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CGN NEW ENERGY HOLDINGS CO., LTD.

中國廣核新能源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1811)

**Interim Results Announcement
for the Six Months Ended 30 June 2024**

HIGHLIGHTS OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

- Revenue for the six months ended 30 June 2024 amounted to US\$982.3 million, representing a decrease of 19.7% from US\$1,223.8 million for the six months ended 30 June 2023.
- Profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 amounted to US\$183.5 million, representing a decrease of 7.3% from US\$197.8 million for the six months ended 30 June 2023.
- The decrease in profit for the six months ended 30 June 2024 was mainly attributable to (1) decrease in fuel margin of Korea projects; and (2) decrease in power generation of the PRC wind projects due to a year-on-year increase in grid curtailment.
- Earnings per share for the six months ended 30 June 2024 amounted to 4.28 US cents, representing a decrease of 7.3% from 4.61 US cents for the six months ended 30 June 2023.
- The Board resolved not to declare an interim dividend for the six months ended 30 June 2024.

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

	Six months ended 30 June	
	2024	2023
	US\$'000	US\$'000
Revenue	982,273	<u>1,223,805</u>
Operating expenses:		
Coal, oil, gas and wood pellet	382,819	601,580
Depreciation of property, plant and equipment	175,546	171,578
Repair and maintenance	10,404	13,017
Staff costs	53,974	49,836
Others	55,665	<u>43,214</u>
Total operating expenses	678,408	<u>879,225</u>
Operating profit	303,865	344,580
Other income	20,083	8,372
Other losses	(4,060)	(1,140)
Finance costs	(91,623)	(110,943)
Share of results of associates	4,594	<u>4,150</u>
Profit before taxation	232,859	245,019
Income tax	(42,102)	<u>(38,075)</u>
Profit for the period	190,757	<u>206,944</u>

	Six months ended 30 June	
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Other comprehensive income for the period		
Items that are/may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations	(46,016)	(59,251)
Effective portion of changes in fair value of hedging instruments recognized during the period	(11)	(1,078)
Deferred tax credit arising from fair value change in hedging instruments	3	249
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	(54)	(55)
– deferred tax credit arising on release of hedging reserve	21	14
	<u>(46,057)</u>	<u>(60,121)</u>
Other comprehensive income for the period		
Total comprehensive income for the period	<u>144,700</u>	<u>146,823</u>
Profit for the period attributable to:		
Equity shareholders of the Company	183,454	197,828
Non-controlling interests	7,303	9,116
	<u>190,757</u>	<u>206,944</u>
Total comprehensive income for the period attributable to:		
Equity shareholders of the Company	138,006	143,181
Non-controlling interests	6,694	3,642
	<u>144,700</u>	<u>146,823</u>
Earnings per Share		
– Basic (<i>US cents</i>)	<u>4.28</u>	<u>4.61</u>
– Diluted (<i>US cents</i>)	<u>4.28</u>	<u>4.61</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 – unaudited

	30 June 2024 US\$'000	31 December 2023 US\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	5,997,193	5,883,410
Right-of-use assets	143,577	131,916
Goodwill	140,308	143,352
Interests in associates	80,129	75,929
Deferred tax assets	24,075	27,004
Financial assets designated at fair value through other comprehensive income	3,341	3,354
Net defined benefit retirement scheme assets	–	397
Other non-current assets	344,696	316,805
	<u>6,733,319</u>	<u>6,582,167</u>
CURRENT ASSETS		
Inventories	46,588	44,648
Trade receivables	855,643	766,028
Contract assets	417,806	368,146
Other receivables and prepayments	150,411	163,171
Amounts due from fellow subsidiaries	11,878	12,562
Tax recoverable	19	19
Pledged bank deposits	64,138	111,735
Short-term bank deposits	–	14,166
Cash and cash equivalents	121,929	287,500
	<u>1,668,412</u>	<u>1,767,975</u>

	30 June 2024 US\$'000	31 December 2023 US\$'000
CURRENT LIABILITIES		
Trade payables	96,792	108,671
Contract liabilities	3,438	3,959
Other payables and accruals	391,607	437,322
Amounts due to fellow subsidiaries	108,038	107,045
Amounts due to non-controlling shareholders		
– due within one year	2,065	3,209
Loans from fellow subsidiaries		
– due within one year	895,115	817,324
Bank borrowings – due within one year	492,596	494,635
Lease liabilities – due within one year	6,067	6,209
Government grants	190	191
Tax payable	26,317	24,061
	<u>2,022,225</u>	<u>2,002,626</u>
NET CURRENT LIABILITIES	<u>(353,813)</u>	<u>(234,651)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>6,379,506</u>	<u>6,347,516</u>
NON-CURRENT LIABILITIES		
Other payables and accruals		
– due after one year	7,071	7,148
Amount due to a non-controlling shareholder		
– due after one year	1,204	1,209
Loans from fellow subsidiaries		
– due after one year	587,397	592,782
Bank borrowings – due after one year	3,904,503	3,953,520
Lease liabilities – due after one year	43,836	45,398
Government grants	6,278	6,697
Net defined benefit retirement scheme obligations	129	–
Deferred tax liabilities	45,999	52,203
	<u>4,596,417</u>	<u>4,658,957</u>
NET ASSETS	<u>1,783,089</u>	<u>1,688,559</u>

	30 June 2024 <i>US\$'000</i>	31 December 2023 <i>US\$'000</i>
CAPITAL AND RESERVES		
Share capital	55	55
Reserves	<u>1,620,011</u>	<u>1,544,536</u>
Total equity attributable to equity shareholders of the Company	1,620,066	1,544,591
Non-controlling interests	<u>163,023</u>	<u>143,968</u>
TOTAL EQUITY	<u>1,783,089</u>	<u>1,688,559</u>

Revenue and Segment Information

The Group has three reportable segments as follows:

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

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

Six months ended 30 June 2024

	Power plants in the PRC <i>US\$'000</i>	Power plants in Korea <i>US\$'000</i>	Management companies <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue – external	<u>509,211</u>	<u>461,338</u>	<u>11,724</u>	<u>982,273</u>
Segment results	<u>187,952</u>	<u>65,281</u>	<u>558</u>	253,791
Unallocated other income				18
Unallocated operating expenses				(3,489)
Unallocated finance costs				(22,055)
Share of results of associates				<u>4,594</u>
Profit before taxation				<u>232,859</u>

Six months ended 30 June 2023

	Power plants in the PRC <i>US\$'000</i>	Power plants in Korea <i>US\$'000</i>	Management companies <i>US\$'000</i>	Total <i>US\$'000</i>
Segment revenue – external	<u>535,626</u>	<u>677,704</u>	<u>10,475</u>	<u>1,223,805</u>
Segment results	<u>206,875</u>	<u>56,474</u>	<u>499</u>	263,848
Unallocated other income				41
Unallocated operating expenses				(1,849)
Unallocated finance costs				(21,171)
Share of results of associates				<u>4,150</u>
Profit before taxation				<u>245,019</u>

NOTES

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its Shares are listed on the Main Board of the Stock Exchange in October 2014. The registered office of the Company is at M Q Services Ltd., Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Its immediate holding company is CGN Energy International, a company incorporated in Hong Kong with limited liability and its ultimate holding company is CGN, a state-owned enterprise established in the PRC.

The financial information set out in this announcement does not constitute the unaudited interim financial report of the Group for the six months ended 30 June 2024 but is extracted from that unaudited interim financial report which has been prepared in accordance with the International Accounting Standard (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure provisions of the Listing Rules.

The preparation of the interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The financial information relating to the financial year ended 31 December 2023 set out in this announcement does not constitute the Group’s statutory consolidated financial statements for the year ended 31 December 2023, but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The Group had net current liabilities of approximately US\$353.8 million as at 30 June 2024. Taking into account the financial resources of the Group, the Group has unutilized general facilities of US\$1,013.0 million as at 30 June 2024 for over the next twelve months from the end of the reporting period. In addition, the directors of the Company have reviewed the Group’s cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the end of the reporting period.

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

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments do not have a material impact on these interim consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Results and Analysis

In the first half of 2024, the revenue of the Group amounted to US\$982.3 million, representing a decrease of US\$241.5 million or 19.7% compared with US\$1,223.8 million for the first half of 2023. The profit attributable to equity shareholders of the Company amounted to US\$183.5 million, representing a decrease of US\$14.3 million or 7.3% compared with US\$197.8 million for the first half of 2023.

The profit for the period of the Group amounted to US\$190.8 million, representing a decrease of US\$16.1 million or 7.8% compared with US\$206.9 million for the first half of 2023.

Revenue

In the first half of 2024, the revenue of the Group amounted to US\$982.3 million, representing a decrease of 19.7% compared with US\$1,223.8 million for the first half of 2023. The revenue derived from wind projects in the PRC amounted to US\$357.2 million, representing a decrease of 7.3% compared with US\$385.2 million for the first half of 2023, which was mainly attributable to the decrease in power generation. The revenue derived from Korea projects amounted to US\$461.3 million, representing a decrease of 31.9% compared with US\$677.7 million for the first half of 2023, which was mainly attributable to the decrease in both tariff and power generation of Korea gas-fired projects.

Operating Expenses

In the first half of 2024, the operating expenses of the Group amounted to US\$678.4 million, representing a decrease of 22.8% compared with US\$879.2 million for the first half of 2023. The decrease in operating expenses was mainly due to the decrease in gas costs of Korea gas-fired projects.

Operating Profit

In the first half of 2024, the operating profit of the Group, which is equal to revenue minus operating expenses, amounted to US\$303.9 million, representing a decrease of 11.8% compared with US\$344.6 million for the first half of 2023. The decrease in operating profit was mainly caused by the decrease in fuel margin of Korea projects and decrease in power generation of the PRC wind projects due to a year-on-year increase in grid curtailment.

Other Income

Other income of the Group mainly represented compensation income from Korea's fuel cell project, interest income and government grants. In the first half of 2024, other income of the Group amounted to US\$20.1 million, representing an increase of US\$11.7 million compared with US\$8.4 million for the first half of 2023, mainly due to recognition of compensation income from Korea's fuel cell project.

Finance Costs

In the first half of 2024, the finance costs of the Group amounted to US\$91.6 million, representing a decrease of 17.4% compared with US\$110.9 million for the first half of 2023. The decrease in finance costs was mainly attributable to the decrease in weighted average balances of bank borrowings.

Share of Results of Associates

In the first half of 2024, the share of profits of associates amounted to US\$4.6 million, representing an increase of US\$0.4 million compared with US\$4.2 million in the first half of 2023. The increase in profits of the associates was mainly attributable to the decrease in market coal price during the period.

Income Tax

In the first half of 2024, the income tax expenses of the Group amounted to US\$42.1 million, representing an increase of US\$4.0 million compared with US\$38.1 million for the first half of 2023, which was mainly due to the expiration of the preferential tax rate period of certain subsidiaries in the PRC.

Liquidity and Capital Resources

The Group's cash and cash equivalents decreased from US\$287.5 million as at 31 December 2023 to US\$121.9 million as at 30 June 2024, which was primarily due to the increase in net cash used in investing activities.

Net Debt/Equity Ratio

The Group's net debt/equity ratio decreased from 3.30 as at 31 December 2023 to 3.23 as at 30 June 2024, which was mainly due to the increase in equity.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2024.

Earnings per Share

	Six months ended 30 June	
	2024	2023
	<i>US cents</i>	<i>US cents</i>
Earnings per share, basic and diluted – calculated based on the number of ordinary shares for the period	4.28	4.61
	<i>US\$'000</i>	<i>US\$'000</i>
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the period attributable to ordinary equity shareholders of the Company)	183,454	197,828
	<i>'000</i>	<i>'000</i>
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	4,290,824	4,290,824

Trade Receivables

	30 June	31 December
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables – contracts with customers	870,975	780,784
Less: allowance for credit losses	(15,332)	(14,756)
	855,643	766,028

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

	30 June	31 December
	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>
0 – 60 days	184,978	215,900
61 – 90 days	20,679	15,562
91 – 180 days	68,907	57,075
Over 180 days	581,079	477,491
	855,643	766,028

As at 30 June 2024, the Group's trade receivables balances included receivables with aggregate carrying amount of US\$139.0 million (31 December 2023: US\$174.9 million) from the sales of electricity and other services, which are due within 20 to 90 days from the date of billing.

As at 30 June 2024, the Group's trade receivables balances included receivables with aggregate carrying amount of US\$716.6 million (31 December 2023: US\$591.1 million) from the tariff income receivables. These receivables are tariff income receivables from relevant government authorities pursuant to the Cai Jian [2020] No.5 Notice on the Measures for Administration of Subsidy Funds for Tariff of Renewable Energy (財建[2020]5號《可再生能源電價附加補助資金管理辦法》). The collection of tariff income receivables is subject to settlement by state grid companies upon finalization of the allocation of funds by relevant PRC government authorities to the state grid companies. As a result, the tariff income receivables are not considered as overdue or in default.

The Group measures loss allowance for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on the historical settlement records, latest ageing profile of those receivables and forward looking information that is available without undue cost and effort.

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

Contract Assets

	30 June 2024	31 December 2023
	US\$'000	US\$'000
Tariff income from sales of renewable energy	433,154	383,732
Less: allowance for credit losses	(15,348)	(15,586)
	<u>417,806</u>	<u>368,146</u>

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

Trade Payables

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

	30 June 2024 US\$'000	31 December 2023 US\$'000
0 – 60 days	67,088	81,618
61 – 90 days	13,326	12,725
Over 90 days	16,378	14,328
	<u>96,792</u>	<u>108,671</u>

The average credit period on purchases of goods was 31 days (31 December 2023: 48 days) for the six months ended 30 June 2024. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

Financial Position

Non-current assets increased from US\$6,582.2 million as at 31 December 2023 to US\$6,733.3 million as at 30 June 2024. The increase was mainly due to the increase in property, plant and equipment during the six months ended 30 June 2024.

Current assets decreased from US\$1,768.0 million as at 31 December 2023 to US\$1,668.4 million as at 30 June 2024. The decrease was mainly due to the decrease in cash and cash equivalents.

Current liabilities increased from US\$2,002.6 million as at 31 December 2023 to US\$2,022.2 million as at 30 June 2024. The increase was mainly due to the increase in short-term loans from fellow subsidiaries.

Non-current liabilities decreased from US\$4,659.0 million as at 31 December 2023 to US\$4,596.4 million as at 30 June 2024. The decrease was mainly due to the decrease in long-term bank borrowings.

Loans from Fellow Subsidiaries

As at 30 June 2024 and 31 December 2023, the amounts represent:

	<i>Notes</i>	30 June 2024 US\$'000	31 December 2023 US\$'000
Loans from fellow subsidiaries			
– due within 1 year:			
CGN Finance	<i>i(a)</i>	255,643	228,470
CGN Wind Energy	<i>ii</i>	389,472	338,854
CGNPC Huasheng	<i>iii</i>	250,000	250,000
		895,115	817,324
Loans from fellow subsidiaries			
– due after 1 year:			
CGN Finance	<i>i(b)</i>	137,397	142,782
China Clean Energy	<i>iv</i>	450,000	450,000
		587,397	592,782

Notes:

(i)(a) Loans from CGN Finance of RMB1,801.4 million (equivalent to US\$253.3 million) (31 December 2023: RMB1,601.4 million (equivalent to US\$226.1 million)) are unsecured, interest bearing at 2.35% to 3.30% (31 December 2023: 2.35% to 3.30%) per annum and repayable within one year; and

Loans from CGN Finance of RMB16.8 million (equivalent to US\$2.3 million) (31 December 2023: RMB16.8 million (equivalent to US\$2.4 million)) are unsecured, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center (“**RMB Loan Prime Rate**”) minus 0% to 1% (31 December 2023: RMB Loan Prime Rate minus 0% to 1%) per annum and repayable within one year.

(i)(b) Loan from CGN Finance of RMB7.5 million (equivalent to US\$1.0 million) (31 December 2023: RMB8.2 million (equivalent to US\$1.2 million)) is unsecured, interest bearing at 3.30% (31 December 2023: 3.30%) per annum and repayable in 2038 (31 December 2023: 2038); and

Loans from CGN Finance of RMB969.7 million (equivalent to US\$136.4 million) (31 December 2023: RMB1,003.1 million (equivalent to US\$141.6 million)) are unsecured, interest bearing at the RMB Loan Prime Rate minus 0% to 1.35% (31 December 2023: RMB Loan Prime Rate minus 0% to 1.35%) per annum and repayable in 2032 to 2040 (31 December 2023: 2031 to 2040).

- (ii) Loan from CGN Wind Energy of RMB2,770.0 million (equivalent to US\$389.5 million) (31 December 2023: RMB2,400.0 million (equivalent to US\$338.9 million)) is unsecured, interest bearing at 2.40% (31 December 2023: 2.40%) per annum and repayable in 2024 (31 December 2023: 2024).
- (iii) Loan from CGNPC Huasheng of US\$250.0 million (31 December 2023: US\$250.0 million) is unsecured, interest bearing at 3 months Secured Overnight Financing Rate published by the Federal Reserve Bank of New York plus 1.30% (31 December 2023: 3 months Secured Overnight Financing Rate published by the Federal Reserve Bank of New York plus 1.30%) per annum and repayable in 2024 (31 December 2023: 2024).
- (iv) Loan from China Clean Energy of US\$450.0 million (31 December 2023: US\$450.0 million) is unsecured, interest bearing at 4.50% (31 December 2023: 4.50%) per annum and repayable in October 2025 (31 December 2023: October 2025).

Bank Borrowings

The Group's total bank borrowings decreased from US\$4,448.2 million as at 31 December 2023 to US\$4,397.1 million as at 30 June 2024. Details of bank borrowings are as follows:

	30 June 2024	31 December 2023
	US\$'000	US\$'000
Secured	2,634,331	2,716,937
Unsecured	1,762,768	1,731,218
	<u>4,397,099</u>	<u>4,448,155</u>

The maturity profile of bank borrowings is as follows:

Within 1 year	492,596	494,635
After 1 year but within 2 years	660,744	393,972
After 2 years but within 5 years	1,756,182	1,995,158
Over 5 years	1,487,577	1,564,390
	<u>3,904,503</u>	<u>3,953,520</u>
	<u>4,397,099</u>	<u>4,448,155</u>

As at 30 June 2024, the Group had unutilized banking facilities of US\$2,117.2 million (31 December 2023: US\$1,410.9 million).

Capital Expenditures

The Group's capital expenditures increased by US\$202.4 million to US\$386.4 million in the first half of 2024 from US\$184.0 million in the first half of 2023, which was mainly due to the increase in capital expenditures incurred by the wind and solar power projects.

Contingent Liabilities

As at 30 June 2024 and 31 December 2023, the Group had no material contingent liabilities.

Pledged Assets

The Group pledged certain property, plant and equipment, trade receivables, contract assets and bank deposits for credit facilities granted to the Group. As at 30 June 2024, the total carrying amount of the pledged assets of the Group amounted to US\$1,679.3 million (31 December 2023: US\$1,845.2 million).

Employees and Remuneration Policy

As at 30 June 2024, the Group had about 2,127 full-time employees, the majority of them were based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

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

In Hong Kong, the Group participates in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Employees contribute 5.0% of their relevant income to the mandatory provident fund scheme (capped at HK\$1,500 per month) and the Group contributes 10.0% of each employee's monthly base salary.

In Korea, the Group is required by law to contribute 4.5% of the employees' monthly average salaries for the national pension, 3.545% for national health insurance (12.95% of the national health insurance contribution for long term care insurance), 1.15% for unemployment insurance, 1.06% (Seoul Office)/0.804% (Yulchon)/0.804% (Daesan) for the industrial accident compensation insurance and 0.06% for a wage claim guarantee fund.

II. Industry Overview

China's Power Market:

According to the data published by the NEA, from January to June 2024, the electricity consumption of the society was 4,657.5 TWh, representing an increase of 8.1% from the same period of last year. As of the end of June 2024, the installed power generation capacity of the PRC amounted to 3,070.6 GW, representing an increase of 14.1% from the same period of last year. In particular, the accumulated installed wind power capacity reached 466.7 GW, representing an increase of 19.9% from the same period of last year, while the accumulated installed solar power capacity recorded 713.5 GW, representing an increase of 51.6% from the same period of last year.

In 2024, new energy continued to maintain a rapid development momentum. The new energy industry will adhere to the general working principle of "pursuing progress while ensuring stability, consolidating stability through advancement, and prioritising development before addressing problems", persist in promoting onshore and offshore development simultaneously, adopting centralised and distributed management, achieving complementary development of multiple energy sources, and continually advancing the high-quality leapfrog development of new energy.

Firstly, it is necessary to focus on the construction of the consumption and absorption of local projects to achieve rapid and orderly development.

In January 2024, the NEA issued the “Key Points on Energy Regulation Work for 2024” (《2024年能源監管工作要點》), anchoring its regulatory work on the two objectives of ensuring energy security and promoting green and low-carbon transformation. The key points of regulation include overseeing the implementation of the principal goals, key tasks and major projects of the national “14th Five-Year Plan” in terms of energy planning by provinces (regions, cities), continuously tracking the progress of cross-provincial and cross-regional power transmission channels, large-scale wind and photovoltaic bases, distributed photovoltaic projects, etc. It also indicates to orderly promote the participation of new energy in the market transactions, gradually expand the trading scale of green power and expedite the construction of green power and green certificate markets, and cultivate the green power consumption market.

In February 2024, 7 authorities including the Ministry of Industry and Information Technology and the NDRC jointly issued the “Guiding Opinions on Accelerating the Green Development of Manufacturing Industries” (《關於加快推動製造業綠色化發展的指導意見》), which clarified to: (1) encourage qualified enterprises and parks to build industrial green micro-grids, and utilize renewable energy nearby in large scale and high proportion; (2) increase the proportion of green power consumption by promoting the substitution of raw materials such as green hydrogen, enhancing the supply capacity of natural gas, ethane, propane, and other raw materials, and increasing the proportion of green and low-carbon raw materials; (3) make proactive arrangements for the future industries in the green and low-carbon fields, build a technical equipment system of the whole industrial chain of production, storage, transportation and utilization of hydrogen energy centering on the hydrogen demand in the fields of petrochemical engineering, steel, transportation, energy storage and power generation. Also it stated to build a matrix of energy storage technology products that are necessary for the new power system and achieve large-scale application of multi-time scale energy storage.

In April 2024, the NDRC released “Notice on Certain Policies and Measures Concerning of Supporting the Green, Low-carbon and High-quality Development of Inner Mongolia” (《關於支持內蒙古綠色低碳高質量發展若干政策措施的通知》). Such notice has pointed out the necessity to develop new energy more aggressively, also focusing on Kubuqi, Ulan Buh, Tengger and Badain Jaran Deserts, to build a large-scale wind power and photovoltaic base and actively develop solar thermal power generation, to support Inner Mongolia to explore differentiated policies conducive to the high-level development and utilization of new energy based on local conditions, to innovate the model of high-proportion consumption and utilization of renewable energy, and to orderly promote the substitution of green electricity for high energy-consuming enterprises. It also supports Inner Mongolia to carry out pilot projects for green power trading.

In May 2024, the State Council issued the “Action Plan for Energy Conservation and Carbon Reduction in 2024-2025” (《2024-2025年節能降碳行動方案》), which clarified to: (1) intensify the development of non-fossil energy, accelerate the construction of large-scale wind power and photovoltaic bases focusing on deserts, gobi and barren lands, develop offshore wind power in a reasonable and orderly manner, promote the development and utilization of distributed new energy, orderly construct large-scale hydro power bases, develop nuclear power in an active, safe and orderly manner, develop biomass energy based on local conditions, and promote the coordinated development of hydrogen energy; (2) enhance the consumption capacity of renewable energy, accelerate the construction of transmission channels for large-scale wind power and photovoltaic bases, accelerate the transformation of distribution networks, actively develop pumped hydro storage and new energy storage, and vigorously develop new technologies and new models such as micro-grids, virtual power plants and vehicle-grid interaction; (3) vigorously promote non-fossil energy consumption. Under the premise of ensuring economic efficiency, the utilization rate of new energy in areas with good resource conditions can be reduced to 90%.

Secondly, to ensure the provision of necessary elements for the development of new energy to guide the sustainable and healthy development of the industry.

In January 2024, the NDRC, the National Bureau of Statistics and the NEA jointly issued the “Notice on Strengthening the Connection between Green Power Certificates and Energy Conservation and Carbon Reduction Policies to Vigorously Promote Non-fossil Energy Consumption” (《關於加強綠色電力證書與節能降碳政策銜接大力促進非化石能源消費的通知》). Such notice clarified that green power certificates would be used as the basic vouchers for renewable energy power consumption to strengthen the effective connection between green power certificates and energy consumption control policies, and the corresponding electricity of green power certificate trading will be included into the assessment and calculation of provincial people’s governments’ energy-saving targets and responsibilities for the “14th Five-Year Plan” period.

In February 2024, the NDRC and the NEA issued the “Notice on Establishing and Improving the Price Mechanism of Power Ancillary Services” (《關於建立健全電力輔助服務市場價格機制的通知》). Such notice pointed out that the cap of peak-shaving service prices should be reasonably determined, and the cap of peak-shaving service prices should not exceed the on-grid price of local parity new energy projects in principle.

In February 2024, the NDRC and the NEA released the “Guiding Opinions on Strengthening the Construction of Grid Peak-Shaving Energy Storage and Intelligent Dispatching Capacity” (《關於加強電網調峰儲能和智能化調度能力建設的指導意見》), which indicated to strengthen peak-shaving capacity construction, focus on improving the peak-shaving capacity of supporting power, coordinate the improvement of renewable energy peak-shaving capacity, vigorously enhance the grid’s ability to optimize the allocation of renewable energy, and tap the peak-shaving potential of demand-side resources. Also, it indicated to promote the construction of energy storage capacity, make good plan and construction of pumped storage power stations, promote the construction of new energy storage at the power supply side, grid side and user side, and promote the coordinated development of multiple types of new energy storage technologies such as electricity storage, heat storage, cold storage and hydrogen storage.

In March 2024, the NDRC and the NEA released the “Guiding Opinion on High-quality Development of Distribution Network Under the New Situation” (《關於新形勢下配電網高質量發展的指導意見》), which indicated to: (1) overcome the shortcomings of the grid and strengthen the foundation of supply security, appropriately advance the planning of transformer and distribution sites, optimize the layout of grid facilities, and strengthen the construction of emergency security capabilities; (2) improve carrying capacity and support transformation developments. To meet the needs of large-scale distributed renewable energy grid connection, specifically strengthen the construction of distribution networks based on the development goals of distributed renewable energy; scientifically arrange the development scale of new energy storage, scientifically deploy new energy storage at key grid nodes and grid ends; promote the construction of micro-grids, and the large grid should create convenient conditions for distributed smart grids and micro-grids to access the public grid, and simplify grid connection procedures.

In June 2024, the NEA released the “Notice on Doing a Good Job in New Energy Consumption to Guarantee the High-Quality Development of New Energy” (《關於做好新能源消納工作保障新能源高質量發展的通知》), which indicated to: (1) strengthen planning and management. For supporting grid projects of 500 kV and above, the NEA organizes the annual adjustment of projects in the national electricity development plan. For supporting grid projects below 500 kV, the provincial energy authorities should optimize the management process and do a good job of project planning and management; combined with distributed new energy development programs, project layout, etc., to enhance the carrying capacity of distributed new energy; (2) orderly arrange new energy project construction. Strengthen the coordination between new energy and supporting grid construction; (3) practically enhance the performance of new energy grid integration. Explore the application of new technologies such as long time scale power prediction, grid-forming new energy, various new energy storage, etc., to improve the accuracy of new energy power prediction and proactive support capability; (4) scientifically determine the target utilization rate of new energy in various regions. Some regions with better resource conditions can appropriately relax the target of new energy utilization rate, which in principle should not be lower than 90%, and carry out annual dynamic assessment according to the situation of consumption.

In June 2024, 5 authorities including the NDRC issued the first batch of four energy conservation and carbon reduction special action plan documents for the steel, refining, synthetic ammonia and cement industries, proposing the main objectives for energy conservation and carbon reduction in these industries. The documents deployed key tasks, optimized the energy consumption structure of the industries, encouraged relevant industry enterprises to implement clean and low-carbon energy substitutions, accelerated the development and application of wind energy, solar energy, biomass energy, hydrogen energy and multi-storage solutions, and orderly promoted the electrification transformation of energy consumption; for newly-constructed projects, in principle, it will no longer add self-contained coal-fired power units and will support existing self-contained coal-fired power units to implement clean energy substitutions.

Thirdly, fully leverage the role of the power market mechanism and take multiple measures to improve new energy consumption.

In March 2024, the NDRC and the NEA revised and issued the “Operating Rules for Power Supply” (《供電營業規則》). The changes mainly proposed to: (1) adapt to the reform changes and adjust the relationship between the power supply and utilization, strengthen the requirements for supervision of power supply enterprises, highlight the equal relationship of the power suppliers and power users, and clarify the scope of responsibility for power supply services; (2) adhere to the principle of benefiting enterprises and bringing convenience to the people, and improve the rules for business expansion reporting, electricity bill collection and electric energy measurements by refining processes and increasing access capacity limits; (3) strengthen the management of the power supply and utilization order, standardize the investigation and handling of power theft, the suspension of power supply, and the management of the safety of power supply and utilization, to maintain the stability of the power supply and utilization.

In April 2024, the NDRC issued the “Power Market Regulatory Measures” (《電力市場監管辦法》), which was implemented since 1 June 2024. Such regulatory measures proposed that power regulators should supervise over power market participants’ fulfillment of power system safety obligations, entry and exit from the power market, execution of power market operation rules, conduct of transactions and power fee settlements, as well as unfair competition, collusion in bidding, and other irregularities in the wholesale power market transactions involving electricity sales enterprises and power users.

In April 2024, the NDRC issued the “Basic Rules for the Operation of the Power Market” (《電力市場運行基本規則》), which clarified that the capacity trading target was the output capacity that can reliably support the maximum load provided by power generation units, energy storage, etc., in a certain period of time in the future. According to the needs of new power system construction, the gradual establishment of a market-based mechanism for recovering capacity costs will be promoted, exploring ways such as capacity compensation and capacity markets to guide rational investment by business entities and ensure adequate long-term capacity in the power system.

In June 2024, 6 authorities including the NDRC and the Ministry of Natural Resources jointly issued the “Notice on Carrying Out Pilot Work for Wind Power and Photovoltaic Power Resource Survey” (《關於開展風電和光伏發電資源普查試點工作的通知》), which stated that it would: (1) choose 6 provinces (regions, cities) such as Hebei, Inner Mongolia, Shanghai, Zhejiang, Xizang and Qinghai as pilot areas to carry out pilot work for wind power and photovoltaic power resource surveys; (2) evaluate the endowment of wind and solar energy resources in each pilot area, assess the power generation capacity of each area, as well as the fluctuation characteristics and distribution patterns at different time scales, and analyze the spatial and temporal distribution and complementary characteristics; and (3) clarify the environmental factors, environmentally sensitive areas, and regulatory requirements of the wind and photovoltaic resource distributions in each area. Under the premise of strictly adhering to relevant regulatory requirements, it proposed utilizable areas for wind power and photovoltaic power generation.

Offshore Wind Power:

With policy support, the emergence of new technologies and the expansion of new models, the development space and prospects for offshore wind power are vast.

The institutional mechanism has been further improved: in March 2024, the NEA issued the “Guiding Opinions on Energy Work in 2024” (《2024年能源工作指導意見》), which proposed to coordinate and optimize the offshore wind power layout, promote the construction of offshore wind power bases, and steadily and orderly promote the development of offshore wind power towards deepwater and far offshore areas.

Orderly development of offshore wind power: orderly promote the layout optimization of nearshore projects and piloting deep-sea projects, and coordinate power transmission and engineering construction. With the continuous development of nearshore resources in recent years, moving towards deep-sea areas has become one of the main trends. In the first half of 2024, Shanghai opened bidding for 5.8 GW of offshore wind power, with all sites located more than 50 kilometers offshore, and over 70% of the capacity in deep-sea projects.

Integrated development: through exploring new offshore wind power models and business formats such as offshore wind power+oil and gas development, offshore wind power+hydrogen production, and offshore wind power+marine ranching, spatial integration, structural integration and functional integration can be achieved. Integrated development can provide clean energy, promote energy structure optimization, protect the ecological environment and drive economic development.

Offshore Photovoltaic:

In recent years, offshore photovoltaic has been regarded as a new breakthrough under the dilemma of photovoltaic land use. Coastal provinces represented by Shandong, Jiangsu, Fujian, Hebei and Tianjin have issued multiple offshore photovoltaic project indicators. However, due to the lack of guidance from national-level policies, although several offshore photovoltaic projects have been launched domestically, the actual progress has been slow, and most projects have not yet obtained approval in terms of maritime use procedures.

At the beginning of 2024, the Ministry of Natural Resources initiated a survey of the management of offshore photovoltaic projects, requiring coastal-level natural resources (marine) authorities to suspend accepting offshore photovoltaic project applications or approving offshore photovoltaic project market-based transfer plans. Subsequently, the first national-level offshore photovoltaic marine policy was officially issued, identifying four types of marine usage. According to the document, offshore photovoltaic projects must not be located outside the provincial-level marine areas, and are generally only allowed to be located in four types of already developed marine areas such as enclosed aquaculture areas, offshore wind farm areas (wind-photovoltaic collocation), power plant-confirmed thermal discharge areas, and long-term idle or abandoned salt pans. Supportive documents such as offshore photovoltaic project marine area control indicators and offshore photovoltaic project marine area definition methods were also released concurrently. The release of the documents further narrowed the scope of offshore photovoltaic marine.

Energy Storage:

The construction of regulating power supply is an important part of building a new power system. Currently, the regulation ability of traditional power systems is facing issues such as tight regulation resources, increasing regulation costs, and the lack of long-term regulation means. Facing the impact of the large-scale grid connection of new energy, China's new energy storage has achieved leapfrog development, and the new energy storage industry has grown rapidly. Among them, lithium-ion batteries account for the highest proportion, accounting for more than 90% of the total installed capacity. In early 2024, the NEA released a batch of new energy storage pilot demonstration projects covering major technical routes, including lithium-ion batteries, compressed air energy storage, etc. These projects have vigorously promoted the implementation of new technology applications. Currently, China's new energy storage is entering a rapid development period, with a gradually emerging trend of large-scale applications, diversified technological development, accelerated layout of related industrial chains, and initial support for energy transformation. However, it is worth noting that the industry as a whole is still in its early stages of development and needs to be improved in terms of safety, technological innovation, service life, adaptability, market mechanism and profit models. For example, the bottleneck of new energy storage raw materials leads to price fluctuation, European and American countries have built carbon tariff barriers, profit models and invocation mechanisms are yet imperfect, cost channeling models still need to be explored, and integration with various application scenarios needs to be improved. There are also issues to be resolved such as insufficient systematic scientific planning, low overall utilization rate and insufficient value utilization.

Korea's Power Market:

As the Korea's power market is undergoing a transformation of energy structure, it is expected that there would be an increase in the use of renewable energy and more natural gas power plants in the future. As the operation of new power plants would intensify the competition in the power market, the profitability of Korean gas-fired power generation companies might be hindered. However, gas-fired power plants can respond quickly to the intermittency of power generation of renewable energy. Therefore, as renewable energy develops, the importance of gas-fired power plants also increases. Also, the hydrogen power generation bidding market has been opened in Korea, and gas-fired power plants can participate in this market through the conversion of co-firing with hydrogen to increase the revenue sources as well.

III. Business Review

The Group's portfolio of assets comprises wind, solar, gas-fired, coal-fired, oil-fired, hydro, cogen, fuel cell and biomass projects, which are in the PRC and Korea's power markets. Our business in the PRC covers 19 provinces, two autonomous regions and a municipality with wide geographical coverage and diversified business scope. As of 30 June 2024, the operations in the PRC and Korea accounted for approximately 77.6% and 22.4% of the Group's attributable installed capacity of 9,666.4 MW respectively. Clean and renewable energy projects (namely wind, solar, gas-fired, hydro, fuel cell and biomass projects) accounted for 83.9% of our attributable installed capacity; and conventional energy projects (namely coal-fired, oil-fired and cogen projects) accounted for 16.1% of our attributable installed capacity.

The following table sets out the results of the Group (by fuel type):

US\$' million	PRC					Corporate	Total
	Korea Projects	Coal-fired, Cogen and Gas-fired Projects	PRC Hydro Projects	PRC Wind Projects	PRC Solar Projects		
For the six months ended							
30 June 2024							
Revenue	461.3	61.4	4.5	357.2	72.8	25.1	982.3
Operating expenses	(405.1)	(53.4)	(2.5)	(153.5)	(35.9)	(28.0)	(678.4)
Operating profit	56.2	8.0	2.0	203.7	36.9	(2.9)	303.9
Profit for the period	53.5	11.0	1.8	147.4	24.6	(47.5)	190.8
Profit attributable to equity shareholders of the Company	53.5	10.4	1.8	141.5	23.8	(47.5)	183.5
For the six months ended							
30 June 2023							
Revenue	677.7	68.1	3.5	385.2	67.6	21.7	1,223.8
Operating expenses	(607.9)	(62.6)	(2.7)	(147.9)	(30.2)	(27.9)	(879.2)
Operating profit	69.8	5.5	0.8	237.3	37.4	(6.2)	344.6
Profit for the period	41.5	8.1	0.8	179.7	27.2	(50.4)	206.9
Profit attributable to equity shareholders of the Company	41.5	6.9	0.8	172.8	26.2	(50.4)	197.8

Korea Projects

The increase in profit for the period from US\$41.5 million to US\$53.5 million was mainly attributable to the compensation income from fuel cell project, which was partly offset by decrease in both fuel margin and power generation from Yulchon I Power Project.

PRC Coal-fired, Cogen and Gas-fired Projects

The increase in profit for the period from US\$8.1 million to US\$11.0 million was mainly attributable to the decrease in market coal price.

PRC Wind Projects

Starting from the second half of 2023, the Group's newly commissioned attributable installed capacity of wind projects amounted to 25.3 MW. Due to a year-on-year increase in grid curtailment in the first half of 2024, the power generation of the wind projects decreased compared with the first half of 2023. Overall, the operating profit for the period decreased to US\$203.7 million.

PRC Solar Projects

Starting from the second half of 2023, the Group's newly commissioned attributable installed capacity amounted to 581.1 MW. Due to a year-on-year increase in grid curtailment in the first half of 2024, the average utilization hours of the solar projects decreased compared with the first half of 2023. Overall, the operating profit for the period remained stable at US\$36.9 million.

Installed Capacity

The attributable installed capacity of the Group's power assets as at 30 June 2024 and 30 June 2023 by fuel type are set out as follows (MW):

	As at	
	30 June 2024	30 June 2023
Clean and renewable energy portfolio		
Wind	4,436.4	4,419.1
Solar	1,759.4	1,178.3
Gas-fired	1,745.0	1,655.0
Hydro	56.3	56.3
Biomass	109.5	109.5
Subtotal	8,106.6	7,418.2
Conventional energy portfolio		
Coal-fired	989.8	989.8
Oil-fired	507.0	507.0
Cogen	63.0	63.0
Subtotal	1,559.8	1,559.8
Total attributable installed capacity	9,666.4	8,978.0

As of 30 June 2024, the Group's attributable installed capacity reached 9,666.4 MW, representing an increase of 688.4 MW or 7.7% from the same period of last year, of which the wind power and solar power accounted for 64.1% of the Group's attributable installed capacity. The attributable installed capacity of wind power amounted to 4,436.4 MW, representing an increase of 17.3 MW or 0.4% from the same period of last year; whereas the attributable installed capacity of solar power amounted to 1,759.4 MW, representing an increase of 581.1 MW or 49.3% from the same period of last year. As of 30 June 2024, the Consolidated Installed Capacity of the Group's power plants reached 8,981.7 MW. It is expected that the growth of new operating capacity in 2024 will remain steady.

In terms of wind power business development, in the second half of 2023, the Group's newly commissioned attributable installed capacity of wind power was 18.7 MW, mainly distributed by region as follows: (1) 15.0 MW in Hebei Province and (2) 3.7 MW in Guangxi Zhuang Autonomous Region.

In the first half of 2024, the Group's newly commissioned attributable installed capacity of wind power was 6.6 MW, mainly distributed by region as follows: (1) 6.6 MW in Jiangxi Province.

In the first half of 2024, the Group's attributable installed capacity of wind power reduced by 8.0 MW, which was because 2.86% of the equity interest of Shengsi 5#6# Offshore Wind Power Project in Zhejiang Province was transferred to Shengsi Scenery and Tourism Investment Co., Ltd (嵊泗風景旅遊投資有限公司).

In terms of solar power business development, in the second half of 2023, the newly commissioned attributable installed capacity of solar power of the Group was 581.1 MW, mainly distributed by region as follows: (1) 200.0 MW in Jiangsu Province; (2) 121.1 MW in Zhejiang Province; (3) 100.0 MW in Hainan Province; (4) 80.0 MW in Guangxi Zhuang Autonomous Region; (5) 50.0 MW in Anhui Province; (6) 20.0 MW in Gansu Province; and (7) 10.0 MW in Hebei Province.

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

As of 30 June 2024, the Group had the following major projects under construction in the PRC: (1) a 200 MW/400 MWh Rudong storage station project in Jiangsu Province; (2) 290 MW solar energy projects in Hebei Province; (3) a 242 MW solar energy project in Jiangsu Province; (4) 30 MW solar energy projects in Zhejiang Province; (5) a 30 MW solar energy project in Qinghai Province; and (6) a 400 MW Zhaoyuan offshore photovoltaic project in Shandong Province.

Development of Preliminary Projects

The Company has always actively responded to and implemented national policies, committed to green and low-carbon development, and has always taken the realization of the “dual-carbon” goal as its own responsibility. Adhering to both centralized and decentralized development, the Company focuses on key regions and projects while grasping the development of conventional wind and solar projects, and achieves one policy for each province and one policy for each project, highlights large-scale development, vigorously develops clean energy base projects, continues to carry out the construction of “strategic alliance”, “industrial alliance”, “technology alliance” and “innovation alliance”, strengthens the cooperation with upstream and downstream enterprises in the industrial chain, and promotes the innovative development and the formation of new quality of productivity.

Safety Management

In the development of the Company, we deeply implement General Secretary Xi Jinping’s important statements and the spirit of his important instructions on safe production, and always adhere to the basic principles of people-first, life-first doctrine, and safety first, prevention foremost, as well as “3 management 3 essentials” (三管三必須)– “Safety as an Essential Component in Managing the Industry, Business, as well as Manufacturing and Operation” (管行業必須管安全、管業務必須管安全、管生產經營必須管安全), and “Safety First, Quality Foremost, Pursuit of Excellence”. In 2024, the Company has continued to promote the construction of quality management system, normalize the construction of dual prevention mechanism and the standardization of safety, quality and environmental protection, take multiple measures to solidify the responsibility of each level in safety, quality and environmental protection, lay solid foundation for the Company’s safety, quality and environmental management, and achieved a highly stable situation in safety production.

Construction Work

In 2024, the Company has stuck to the general position to seek progress while maintaining stability, and forged ahead steadily with “Stringency, Prudence, Meticulosity and Pragmatism” approach to create a new horizon in engineering construction. Also, the Company has deepened compliance management, constructed a new development landscape, and promoted high-quality, high-level and high-efficiency development of the Company’s engineering construction, supporting the Company to achieve the goal of building a first-class new energy enterprise, which was mainly reflected in optimizing the early planning of projects, strengthening the whole-process monitoring of equipment supply, re-upgrading technological informatization, and strengthening the talent traction mechanism.

Power Generation

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

	For the six months ended	
	30 June	
	2024	2023
PRC Wind Projects	5,288.9	5,601.1
PRC Solar Projects	1,035.3	848.1
PRC Cogen and Gas-fired Projects	180.5	153.8
PRC Hydro Projects	117.4	94.3
Korea Projects	3,038.3	3,443.3
Total	<u>9,660.4</u>	<u>10,140.6</u>

In 2024, confronting the effects of adverse factors such as the decline of climate resources, extreme weather and intensified grid curtailment in the industry, the Company has always been strengthening safety production and management, eliminating the risks of equipment operation in an all-round manner; enhancing the quality improvement of equipment health management, improving the preventive maintenance of equipment; and strengthening the network information security prevention system to protect information security, which laying a solid foundation for achieving the Company’s annual power generation target and providing strong guarantees for stable power supply. For the six months ended 30 June 2024, the electricity generated by the Group’s consolidated power generation projects amounted to 9,660.4 GWh, representing a decrease of 4.7% from 10,140.6 GWh for the six months ended 30 June 2023.

The power generation from PRC wind projects during the reporting period reached 5,288.9 GWh, representing a decrease of 5.6% from the same period of last year, which was mainly due to a year-on-year increase in grid curtailment in the first half of 2024, leading to a decrease in power generation in the first half of 2024 compared with the same period of last year.

The power generation from PRC solar projects during the reporting period reached 1,035.3 GWh, representing an increase of 22.1% from the same period of last year, which was mainly due to a year-on-year increase in the capacity of solar energy projects, leading to an increase in power generation in the first half of 2024 compared with the same period of last year.

The power generation from PRC cogen and gas-fired projects during the reporting period reached 180.5 GWh, representing an increase of 17.4% as compared with the same period in 2023, mainly due to an increase in local demand.

The power generation from PRC hydro projects during the reporting period reached 117.4 GWh, representing a year-on-year increase of 24.5%, mainly due to an increase in water inflow in the first half of 2024 compared to the same period of last year.

The power generation from Korea projects during the reporting period reached 3,038.3 GWh, mainly from gas-fired and biomass projects, representing a decrease of 11.8% as compared with the same period in 2023, which was mainly because the Yulchon I Gas-fired Power Project in Korea experienced a reduction in grid dispatch load in the first half of 2024, leading to a year-on-year decrease in power generation in the first half of 2024.

The total volume of steam sold by the Group during the reporting period amounted to 1,587,000 tonnes, representing an increase of 3.5% as compared with the six months ended 30 June 2023.

The following table sets out the average utilization hour applicable to the Group's power projects:

Average utilization hour by fuel type ⁽¹⁾

	For the six months ended	
	30 June	
	2024	2023
PRC Wind Projects ⁽²⁾	1,161	1,185
PRC Solar Projects ⁽³⁾	575	663
PRC Coal-fired Projects ⁽⁴⁾	1,985	2,332
PRC Cogen Projects ⁽⁵⁾	2,272	2,175
PRC Hydro Projects ⁽⁶⁾	1,701	1,381
Korea Gas-fired Projects ⁽⁷⁾	1,683	1,947

Notes:

- (1) Average utilization hour is the gross electricity generated in a specified period divided by the average installed capacity in the same period.
- (2) Average utilization hours of the PRC wind projects in major regions such as Gansu Province, Henan Province and Jiangsu Province were 927 hours, 1,280 hours and 1,422 hours, respectively, in the first half of 2024. Average utilization hours for the PRC wind power projects decreased mainly due to a year-on-year increase in grid curtailment in the first half of 2024.
- (3) Average utilization hours of the PRC solar projects operating in major regions such as Anhui Province, Inner Mongolia Autonomous Region and Qinghai Province were 557 hours, 841 hours and 724 hours, respectively, in the first half of 2024. Average utilization hours for the PRC solar power projects decreased mainly due to a year-on-year increase in grid curtailment in the first half of 2024.
- (4) Average utilization hours for the PRC coal-fired projects decreased in the first half of 2024 mainly due to the decrease in power generation arising from the decrease in local demand.
- (5) Average utilization hours for the PRC cogen projects increased in the first half of 2024 mainly due to the increase in power generation arising from the increase in local demand.
- (6) Average utilization hours of the PRC hydro projects increased in the first half of 2024 mainly due to increase in water inflows in Sichuan Province and Guangxi Zhuang Autonomous Region.
- (7) Average utilization hours of the Korea gas-fired projects decreased mainly due to the lower electricity generation of Yulchon I Power Project as a result of a decrease in the load of power grid dispatch in the first half of 2024.

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

Weighted average tariff – Electricity (inclusive of VAT) ⁽¹⁾

	Unit	For the six months ended	
		30 June 2024	2023
PRC Wind Projects ⁽²⁾	RMB per kWh	0.57	0.57
PRC Solar Projects ⁽³⁾	RMB per kWh	0.58	0.64
PRC Coal-fired Projects	RMB per kWh	0.49	0.50
PRC Cogen Projects ⁽⁴⁾	RMB per kWh	0.46	0.47
PRC Hydro Projects	RMB per kWh	0.31	0.27
Korea Gas-fired Projects ⁽⁵⁾	KRW per kWh	190.01	259.82

Weighted average tariff – Steam (inclusive of VAT)⁽¹⁾

PRC Cogen Projects ⁽⁶⁾	RMB per ton	234.76	272.90
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Notes:

- (1) The weighted average tariffs are affected not only by the change in the tariff for each project but also the change in net power generation for each project.
- (2) The weighted average tariff of our PRC wind projects remained stable in the first half of 2024.
- (3) The weighted average tariff of our PRC solar projects decreased in the first half of 2024 mainly due to the keen competition in electricity bid trading and the lower tariffs of the newly commissioned solar projects.
- (4) The weighted average tariff of our PRC cogen projects excludes steam tariff.
- (5) The decrease in weighted average tariff of Korea gas-fired projects in the first half of 2024 was in line with the decrease in Korea gas price during the same period.
- (6) The decrease in weighted average tariff of steam in the first half of 2024 was in line with the decrease in PRC coal price.

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

	Unit	For the six months ended	
		2024	2023
PRC weighted average standard coal price ^{(1) (2)}	RMB per ton	1,099.47	1,282.40
Korea weighted average gas price ^{(1) (3)}	KRW per Nm ³	906.15	1,256.48

Notes:

- (1) The weighted average standard coal price and the weighted average gas price are weighted based on the consumption of gas or coal in each applicable period.
- (2) The PRC weighted average standard coal price in the first half of 2024 decreased compared to the first half of 2023 due to a decrease in market coal price.
- (3) The Korea weighted average gas price in the first half of 2024 decreased compared to the first half of 2023 due to the decrease in the prices known as the Japanese Crude Cocktail, which are calculated with reference to the average prices of crude oil imported into Japan and are an important determinant of natural gas prices in Korean markets. Yulchon I Power Project's power purchase agreement allows us to legally pass on the fuel cost fluctuations of the tariff to our customers.

Scientific and Technological Innovation

Our Company continues to play a leading role in technological innovation in new energy across the industrial chain, strengthen energy technology innovation capabilities, promote industrial integration and business integration through technological integration, adhere to the "value creation" orientation based on demonstration project, focus on core capability building, systematically deploy leading projects in digital operation and maintenance, seize the initiative in innovative development of offshore wind power, and actively leverage the role of energy storage in new power systems. The Company aims to accelerate the transformation of achievements to serve the market and promote the construction of a new energy system.

In the field of digital operation and maintenance: the Company develops intelligent operation and maintenance equipment to create highly efficient and reliable power station operation capabilities, achieving unmanned operation of power stations. The Company applies intelligent analysis and forecasting tools to maximize the benefits of power market tradings, also focuses on promoting demonstration projects such as onshore wind farms, digital twins of offshore wind turbine equipment, and unmanned photovoltaic power stations.

The advanced technology integration project for offshore wind power: it aims to steadily advance the research and engineering demonstration of key issues in offshore grid parity, floating wind and photovoltaic power, and new power systems, with the goal of building a maritime power, serving energy security, and creating a major strategic pillar for the offshore wind development. The Company actively promotes the offshore fixed photovoltaic technology demonstration project in Zhaoyuan, Shandong Province, the first large-scale pile-supported fixed deep water offshore photovoltaic project in China, and establishes a complete set of process systems for the construction of large-scale pile-supported fixed deep water offshore photovoltaic projects, accumulating rich experience in offshore photovoltaic construction and supporting the development of large-scale projects of the Company.

In the field of energy storage: with the purpose of leveraging the role of energy storage in the new power system, the Company focuses on safety, efficiency and economy, carries out research on key heat storage technologies and their application demonstrations centered on leading technologies for new energy storage including electrochemical energy storage, molten salt energy storage, compressed air, etc., and promotes the high-quality development of the Company's energy storage business.

Through research and development of wind power equipment health status prediction technology, the Company has established the country's first professional platform in mainland China for predicting and warning wind power equipment's safe operation. This platform realizes real-time data monitoring, analysis and processing, fault pre-warning and diagnosis, operation and maintenance management, and maintenance support for wind power equipment, marking a shift from traditional maintenance to lean maintenance for new energy power stations, further improving automation levels. This technological achievement has been awarded the first-class prize by China Renewable Energy Society.

Our Company attaches great importance to the development of future industries. In April 2024, at the Parallel Forum for Innovative Development of Future Industries jointly organized by the Ministry of Industry and Information Technology, the Ministry of Science and Technology, the NDRC, and the Beijing Municipal People's Government, our Company's operation and maintenance achievements were selected as one of the "Excellent Cases for Innovative Development of Future Industries in 2024 (2024未來產業創新發展優秀典型案例)" by the Zhongguancun Forum.

Social Responsibility

Since 2024, alongside efforts in developing our principal business, the Company has carried out public welfare projects with a high standing and has effectively fulfilled its social responsibility as a central state-owned enterprise by building points of public welfare and social emergency rescue, assisting fire brigades in conducting firefighting, carrying out activities for protecting biodiversity and promoting safety.

In April 2024, the Anqiu Huangminshan Wind Power Project of the Company in Shandong Province organized personnel to actively assist the local forest fire brigades in successfully conducting the forest firefighting work.

In April 2024, Shagou Phase I Wind Power Project of the Company in Shandong Province extended the domestic water pipelines of the booster station to the outside, opening up the reservoir of the wind power plant to help Sanquan community (三泉社區) and Yefang community (野坊社區) in Shagou to fight a drought, and supported the timely farming of crops surrounding the wind power farms.

In May 2024, automatic external defibrillator (AED) emergency equipment was set up by the Company's Wenchang Liyang Fishing-Photovoltaic Power Complementary Project in Hainan Province, and the surrounding people were informed that the device could be available for use by fishermen engaging in the aquaculture industry and people in danger in the vicinity under emergency conditions.

In May 2024, the Company's Wenchang Wengtian Farming-Fishing-Photovoltaic Power Complementary Project in Hainan Province newly built a 1-kilometer hardened cement road and installed 30 streetlights, greatly facilitating the villagers' travel.

In June 2024, a fish stocking scheme was commenced by the Company's Rudong H8# Offshore Wind Power Project in Jiangsu Province, releasing 293,000 *Fugu flavidus*, effectively promoting the efficiency of fisheries and increasing fishermen's income.

In June 2024, the Company's Dachaidan Solar Project (Xitieshan Phase I, II and III) in Qinghai Province made a donation to the Jianzhatan People's Government (尖扎灘鄉人民政府), which was used for the development of cultural and tourism integration, the maintenance of infrastructure, and the assistance for rural revitalization in Jianzhatan Township.

In June 2024, the Company's Mingshui Grid-parity Wind Power Project in Heilongjiang Province carried out the public welfare promotion activity of "Safety Knowledge Goes into Thousands of Families" (安全知識進萬家) in surrounding villages and towns, popularizing the common knowledge of safe electricity use and the correct use methods of household appliances to passing villagers, and explaining in detail how to prevent electric shock and electrical equipment fires, effectively raising the surrounding villagers' awareness of safe electricity use.

Brand Promotion: Recognitions and Awards

The Company has always adhered to the work style of “Stringency, Prudence, Meticulosity and Pragmatism”, vigorously carried out quality management activities. Through quality activities such as in-depth management of equipment, equipment fault rectification, and preventive maintenance, the Company aims to improve the availability of equipment, enhance the level of quality management, and display the craftsmanship spirit of a great country, contributing to the high-quality development of the Company.

In April 2024, the Zhejiang Provincial Energy Association organized the “Excellent Achievements in Quality Management” awards, and the Company’s Shengsi 5#6# Offshore Wind Power Project in Zhejiang Province won two outstanding achievements.

In May 2024, the Company’s Beiba Wind Power Project in Gansu Province and Jiuquan Micro-grid Photovoltaic Project in Gansu Province were awarded two advancement-level honors and one advancement-level honor for “China Quality Innovation and Quality Improvement Achievements” by the China Quality (《中國質量》) magazine press respectively.

In May 2024, the Company’s Anqiu Taipingshan Phase I Wind Power Project in Shandong Province won three third-class honors in the “Power Industry Quality Management Group” by the Shandong Province Electricity Association.

IV. Risk Factors and Risk Management

Risks Relating to the Industry

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

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

Risk Relating to Fuel Cost

The non-renewable energy power projects of the Group require supplies of coal, oil and gas as fuel. Fuel costs represent a significant portion of our operating expenses and the operating expenses of our associates. The extent to which our profit is ultimately affected by the cost of fuel depends on our ability to pass through fuel costs to our customers as set out under the relevant regulatory guidelines and the terms of our power purchase agreement for a particular project, as we currently do not take any measures to hedge our exposure to fuel price fluctuations. Our fuel costs are also affected by the volume of electricity generated because the coal consumption rate of coal-fired and cogen power projects decreases when we generate more electricity as a result of economies of scale. In the PRC, government tariff regulations limit our ability to pass through changes in fuel costs. In Korea, our Yulchon I Power Project is able to pass through our exposure to fuel price fluctuations through fuel cost pass through provisions in the tariff formula. Our Yulchon II Power Project and Daesan I Power Project receive payments based on the system marginal price (SMP), which is influenced based on gas price and the efficiency of power plants. Therefore, in general situation, SMP can cover fuel cost. In few special situations, for example, the mandatory dispatch order with high cost and low efficiency, SMP may not fully cover the power plants' fuel cost. Korea has a system called Renewable Portfolio Standards (RPS), which helps renewable energy plants cover some of the additional power generation costs including fixed cost such as investment and operations and maintenance. Therefore, the biomass power plant, a kind of renewable energy, can respond to changes in fuel costs through SMP and revenue from Renewable Energy Green Certificate sales under RPS system. Our diversified generation portfolio enables us to diversify the risks that we would face to utilize a single resource for electricity generation. In particular, our exposure to several fuel types mitigates risks such as price increases in or the availability of any particular fuel source.

Interest Rate Risk

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

Foreign Exchange Risk

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

V. Prospects

In the second half of 2024, the Company will anchor on its annual business development objectives, and will make up for shortcomings and strengthen weaknesses, vigorously promote value creation and reform and innovation, and make every effort to promote high-quality development.

1. Enhance Party building, strengthen leadership, and further build a strong guarantee for high-quality development

We will resolutely implement the decisions and arrangements of the Party Central Committee and the spirit of important instructions and directions of General Secretary Xi Jinping, strengthen political guidance, and continuously enhance the governance capacity and organizational functions of basic level Party organizations, so as to provide strong guarantee for the Company's high-quality development.

2. Emphasize safety, ensure stability, and further guard the risk bottom line of high-quality development

The Company will regard safe production and safe operation as the first priority for its development, strengthen the dual prevention mechanism, enhance the effectiveness of the safety production management system, eliminate potential safety hazards and solve safety issues at root.

3. Promote production, stabilize growth, and further strengthen the solid foundation for high-quality development

The Company will do a good job in spot and cross-regional delivery and other multi-variety trading portfolio, deepen production and sales synergies, lean grid curtailment management and make an all-out effort to maintain revenue and control risks. The Company will speed up the commissioning of equipment for newly commissioned projects and develop stable power generation capacity as soon as possible.

4. Strive for development, promote implementation, and further enhance the efficiency and effectiveness of high-quality development

The Company will implement the new development concept in depth, anchor on the “dual-carbon” target, adopt a differentiated layout strategy, continue to promote the new energy installed capacity to a new level, and take various measures to improve the success rate of project conversion, continue to optimize the layout of the development and continue to promote the development and construction of new energy projects in a sustained and high-quality way.

5. Focus on the conversion, speed up the construction, and further clear the difficulties and blockages of high-quality development

The Company will pay special attention to the key areas and key projects to ensure smooth operation, make every effort to go through the legal and regulatory procedures, deepen the organization of project construction, and promote the safe and orderly construction of the projects.

6. Pursue innovation, promote transformation, and further strengthen the scientific and technological support of high-quality development

The Company will take innovation as the core driving force for development, continue to improve the scientific and technological innovation management system, increase efforts to organize major scientific and technological research, and promote new breakthroughs in the Company’s business performance.

7. Implement reform, increase efficiency, and further stimulate the vigor and momentum of high-quality development

We will push forward a new round of state-owned enterprise reform and deepening and upgrading actions, build a new and efficient organizational system, and empower the modernization of the governance system and governance capacity. We will insist on the organic unity of efficiency and effectiveness to complete the corporate governance system, so as to stimulate the momentum of high-quality development with the actual effect of reform.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No important event or transaction affecting the Group and which is required to be disclosed by the Company to its shareholders has taken place after 30 June 2024.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024 (including sale of treasury shares, if any).

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has complied with all the applicable code provisions of the Corporate Governance Code.

COMPLIANCE WITH MODEL CODE

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

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards in respect of securities transactions by the Directors set out in the Model Code and the Company's Code during the six months ended 30 June 2024.

REVIEW OF INTERIM RESULTS

The Group's unaudited consolidated interim results for the six months ended 30 June 2024 have been reviewed by the audit committee of the Company and the auditor of the Company, KPMG.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2024.

DEFINITIONS

“Board”	the board of Directors
“CGN”	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
“CGN Energy International”	CGN Energy International Holdings Co., Limited (中國廣核能源國際控股有限公司), an indirectly wholly-owned subsidiary of CGN incorporated in Hong Kong with limited liability and the immediate shareholder of the Company
“CGN Finance”	CGN Finance Co., Ltd. (中廣核財務有限責任公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
“CGN Wind Energy”	CGN Wind Power Company, Limited (中廣核風電有限公司), a company established in the PRC and a non-wholly owned subsidiary of CGN
“CGNPC Huasheng”	CGNPC Huasheng Investment Limited (中廣核華盛投資有限公司), a company established in Hong Kong and a wholly owned subsidiary of CGN
“China Clean Energy”	China Clean Energy Development Limited (中國清潔能源開發有限公司), a company established in Hong Kong and a wholly owned subsidiary of CGN
“Company” or “We”	CGN New Energy Holdings Co., Ltd. (中國廣核新能源控股有限公司), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1811)
“Company’s Code”	Code for Securities Transactions by Directors

“Consolidated Installed Capacity”	the aggregate installed capacity of our project companies that we fully consolidated in our consolidated financial statements. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated Installed Capacity does not include the capacity of our associated companies
“Corporate Governance Code”	Corporate Governance Code contained in Appendix C1 to the Listing Rules
“Daesan I Power Project”	a 507.0 MW oil-fired project in Korea
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“GW”	gigawatt, equal to one million kilowatts
“GWh”	gigawatt-hour, or one million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power projects
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“IAS”	International Accounting Standards
“Korea”	the Republic of Korea
“KRW”	Korean Won, the lawful currency of Korea
“kWh”	kilowatt-hour, the standard unit of energy used in the power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“MW”	megawatt, or one million watts. The installed capacity of power projects is generally expressed in terms of MW
“NDRC”	National Development and Reform Commission of the PRC
“NEA”	National Energy Administration of the PRC
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement and for geographical reference only and except when the context requires, references in this announcement to the PRC do not include Hong Kong of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“State Council”	State Council of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TWh”	terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country
“US\$” or “US dollar(s)”	United States dollars, the lawful currency of the United States of America
“Yulchon I Power Project”	a 592.8 MW gas-fired project in Korea

“Yulchon II Power Project” a 946.3 MW gas-fired project in Korea

“%” per cent

By Order of the Board
CGN New Energy Holdings Co., Ltd.
Li Guangming
President and Executive Director

Hong Kong, 20 August 2024

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

Executive Directors : *Mr. Zhang Zhiwu (Chairman) and
Mr. Li Guangming (President)*

Non-executive Directors : *Mr. Zhao Xianwen and
Ms. Mu Wenjun*

Independent Non-executive Directors : *Mr. Wang Minhao,
Mr. Yang Xiaosheng and
Mr. Leung Chi Ching Frederick*