	11,344	9,766
Investments in subsidiaries	61,642,933	54,544,793
Investments in associates and joint ventures	2,067,632	1,872,578
Other assets	3,428,634	3,102,672
Total non-current assets	67,391,704	59,773,719
Current assets		
Inventories	470	835
Trade and bills receivables	4,179	14,159
Prepayments and other current assets	61,683,565	71,161,282
Restricted deposits	14,822	1,823,300
Cash at banks and on hand	1,701,819	13,133,815
Total current assets	63,404,855	86,133,391
Current liabilities		
Borrowings	24,285,794	23,258,300
Trade and bills payables	47,426	47,382
Other payables	30,176,433	46,117,621
Total current liabilities	54,509,653	69,423,303

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40 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Continued)

	2023 *RMB'000*	2022 *RMB'000*
Net current assets	**8,895,202**	16,710,088
Total assets less current liabilities	**76,286,906**	76,483,807
Non-current liabilities		
Borrowings	**25,925,483**	26,785,823
Deferred income	**3,266**	723,244
Deferred tax liabilities	**4,257**	4,198
Total non-current liabilities	**25,933,006**	27,513,265
NET ASSETS	**50,353,900**	48,970,542
CAPITAL AND RESERVES		
Share capital	**8,381,963**	8,381,963
Treasury shares	**(56,648)**	–
Other equity instruments	**2,022,877**	5,056,400
Reserves	**40,005,708**	35,532,179
TOTAL EQUITY	**50,353,900**	48,970,542

Tang Jian
Chairman

Gong Yufei
Executive Director

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41 BUSINESS COMBINATIONS UNDER COMMON CONTROL

On 15 January 2022, the Company entered into the Agreement on Purchase of Assets through Cash Payment ("Purchase Agreement") with Northeast Electric Power, CHN Energy Shaanxi Electric Power Co., Ltd. ("Shanxi Electric Power"), CHN Energy Guangxi Electric Power Co., Ltd. ("Guangxi Electric Power"), CHN Energy Yunnan Electric Power Co., Ltd. ("Yunnan Electric Power"), CHN Energy Gansu Electric Power Co., Ltd. ("Gansu Electric Power") and CHN Energy North China Electric Power Co., Ltd. ("North China Electric Power") (the "Acquisition I"). According to the Purchase Agreement, the details of the assets to be purchased are as follows:

No.	Counterparty	Target Assets	Shareholding Percentage	Transaction Price *(RMB'000)*
1	Northeast Electric Power	Northeast New Energy	100%	794,000
2	Shaanxi Electric Power	Guoneng Dingbian New Energy Co., Ltd ("Dingbian New Energy")	100%	816,000
3	Guangxi Electric Power	Guangxi Guoneng Energy Development Co., Ltd. (formerly known as Guodian Guangxi New Energy Development Co., Ltd.) ("Guangxi Energy")	100%	986,000
4	Yunnan Electric Power	Guoneng Yunnan New Energy Co., Ltd. ("Yunnan New Energy")	100%	752,000
5	Gansu Electric Power	Guodian Gansu New Energy Co., Ltd. ("Gansu New Energy")	100%	442,000
6	North China Electric Power	Tianjin Guodian Jieneng Electric Power Co., Ltd. ("Tianjin Jieneng")	100%	600,000
7	North China Electric Power	Guodian North China Inner Mongolia New Energy Co., Ltd. ("Inner Mongolia New Energy")	100%	791,000
8	North China Electric Power	Guodian Shanxi Jieneng Co., Ltd. ("Shanxi Jieneng")	100%	593,000

41 BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

The above mentioned Acquisition I was completed on 4 January 2022, 5 January and 6 January 2022, respectively. Besides, Longyuan Tibet New Energy Co., Ltd ("Tibet New Energy"), the subsidiary of the Company, entered into the equity transfer agreement with CHN Energy Group Tibet Electric Power Co., Ltd (the "Agreement"). According to the agreement, Tibet New Energy purchased 95% equity interest of National Energy Group Longyuan Ali New Energy (ALI) Co., Ltd ("Ali Energy") with cash consideration of RMB114,000 (the "Acquisition II"). The Acquisition II was completed on 24 June 2022.

As the Group, Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy were under common control of CHN Energy before and after the Acquisition I and the Acquisition II (the "2022 Acquisitions"), it is considered as a business combination under common control. The principle of merger accounting for business combination involving businesses under common control has therefore been applied. As a result, the consolidated financial statements of the Group have been prepared as if Northeast New Energy, Dingbian New Energy, Guangxi Energy, Yunnan New Energy, Inner Mongolia New Energy, Shanxi Jieneng, Tianjin Jieneng, Gansu New Energy and Ali Energy were the subsidiaries of the Company ever since they became under common control of CHN Energy.

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

42 DISPOSAL OF SUBSIDIARIES

(a) Disposal of Donghai Longyuan Biomass Power Generating Co., Ltd.

Donghai Longyuan Biomass Power Generating Co., Ltd. ("Donghai Biomass"), a subsidiary of the Group, was founded in 2006 by the Group and Nantong Suyuan Tiandian Maintenance and Installation Engineering Co., Ltd ("Nantong Suyuan"). On 18 December 2023, People's Court of Donghai County, Jiangsu Province declared the bankruptcy of Donghai Biomass. Donghai Biomass was not consolidated by the Group since then. The Group recognised a net loss of RMB29 million upon the deconsolidation of Donghai Biomass. The details of the net assets disposed of are as follows:

	Date of disposal *RMB'000*
Net assets disposed of:	
Right-of-use assets	1,487
Cash at banks and on hand	6,112
Inventories	1,183
Trade receivables and other current assets	2,449
Lease liabilities	(223)
Tax payable	1,519
Accounts payable and other liabilities	(343,608)
Borrowings	(24,800)
Non-controlling interests	17,793
Subtotal	(338,088)
Gain on disposal of Donghai Biomass	338,088
Loss on receivables due from Donghai Biomass	(367,527)
Net impact on disposal	(29,439)

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

42 DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of Donghai Longyuan Biomass Power Generating Co., Ltd. (Continued)

An analysis of the cash flow in respect of the disposal of a subsidiary is as follows:

	Date of disposal *RMB'000*
Cash at banks and on hand disposed of	(6,112)
Net outflows of cash and cash equivalents in respect of disposal of a subsidiary	(6,112)

(b) Disposal of Ji'an Changchuan Hydroelectric Power Generation Co., Ltd., Hailin Longyuan New Energy Co., Ltd and Shandong Longyuan Hengxin Wind Power Generation Co., Ltd.

Ji'an Changchuan Hydroelectric Power Generation Co., Ltd. ("Ji'an Changchuan"), Hailin Longyuan New Energy Co., Ltd. ("Hailin Longyuan") and Shandong Longyuan Hengxin Wind Power Generation Co., Ltd. ("Shandong Longyuan Hengxin") were deregistered on 7 December 2023, 31 October 2023 and 20 May 2023 respectively. They were not consolidated by the Group since then. The Group recognised a net gain of RMB843,000 upon the deconsolidation of these entities.

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

43 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Other current liabilities *RMB'000*
At 1 January 2023	119,724,418	978,266	1,194,037
Changes from financing cash flows	2,469,941	(628,451)	(5,181,006)
Foreign exchange movement	102,642	1,798	–
Distribution for dividends	–	–	1,646,090
Interest expense	6,506	73,172	3,684,928
New leases	–	1,218,203	–
Disposal of a subsidiary	(24,800)	(223)	–
Interest expenses classified into investment activities	–	–	(333,998)
At 31 December 2023	122,278,707	1,642,765	1,010,051

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

43 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Changes in liabilities arising from financing activities (Continued)

	Borrowings *(Restated)* *RMB'000*	Lease liabilities *RMB'000*	Other current liabilities *(Restated)* *RMB'000*
At 1 January 2022	103,568,550	1,324,269	1,288,037
Changes from financing cash flows	15,820,585	(471,945)	(5,198,322)
Foreign exchange movement	323,599	(1,587)	–
Distribution for dividends	–	–	1,664,173
Interest expense	11,684	52,747	3,654,328
New leases	–	74,782	–
Interest expenses classified into investment activities	–	–	(214,179)
At 31 December 2022	119,724,418	978,266	1,194,037

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

43 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within operating activities	**118,910**	84,550
Within financing activities	**628,451**	471,945
	747,361	556,495

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,218,203,000 and RMB1,218,203,000 (2022: RMB74,782,000 and RMB74,782,000) respectively, in respect of lease arrangements.

44 OTHER EQUITY INSTRUMENTS

On 28 August 2020, the Company issued the green renewable corporate bonds of the first tranche for the year of 2020 which was recorded as equity. The bonds are fixed interest rate bonds with a term of three plus N years, the issuance size is RMB2 billion and the coupon rate was 4.10%. The interest of the green renewable corporate bonds is recorded as distributions, which are paid annually in arrears in August in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The green renewable corporate bonds have no fixed maturity date and are callable at the Company's discretion in whole in at August 2023, and the payment of the principal may be deferred for each renewal period to 3 years. The applicable distribution rate will be reset, on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum. On the first call date of the green renewable corporate bonds, the Company decided to exercise the callable option, the bonds were redeemed in whole in August 2023.

On 16 September 2020, the Company issued a perpetual medium-term note which was recorded as equity. The bonds were fixed interest rate notes with a term of three plus N years, the issuance size is RMB1 billion and the coupon rate is 4.50%. The interest of the medium-term note is recorded as distributions, which are paid annually in arrears in September in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The medium-term note has no fixed maturity date and is callable at the Company's discretion in whole in September 2023 or any distribution payment date falling after the first call date at their principal amount together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum. On the first call date of the medium-term note of the perpetual notes, the Company decided to exercise the callable option, the bonds were redeemed in whole in September 2023.

44 OTHER EQUITY INSTRUMENTS (Continued)

On 30 August 2021, the Company issued a perpetual medium-term note for the year of 2021 which was recorded as equity. The bonds are fixed interest rate notes with a term of three plus N years. The issuance size is RMB2 billion and the coupon rate is 3.47%. The interest of the medium-term note is recorded as distributions, which are paid annually in arrears in August in each year and may be deferred at the discretion of the Company unless compulsory distribution payment events (including distributions to ordinary shareholders of the Company or reduction of the registered capital of the Company) have occurred. The medium-term note has no fixed maturity date and is callable at the Company's discretion in whole in August 2024 or any distribution payment date falling after the first call date at their principal amount together with any accrued, unpaid or deferred distributions. The applicable distribution rate will be reset, on the first call date and every three years after the first call date, to the sum of the applicable benchmark interest rate, the initial spread and 300 basis points per annum.

In 2023, the profit attributable to holders of perpetual medium-term notes and green renewable corporate bonds, based on the applicable interest rate, was RMB154,901,000 (2022: RMB228,348,000). RMB196,400,000 has been paid in 2023 (2022: RMB235,400,000).

45 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, the Group endorsed certain bills receivable accepted by banks in Mainland China to certain suppliers in order to settle the trade payables due to these suppliers with a carrying amount in aggregate of RMB34,096,000 (31 December 2022: RMB16,055,000) and factored certain bills receivable accepted by banks in Mainland China with a carrying amount of RMB730,000,000 (31 December 2022: RMB419,000,000) (the "Derecognised Bills"). The Derecognised Bills have a maturity from one to twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase the Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2023, the Group has recognised losses of RMB16,117,000 on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the period or cumulatively. The Group endorsed certain bills receivable accepted by banks in Mainland China to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). The Endorsement has been made evenly throughout the period.

46 SERVICE CONCESSION ARRANGEMENTS

In recent years, the Group has entered into several service concession agreements with local governments (the "Grantor") to construct and operate wind power plants during the concession period, which is normally for 22 to 25 years of operation. During the concession period, the Group is responsible for the construction and the maintenance of the wind power plants. At the end of the concession period, the Group either needs to dispose of the wind power plants or transfer the wind power plants to the Grantor at nil consideration. Service concession construction revenue (Note 5) recorded during the years represents the revenue recognised during the construction stage of the service concession period. The same amount of cost is recorded since substantially all construction activities are sub-contracted.

The Group has recognised intangible assets (Note 17) related to the service concession arrangement representing the right that the Group receives to charge a fee for the sale of electricity. The Group has not recognised service concession receivables as the Grantor will not provide any guaranteed minimum payment to the Group for the operating period of the wind power plants.

The Group recognises the intangible assets at the fair value of the concession construction services and amortises the intangible assets over the operating period of the service concession projects.

47 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

(a) The Directors of the Company made a resolution on the dividend distribution on 27 March 2024, as detailed in Note 35 (b).

(b) In January 2024, the Company repurchased 11,812,000 H shares on the Hong Kong Stock Exchange with a total consideration (excluding the related transactions costs) of RMB55,248,000. Up to 31 January 2024, the aggregate repurchased H shares is 22,147,000, all of which were cancelled on 11 March 2024. After this cancellation, the total number of issued shares of the Company was reduced to 8,359,816,164 shares, of which 5,041,934,164 shares were A shares and 3,317,882,000 were H shares.

48 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2024.

FINANCIAL STATEMENTS RECONCILIATION BETWEEN PRC GAAP AND IFRS

FOR THE YEAR ENDED 31 DECEMBER 2023 (Expressed in thousands of Renminbi unless otherwise stated)

The financial statements, which have been prepared by the Company in conformity with Accounting Standards for Business Enterprises ("PRC GAAP"), differ in certain respects from those of IFRSs. Major impact of adjustments for IFRSs, on the net consolidated profit and equity attributable to equity holders of the Company, is summarised as follows:

	Consolidated profit attributable to equity holders of the Company For the year ended		Total equity attributable to equity holders of the Company As at 31 December	
	2023	2022 (Restated)	**2023**	2022 (Restated)
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Consolidated net profit/equity attributable to equity holders of the Company under PRC GAAP	**6,249,287**	5,111,151	**70,917,868**	68,805,711
Impact of IFRS adjustments:				
Difference on revaluation of certain assets upon the reorganisation in 2009 *(Note (i))*	**15,585**	15,585	**(316,726)**	(332,311)
Special reserve *(Note (ii))*	**95,246**	21,777	**–**	–
Others	**18,924**	(3,709)	**15,822**	(3,342)
Profit/equity attributable to non-controlling interests on the adjustments above	**(23,763)**	(14,041)	**(36,569)**	(23,465)
Consolidated net profit/equity attributable to equity holders of the Company under IFRSs	**6,355,279**	5,130,763	**70,580,395**	68,446,593

Note:

(i) On 9 July 2009, the Company was restructured and incorporated as a joint stock limited company. During the restructuring in 2009, a valuation was carried out for certain assets owned by the Company. In accordance with Accounting Standards for Business Enterprises – interpretation 1, valuation results were recognised by the Company in the financial statements prepared under PRC GAAP. Under IFRSs, restructuring was treated as business combination under common control. As a result, valuation results were not recognised and those assets were accounted under historical cost convention in the financial statements prepared under IFRS. In addition, the difference on certain assets recognition had impact on depreciation and amortisation expenses in subsequent periods, resulting differences in reserve and net profit in the circumstances of asset disposal or impairment provided. The above-mentioned differences were eliminated gradually through depreciation and amortisation expenses provided and assets disposal.

Notes (Continued)*:*

(ii) According to the "Management Measures for the Extraction and Use of Enterprise Safety Production Expenses" issued by the Ministry of Finance on December 13, 2022 (Caizi[2022] No.136), the group has been calculating and withdrawing safety production expenditures since December 2022. According to the "Interpretation of Enterprise Accounting Standards No.3" issued by the Ministry of Finance on June 11, 2009, the safety production expenditures calculated and withdrawn in accordance with regulations are included in the main business cost, while recognizing "special reserves". Under International Financial Reporting Standards, safety production expenditures are recognized as costs when they are actually incurred. The safety production expenditures that have been withdrawn but have not been used form a special reserve that has been withdrawn according to legal requirements and has specific purposes. They are extracted from Retained earnings and listed in the "special reserve".

GLOSSARY OF TERMS

1+1+4+N	Company headquarters + National Wind Power Operation Research and Development (Experimental) Center + 4 technology companies + affiliated units
average utilisation hours	the consolidated power generation in a specified period (in MWh or GWh) divided by the average consolidated installed capacity in the same period (in MW or GW)
Board/Board of Directors	the board of directors of the Company
CHN Energy	China Energy Investment Corporation Limited
CNAS laboratory	China National Accreditation Service for Conformity Assessment, abbreviated as CNAS. It is a formal member of the Asia Pacific Laboratory Accreditation Cooperation (APLAC) and the International Laboratory Accreditation Cooperation (ILAC)
consolidated installed capacity	the aggregate installed capacity or capacity under construction (as the case may be) of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity or capacity under construction of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Both consolidated installed capacity and consolidated capacity under construction do not include the capacity of our associated companies
data centralization	all data centralized to the data platform
Dual-core Development	development of both centralised and distributed projects

GLOSSARY OF TERMS

electricity sales	the actual amount of electricity sold by a power plant in a particular period of time, which is equivalent to gross power generation less comprehensive auxiliary electricity
ESG	Environmental, social, and governance
Four Growth Engines	technology leadership, innovation and demonstration, resource guarantee and incentive
GIS	gas insulated metal-enclosed switchgear
Group	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司) and its subsidiaries
GW	unit of energy, 1 GW = 1,000 MW
GWh	unit of energy, one gigawatt-hour is the amount of energy that would be produced by a generator producing one gigawatt for one hour
HKSE	The Stock Exchange of Hong Kong Limited
IGBT	insulated-gate bipolar transistor
integration, price, cost and profit	integration is the method, price is the leader, cost is the foundation, and profit is the goal
kW	unit of energy, 1 kW = 1,000 watts
kWh	unit of energy, one kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Latest Practicable Date	8 April 2024, being the latest practicable date prior to the printing of this report for the purpose of ascertaining certain information contained herein

GLOSSARY OF TERMS

load factor	the ratio (expressed as a percentage) of the gross amount of electricity generated by a power plant in a given period to the product of the number of hours in the given period multiplied by the plant's installed capacity
Longyuan Carbon Asset Company	Longyuan (Beijing) Carbon Assets Management Technology Co., Ltd.
Longyuan Power/our Company/ the Company/we	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司)
MST	abbreviations for management, skill, and technology
MW	unit of energy, 1 MW = 1,000 kW
MWh	unit of energy, one megawatt-hour is the amount of energy that would be produced by a generator producing one megawatt for one hour
NDRC	the National Development and Reform Commission of the People's Republic of China
Pingzhuang Energy	Inner Mongolia Pingzhuang Energy Co., Ltd. (內蒙古平莊能源股份有限公司)
replacing small-capacity units with large-capacity units	to replace the original small-capacity wind turbine units with mainstream models in the industry with large installed capacity of a single unit and advanced technology to maximize the use of land and wind power resources in old wind farms
Reporting Period	from 1 January to 31 December 2023
SZSE	The Shenzhen Stock Exchange

GLOSSARY OF TERMS

Ten Initiatives	investigate and handle production safety accidents at higher level, reorganize the responsibility system for all employees' safety production, strictly investigate and rectify major accident hazards, strictly manage on-site operation safety, strictly evaluate the safety performance ability of all employees, strictly manage outsourcing contractors, increase the number of on-site visits to grassroots levels, improve work quality, comprehensively strengthen basic safety production management, solidly carry out the "Safety Production Month" activity, and strictly manage on duty and going out
Three Simultaneities	water resources conservation and environmental protection facilities in construction projects shall be designed, constructed and put into use simultaneously with the main project
three teams	excellent experts, great craftsmen and young talents
three unifications and three similarities	unified standards, unified equipment, and unified services for digitalization and project construction, and simultaneous design, installation, and commissioning
Troikas	independent development, cooperative development and replacing small-capacity units with large-capacity units
two separations	separate procurement of system hardware and software, and separate construction of the ubiquitous perception tier, network transmission tier, data management tier, data application tier, and evaluation and assessment tier

CORPORATE INFORMATION

THE COMPANY'S OFFICIAL NAME

龍源電力集團股份有限公司

THE COMPANY'S NAME IN ENGLISH

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Corporation Limited*

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BOARD OF DIRECTORS

Executive Director

Mr. Tang Jian *(Chairman of the Board)*
Mr. Gong Yufei *(President)*

Non-executive Directors

Mr. Tang Chaoxiong
Mr. Ma Bingyan

Independent Non-executive Directors

Mr. Michael Ngai Ming Tak
Mr. Gao Debu
Ms. Zhao Feng

THE COMPANY'S LEGAL REPRESENTATIVE

Mr. Tang Jian

AUTHORIZED REPRESENTATIVES

Mr. Tang Jian
Ms. Chan Sau Ling

COMPANY SECRETARY

Ms. Chan Sau Ling

* *For identification purpose only*

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China Longyuan Power Group Corporation Limited*

* For Identification Purpose Only