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CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 611)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	Financial year ended		
	2023	2022	Change
Year ended 31 December	***HK$'000***	*HK$'000*	
Revenue	**1,733,290**	2,138,482	-18.9%
Profit for the year	**116,212**	98,354	18.2%
Basic and diluted earnings per share *(HK cents per share)*	**5.81**	5.55	4.7%

	2023	2022	Change
As at 31 December	***HK$'000***	*HK$'000*	
Total assets	**11,437,221**	9,418,915	21.4%
Net assets	**1,773,810**	1,693,430	4.7%

2023 ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Nuclear Energy Technology Corporation Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 together with comparative figures for the year ended 31 December 2022. The annual results have been reviewed by the Audit Committee of the Company (as defined hereinafter).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	4	**1,733,290**	2,138,482
Cost of sales		**(1,301,577)**	(1,724,026)
Gross profit		**431,713**	414,456
Other income and gains	4	**35,669**	45,622
Administrative expenses		**(124,381)**	(156,329)
Reversal of impairment/(impairment losses) on trade and bills receivables and contract assets		**15,403**	(6,194)
Change in fair value of financial assets at fair value through profit or loss		**1,748**	1,830
Finance costs	6	**(206,013)**	(160,666)
Share of profits and losses of an associate		**450**	582
PROFIT BEFORE TAX	5	**154,589**	139,301
Income tax expense	7	**(38,377)**	(40,947)
PROFIT FOR THE YEAR		**116,212**	98,354
OTHER COMPREHENSIVE LOSS			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(28,626)**	(136,945)
Exchange differences reclassified to profit or loss upon disposal of an associate		**–**	(668)
Exchange differences reclassified to profit or loss upon deregistration of subsidiaries		**(1,420)**	–
Share of other comprehensive loss of an associate		**(57)**	(337)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(30,103)**	(137,950)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**86,109**	(39,596)

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Profit attributable to:			
Owners of the parent		**107,689**	92,243
Non-controlling interests		**8,523**	6,111
		116,212	98,354
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**77,994**	(43,664)
Non-controlling interests		**8,115**	4,068
		86,109	(39,596)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
– For profit for the year		**HK5.81 cents**	HK5.55 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**31 December 2023** *HK$'000*	31 December 2022 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,701,297**	3,081,953
Right-of-use assets		**382,540**	203,706
Investment in an associate		**8,231**	7,838
Financial assets at fair value through profit or loss		**37,803**	28,953
Finance lease receivables	*10*	**240,495**	15,264
Loan receivables	*11*	**10,647**	27,977
Prepayment for property, plant and equipment	*12*	**259,136**	111,768
Total non-current assets		**6,640,149**	3,477,459
CURRENT ASSETS			
Trade and bills receivables	*13*	**1,518,915**	1,528,420
Contract assets	*14*	**289,953**	883,466
Finance lease receivables	*10*	**31,481**	7,644
Loan receivables	*11*	**114,431**	241,050
Prepayments, other receivables and other assets	*12*	**721,225**	1,201,051
Pledged bank deposits		**341,774**	1,075,948
Cash and cash equivalents		**1,779,293**	1,003,877
Total current assets		**4,797,072**	5,941,456

	Notes	**31 December 2023** *HK$'000*	31 December 2022 *HK$'000*
CURRENT LIABILITIES			
Trade and bills payables	*15*	**1,525,648**	1,529,765
Contract liabilities	*16*	**235,434**	614,945
Other payables and accruals	*17*	**107,408**	344,660
Bank and other borrowings		**2,066,829**	2,646,606
Lease liabilities		**22,949**	14,933
Tax payable		**13,613**	15,508
Total current liabilities		**3,971,881**	5,166,417
NET CURRENT ASSETS		**825,191**	775,039
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,465,340**	4,252,498
NON-CURRENT LIABILITIES			
Bank and other borrowings		**5,384,060**	2,390,309
Lease liabilities		**305,672**	168,759
Deferred tax liabilities		**1,798**	–
Total non-current liabilities		**5,691,530**	2,559,068
Net assets		**1,773,810**	1,693,430
EQUITY			
Equity attributable to owners of the parent			
Share capital		**185,204**	185,204
Reserves		**1,552,867**	1,474,873
Non-controlling interests		**35,739**	33,353
Total equity		**1,773,810**	1,693,430

NOTES:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as 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:

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

(b) rights arising from other contractual arrangements; and

(c) 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 owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to HKAS 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 HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 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.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(d) Amendments to HKAS 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. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the EPC and consultancy and general construction segment comprises the Group's EPC and consulting services operations relating to construction of photovoltaic power plants and general construction services;

(b) the power generation segment comprises the Group's power generation operations; and

(c) the financing segment comprises the Group's financing operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, change in fair value of financial asset at fair value through profit or loss, gain on disposal of an associate, share of results of an associate as well as head office and corporate expenses are excluded from such measurement.

All assets are allocated to operating segments, except for certain property, plant and equipment, right-of-use assets, prepayment, other receivables and other assets and cash and cash equivalents of head office, financial asset at fair value through profit or loss and investment in an associate.

All liabilities are allocated to operating segments, except for other payables and accruals and bank borrowings of head office.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

All of the Group's revenue from external customers is derived from the Group's operations in the PRC. All external customers of the Group are located in the PRC. As at 31 December 2023, except for the property, plant and equipment amounting to HK$18,249,000 (2022: HK$763,000) and right-of-use assets amounting to HK$1,625,000 (2022: HK$3,398,000) which were located in Hong Kong, all other non-current assets which were located in the PRC.

Included in revenue arising from EPC and consultancy and general construction segment were revenues of HK$421,661,000 and HK$174,569,000 (2022: HK$296,520,000 and HK$175,676,000) derived from the Group's first and second largest customers. For the year ended 31 December 2023, except for the revenue from the abovementioned first and second largest customer, no revenue from other customers (2022: 1 customer of EPC and consultancy and general construction segment) of the Group with revenue represent more than 10% of the Group's revenue.

Year ended 31 December 2023	EPC and consultancy and general construction *HK$'000*	Power generation *HK$'000*	Financing *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	**1,139,317**	**564,728**	**29,245**	**1,733,290**
Intersegment sales	**–**	**–**	**37,868**	**37,868**
Total segment revenue	**1,139,317**	**564,728**	**67,113**	**1,771,158**
Reconciliation:				
Elimination of intersegment sales				**(37,868)**
Revenue from external customers				**1,733,290**
Segment results	**35,592**	**303,826**	**2,701**	**342,119**
Reconciliation:				
Interest income				**34,366**
Corporate and other unallocated expenses				**(18,081)**
Finance costs				**(206,013)**
Change in fair value of financial asset at fair value through profit or loss				**1,748**
Share of results of an associate				**450**
Profit before tax				**154,589**
Income tax expense				**(38,377)**
Profit for the year				**116,212**
Segment assets	**3,350,267**	**7,454,693**	**541,404**	**11,346,364**
Reconciliation:				
Corporate and other unallocated assets				**90,857**
Total assets				**11,437,221**
Segment liabilities	**2,897,125**	**5,279,272**	**979,818**	**9,156,215**
Reconciliation:				
Corporate and other unallocated liabilities				**507,196**
Total liabilities				**9,663,411**
Other segment information				
Expected credit losses	**(16,596)**	**1,192**	**1**	**(15,403)**
Depreciation of property, plant and equipment	**931**	**208,878**	**309**	**210,118**
Depreciation of right-of-use assets	**3,151**	**17,580**	**1,219**	**21,950**
Additions to property, plant and equipment	**806**	**2,903,696**	**57**	**2,904,559**
Additions to right-of-use assets	**151**	**200,093**	**2,478**	**202,722**

Year ended 31 December 2022	EPC and consultancy and general construction *HK$'000*	Power generation *HK$'000*	Financing *HK$'000*	Total *HK$'000*
Segment revenue				
Sales to external customers	1,637,410	470,510	30,562	2,138,482
Intersegment sales	–	–	35,710	35,710
Total segment revenue	1,637,410	470,510	66,272	2,174,192
Reconciliation:				
Elimination of intersegment sales				(35,710)
Revenue from external customers				2,138,482
Segment results	46,719	235,178	6,567	288,464
Reconciliation:				
Interest income				13,976
Dividend income				10,006
Corporate and other unallocated expenses				(32,616)
Finance costs				(160,666)
Change in fair value of financial asset at fair value through profit or loss				1,830
Gain on disposal of an associate				17,725
Share of results of an associate				582
Profit before tax				139,301
Income tax expense				(40,947)
Profit for the year				98,354
Segment assets	4,664,692	4,203,260	371,305	9,239,257
Reconciliation:				
Corporate and other unallocated assets				179,658
Total assets				9,418,915
Segment liabilities	4,168,365	2,456,204	613,248	7,237,817
Reconciliation:				
Corporate and other unallocated liabilities				487,668
Total liabilities				7,725,485
Other segment information				
Expected credit losses	6,160	25	9	6,194
Depreciation of property, plant and equipment	887	175,350	167	176,404
Depreciation of right-of-use assets	3,107	11,189	1,177	15,473
Additions to property, plant and equipment	522	1,154,621	1,114	1,156,257
Additions to right-of-use assets	6,540	202,725	–	209,265

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers	**1,704,045**	2,107,920
Revenue from other sources		
Finance lease interest income	**10,968**	14,073
Loan interest income	**10,220**	7,692
Handling fee income	**8,057**	8,797
Subtotal	**29,245**	30,562
Total	**1,733,290**	2,138,482

Revenue from contracts with customers

(a) Disaggregated revenue information

	2023	2022
	HK$'000	*HK$'000*
Revenue:		
EPC and consultancy and general construction segment		
Construction of photovoltaic power plants		
– Construction contract revenue	**540,617**	450,969
General construction		
– Construction contract revenue	**340,765**	755,955
Sale of goods	**219,671**	370,507
Service income	**38,264**	59,979
Power generation segment		
Sale of electricity	**564,728**	470,510
	1,704,045	2,107,920
Timing of revenue recognition		
At a point in time	**219,671**	370,507
Over time	**1,484,374**	1,737,413
Total	**1,704,045**	2,107,920

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	HK$'000	*HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction services	**454,440**	109,071
Total	**454,440**	109,071

(b) *Performance obligations*

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

Construction services

The performance obligation is satisfied over time as the construction services are rendered. The payment term is generally 90 days to one year.

Sale of goods

The performance obligation is satisfied when the goods are delivered to and have been accepted. The payment term is generally 90 days.

Management services

The performance obligation is satisfied over time as management services are rendered. The payment term is generally 90 days.

Sale of electricity

The performance obligation is satisfied when electricity is supplied to and consumed by the customers. The payment term is generally 90 days.

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

	2023	2022
	HK$'000	*HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**1,028,111**	538,688
After one year	**944,761**	1,749,574
Total	**1,972,872**	2,288,262

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to provision of EPC and consultancy services and general construction 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.

	2023	2022
	HK$'000	*HK$'000*
Other income		
Bank interest income	**34,366**	13,976
Dividend income	**–**	10,006
Total other income	**34,366**	23,982
Gains		
Gain on disposal of an associate	**–**	17,725
Others	**1,303**	3,915
Total gains	**1,303**	21,640
Total other income and gains	**35,669**	45,622

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2023** **HK$'000**	2022 *HK$'000*
Cost of sales:			
Construction of photovoltaic power plants			
– Material and equipment		**416,848**	356,204
– Sub-contract costs for construction		**65,829**	21,788
– Sub-contract costs for design and consultancy services		**11,669**	19,120
General construction			
– Sub-contract costs for construction		**324,289**	730,993
Cost of inventories sold		**212,646**	348,010
Other costs*		**270,296**	247,911
Total cost of sales		**1,301,577**	1,724,026
Depreciation of property, plant and equipment		**210,118**	176,524
Depreciation of right-of-use assets		**21,950**	17,634
		232,068	194,158
Administrative expenses:			
Staff costs (including directors' and chief executive's remuneration):			
Wages, salaries and bonuses		**69,770**	64,711
Pension scheme contributions		**12,659**	11,122
Total staff costs		**82,429**	75,833
Reversal of impairment/(Impairment losses) on trade and bills receivables and contract assets	*13, 14*	**(15,403)**	6,194
Auditor's remuneration		**2,140**	2,262
Bank charges		**4,012**	21,807
Legal and professional fee		**8,504**	6,942
Short-term and low-value lease expenses		**887**	630
Research and development expenses		**556**	15,905

* Other costs included staff costs, depreciation and maintenance costs for the power plants and costs under financing segment.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	HK$'000	*HK$'000*
Interest on bank and other borrowings	**226,222**	170,074
Interest on lease liabilities	**4,964**	5,609
Total finance costs	**231,186**	175,683
Less: Amount capitalised in cost of qualifying assets*	**(25,173)**	(15,017)
Total	**206,013**	160,666

* The borrowing costs have been capitalised at a rate of 2.94% (2022: 3.64%) per annum.

7. INCOME TAX

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2023	2022
	HK$'000	*HK$'000*
Current – Chinese Mainland		
Charge for the year	**34,842**	40,947
Underprovision in prior years	**1,737**	–
Deferred tax	**1,798**	–
Income tax expense	**38,377**	40,947

No provision for Hong Kong profits has been made for both years as the Group did not generate any assessable profits arising in Hong Kong.

Under the Law of People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (2022: 25%), except for those subsidiaries described below.

A subsidiary operating in the PRC was accredited as "Advanced Technology Enterprise" by the Science and Technology Bureau of relevant provinces and other authorities for a term of three years, and was registered with the local tax authorities to be eligible to the reduced 15% enterprise income tax rate for the period 2020 to 2022. In 2023, the subsidiary renewed relevant certifications and continued to be eligible to the reduced 15% enterprise income tax rate for the period 2023 to 2025.

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rates for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2023	2022
	HK$'000	*HK$'000*
Profit before tax	**154,589**	139,301
Tax calculated at the statutory tax rates applicable to profits in the respective countries	**42,487**	36,204
Lower tax rates for specific provinces or enacted by local authority	**(22,436)**	(24,590)
Profits and losses attributable to an associate	**(113)**	(146)
Income not subject to tax	**(2,344)**	(4,736)
Expenses not deductible for tax	**4,562**	4,787
Tax losses not recognised	**14,484**	20,793
Adjustments in respect of current tax of previous periods	**1,737**	–
Effect of income tax at 10% on the gains of disposal of an associate in Mainland China	**–**	8,635
Tax charge at the Group's effective rate	**38,377**	40,947

8. DIVIDENDS

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 December 2023 (2022: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,852,037 (2022: 1,661,561) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

The calculation of basic earnings per share is based on:

	2023	2022
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share calculation	**107,689**	92,243

	Number of shares 2023 *'000*	2022 *'000*
Issued share capital at 1 January	**1,852,037**	1,313,095
Subscription of new shares	**–**	538,942
Issued share capital at 31 December	**1,852,037**	1,852,037
Weighted average number of ordinary shares for the purposes of basic earnings per share calculation	**1,852,037**	1,661,561

10. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables with terms:				
Within one year	**42,063**	8,726	**31,481**	7,644
In the second to fifth years, inclusive	**343,800**	16,144	**240,495**	15,264
	385,863	24,870	**271,976**	22,908
Less: Unearned finance income	**(113,887)**	(1,962)		
Total net finance lease receivables	**271,976**	22,908		

	2023 ***HK$'000***	2022 *HK$'000*
Analysed for reporting purpose as:		
Current assets	**31,481**	7,644
Non-current assets	**240,495**	15,264
	271,976	22,908

The Group provides financial leasing services on certain photovoltaic power plants in the PRC. These leases are classified as finance leases and secured by (i) the photovoltaic power plants; (ii) the paid up registered capital of the lessees; and (iii) the proceeds from sales of electricity to the lessees that have remaining lease terms ranging from two to three years with interest rate at 4.3% to 6.8% (2022: 5.4%) per annum.

The Group's finance lease receivables are denominated in Renminbi ("**RMB**"). The interest rates are adjusted and reset based on changes in the prevailing benchmark lending interest rates promulgated by the People's Bank of China ("**PBOC**").

There was no recent history of default and past due amounts for finance lease receivables. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

11. LOAN RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Loan receivables with terms:		
Within one year	**114,431**	241,050
In the second to fifth years, inclusive	**10,647**	27,977
Total loan receivables	**125,078**	269,027
Less: Portion classified under current assets	**(114,431)**	(241,050)
Non-current assets	**10,647**	27,977

Loan receivables as at 31 December 2023 represented loans to third parties which were secured by the finance lease receivables and trade and bills receivables of the borrowers, bearing fixed interest at 6% to 8% (2022: 6% to 8%) per annum and repayable in one to four years (2022: one to five years).

There was no recent history of default and past due amounts for loan receivables. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023	2022
	HK$'000	*HK$'000*
Prepayments	**639,215**	953,182
Deposits	**6,314**	6,655
Other receivables	**334,832**	352,982
Total	**980,361**	1,312,819
Analysed for reporting purpose as:		
Current assets	**721,225**	1,201,051
Non-current assets (prepayment for property, plant and equipment)	**259,136**	111,768
	980,361	1,312,819

As at 31 December 2023, included in prepayments was the amount of HK$380,079,000 (2022: HK$841,414,000) of prepayments for cost of materials or sub-contract costs for construction.

As at 31 December 2023, included in other receivables were (i) VAT recoverable of HK$302,013,000 (2022: HK$130,373,000); and (ii) remaining balances related to the reserves for construction works.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

13. TRADE AND BILLS RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**1,527,141**	1,353,814
Bills receivable	**25,460**	223,105
Impairment	**(33,686)**	(48,499)
Net carrying amount	**1,518,915**	1,528,420

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three month, extending up to one year for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and before net of loss allowance, is as follows:

	2023	2022
	HK$'000	*HK$'000*
0 to 90 days	**751,525**	753,665
91 to 180 days	**151,304**	150,535
181 to 365 days	**132,204**	274,924
Over 365 days	**517,568**	397,795
Total	**1,552,601**	1,576,919

Bills receivable are received from the customers under EPC and consultancy and general construction segment and are due within six months from date of billing.

The movements in the loss allowance for impairment of trade and bills receivables are as follows:

	2023	2022
	HK$'000	*HK$'000*
At beginning of year	**48,499**	37,918
Impairment losses	**(14,813)**	10,581
At end of year	**33,686**	48,499

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type. 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.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

As at 31 December 2023

	Internal credit rating level	**ECL rate**	**Gross carrying amount**	**Loss allowance**	**Net carrying amount**
			HK$'000	***HK$'000***	***HK$'000***
Trade and bills receivables					
EPC and consultancy and general construction segment					
Local government related entities					
Current or not yet past due	**Low risk**	**0.13%**	**575,481**	**(744)**	**574,737**
0 to 90 days	**Low risk**	**0.25%**	**79,067**	**(197)**	**78,870**
91 to 180 days	**Low risk**	**0.25%**	**6,331**	**(16)**	**6,315**
181 to 365 days	**Low risk**	**0.43%**	**12,110**	**(52)**	**12,058**
Over 365 days	**Low risk**	**0.77%**	**97,475**	**(748)**	**96,727**
			770,464	**(1,757)**	**768,707**
Normal customers					
Current or not yet past due	**Low risk**	**0.56%**	**55,881**	**(312)**	**55,569**
0 to 90 days	**Low risk**	**2.14%**	**20,443**	**(437)**	**20,006**
91 to 180 days	**Low risk**	**2.14%**	**3,557**	**(76)**	**3,481**
181 to 365 days	**Doubtful**	**5.81%**	**16,212**	**(942)**	**15,270**
Over 365 days	**Doubtful, loss**	**96.79%**	**28,201**	**(27,296)**	**905**
			124,294	**(29,063)**	**95,231**

	Internal credit rating level	ECL rate	Gross carrying amount	Loss allowance	Net carrying amount
			HK$'000	*HK$'000*	*HK$'000*
Power generation segment					
Local state grid companies					
Current or not yet past due	**Low risk**	**0.13%**	**118,453**	**(153)**	**118,300**
0 to 90 days	**Low risk**	**0.25%**	**51,794**	**(129)**	**51,665**
91 to 180 days	**Low risk**	**0.25%**	**122,316**	**(304)**	**122,012**
181 to 365 days	**Low risk**	**0.43%**	**169,117**	**(726)**	**168,391**
Over 365 days	**Low risk**	**0.79%**	**194,453**	**(1,544)**	**192,909**
			656,133	**(2,856)**	**653,277**
Financing segment					
General customers					
Current or not yet past due	**Low risk**	**0.58%**	**1,710**	**(10)**	**1,700**
Group Total					
Current or not yet past due			**751,525**	**(1,219)**	**750,306**
0 to 90 days			**151,304**	**(763)**	**150,541**
91 to 180 days			**132,204**	**(396)**	**131,808**
181 to 365 days			**197,439**	**(1,720)**	**195,719**
Over 365 days			**320,129**	**(29,588)**	**290,541**
Total			**1,552,601**	**(33,686)**	**1,518,915**

As at 31 December 2022

	Internal credit rating level	ECL rate	Gross carrying amount	Loss allowance	Net carrying amount
			HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables					
EPC and consultancy and general construction segment					
Local government related entities					
Current or not yet past due	Low risk	0.10%	27,772	(28)	27,744
0 to 90 days	Low risk	0.26%	20,266	(52)	20,214
91 to 180 days	Low risk	0.25%	18,868	(48)	18,820
181 to 365 days	Low risk	0.45%	18,784	(84)	18,700
Over 365 days	Low risk	0.70%	55,112	(388)	54,724
			140,802	(600)	140,202

	Internal credit rating level	ECL rate	Gross carrying amount *HK$'000*	Loss allowance *HK$'000*	Net carrying amount *HK$'000*
Normal customers					
Current or not yet past due	Low risk	0.55%	524,186	(2,864)	521,322
0 to 90 days	Low risk	2.12%	20,596	(436)	20,160
91 to 180 days	Low risk	2.12%	156,080	(3,306)	152,774
181 to 365 days	Doubtful	6.30%	95,223	(5,999)	89,224
Over 365 days	Doubtful, loss	43.15%	77,921	(33,621)	44,300
			874,006	(46,226)	827,780
Trade and bills receivables					
Power generation segment					
Local state grid companies					
Current or not yet past due	Low risk	0.10%	199,877	(202)	199,675
0 to 90 days	Low risk	0.26%	109,674	(281)	109,393
91 to 180 days	Low risk	0.25%	99,975	(256)	99,719
181 to 365 days	Low risk	0.45%	39,962	(178)	39,784
Over 365 days	Low risk	0.67%	110,793	(747)	110,046
			560,281	(1,664)	558,617
Financing segment					
General customers					
Current or not yet past due	Low risk	0.49%	1,830	(9)	1,821
Group total					
Current or not yet past due			753,665	(3,103)	750,562
0 to 90 days			150,536	(769)	149,767
91 to 180 days			274,923	(3,610)	271,313
181 to 365 days			153,969	(6,261)	147,708
Over 365 days			243,826	(34,756)	209,070
Total			1,576,919	(48,499)	1,528,420

14. CONTRACT ASSETS

	31 December 2023 *HK$'000*	31 December 2022 *HK$'000*	1 January 2022 *HK$'000*
Contract assets arising from:			
Provision of EPC and consultancy services and general construction contract works	**290,423**	884,526	1,030,667
Impairment	**(470)**	(1,060)	(5,447)
Net carrying amount	**289,953**	883,466	1,025,220

The Group's contracts with customers for the provision of EPC and consultancy services and general construction services include payment schedules which require stage payments over the construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The decrease in contract assets in 2023 was the result of the decrease in the provision of construction services at the end of the year.

During the year ended 31 December 2023, HK$470,000 (2022: HK$1,060,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 13 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Within one year	**289,953**	883,466

The movements in the loss allowance for impairment of contract assets are as follows:

	2023 *HK$'000*	2022 *HK$'000*
At beginning of year	**1,060**	5,447
Impairment losses	**(590)**	(4,387)
At end of year	**470**	1,060

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade and bills receivables as the contract assets and the trade and bills receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade and bills receivables for groupings of various customer segments with similar loss patterns by customer type. 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.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2023	2022
Expected credit loss rate	**0.16%**	0.12%
Gross carrying amount *(HK$'000)*	**290,423**	884,526
Expected credit losses *(HK$'000)*	**470**	1,060

Gross carrying amounts of contract assets of HK$21,870,000 and HK$268,553,000 (2022: HK$37,170,000 and HK$847,356,000) were related to general customers and local government related entities respectively in relation to general construction services.

15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	HK$'000	*HK$'000*
0 to 90 days	**839,746**	520,462
91 to 180 days	**135,574**	206,374
181 to 365 days	**211,337**	551,013
Over 365 days	**338,991**	251,916
Total	**1,525,648**	1,529,765

The trade and bills payables are non-interest bearing.

16. CONTRACT LIABILITIES

	2023	2022
	HK$'000	*HK$'000*
Contract liabilities arising from:		
Provision of EPC and consultancy services and general construction services	**235,434**	614,945

	2023	2022
	HK$'000	*HK$'000*
Balance as at 1 January	**614,945**	114,801
Decrease in contract liabilities as a result of recognition of revenue during the year	**(548,336)**	(109,071)
Increase in contract liabilities as a result of billing in advance of provision of EPC and consultancy services and general construction services	**186,662**	634,177
Exchange alignments	**(17,837)**	(24,962)
Total	**235,434**	614,945

Contract liabilities represent the Group's obligation to transfer goods or services to customers for which the Group has received consideration (or an amount of consideration is due) from the customer.

Typical payment terms which impact on the amount of contract liabilities are the receipts in advance for the provision of EPC and consultancy services and general construction services.

Contract liabilities amounting to HK$454,440,000 at 31 December 2022 were recognised as revenue during the year ended 31 December 2023. The Group expects that the contract liabilities as at 31 December 2023 will be recognised as revenue within a year or less.

17. OTHER PAYABLES AND ACCRUALS

	2023	2022
	HK$'000	*HK$'000*
Other payables	**66,224**	313,177
Accruals	**41,184**	31,483
Total	**107,408**	344,660

BUSINESS REVIEW AND PROSPECTS

Review of Industry Development Status

2023 was the beginning of the full implementation of the spirit of the 20th National Congress of the Communist Party of China, and also a critical year that followed the past and heralded the future for the implementation of the 14th Five-Year Plan. China will further improve the renewable energy policy system, accelerate the construction of wind power photovoltaic bases, strengthen the construction of hydropower pumped storage, promote the development of renewable energy hydrogen production, improve the renewable energy green power certificate system, promote the market-oriented trading, consumption and utilization of renewable energy, enhance the technological innovation and industrial competitiveness of renewable energy, and make positive contributions to the realization of the goals of new power system construction, carbon peak and carbon neutrality.

With the acceleration of carbon neutrality worldwide, the development of wind and solar energy storage products has strong growth potential. While major countries and regions around the globe implemented development plans for renewable energy in relation to goals like carbon neutrality, China strived to achieve the peak carbon dioxide emission target by 2030 and endeavored to achieve carbon neutrality by 2060. On 15 November 2023, China and the U.S. announced The Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis, which stated to pursue efforts to triple renewable energy capacity globally by 2030. It implied that uninstalled capacity for new energy will reach 6,000GW by 2030, an increase of 4,000GW. It is estimated that the annual investment for wind power photovoltaic market amounted to approximately RMB2,000 billion, which brought to upstream and downstream industries an amount of RMB6,000 billion with huge development potential.

Review of Major Policies in Relation to China's Energy Industry

In March 2023, the Report on the Work of the Government delivered in Two Sessions, namely NPC & CPPCC National Committee annual sessions, has proposed to promote clean and efficient use of energy and technological research and development, accelerate the development of a new energy system, and increase the share of renewable energy.

In April 2023, the National Energy Administration issued the "Guiding Opinions on Energy Work in 2023", which put forward a series of quantitative targets on supply security capabilities and power substitution in key areas.

In July 2023, the National Development and Reform Commission and the National Energy Administration issued the "Notice on the Establishment and Improvement of a Safeguard Mechanism for Renewable Electricity Consumption", which set the renewable electricity consumption quota among different provinces, municipalities and regions in 2023, as well as the expected targets in 2024.

In July 2023, the National Development and Reform Commission and several other departments jointly issued the "Notice on Effectively Completing the Full Coverage of Renewable Energy Green Power Certificates to Promote Renewable Electricity Consumption". The scope of issuance for the green power certificates shall include all renewable energy power generation projects which had been established like distributed wind power, distributed photovoltaic and solar thermal power generation, in hope of bringing additional revenue to existing and new renewable energy projects.

In August 2023, the State Council issued a policy paper namely the "Discussion Paper on Further Optimizing the Foreign Investment Environment and Enhancing the Attraction of Foreign Investment", which proposed 24 policies in 6 areas that aimed to improve the mechanism for promoting the establishment of foreign-invested projects. Of which, it highlighted the implementation of policies and measures for the promotion of green electricity consumption and the support for greater participation by foreign-invested enterprises in green power certificates transaction and cross-provincial, cross-regional green electricity transaction.

In August 2023, four departments, including the Ministry of Industry and Information Technology, the Ministry of Science and Technology, the National Energy Administration and the National Standardisation Administration, jointly issued the "Implementation Plan for the New Industry Standardisation Navigation Project (2023-2035)", which proposed the comprehensive promotion of the establishment of a standard system for emerging industries. With respect to new energy, it highlighted the research and development of standards for new energy generation such as photovoltaic power generation, solar thermal power generation and wind power generation, the optimization and improvement of grid connection standard for new energy, the research and development of the key equipment standards for solar energy storage power generation system, solar thermal power generation system, wind power equipment.

In October 2023, the National Development and Reform Commission and the National Energy Administration issued the "Circular on Further Accelerating the Construction of the Electricity Spot Market", which stated that in accordance with the 2030 timeframe for the full participation of new energy in the market, regions with a higher proportion of distributed new energy installations will promote the participation of distributed new energy on-grid electricity in the market and explore effective mechanisms for market participation. New types of entities such as energy storage, virtual power plants and load aggregators will be promoted to play an active role in areas like peak-load shifting and optimizing the quality of electricity, and reference will be made to the standards of similar entities in the market for operation and management assessment.

In December 2023, the State Council issued the "Action Plan for Continuous Improvement of Air Quality", which stated the enhanced efforts in developing new energy and clean energy. By 2025, non-fossil fuel energy consumption shall account for about 20% of end-use energy consumption, while electricity shall account for about 30%.

Review of Development Status of the PV Power Generation Industry

According to the statistics from the National Energy Administration, the newly installed PV power generation capacity in China reached a record high of 216.9GW in 2023, representing a year-on-year increase of 148.2%. Among which, centralized power plants' capacity reached 120GW, and distributed power plants' capacity reached 96.3MW. Investment in photovoltaic power generation reached RMB670,000 million. Investment in centralized photovoltaic power generation in three provinces (regions), namely Yunnan, Hebei and Xinjiang, all achieved a year-on-year increase of over 100%. As of the end of 2023, China's accumulative installed PV power generation capacity reached 609.5GW, representing a year-on-year increase of 55.2%.

The conversion efficiency for solar cells continued to improve. Solar cells have gone through polycrystalline, monocrystalline, PERC, TCPcon, and HJT technology processes, enhancing their efficiency from 18.7% to currently 25%. At the end of the year, the efficiency of TOPCon cells is expected to reach 26%. Currently, the conversion efficiency for crystalline silica-calcite-TiO_2 stacked cells reached 33.9%. The efficiency for new models of stacked cells could reach 43% in the future.

Using thinner films with larger size is the trend for technology development. Using thinner films reduced silicon consumption, rapidly evolving from 170um at the end of 2021 to 150um at the beginning of 2023, with N-type 140-130um. Technology for large-size silicon films is the core trend in the future, increasing from M2 (156.75mm) to 182mm and 210mm.

Reduced prices of solar energy components are bringing down the investment cost of power stations. The price of silicon material has dropped significantly since the fourth quarter of 2022, from RMB300/KG to around RMB65/KG. In 2023, after the expansion of production capacities by major enterprises, the solar cells had been in oversupply, and the annual solar cell production volume reached 545GW, representing a year-on-year growth of 54%. With the release of upstream production capacity and lower prices, the price of solar cells dropped gradually from RMB2/W to RMB1/W, and it is forecasted that the price of N-type modules will fall below RMB0.8/W in 2024.

Review of Development Status of the Wind Power Generation Industry

The newly installed wind power capacity in China amounted to 75.9GW in 2023, representing a year-on-year increase of 101.9%. Investment in wind power reached RMB380,000 million, with accelerated investment in onshore wind power generation in three provinces (regions), namely Liaoning, Gansu and Xinjiang, and concentrated investment of newly-built large-scale offshore wind power generation projects in two provinces, namely Guangdong and Shandong. As of the end of 2023, China's accumulative installed wind power capacity reached 441.3GW, representing a year-on-year increase of 20.7%.

Low wind speed, large capacity and high tower technology facilitated wind power investment. The starting wind speed of the wind turbine is getting lower and lower from 4.6m/s, 3m/s to 2.5m/s at present; the capacity of the wind turbine is getting bigger and bigger from 1.5MW, 2.5MW, 6MW, 10MW to 16MW at present; the diameter of the blades is getting longer and longer from 114m to 210m; the height of the wheel hubs is getting taller and taller from 90m to 170m; the cost of the wind turbine is getting lower and lower from RMB4/W in 2020 to about RMB1/W at present through technological advancement, which boost the investment of wind power.

Review of Status of the Energy Storage Industry

New model of energy storage developed rapidly, with more than 30 million kilowatts of installed capacity in operation. As of the end of 2023, the accumulative installed capacity for the national new energy storage projects completed and put into operation reached 31.39GW/66.87GWh, with an average storage duration of 2.1 hours. The newly installed energy storage capacity amounted to approximately 22.6GW/48.7GWh in 2023, represented an increase of over 260% from that as of the end of 2022 and nearly 10 times the installed capacity at the end of the "13th Five-Year Plan". With respect to the scale of investment, since the implementation of the "14th Five-Year Plan", the newly-built new energy storage installations had directly promoted economic investment of more than RMB100 billion, driving further expansion of the upstream and downstream industrial chain, while becoming a "new driving force" for China's economic development.

Industrial and commercial energy storage is on the road of rapid development. With the successive implementation of industrial and commercial energy storage policies in places like Zhejiang, Jiangsu, Guangdong, as well as the widening of peak-valley price difference in many places, the economy for industrial and commercial energy storage products is gradually emerging. At the same time against the background of dual control of energy consumption and power limitations, the demands of enterprises on energy stability and independence further increased, industrial and commercial energy storage is gradually being recognised and accepted by the end customers.

Novel technologies for new energy storage products continue to emerge, and technology routes are "burgeoning". Lithium-ion battery energy storage is still in absolutely dominance, compressed air energy storage, flow battery energy storage, flywheel energy storage and other technologies are developing rapidly. Several 300 megawatts compressed air energy storage projects, 100 megawatts flow battery energy storage projects, megawatts flywheel energy storage projects had commenced construction since 2023, with new technologies like gravitational energy storage, liquid air energy storage, carbon dioxide energy storage implemented. The development trend was diversified in general. As of the end of 2023, among those energy storage in operation, lithium-ion batteries accounted for 97.4% of the energy storage capacity, lead-carbon batteries accounted for 0.5% of the energy storage capacity, compressed air accounted for 0.5% of the energy storage capacity, flow batteries accounted for 0.4% of the energy storage capacity, other new types of energy storage technologies accounted for 1.2% of the energy storage capacity.

BUSINESS REVIEW

In 2023, in spite of an end to COVID-19 as a public health emergency declared by World Health Organization (WHO), accelerating recovery of social and economic activities across the globe and moving forward to our normal daily life, as impaired by certain factors, such as contractionary monetary cycle and geopolitical competition, economic growth in the majority of countries has been worse than expected and global divergence has also been exacerbated. After achieving a better-than-expected growth, Chinese economy has been facing challenges brought about by some uncertainties, such as deglobalization and unilateralism. Under such circumstances, the Group has, as always, shored up confidence and risen to the challenges to keep consolidating its competitive advantages, making steady progress in various tasks and delivering afresh outstanding performance as a result.

During the year, the Group boosted its new energy business to a new level through, among others, resource sharing and business synergies with the support from its two substantial shareholders. Without compromising the steady development of new energy EPC business on a regular and systematic basis, the Group continued to expand its share in renewable energy market and its upstream and downstream business and build up a diverse business development model with an aim to explore new revenue drivers for facilitating high-quality growth by leveraging innovation and creativity.

For the year ended 31 December 2023, revenue decreased by approximately 18.9% year-on-year to HK$1,733,290,000 (2022: HK$2,138,482,000); profit attributable to owners of the Group amounted to HK$107,689,000 (2022: HK$92,243,000), representing an increase of approximately 16.7% over the same period of last year. The basic earnings per share was HK5.81 cents, indicating an increase of HK0.26 cents or approximately 4.7% from HK5.55 cents in the same period of last year.

EPC and Consultancy and General Construction Business

Revenue from the EPC and consultancy and general construction segment was recognised based on completion progress of the projects. Segment sales to external customers decreased by approximately 30.4% as compared to the same period of last year to HK$1,139,317,000 (2022: HK$1,637,410,000). The decrease in segment revenue was mainly due to the change in the Group's business strategic direction. Firstly, the new energy EPC business mainly focused on self-invested and self-built projects, and most of the revenue recognised was offset at the company consolidation level; Secondly, due to the competition pressure on municipal EPC business and the fall in gross profit margin, the Company has continued to scale down the business, reduce capital occupation, and plan a withdrawal from this business. The Group did not undertake any new projects for this business in 2023.

In 2023, the Group undertook 13 new energy EPC projects with a contract value of approximately HK$4.8 billion in aggregate, 9 of which were external projects with a total contract value of approximately HK$395 million. The scope of business has covered, among others, centralized photovoltaic, distributed photovoltaic and solar thermal sectors, in particular, the production line of solar thermal collector for leasing, assembly and installation located at Zhongba County, Tibet is the world's first integrated energy project in high altitude, 4,500 meters above sea level, and end-of-grid area. The energy project is in operation under a clean-energy isolated grid with main power source from tank-type solar thermal power station.

In 2023, the capacity of the newly built projects of the Group reached to an all-time record level of 1.2GW. The largest single-sized projects undertaken by the Company were the Boshang project with a capacity of 300MW and the Zhenkang project with a capacity of 360MW, Boshang project covers 6,000 mu spreading 130 parcels of land with 5 natural villages involved, and the maximum distance between the parcels is approximately 22 kilometers; and the Zhenkang project covers 7,300 mu with 4 natural villages involved, and the maximum distance between the parcels is approximately 70 kilometers.

While effectively performing the projects on schedule, the Group has further strengthened project management by resolutely adapting the approach of "ensuring safety, maintaining quality, making progress and controlling costs" and heightened awareness of "safety enhances productivity and no safety means no effectiveness", as a result, none of safety incidents at general or above level occurred throughout the year. In addition, the Group continued to keep monitoring project quality, create an initial sample and determine quality standards and operative techniques of each production process for ensuring quality of process of works. Through inverted construction period and making project progress as per its development target, the Group was able to strive to promote construction, catch up with progress and jump each hurdle to ensure the completion of all projects on schedule.

In 2023, the Group was authorized for 3 patents in relation to its core businesses. It newly commenced 3 research and development projects on technology, initiated the process for the review of high-tech enterprises in Jiangsu Province and the application for subsidies for provincial and municipal projects and the selection for an award of the title of Top 100 Enterprises in Service Industry in Nanjing was in process. In March 2023, the Group was granted the honorary title of "Gazelle Enterprise in Southern Suzhou National Independent Innovation Demonstration Zone 2022". In May, it won the PVBL2023 Global Best Case Award for Photovoltaic Storage Engineering and the PVBL2023 PV Industry Service Excellence Award. In July, it won the PV Box – The 4th China Industrial and Commercial Photovoltaic Conference Leading Investor Award. In September, the Company won the "Influential PV Developer and Investor/EPC Brand" and "Influential PV Power Station Operation and Maintenance Brand" awards for the second year.

Power Generation Business

In 2023, the Group continued to strengthen the development and construction of new energy projects, adding 984MW photovoltaic project reserves and 200MW energy storage project reserves, commencing construction of 777MW and adding grid connection of 385MW (as determined by actual installed generating capacity, excluding Suining Hetai 85MW Wind Power Project, Bengbu Shanghao 5MW Photovoltaic Project, Bengbu Shangxin 5MW Photovoltaic Project previously acquired).

In 2023, the Group continued to improve the level of intelligent operation and maintenance of power stations, and the equipment utilization rate, power generation and other indicators were at the industry-leading level. As of 31 December 2023, the Group had a total of 56 power plants in operation and maintenance, with a total operating capacity of 1,078MW (as determined by actual installed generating capacity) and completed power generation of 1.176 billion kWh in 2023. Among them, the cumulative power generation of photovoltaic power stations was 622 million kWh and the cumulative power generation of wind power stations was 554 million kWh.

中核(南京)能源發展有限公司 (transliterated as CNI (Nanjing) Energy Development Company Limited), an indirect wholly-owned subsidiary of the Company, entered into three sale and purchase agreements with independent third party vendors, respectively, pursuant to which the entire equity interests in 蚌埠市尚昊新能源科技有限公司 (transliterated as Bengbu Shanghao New Energy Technology Co., Ltd.) (**"Bengbu Shanghao"**) and 蚌埠市尚信新能源科技有限公司 (transliterated as Bengbu Shangxin New Energy Technology Co., Ltd.) (**"Bengbu Shangxin"**) were acquired in March 2023 and the entire equity interest in 睢寧和泰風力發電有限公司 (transliterated as Suining Hetai Wind Power Company Limited) ("**Suining Hetai**") was acquired in August 2023. As a result, Bengbu Shanghao, Bengbu Shangxin and Suining Hetai became wholly-owned subsidiaries of the Company, adding 95MW power station assets.

The Group has formulated six systems, such as "Management Standards for Maintaining and Operating Photovoltaic Power Plant", taking into considerations of both industry benchmarks and the actual positions of the Company for on-going facilitating the standardised (for consistency purpose) standardised operation of power plant. The Group has actively participated into green electricity trading and green electricity certificate trading as evidenced by additional revenue of approximately HK$6.67 milllion generated from two projects, namely Zhenjiang Xinneng and Guangdong Yangjiang, as well as additional revenue of approximately HK$3,850 from trading of 363 green electricity certificates (a plunge in price of green electricity certificate due to a full coverage of nuclear power generation). The completion of the "Report on Analysis of Policies and Market Forecasts regarding Green Electricity Trading 2024" has structured a framework for revenue generation of the Group in 2024. In addition, the Group has conducted patrol inspections of power stations more frequently by employing technologies, such as real time control and drone inspections for putting into more efforts on inspections and repairs of vulnerable parts and components, reducing significantly downtime in production and achieving over 99.5% of annual operational rate of power generation facilities as compared to 99% of the industry benchmark. An intelligent system developed by the Group for operation and maintenance of facilities is currently in trial phase, and the digitalized level of the Group's operation and maintenance will be further elevated upon the official launch of the intelligent system, expecting to bring down the input of data acquisition by 30%.

During the year ended 31 December 2023, this segment recorded the revenue growth of approximately 20.0% as compared to the same period of last year, contributing HK$564,728,000 (2022: HK$470,510,000) to the Group's revenue, and an increase in segment profit (before deducting tax and finance cost) of approximately 29.2% to HK$303,826,000 (2022: HK$235,178,000). The increase in segment revenue was due to the increase in revenue from the power generation business in 2023 as compared with the corresponding period of last year, which was mainly due to the grid connection of power station projects of Panjin Hexiang, Xuzhou Hexin, Lincang Hexiang and Bengbu Herun, each being an indirect wholly-owned subsidiary of the Company, and the completion of consolidation of financial statements of Fengyang GCL, Zhenjiang Xinneng, Bengbu Shanghao, Bengbu Shangxin and Suining Hetai.

Financing Business

During the years ended 31 December 2023, the Group's finance leasing business recorded segment revenue from external customers of HK$29,245,000 (2022: HK$30,562,000), representing a decrease of approximately 4.3%, and segment profit (before deducting tax and finance cost) of HK$2,701,000 (2022: HK$6,567,000), representing a year-on-year decrease of 58.9%. The decrease in segment revenue was mainly due to intense competition among the peers and hurdles for project expansion, resulting in a decrease in revenue from external customers.

In 2023, the Group specified its development direction and positioning, dedicated to the Greater Bay Area, focused on the new energy industry, developed financial leasing and factoring business, and grasped market opportunities to make timely investments in distributed photovoltaic power station projects. The financial leasing segment continued to focus on new energy as its core business and the Company's core foundation for specialized and refined development, with a focus on supporting the construction of photovoltaic power stations and energy storage.

The financial attributes of "financing property" + "financing assets" of financial leasing are highly in line with the development of the real industry. In addition to creating profit value for shareholders, CNEC Financial Leasing (Shenzhen) Co., Ltd. ("**CNEC Financial Leasing**"), an indirect wholly-owned subsidiary of the Company, is more important to give full play to the industrial synergy and leverage, prioritize capital, and empower the Group's industrial development. The development of CNEC Financial Leasing requires determining the main business and avoiding the systematic risks caused by the high concentration of a single industry, which requires the establishment of a differentiated product plan and a standardised risk control system. Therefore, CNEC Financial Leasing put forward the development strategy of "one core, two wings and three drives", sought differentiated development based on the status quo of CNEC Financial Leasing and the characteristics of the industry, focused on the cultivation of creditor's rights, fund operation tools and professionals, created the integration of finance, investment and management, and maintained the healthy development of business scale.

In 2023, CNEC Financial Leasing successively completed the implementation of the first new energy photovoltaic industry fund project of HUIXIN Zhongyi No. 5 of Triassic Photovoltaic, and completed the required fund registration process; vigorously advanced the work of fund contribution of the Meikesheng Energy Storage Fund, paving the way for the implementation of the first energy storage project, and promoted the application of diversified financial instruments of financial leasing, factoring and industrial funds and completed the investment and commencement of the first photovoltaic project of CNEC Financial Leasing. The CNEC Financial Leasing completed its first attempt in exploring differentiated businesses. In addition, CNEC Financial Leasing has completed its first energy storage project for industrial and commercial use at Chiwan Petroleum Base, facilitating a cooperation for demonstration project. The energy storage power station project for industrial and commercial with capacity of 14.88MW/59.6MWh at Chiwan is expected to have a discharge capacity of 20 million kWh in 2024.

(a) *Finance Lease Receivables*

In 2023, the Group has 23 (2022: 2) finance lease contracts with 21 (2022: 2) lessees who engaged in new energy sector.

(b) *Loan Receivables*

In 2023, the Group has 11 (2022: 11) loan contracts with 11 (2022: 11) customers.

(i) Industry Profile of Loan Receivables

The following table sets out the breakdown of the Group's loan receivables by industries:

	As of 31 December 2023		As of 31 December 2022		Changes
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*
Construction Sector	**–**	**–%**	122,948	46%	(122,948)
New energy Sector	**110,348**	**88%**	130,060	48%	(19,712)
Property Management Sector	**14,730**	**12%**	16,019	6%	(1,289)
Total Loan Receivables	**125,078**	**100%**	269,027	100%	(143,949)

(ii) Geographical Region Profile of Loan Receivables

All of the loan receivables are due from the customers located in the People's Republic of China (the "**PRC**"). The following table sets out the breakdown of the Group's loan receivables by customer's geographical region in the PRC:

	As of 31 December 2023		As of 31 December 2022		Changes
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*
Eastern	**–**	**–%**	117,999	44%	(117,999)
Southern	**110,348**	**88%**	128,830	48%	(18,482)
Central	**14,730**	**12%**	17,249	6%	(2,519)
Southwestern	**–**	**–%**	4,949	2%	(4,949)
Total Loan Receivables	**125,078**	**100%**	269,027	100%	(143,949)

(iii) Maturity Profile of Loan Receivables

The following table sets out the maturity analysis of the Group's loan receivables:

	As of 31 December 2023		As of 31 December 2022		Changes
	HK$'000	***%***	*HK$'000*	*%*	*HK$'000*
Maturity					
Not more than 1 year	**114,431**	**92%**	241,050	89%	(126,619)
1 to 2 years	**4,083**	**3%**	4,534	2%	(451)
2 to 5 years	**6,564**	**5%**	23,443	9%	(16,879)
Total Loan Receivables	**125,078**	**100%**	269,027	100%	(143,949)

BUSINESS PROSPECTS

According to the forecast of the Analysis and Forecast Report on the National Power Supply and Demand Situation in 2023-2024 released by the China Electricity Council, it is predicted that the newly-commissioned installed power generation capacity will again exceed 300 million KW in 2024. For the first time, the cumulative installed new energy power generation capacity will exceed that of coal-fired power. Driven by the continuous and rapid development of new energy power generation, it is expected that the national newly installed power generation capacity will again exceed 300 million KW in 2024, with the new capacity basically equivalent to that in 2023. As of the end of 2024, it is expected that the national installed power generation capacity will amount to 3.25 billion KW, representing a year-on-year increase of approximately 12%. Thermal power generation will reach 1.46 billion KW, of which about 1.2 billion KW will be coal-fired power generation, representing a decrease to 37% of the total installed capacity. The total installed non-fossil energy power generation capacity amount to 1.86 billion KW, representing an increase to approximately 57% of the total installed capacity, of which, grid-connected wind power generation accounts for 530 million KW and grid-connected solar power generation accounts for 780 million KW. The total installed grid-connected wind power generation and solar power generation capacity will exceed that of coal-fired power, representing an increase to approximately 40% of the total installed capacity. The pressure on new energy consumption in some regions is prominent.

The Company will focus on the "new energy + energy storage" layout, base the investment of the PV and wind power generation, develop the energy storage business, and expand the layout in the new energy industry to form an integrated new energy management platform.

PV

With the rapid decline in the cost of PV power generation, as well as further domestic and international consensus on the development of renewable energy, looking forward to 2024, the PV industry is poised to maintain a strong growth momentum. The accelerated expansion of the domestic and overseas markets drive the industry size to keep growing at a high rate. In 2024, according to the Sunnylands Statement on Enhancing Cooperation to Address the Climate Crisis reached between the PRC and the United States on 15 November 2023, based on the calculation that the global installed renewable energy generation capacity will triple by 2030, the annual average size of the global PV market in the next 8 years will be around 500GW, and PRC's PV market is expected to be around 220GW.

Wind Power

Wind power development is facing a turning point, while offshore wind power will contribute to a main increment. Looking ahead to 2024, domestic key offshore wind power projects will progress steadily, and the approval of key offshore wind power projects in provinces such as Jiangsu and Guangdong, runs smoothly. Under the background that tenders for domestic offshore wind power projects continue to pick up, the certainty to the demand of domestic installed offshore wind power generation capacity will be strengthened in 2024-25. According to the organisation's estimation, the domestic newly installed wind power generation capacity is expected to reach 70/87/87GW in 2024-2026.

Energy Storage

Domestic spot trading and support services rules are improving. Energy storage opens up a new business model and economic problems are expected to be improved. In 2024, it is expected that more provinces and cities will introduce policies similar to those in Shandong and Shanxi, which encourage the conversion of supporting facilities for energy storage to independent energy storage. The business model of energy storage will be further broadened as independent energy storage will enter the electricity spot market in a more flexible way, such as "quantity quote and price quote".

Segmented application scenarios of industrial and commercial energy storage continue to increase, and the differentiation in regional market is obvious. Influenced by different provinces/cities/regions' time-of-use electricity price policies, subsidy policies and industrial development bases, the differences between the industrial and commercial energy storage market will continue to expand. In the short term, provinces and cities such as Jiangsu, Zhejiang and Guangdong will account for most of the market demand, and some enterprises will take the lead to form brand awareness and channel influence in the regional market. It is expected that industrial and commercial energy storage will maintain a growth rate of more than 30% in 2024, and the grid-connected registration approval may become a key factor affecting the growth of market size.

Driven by the expanded industry coverage of the solar energy storage and charging and the carbon market, and the policies of distributed PV supporting facilities, industrial and commercial energy storage is expected to be applied on a large scale under segmented scenarios. At the same time, the integration of segmented industries, segmented scenarios and industrial and commercial energy storage will be further strengthened. The demand for energy storage continues to expand in typical application scenarios such as zero-carbon parks, port shore power, PEDF (Solar photovoltaic, Energy storage, Direct current and Flexibility), oil + energy storage, and microgrid.

In 2024, the Group will actively implement the national "Dual Carbon" strategy, in-depth fulfill the concept of green development, and empower the transformation of industries, contributing to the realisation in emission peak and carbon neutrality goals. The Group will continue to expand our self-owned "PV + wind power" power plants. By leveraging the team's experience in new energy EPC contracting over the years and its qualitative advantages in design, we strengthen our cost control capability, promote refined project management, expand market competitiveness, and further gain access to wind power and solar power resources. At the same time, we will take the industrial and commercial users' energy storage business as a new business entry point, supplemented by zero-carbon parks, carbon asset management and integrated energy services, and proactively study the opportunities for the development of light asset business, so as to build an integrated new energy management platform for the Group.

FINANCIAL REVIEW

The Group's revenue decreased by approximately 18.9% from HK$2,138,482,000 for the year ended 31 December 2022 to HK$1,733,290,000 for the year ended 31 December 2023. The decrease was mainly due to the decrease of revenue generated from EPC and consultancy and general construction segment during the year ended 31 December 2023. Profit attributable to owners of the Company amounted to HK$107,689,000 for the year ended 31 December 2023, which represented a year-on-year increase of approximately 16.7% when compared with that for the year ended 31 December 2022. Basic earnings per share for the year ended 31 December 2023 was HK5.81 cents when compared with HK5.55 cents recorded for the year ended 31 December 2022.

Revenue

During the year ended 31 December 2023, the Group achieved revenue of HK$1,733,290,000 (2022: HK$2,138,482,000), representing a decrease of approximately 18.9% as compared to that of the year ended 31 December 2022. Composition of revenue for the years ended 31 December 2023 and 2022 is shown in the following table:

Year ended 31 December

	2023		2022	
	HK$'000	**Percentage of the Group's total revenue**	*HK$'000*	Percentage of the Group's total revenue
EPC and consultancy and general construction	**1,139,317**	**65.7%**	1,637,410	76.6%
Power generation	**564,728**	**32.6%**	470,510	22.0%
Financing	**29,245**	**1.7%**	30,562	1.4%
Total	**1,733,290**	**100%**	2,138,482	100%

For the year ended 31 December 2023, EPC and consultancy and general construction segment remained the major source of revenue for the Group which contributed HK$1,139,317,000 (2022: HK$1,637,410,000), representing a decrease of approximately 30.4% as compared to that for the year ended 31 December 2022. The decrease in revenue was mainly due to the fact that the focus of photovoltaic power station EPC business was on the development and construction of internal power stations.

Benefiting from the increasing proportion of revenue from self-owned power plants, the power generation of the year was 1,176 million KWh. Revenue derived from power generation segment achieved a growth of approximately 20.0% to HK$564,728,000 (2022: HK$470,510,000).

Revenue from the financing segment decreased by approximately 4.3% to HK$29,245,000 (2022: HK$30,562,000), mainly contributed by the decrease in interest income, loan interest income and handling fee from the Group's certain financial leasing projects compared with last year.

Profit

Profit for the year ended 31 December 2023 amounted to HK$116,212,000 (2022: HK$98,354,000), representing an increase of approximately 18.2% compared with 2022. The increase in profit was mainly attributable to the shift of the Group's business development from undertaking external EPC projects to holding and operation of power stations. The gross profit margin of power stations were relatively higher and the scale of power stations put into operation during the year increased, resulting in an increase in profit correspondingly.

The net profit margin of the Group increased to 6.7% (2022: 4.6%). Net profit margin of the Group varied in different segments depending on its business nature. Profit attributable to owners of the Company for the year ended 31 December 2023 increased by approximately 16.7% to HK$107,689,000 (2022: HK$92,243,000) and basic and diluted earnings per share was HK5.81 cents (2022: HK5.55 cents).

Other income and gains

Other income and gains for the year ended 31 December 2023 amounted of HK$35,669,000 (2022: HK$45,622,000) which were mainly derived from interest income (2022: interest income, dividend income and gain on disposal of an associate).

Staff Costs

The increase in staff costs by approximately 8.7% to HK$82,429,000 (2022: HK$75,833,000) was due to competitiveness of labour force market conditions.

Depreciation

The deprecation of the Group increased by approximately 19.5% to HK$232,068,000 for the year ended 31 December 2023 (2022: HK$194,158,000), which was due to the operation of new power stations and the depreciation during the period.

Other Operating Expenses

Other operating expenses mainly included exchange differences, bank charges, professional fees, administrative expenses, research and developments expenses, travelling expenses etc, which amounted to HK$41,953,000 (2022: HK$78,325,000) for the year ended 31 December 2023, representing a decrease of approximately 46.4% compared with last year. The decrease was mainly due to the decrease in research and developments expenses and bank charges.

Finance Costs

Finance costs primarily represented interest expenses on bank and other borrowings. Finance costs for the year ended 31 December 2023 increased by approximately 28.2% to HK$206,013,000 (2022: HK$160,666,000) compared with last year. Taking into account the capital intensive nature of the energy industry, the Group expanded its investment in owned wind power stations and power stations and facilities for power generation income. As a result, the bank loans and other loans received by the Group increased for the expansion of power generation businesses.

Income Tax Expense

For the year ended 31 December 2023, income tax expense of the Group decreased by approximately 6.3% to HK$38,377,000 (2022: HK$40,947,000) which was mainly due to the income tax arising from the disposal of China Nuclear Industry Maintenance in 2022.

Financial Position

As at 31 December 2023, total assets of the Group were HK$11,437,221,000 (2022: HK$9,418,915,000), representing an increase of approximately 21.4% as compared to that for the year ended 31 December 2022. Current assets decreased by approximately 19.3% to HK$4,797,072,000 (2022: HK$5,941,456,000) and non-current assets increased by approximately 90.9% to HK$6,640,149,000 (2022: HK$3,477,459,000). The increase in total assets of the Group was contributed by the increase in property, plant and equipment during the year.

Total liabilities as at 31 December 2023 were HK$9,663,411,000 (2022: HK$7,725,485,000), an increase of approximately 25.1% as compared to that as at 31 December 2022. In particular, current liabilities as at 31 December 2023 were HK$3,971,881,000 (2022: HK$5,166,417,000), representing a decrease of approximately 23.1% as compared to that as at 31 December 2022, which was principally due to the decrease in loan payables and other payables, and bank and other borrowings. Non-current liabilities as at 31 December 2023 were HK$5,691,530,000 (2022: HK$2,559,068,000), representing an increase of approximately 122.4% as compared to that as at 31 December 2022 as a result of the increase in long-term borrowings.

Total equity attributable to owners of the Company as at 31 December 2023 was HK$1,738,071,000 (31 December 2022: HK$1,660,077,000), representing an increase of approximately 4.7% as compared with that as at 31 December 2022.

CAPITAL RAISING EXERCISE AND USE OF PROCEEDS

On 14 November 2021, the Company entered into the subscription agreement with Yahgee International (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for 538,942,750 subscription shares at the subscription price of HK$0.882 per subscription share. The shares subscription was completed on 10 May 2022. The gross proceeds of the subscription is HK$475,347,506. After deduction of relevant expenses in connection with the subscription, the net proceeds from the subscription were approximately HK$468,981,000. All net proceeds from the above exercise have been utilized by 31 December 2023 and the details of intended application of net proceeds are set out as follows:

Item	**Approximate % of total net proceeds**	**Net proceeds**	**Utilised up to 31 December 2023**
	(%)	*(HK$ million)*	*(HK$ million)*
General working capital	8.5	40	40
Repayment of bank loans	17.1	80	80
Capital injection of the Group's wholly-owned subsidiary 中核(南京)能源發展有限公司 (transliterated as CNI (Nanjing) Energy Development Company Limited) for the development of three power generation projects	74.4	348.98	348.98
	100.0	**468.98**	**468.98**

There has been no change in the intended use of net proceeds nor there is any delay in the use of proceeds, both of which are in accordance with the intentions previously disclosed by the Company.

Liquidity, Financial Resources and Gearing

As at 31 December 2023, net current assets of the Group amounted to HK$825,191,000 (2022: net current assets of HK$775,039,000). Besides, the Group maintained cash and cash equivalents of HK$1,779,293,000 as at 31 December 2023 (2022: HK$1,003,877,000), of which approximately 1.4% was in Hong Kong dollars, 98.2% was in Renminbi and 0.4% was in United States dollars (2022: approximately 14% was in Hong Kong dollars, 85% was in Renminbi and 1% was in Euros).

As at 31 December 2023, the Group had outstanding bank and other borrowings of HK$7,450,889,000 (2022: HK$5,036,915,000), of which approximately 6.4% was in Hong Kong dollars and 93.6% was in Renminbi (2022: approximately 9.5% was in Hong Kong dollars and 90.5% was in Renminbi). All of the Group's borrowings as at 31 December 2023 were arranged on floating rate basis with effective interest rates ranged from 2.9% to 7.0% per annum (2022: ranged from 3.4% to 6.6% per annum). Except for certain bank and other borrowings which were committed loan facilities with specific maturity dates, the Group's borrowings contained repayment on demand clause at any time at the discretion of the banks. Under the Hong Kong Accounting Standards, the Group separated and classified the bank and other borrowings as current and non-current liabilities in the consolidated statement of financial position as at 31 December 2023 in accordance with terms of settlement. Of the total bank and other borrowings as at 31 December 2023, HK$2,066,829,000 (2022: HK$2,646,606,000) was loans repayable within one year and the balance of HK$5,384,060,000 (2022: HK$2,390,309,000) was repayable after one year.

As at 31 December 2023, the Group's gearing ratio was 4.39 (2022: 3.08), which was calculated on the basis of total debt over total equity of the Company. Total debt comprises loans included in bank and other borrowings and lease liabilities.

The Group's debt-to-asset ratio was 0.84 (31 December 2022: 0.82), which increased by 2.4% compared with last year.

Pledge of Assets

As at 31 December 2023, pledged deposits amounting to HK$341,774,000 (2022: HK$1,075,948,000) of the Group have been pledged to secure general banking facilities and bills payables. As at 31 December 2023, the Group had finance lease receivables amounting to HK$163,232,000 (2022: HK$ Nil), trade and bills receivables approximately amounting to HK$456,255,000 (2022: HK$457,811,000) and power plants amounting to HK$2,434,093,000 (2022: HK$1,703,687,000) respectively, which have been pledged to secure the bank and other borrowings of the Group.

Save as disclosed above, the Group had no other pledge of its assets as at 31 December 2023 (2022: Nil).

Capital Expenditure and Commitments

During the year ended 31 December 2023, the Group had capital expenditure of HK$2,167,101,000 (2022: HK$780,968,000), which was used for the purchase of property, plant and equipment.

As at 31 December 2023, the Group has capital commitments of HK$291,271,000 (2022: Nil) for power plants construction.

Contingent liabilities

As at 31 December 2023, the Group did not have any contingent liabilities (2022: Nil).

CORPORATE GOVERNANCE

The Board of the Company has committed to achieve high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company of the Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

To the best knowledge and belief of the Directors, the Company has complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2023.

Pursuant to Code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Shu Qian serves as the Chairman of the Board. The position of chief executive officer of the Company has been vacant following the resignation of Mr. Fu Zhigang from 1 July 2023. The Company is in the process of identifying a suitable candidate to fill the vacancy of the chief executive officer caused by the cessation of Mr. Fu Zhigang and will publish further announcement once such appointment is confirmed.

To ensure a balance of power and authority, the day-to-day operations of the Group have been delegated to the senior management of the Group responsible for different aspects of the Group's business. The Chairman provides leadership and is responsible for the effective functioning and operation of the Board and the overall strategies of the Group, and senior management of the Company have been responsible for the day-to-day operations of the Group under the supervision of the Board of the Company. The Board will review this structure from time to time.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made for all the Directors and the Directors have confirmed that they have complied with the Code of Conduct and the Model Code throughout the year ended 31 December 2023.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management and internal controls.

The financial information has been reviewed by the Audit Committee and approved by the Board.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

EVENT AFTER REPORTING PERIOD

There were no major subsequent events occurred since 31 December 2023 and up to the date of this announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be convened on Friday, 31 May 2024 at 11:00 a.m. Notice of AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 31 May 2024, the register of members of the Company will be closed from Monday, 27 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 24 May 2024.

By Order of the Board
China Nuclear Energy Technology Corporation Limited
Shu Qian
Chairman

Hong Kong, 25 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Shu Qian (Chairman), Mr. Wu Yuanchen (Vice Chairman), Mr. Li Hongwei (Vice Chairman), Mr. Liu Genyu, Ms. Huang Yan, Ms. Liu Jianrong; and the independent non-executive directors of the Company are Dr. Xu Shiqing, Dr. Su Lixin and Mr. Wang Ruzhang.