**CGN NEW ENERGY HOLDINGS CO., LTD.**
**中國廣核新能源控股有限公司**
*(incorporated in Bermuda with limited liability)*
**(Stock code: 1811)**

# ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

## HIGHLIGHTS OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

- For the purpose of the Listing, the Company has undergone a group reorganization to transfer our equity interests in the Disposal Group to the then sole shareholder with effect from 1 July 2014 *(see note 3 to the consolidated financial statements)*. As a result, the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014 includes the share of profits contributed by the Remaining Group and the Disposal Group (the "**Whole Group**"), while the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 includes only the Remaining Group.

- The results of the Remaining Group and the Disposal Group for the years ended 31 December 2015 and 2014 have been separately disclosed as additional information on pages 12 to 15 in this announcement. Unless otherwise specified, the discussion and analysis of the financial and operating information only pertains to the Remaining Group.

- Revenue for the year ended 31 December 2015 amounted to US$1,151.9 million, representing a decrease of 15.9% from US$1,370.3 million for the year ended 31 December 2014 for the Remaining Group, while a decrease of 16.5% from US$1,379.6 million for the year ended 31 December 2014 for the Whole Group.

- Profit before tax for the year ended 31 December 2015 amounted to US$162.4 million, representing an increase of 17.5% from US$138.2 million for the year ended 31 December 2014 for the Remaining Group, while a decrease of 36.9% from US$257.3 million for the Whole Group. The decrease in the profit before tax for the Whole Group is mainly due to the one-off gain on the disposal of subsidiaries, associates and a joint venture amounting to US$96.3 million for the year ended 31 December 2014.

- Profit attributable to shareholders of the Company for the year ended 31 December 2015 amounted to US$103.9 million, representing an increase of 22.1% from US$85.1 million for the year ended 31 December 2014 for the Remaining Group, while a decrease of 48.6% from US$202.2 million for the year ended 31 December 2014 for the Whole Group.

- The basic earnings per Share for the year ended 31 December 2015 amounted to 2.42 US cents, representing a decline of 3.6% from 2.51 US cents for the year ended 31 December 2014 for the Remaining Group, while it represents a decline of 59.5% from 5.97 US cents for the year ended 31 December 2014 for the Whole Group.

- The Board recommended a final dividend for the year ended 31 December 2015 of 0.44 US cents per ordinary share (equivalent to 3.44 HK cents per ordinary share), totalling US$19.0 million (equivalent to HK$147.6 million), which is based on 4,290,824,000 Shares in issue on 16 March 2016.

The Board is pleased to announce the annual results of the Group for the year ended 31 December 2015 together with comparative figures for the corresponding period in 2014.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP

*FOR THE YEAR ENDED 31 DECEMBER 2015*

| | *NOTES* | **Remaining Group 2015 *US$'000*** | Whole Group 2014 *US$'000* |
|---|---|---|---|
| Revenue | 3 | **1,151,905** | 1,379,552 |
| Operating expenses: | | | |
| Coal, oil and gas | | **729,336** | 996,629 |
| Depreciation of property, plant and equipment | | **109,478** | 94,752 |
| Repair and maintenance | | **27,889** | 23,525 |
| Staff costs | | **62,943** | 60,394 |
| Others | | **63,359** | 54,351 |
| Total operating expenses | | **993,005** | 1,229,651 |
| Operating profit | | **158,900** | 149,901 |
| Other income | 3 | **18,630** | 13,096 |
| Other gains and losses | | **(1,652)** | 1,713 |
| Finance costs | 3 | **(76,799)** | (63,274) |
| Share of results of associates | | **63,313** | 42,572 |
| Share of results of a joint venture | | **–** | 21,016 |
| Gain on disposal of subsidiaries, associates and a joint venture | | **–** | 96,343 |
| Listing expenses | | **–** | (4,087) |
| Profit before tax | | **162,392** | 257,280 |
| Income tax expense | | **(39,978)** | (39,568) |
| Profit for the year | | **122,414** | 217,712 |

| | Remaining Group 2015 *US$'000* | Whole Group 2014 *US$'000* |
|---|---|---|
| Other comprehensive (expense) income | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange difference arising on translation of foreign subsidiaries, associates and a joint venture | **(77,479)** | (27,577) |
| Share of reserve from an associate | **419** | – |
| Reclassification adjustments for amounts transferred to profit or loss | | |
| – release of hedging reserve | **(125)** | (139) |
| – deferred tax credit arising on release of hedging reserve | **30** | 33 |
| – cumulative gain upon disposal of subsidiaries, associates and a joint venture | **–** | (96,343) |
| Other comprehensive expenses for the year | **(77,155)** | (124,026) |
| Total comprehensive income for the year | **45,259** | 93,686 |
| Profit for the year attributable to: | | |
| Owner of the Company | **103,879** | 202,203 |
| Non-controlling interests | **18,535** | 15,509 |
| | **122,414** | 217,712 |
| Total comprehensive income attributable to: | | |
| Owner of the Company | **32,606** | 78,835 |
| Non-controlling interests | **12,653** | 14,851 |
| | **45,259** | 93,686 |
| Earnings per Share | | |
| – Basic *(US cents)* | **2.42** | 5.97 |
| – Diluted *(US cents)* | **2.42** | 5.97 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 31 DECEMBER 2015*

| | Remaining Group | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | **2,545,785** | 1,483,283 |
| Prepaid lease payments | **57,982** | 13,794 |
| Goodwill | **178,967** | 844 |
| Interests in associates | **174,472** | 168,271 |
| Amounts due from non-controlling shareholders | **704** | 860 |
| Deferred tax assets | **28,553** | 1,356 |
| Other assets | **35,661** | 31,086 |
| | **3,022,124** | 1,699,494 |
| **CURRENT ASSETS** | | |
| Inventories | **28,755** | 30,830 |
| Prepaid lease payments | **3,640** | 1,938 |
| Trade receivables | **200,765** | 158,003 |
| Other receivables and prepayments | **130,082** | 8,976 |
| Amount due from a non-controlling shareholder | **2,450** | 1,936 |
| Amounts due from associates | **43,084** | 37,090 |
| Amounts due from fellow subsidiaries | **4,319** | 1,671 |
| Tax recoverable | **106** | 658 |
| Pledged bank deposits | **75,045** | 118,132 |
| Fixed deposits with bank | **–** | 36,098 |
| Bank balances and cash | **342,498** | 370,945 |
| | **830,744** | 766,277 |
| Disposal entity classified as held-for-sale | **–** | 21,163 |
| | **830,744** | 787,440 |

| | Remaining Group | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| **CURRENT LIABILITIES** | | |
| Trade payables | **89,778** | 157,007 |
| Other payables and accruals | **155,873** | 62,005 |
| Amounts due to fellow subsidiaries | **4,647** | 90 |
| Amounts due to non-controlling shareholders | **6,198** | 7,470 |
| Loan from a fellow subsidiary – due within one year | **96,422** | – |
| Advances from non-controlling shareholders – due within one year | **7,098** | 7,533 |
| Bank borrowings – due within one year | **114,024** | 197,819 |
| Bond payables – due within one year | **4,717** | 4,718 |
| Deferred connection charges | **109** | 175 |
| Government grants | **662** | – |
| Tax payable | **8,738** | 7,842 |
| | **488,266** | 444,659 |
| Liabilities associated with disposal entity classified as held-for-sale | **–** | 821 |
| | **488,266** | 445,480 |
| **NET CURRENT ASSETS** | **342,478** | 341,960 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | **3,364,602** | 2,041,454 |
| **NON-CURRENT LIABILITIES** | | |
| Advances from non-controlling shareholders – due after one year | **794** | 791 |
| Loans from fellow subsidiaries | **465,459** | – |
| Loan from an intermediate holding company | **100,000** | – |
| Bank borrowings – due after one year | **1,536,606** | 838,029 |
| Bond payables – due after one year | **349,386** | 349,008 |
| Deferred connection charges | **152** | 278 |
| Government grants | **10,874** | – |
| Deferred tax liabilities | **51,778** | 37,258 |
| | **2,515,049** | 1,225,364 |
| **NET ASSETS** | **849,553** | 816,090 |

| | Remaining Group | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| **CAPITAL AND RESERVES** | | |
| Share capital | **55** | 55 |
| Reserves | **741,677** | 708,993 |
| Equity attributable to owner of the Company | **741,732** | 709,048 |
| Non-controlling interests | **107,821** | 107,042 |
| **TOTAL EQUITY** | **849,553** | 816,090 |

**Revenue and segment information**

The Group has three reportable segments as follows:

(1) Power plants in the PRC – Generation and supply of electricity;

(2) Power plants in Korea – Generation and supply of electricity; and

(3) Management companies in the PRC – Provision of management services to power plants operated by CGN and its subsidiaries.

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

**For the year ended 31 December 2015**

| | **Power Plants in the PRC** *US$'000* | **Power Plants in Korea** *US$'000* | **Management companies in the PRC** *US$'000* | **Total** *US$'000* |
|---|---|---|---|---|
| Segment revenue – external | 317,640 | 813,806 | 20,459 | 1,151,905 |
| Segment results | 91,601 | 44,938 | 974 | 137,513 |
| Unallocated other income | | | | 3,506 |
| Unallocated operating expenses | | | | (18,014) |
| Unallocated finance costs | | | | (22,946) |
| Unallocated other gains and losses | | | | (980) |
| Share of result of associates | | | | 63,313 |
| Profit before tax | | | | 162,392 |

For the year ended 31 December 2014

| | Power Plants in the PRC *US$'000* | Power Plants in Korea *US$'000* | Management companies in the PRC *US$'000* | Total *US$'000* |
|---|---|---|---|---|
| Segment revenue – external | 305,514 | 1,065,063 | 8,975 | 1,379,552 |
| Segment results | 75,635 | 66,499 | 427 | 142,561 |
| Unallocated other income | | | | 691 |
| Unallocated operating expenses | | | | (23,338) |
| Unallocated finance costs | | | | (21,206) |
| Unallocated other gains and losses | | | | 2,728 |
| Share of result of associates | | | | 42,572 |
| Share of result of a joint venture | | | | 21,016 |
| Gain on disposal of subsidiaries, associates and a joint venture | | | | 96,343 |
| Listing expenses | | | | (4,087) |
| Profit before tax | | | | 257,280 |

The following is an analysis of the Group's assets and liabilities by reportable segment.

| | 2015<br>*US$'000* | 2014<br>*US$'000* |
|---|---|---|
| ***Segment assets*** | | |
| Power Plants in the PRC | **2,271,429** | 535,993 |
| Power Plants in Korea | **1,267,300** | 1,457,923 |
| Management companies in the PRC | **7,491** | 4,366 |
| Total segment assets | **3,546,220** | 1,998,282 |
| Interests in associates | **174,472** | 168,271 |
| Unallocated | **132,176** | 320,381 |
| Consolidated assets | **3,852,868** | 2,486,934 |
| ***Segment liabilities*** | | |
| Power Plants in the PRC | **1,210,196** | 97,790 |
| Power Plants in Korea | **874,027** | 1,068,694 |
| Management companies in the PRC | **3,456** | 1,062 |
| Total segment liabilities | **2,087,679** | 1,167,546 |
| Unallocated | | |
| – Bank borrowings | **–** | 140,000 |
| – Bond payables | **354,103** | 353,726 |
| – Loan from an intermediate holding company | **100,000** | – |
| – Loan from a fellow subsidiary | **450,000** | – |
| – Others | **11,533** | 9,572 |
| Consolidated liabilities | **3,003,315** | 1,670,844 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*FOR THE YEAR ENDED 31 DECEMBER 2015*

## 1. GENERAL

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

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance which for the year ended 31 December 2015.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

**Application of new and revised IFRSs**

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("**IASB**") and International Financial Reporting Interpretations Committee ("**IFRIC**") for the first time in the current year:

| | |
|---|---|
| Amendments to IAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to IFRSs | Annual Improvements to IFRSs 2010 – 2012 Cycle |
| Amendments to IFRSs | Annual Improvements to IFRSs 2011 – 2013 Cycle |

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied any new and revised IFRSs that have been issued but are not yet effective.

## 3. DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND A JOINT VENTURE

During the year ended 31 December 2014, the Company underwent a group reorganization (the "**Group Reorganization**"), under which the Company transferred 100% equity interests in certain of its wholly-owned subsidiaries together with the net balances of amounts due from certain wholly-owned subsidiaries and certain subsidiaries of these wholly-owned subsidiaries, with all of their rights and obligations transferred to CGNPC Huamei with effect from 1 July 2014 (collectively referred to as the "**Disposal Group**"), by way of (1) a distribution in kind as a distribution from the contributed surplus and accumulated profits of the Company; (2) the transfer to CGNPC Huamei of the obligations of the Company under a facility agreement of which an outstanding principal amount of US$242,300,000 owed to an intermediate holding company of the Company, CGNPC International Limited ("**CGNPC International**"); and (3) the declaration of an interim dividend in an amount of US$3,347,000 to CGNPC Huamei.

The financial results of the Remaining Group and the Disposal Group for the years ended 31 December 2015 and 2014 have been prepared as additional information on a combined basis before elimination of transactions and balances between the Remaining Group and the Disposal Group .

**Financial performance**

**For the year ended 31 December 2015**

| | Remaining Group *US$'000* | Disposal Group *US$'000* | Whole Group *US$'000* |
|---|---|---|---|
| Revenue | **1,151,905** | **–** | **1,151,905** |
| Operating expenses: | | | |
| Coal, oil and gas | **729,336** | **–** | **729,336** |
| Depreciation of property, plant and equipment | **109,478** | **–** | **109,478** |
| Repair and maintenance | **27,889** | **–** | **27,889** |
| Staff costs | **62,943** | **–** | **62,943** |
| Others | **63,359** | **–** | **63,359** |
| Total operating expenses | **993,005** | **–** | **993,005** |
| Operating profit | **158,900** | **–** | **158,900** |
| Other income | **18,630** | **–** | **18,630** |
| Other gains and losses | **(1,652)** | **–** | **(1,652)** |
| Finance costs | **(76,799)** | **–** | **(76,799)** |
| Share of results of associates | **63,313** | **–** | **63,313** |
| Profit before tax | **162,392** | **–** | **162,392** |
| Income tax expense | **(39,978)** | **–** | **(39,978)** |
| Profit for the year | **122,414** | **–** | **122,414** |
| Profit for the year attributable to: | | | |
| Owner of the Company | **103,879** | **–** | **103,879** |
| Non-controlling interests | **18,535** | **–** | **18,535** |
| | **122,414** | **–** | **122,414** |
| *Earnings per Share* | | | |
| – Basic *(US cents)* | **2.42** | **–** | **2.42** |
| – Diluted *(US cents)* | **2.42** | **–** | **2.42** |

**For the year ended 31 December 2015**

| | Remaining Group *US$'000* | Disposal Group *US$'000* | Whole Group *US$'000* |
|---|---|---|---|
| **Other information** | | | |
| Revenue from major products and services | | | |
| Sales of electricity | **924,833** | **–** | **924,833** |
| Sales of steam | **74,320** | **–** | **74,320** |
| Capacity charges | **132,007** | **–** | **132,007** |
| Connection charges and others | **286** | **–** | **286** |
| Management service fee | **20,459** | **–** | **20,459** |
| | **1,151,905** | **–** | **1,151,905** |
| Other income | | | |
| Government grants | **4,184** | **–** | **4,184** |
| Income on sales of scrap materials | **2,489** | **–** | **2,489** |
| Income on sales of electricity generating quota | **716** | **–** | **716** |
| Compensation income | **1,527** | **–** | **1,527** |
| Value added tax refund | **3,673** | **–** | **3,673** |
| Interest income | **4,430** | **–** | **4,430** |
| Equipment rental income | **719** | **–** | **719** |
| Others | **892** | **–** | **892** |
| | **18,630** | **–** | **18,630** |
| Finance costs | | | |
| Interest on bank and other borrowings | **76,820** | **–** | **76,820** |
| Less: amounts capitalised | **(21)** | **–** | **(21)** |
| | **76,799** | **–** | **76,799** |

For the year ended 31 December 2014

| | Remaining Group *US$'000* | Disposal Group *US$'000* | Intergroup Elimination *US$'000* | Whole Group *US$'000* |
|---|---|---|---|---|
| Revenue | 1,370,337 | 9,215 | – | 1,379,552 |
| Operating expenses: | | | | |
| Coal, oil and gas | 990,422 | 6,207 | – | 996,629 |
| Depreciation of property, plant and equipment | 93,377 | 1,375 | – | 94,752 |
| Repair and maintenance | 23,310 | 215 | – | 23,525 |
| Staff costs | 59,210 | 1,184 | – | 60,394 |
| Others | 54,082 | 269 | – | 54,351 |
| Total operating expenses | 1,220,401 | 9,250 | – | 1,229,651 |
| Operating profit (loss) | 149,936 | (35) | – | 149,901 |
| Other income | 12,851 | 245 | – | 13,096 |
| Other gains and losses | 1,713 | – | – | 1,713 |
| Finance costs | (63,081) | (193) | – | (63,274) |
| Share of results of associates | 40,850 | 1,722 | – | 42,572 |
| Share of results of a joint venture | – | 21,016 | – | 21,016 |
| Gain on disposal of subsidiaries, associates and a joint venture | – | 96,343 | – | 96,343 |
| Listing expenses | (4,087) | – | – | (4,087) |
| Profit before tax | 138,182 | 119,098 | – | 257,280 |
| Income tax expense | (37,290) | (2,278) | – | (39,568) |
| Profit for the year | 100,892 | 116,820 | – | 217,712 |
| Profit for the year attributable to: | | | | |
| Owner of the Company | 85,131 | 117,072 | – | 202,203 |
| Non-controlling interests | 15,761 | (252) | – | 15,509 |
| | 100,892 | 116,820 | – | 217,712 |
| Earnings per Share, basic *(US cents)* | 2.51 | 3.46 | – | 5.97 |

For the year ended 31 December 2014

| | Remaining Group *US$'000* | Disposal Group *US$'000* | Intergroup Elimination *US$'000* | Whole Group *US$'000* |
|---|---|---|---|---|
| **Other information** | | | | |
| Revenue from major products and services | | | | |
| Sales of electricity | 1,146,597 | 3,526 | – | 1,150,123 |
| Sales of steam | 79,935 | 5,689 | – | 85,624 |
| Capacity charges | 134,505 | – | – | 134,505 |
| Connection charges and others | 325 | – | – | 325 |
| Management service fee | 8,975 | – | – | 8,975 |
| | 1,370,337 | 9,215 | – | 1,379,552 |
| Other income | | | | |
| Government grant | 835 | – | – | 835 |
| Income on sales of scrap materials | 2,932 | 214 | – | 3,146 |
| Value added tax refund | 3,245 | – | – | 3,245 |
| Interest income | 3,518 | 2 | – | 3,520 |
| Equipment rental income | 955 | – | – | 955 |
| Others | 1,366 | 29 | – | 1,395 |
| | 12,851 | 245 | – | 13,096 |
| Finance costs | | | | |
| Interest on bank and other borrowings | 69,457 | 2,792 | – | 72,249 |
| Less: amounts capitalised | (6,376) | (2,599) | – | (8,975) |
| | 63,081 | 193 | – | 63,274 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Operating Results and Analysis

The following discussion and analysis pertains to the financial information of the Remaining Group.

In 2015, the revenue of the Group amounted to approximately US$1,151.9 million, representing a decrease of approximately 15.9% compared with last year. The profit attributable to the shareholders of the Company amounted to approximately US$103.9 million, representing an increase of approximately US$18.8 million or 22.1% as compared with last year.

In 2015, the net profit of the Group amounted to approximately US$122.4 million, representing an increase of approximately US$21.5 million.

***Revenue***

In 2015, the revenue of the Group amounted to approximately US$1,151.9 million, representing a decrease of 15.9% compared with approximately US$1,370.3 million of last year. The decrease in revenue was mainly due to a decrease in tariffs from Yulchon I and Yulchon II Power Projects caused by a drop in gas price. It is partially offset by an increase in revenue contributed by wind and solar project companies and management fee income charged under full year in 2015.

***Operating Expenses***

In 2015, the operating expenses of the Group amounted to approximately US$993.0 million, representing a decrease of approximately 18.6% compared with approximately US$1,220.4 million of last year. The decrease in operating expenses was mainly due to a decrease in gas price in relation to Yulchon I and Yulchon II Power Projects. The decrease is partially offset by the increase in operating expenses from wind and solar project companies.

### *Operating Profit*

In 2015, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to approximately US$158.9 million, representing an increase of 6.0% compared with approximately US$149.9 million of last year. The increase in operating profit was mainly due to higher margins from Puguang coal-fired Project and contribution from wind and solar project companies, offset by lower margins from Yulchon I and Yulchon II Power Projects.

### *Other Income*

The other income mainly represented government grants, income from sales of scrap materials, interest income and the refund of value added tax. In 2015, the other income of the Group amounted to approximately US$18.6 million, representing an increase of 44.2% compared with approximately US$12.9 million of last year. The increase in other income was mainly due to the increase in government grants.

### *Finance Costs*

In 2015, the finance costs of the Group amounted to approximately US$76.8 million, representing an increase of 21.7% compared with approximately US$63.1 million of last year. The increase in finance costs was mainly due to an increase in bank borrowings from wind and solar project companies.

### *Share of Results of Associates*

In 2015, the share of results of associates amounted to approximately US$63.3 million, representing an increase of approximately US$22.4 million or 54.8% compared with approximately US$40.9 million in last year. The increase in profit of the associates was mainly due to higher generation from Huangshi II Power Project, the lower standard coal price in the PRC, offset by the national tariff reduction in September 2014 and May 2015 for the PRC coal-fired plants.

### *Income Tax Expense*

In 2015, the income tax expense of the Group amounted to approximately US$40.0 million, representing an increase of approximately US$2.7 million compared with approximately US$37.3 million of last year. The increase is in line with the increment in profit before tax.

### *Liquidity and Capital Resources*

The Group's fixed bank deposits, bank balances and cash decreased from US$407.0 million as at 31 December 2014 to US$342.5 million as at 31 December 2015. The decrease is primarily due to the consideration of RMB3,965.5 million paid to CGN Wind Energy Co., Ltd. and CGN Solar Energy Development Co., Ltd. for the acquisition of 13 wind power project companies and 6 solar power project companies ("**the Acquisition**"), partially offset by cash generated from operation and loan from a fellow subsidiary.

### *Net Debt/Equity Ratio*

The Group's net debt/equity ratio increased from 1.20 as at 31 December 2014 to 2.74 as at 31 December 2015 due to the increase in net debt (which equals total debt less available cash) resulted by the loans raised from our fellow subsidiary in relation to the Acquisition. The increase of net debt is also due to project loans of the power project companies acquired under the Acquisition.

### *Dividend*

At the Board meeting held on 16 March 2016, the Board recommended the payment of a final dividend for the year ended 31 December 2015 of 0.44 US cents per ordinary share (equivalent to 3.44 HK cents per ordinary share), totalling US$19.0 million (equivalent to HK$147.6 million), which is based on 4,290,824,000 Shares in issue on 16 March 2016. Payout ratio of the proposed dividend is 18.2%.

### *Earnings per Share*

| | **Year ended 31 December** | |
|---|---|---|
| | **2015** | 2014 |
| | ***US cents*** | *US cents* |
| Earnings per Share for the Remaining Group, basic and diluted – calculated based on the weighted average number of ordinary shares for the year | **2.42** | 2.51 |
| Earnings per Share for the Remaining Group, basic and diluted – calculated based on the number of ordinary shares outstanding at year end | **2.42** | 1.98 |

| | Year ended 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| Earnings for the purpose of calculating basic and diluted earnings per Share (profit for the year attributable to owner of the Remaining Group) | **103,879** | 85,131 |
| | ***'000*** | *'000* |
| Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per Share | **4,290,824** | 3,384,786 |
| Number of ordinary shares outstanding at year end | **4,290,824** | 4,290,824 |

***Trade Receivables***

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| Trade receivables | **200,954** | 158,121 |
| Less: allowance for doubtful debts | **(189)** | (118) |
| | **200,765** | 158,003 |

The Group allowed a credit period from 30 to 90 days throughout the year to its trade customers. Over 99% (2014: 99%) of the trade receivables were neither past due nor impaired as at 31 December 2015. The management considers that these receivables have good credit rating according to the credit review policy adopted by the Group.

The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates (which approximated the revenue recognition dates) at the end of the reporting period.

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| 0 – 60 days | **199,355** | 156,856 |
| 61 – 90 days | **552** | 371 |
| Over 90 days | **858** | 776 |
| | **200,765** | 158,003 |

***Trade Payables***

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

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| 0 – 60 days | **88,154** | 156,015 |
| 61 – 90 days | **140** | 59 |
| Over 90 days | **1,484** | 933 |
| Total | **89,778** | 157,007 |

The average credit period for purchases of goods was 40 days (2014: 33 days) for the year ended 31 December 2015. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

***Financial Position***

Non-current assets increased from US$1,699.5 million as at 31 December 2014 to US$3,022.1 million as at 31 December 2015 was mainly due to the additional property, plant and equipment, prepaid lease payment and goodwill arisen from the acquisition of wind and solar power project companies during the year ended 31 December 2015.

Current assets increased from US$787.4 million as at 31 December 2014 to US$830.7 million as at 31 December 2015 was mainly attributable to the increase in trade receivables, other receivables and prepayment, partially offset by the decrease in bank balances.

Current liabilities increased from US$445.5 million as at 31 December 2014 to US$488.3 million as at 31 December 2015, which was resulted from the increase in other payables and accruals and loan from a fellow subsidiary of the wind and solar power project companies acquired under the Acquisition. This is partially offset by decrease in trade payables and repayment of CDB Bank Loan of US$140.0 million.

Non-current liabilities increased from US$1,225.4 million as at 31 December 2014 to US$2,515.0 million as at 31 December 2015, which was resulted from the increased bank borrowings repayable after one year from the wind and solar power project companies acquired under the Acquisition. The increase in loans from fellow subsidiaries was mainly attributable to the loan from China Clean Energy Development Limited amounting to US$450.0 million in relation to the Acquisition.

***Bank borrowings***

The Group's total bank borrowings increased from US$1,035.8 million as at 31 December 2014 to US$1,650.6 million as at 31 December 2015. It was mainly due to the inclusion of bank borrowings from the wind and solar power project companies acquired under the Acquisition, partially offset by the repayment of CDB Bank Loan of US$140.0 million, and the repayment of bank borrowings by Yulchon I Power Project. Details of bank borrowings are as follows:

| | **As at 31 December** | |
|---|---|---|
| | **2015** | 2014 |
| | ***US$'000*** | *US$'000* |
| Secured | **1,547,952** | 1,030,128 |
| Unsecured | **102,678** | 5,720 |
| | **1,650,630** | 1,035,848 |

The maturity profile of bank borrowings is as follows:

| | | |
|---|---|---|
| Within one year | **114,024** | 197,819 |
| More than one year but not exceeding two years | **136,438** | 53,287 |
| More than two years but not exceeding five years | **370,845** | 226,435 |
| Over five years | **1,029,323** | 558,307 |
| | **1,650,630** | 1,035,848 |
| Less: Amounts due for settlement within one year shown under current liabilities | **(114,024)** | (197,819) |
| Amounts due for settlement after one year | **1,536,606** | 838,029 |

As at 31 December 2015, the Group had committed unutilized banking facilities of US$823.8 million.

### *Bond payables*

The Company issued bonds in an aggregate principal amount of US$350.0 million on 19 August 2013 priced at 99.686% of the principal amount that carries interest at 4% per annum and interest is payable semi-annually in arrears and will become mature on 19 August 2018, unless it is redeemed earlier. The carrying amount of the bond payables was US$354.1 million as at 31 December 2015.

### *Loans from fellow subsidiaries*

During the year ended 31 December 2015, a fellow subsidiary, China Clean Energy Development Limited has provided US$450.0 million loan to the Group, which is unsecured, interest bearing at 4.5% and repayable in year 2025.

Loans from CGN Finance Company Limited, a fellow subsidiary, amounted to US$111.9 million as at 31 December 2015. These loans are resulted from inclusion of borrowings by wind and solar power project companies. All loans from CGN Finance Company Limited are unsecured, among which US$96.4 million are interest bearing at 4.41% to 4.66% and repayable in 2016. The remaining US$15.5 million are interest bearing at 4.41% and repayable in 2024.

### *Loan from an intermediate holding company*

During the year ended 31 December 2015, CGNPC International, an intermediate holding company has provided US$100.0 million loan to the Group, which is unsecured, interest bearing at 4.5% and repayable in year 2025.

### *Capital Expenditures*

The Group's capital expenditure decreased by US$120.6 million to US$57.1 million in 2015 from US$177.7 million in 2014 due to the completion of construction of combined cycle operation of Yulchon II Power Project in 2014.

### *Contingent Liabilities*

As at 31 December 2015, the Group had no material contingent liabilities (as at 31 December 2014: nil).

### *Pledged Assets*

The Group pledged certain property, plant and equipment, land use rights, bank deposits and restricted cash for credit facilities granted to the Group. As at 31 December 2015, the total book value of the pledged assets amounted to US$1,314.8 million.

### *Employees and Remuneration Policy*

As at 31 December 2015, the Group had about 1,729 full-time employees, with the majority based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

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

In Korea, the Group is required by law to contribute 4.5% of the employees' monthly average salaries for the national pension, 3.035% for national health insurance (6.55% of the national health insurance contribution for long term care insurance), 0.9% for unemployment insurance, 1.0% (Seoul Office)/0.7% (Yulchon)/0.8%(Daesan) for the industrial accident compensation insurance and 0.08% for a wage claim guarantee fund.

In Hong Kong, the Group participates in a mandatory provident fund scheme established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485). Employees contribute 5.0% of their relevant income to the mandatory provident fund scheme and the Group contributes 10.0% of each employee's monthly base salary.

## II. Industry Overview

During the year of 2015, the global economy was in lack of growth momentum. The PRC's economy faced certain downside pressure, and its growth slowed down gradually. The supply and demand of electricity in the PRC were generally on easing. According to the information published by the National Energy Administration of the PRC, the overall electricity consumption in 2015 amounted to 5,550 TWh, representing a year-on-year increase of 0.5% with a drop of 3.3 percentage points in the growth rate as compared with that of last year.

In recent years, the PRC government has strongly supported the development of clean energy. The energy policy of the 13th Five-Year Plan will also increase the proportion of new energy in overall energy consumption. In addition, the national energy conference reinforces that the "clean-and-low-carbon" energy will be the main development trend in the future. In 2015, the strong growth momentum of the wind power and solar power industry kept on going. The newly added grid-connected wind power capacity was 32.97 GW. The newly added installed capacity has reached record high again, and the cumulative grid-connected installed capacity reached 129.34 GW. As of the end of 2015, the cumulative installed capacity of solar power generation was 43.18 GW. China has become the leading country in solar power installed capacity in the world, and the newly added installed capacity was 15.13 GW.

The economic growth of Korea slowed down in 2015 due to the impact of the overall situation of global economy. The Gross Domestic Product of Korea rose 2.6% but with a drop of 0.7 percentage points in the growth rate as compared with that of last year. In the Korean power industry, coal-fired and gas-fired generation will continue to play a vital role and it is expected that the nuclear generation will have the fastest growth rates. The average system marginal price ("**SMP**") fell from KRW 141/kWh in 2014 to KRW 101/kWh in 2015 due to the commissioning of new power plants, and the effect of such decrease was partly offset by the drop in gas price.

## III. Business Review

The principal businesses of the Group are operated in the Chinese and Korean power markets with balanced regional operations. As of 31 December 2015, the operations in the PRC and Korea accounted for approximately 59.6% and 40.4% of our attributable installed capacity of 5,064.6 MW respectively. Additionally, our business in the PRC covers 9 provinces, an autonomous region and a municipality. The principal businesses of the Group involve various fuels. As of 31 December 2015, clean and renewable energy projects, namely wind, solar, gas-fired, hydro and fuel cell projects, accounted for approximately 65.1% of our attributable installed capacity, and conventional energy projects, namely coal-fired, oil-fired and cogen projects, accounted for approximately 34.9% of our attributable installed capacity.

As CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects, the Group has the right to acquire CGN's non-nuclear power generation projects. The first asset injection was completed on schedule in 2015. The extraordinary general meeting held by the Company on 10 August 2015 approved the acquisition of 13 wind power project companies and 6 solar power project companies with an aggregate operational installed capacity of approximately 1,400 MW and an attributable installed capacity of approximately 1,380 MW. In the future, the Company will continue to acquire high quality assets and clean and renewable power generation projects with solid returns from CGN by batches to further expand the Company's business scale and market share. The acquisition from CGN will allow the Company to add quality wind power and solar power assets to its portfolio on one hand, and, on the other hand, gain a solid foothold in the wind power and solar power generation sectors, which are in fast growth with strong government support in the PRC.

The Company changed its name from "CGN Meiya Power Holdings Co., Ltd." to "CGN New Energy Holdings Co., Ltd." in December 2015. The new name will better reflect the Company's position as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects. The Company will continue its own greenfield and brownfield development while focusing on acquiring other clean and renewable power generation projects.

The following table sets out items selected by us from results of the Remaining Group (by fuel type):

| US$ million | Gas-fired projects | Coal-fired, cogen and steam projects | Oil-fired project | Hydro projects | Wind projects | Solar projects | Corporate | Remaining Group total |
|---|---|---|---|---|---|---|---|---|
| **For the year ended 31 December 2015** | | | | | | | | |
| Revenue | **826.2** | **188.4** | **28.5** | **38.8** | **35.0** | **14.5** | **20.5** | **1,151.9** |
| Operating expenses | **(748.7)** | **(138.3)** | **(17.6)** | **(20.7)** | **(24.0)** | **(7.4)** | **(36.3)** | **(993.0)** |
| Operating profit | **77.5** | **50.1** | **10.9** | **18.1** | **11.0** | **7.1** | **(15.8)** | **158.9** |
| Profit for the year | **40.3** | **97.6** | **4.7** | **14.6** | **1.0** | **3.3** | **(39.1)** | **122.4** |
| Profit attributable to the owner of the Company | **34.9** | **85.8** | **4.7** | **13.3** | **1.0** | **3.3** | **(39.1)** | **103.9** |

| US$ million | Gas-fired projects | Coal-fired, cogen and steam projects | Oil-fired project | Hydro projects | Corporate | Remaining Group total |
|---|---|---|---|---|---|---|
| **For the year ended 31 December 2014** | | | | | | |
| Revenue | 1,080.4 | 202.1 | 40.3 | 38.5 | 9.0 | 1,370.3 |
| Operating expenses | (975.7) | (159.0) | (25.5) | (20.0) | (40.2) | (1,220.4) |
| Operating profit | 104.7 | 43.1 | 14.8 | 18.5 | (31.2) | 149.9 |
| Profit for the year | 59.4 | 73.8 | 7.4 | 14.7 | (54.4) | 100.9 |
| Profit attributable to the owner of the Company | 53.7 | 64.2 | 7.4 | 14.2 | (54.4) | 85.1 |

The attributable installed capacity of the Group's power assets from the Remaining Group as of 31 December 2015 and 2014 by fuel type are set out as follows:

| | As at 31 December | |
|---|---|---|
| | **2015** | 2014 |
| | ***(MW)*** | *(MW)* |
| **Clean and renewable energy portfolio** | | |
| Wind | **1,201.2** | – |
| Solar | **180.8** | – |
| Gas-fired | **1,775.7** | 1,770.7 |
| Hydro | **137.3** | 119.3 |
| Subtotal | **3,295.0** | 1,890.0 |
| **Conventional energy portfolio** | | |
| Coal-fired | **1,187.6** | 1,187.6 |
| Oil-fired | **507.0** | 507.0 |
| Cogen | **75.0** | 75.0 |
| Subtotal | **1,769.6** | 1,769.6 |
| **Total attributable installed capacity** | **5,064.6** | 3,659.6 |

As of 31 December 2015, the attributable installed capacity of the Group's power plants reached 5,064.6 MW, representing a year-on-year increase of approximately 1,405.0 MW or 38.4%. The consolidated installed capacity of power plants of the Group reached 4,292.6 MW as at 31 December 2015. During the reporting period, the first asset injection was completed with an increase of attributable installed capacity of approximately of 1,380 MW. A 18 MW Guangxi Fushi Hydro Project (Phase II) commenced commercial operation ("**COD**") in July 2015, adjacent to the existing 18 MW Phase I Hydro Project site, which is an expansion of Phase I. Furthermore, in October 2015, the Group commenced COD of the 5.0 MW Yulchon Fuel Cell Project (Phase III) in Korea.

In 2015, the net electricity generated from the consolidated power generation projects of the Group reached 10,375.7 GWh, representing an increase of 9.5% compared with last year, mainly due to the COD of the combined cycle operation of Yulchon II Power Project in last year. The total steam sold by the Group for the year ended 31 December 2015 amounted to 2,752,000 tons, representing a slight increase of 2.6% as compared with to that of last year.

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

**Average utilization hour by fuel type**[(1)]

| | For the year ended 31 December 2015 | 2014 |
|---|---|---|
| PRC Gas-fired Projects[(2)] | **1,267** | 1,716 |
| Korea Gas-fired Projects[(3)] | **4,703** | 4,488 |
| PRC Coal-fired Projects[(4)] | **4,065** | 4,340 |
| PRC Cogen Projects[(5)] | **5,529** | 5,803 |
| Korea Oil-fired Projects[(6)] | **13** | 53 |
| PRC Hydro Projects | **4,326** | 4,862 |
| PRC Wind Projects[(7)] | **399** | – |
| PRC Solar Projects[(8)] | **516** | – |

*Notes:*

(1) Average utilization hour is the gross electricity generated in a specified period divided by the average installed capacity in the same period.

(2) Average utilization hour for the PRC gas-fired projects decrease was mainly due to lower local demand at Weigang Power Project and the cessation of operation from May 2014 by Hexie Power Project.

(3) Our Korea gas-fired power projects had higher average utilization hour in 2015 mainly due to Yulchon II Power Project operated in full year in 2015.

(4) Average utilization hour for the PRC coal-fired projects decreased in 2015 was mainly due to gross installed capacity of Huangshi II Power Project increased to 1,360 MW since April 2014. The gross electricity generation for the PRC coal-fired projects is increased in 2015.

(5) Average utilization hour for the PRC cogen projects decreased in 2015 was attributable to the decreased local demand.

(6) Our Korea oil-fired power project (i.e. Daesan I Power Project) had lower average utilization hour in 2015 since there was a much higher Reserve Margins in Korea comparing to 2014, so there was a lower demand on oil-fired power plant.

(7) Average utilization hour for the PRC Wind Projects represents operations for the four months from September 2015. The average utilization hours for the year ended 31 December 2015 for the PRC Wind Projects in the Shandong province, the Zhejiang province and the Gansu province are 1,903, 1,779 and 1,312 respectively. Our Beiba Project commenced COD in June 2015, our Hongshagang Project commenced COD of 200MW each in April 2015 and June 2015, respectively.

(8) Average utilization hour for the PRC Solar Projects represents operations for the four months from September 2015. The average utilization hours for the year ended 31 December 2015 for the PRC Solar Projects is 1,549. Full year average utilization hour for Solar Projects in the Western Region (Dunhuang I/II, Jinta, Xitieshan I/II/III, Wulan) and the Eastern Region (Jiaxing, Airport I/II) are 1,637 and 957, respectively. Projects in the Eastern Region are distributed Solar Projects and our Airport II Project commenced COD in March 2015.

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

**Weighted average tariff (inclusive of VAT)***(1)*

| | | For the year ended 31 December | |
|---|---|---|---|
| | **Unit** | **2015** | 2014 |
| PRC Gas-fired Projects*(2)* | RMB per kWh | **0.5550** | 0.5971 |
| Korea Gas-fired Projects*(3)* | KRW per kWh | **121.8** | 166.2 |
| PRC Coal-fired Projects*(4)* | RMB per kWh | **0.4747** | 0.4980 |
| PRC Cogen Projects*(4)* | RMB per kWh | **0.4840** | 0.5052 |
| Korea Oil-fired Projects | KRW per kWh | **342.8** | 444.5 |
| PRC Hydro Projects | RMB per kWh | **0.3455** | 0.3304 |
| PRC Wind Projects | RMB per kWh | **0.59** | – |
| PRC Solar Projects | RMB per kWh | **0.11** | – |
| **Weighted average tariff-steam (inclusive of VAT)** | | | |
| PRC Cogen Projects*(5)* | RMB per ton | **178.1** | 194.5 |

*Notes:*

(1) The weighted average tariffs are affected not only by the change in the tariff for each project but also the change in net power generation for each project.

(2) The tariff for PRC gas-fired projects decreased due to the cessation of operation from May 2014 by Hexie Power Project that had a comparative higher power tariff, thus the average tariff became lower.

(3) The weighted average tariff (inclusive of VAT) for Korea gas-fired power projects was in line with the decrease in Korean gas price.

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

The weighted average tariffs for the PRC coal-fired and cogen projects decreased in 2015 since there have been 2 national on-grid tariff downward adjustments directed by the NDRC in September 2014 and May 2015.

(5) The weighted average tariff-steam decreased in 2015 was in line with the decrease in PRC coal price.

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

| | | **For the year ended 31 December** | |
|---|---|---|---|
| | **Unit** | **2015** | 2014 |
| PRC weighted average gas price*(1)(2)(3)* | RMB per normal cubic meter ("**Nm$^3$**") | **2.403** | 2.141 |
| PRC weighted average standard coal price*(1)(4)* | RMB per ton | **508.8** | 680.3 |
| Korea weighted average gas price*(1)(5)* | KRW per Nm$^3$ | **598.2** | 822.7 |
| Korea average oil price*(6)* | KRW per liter | **1,317** | 1,456 |

*Notes:*

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

(2) The PRC weighted average gas price excludes the gas price for Weigang Power Project, which exclusively uses blast furnace gas.

(3) Our PRC weighted average gas price in 2015 increased compared to 2014 due to the directive issued by the NDRC to increase gas prices at gate stations by RMB0.4 per $Nm^3$ in August 2014, with effect from 1 September 2014.

(4) The PRC weighted average standard coal price in 2015 decreased compared to 2014 due to a general weakness in demand in 2015.

(5) Our Korea weighted average gas price in 2015 decreased compared to 2014 due to decreases in gas prices, as indicated by the Japanese Crude Cocktail, a measurement of average prices of crude oil imported into Japan and an important determinant of natural gas prices in Korean markets. However, the Yulchon I Power Project power purchase agreement ("**PPA**") allows us to contractually incorporate fuel cost fluctuations in the tariff charged to our customer.

(6) We only purchase oil in Korea to supply Daesan I Power Project.

## IV. Risk Factors and Management

### *Risks Relating to the Industry*

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

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

### *Risk Relating to Fuel Cost*

The non-renewable energy power projects of the Group require supplies of coal, oil and gas as fuel. Fuel costs represent a significant portion of our operating expenses and the operating expenses of our associates. The extent to which our profit is ultimately affected by the cost of fuel depends on our ability to pass through fuel costs to our customers as set out under the relevant regulatory guidelines and the terms of our PPA for a particular project, as we currently do not hedge our exposure to fuel price fluctuations. Our fuel costs are also affected by the volume of electricity generated because the coal consumption rate of coal-fired and cogen power projects decrease when we generate more electricity as a result of economies of scale. In the PRC, government tariff regulations limit our ability to pass through changes in fuel costs. In Korea, while our Yulchon I Power Project is able to pass through our exposure to fuel price fluctuations through fuel cost pass through provisions in the tariff formula, our Yulchon II and Daesan I Power Projects receive payments based on the SMP, which is influenced by market demand and supply, and may not fully reflect the power plants' respective fuel price fluctuations. Our diversified generation portfolio enables us to diversify the risks that we would face to utilize a single resource for electricity generation. In particular, our exposure to several fuel types mitigates risks such as price increases in or the availability of any particular fuel source.

### *Interest Rate Risk*

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

### *Foreign Exchange Risk*

The functional currency of the Company is U.S. dollars, and our reportable profit is affected by fluctuations in foreign currency exchange rates. We collect most of our revenue from our projects in Renminbi and Korean Won, some of which are converted into foreign currencies to (1) purchase foreign-made equipment and parts for repair and maintenance, (2) make investments in certain joint ventures or acquire interests from other companies, (3) pay out dividends to the shareholders of our project companies, and (4) service our outstanding debt. By managing and monitoring the risks of foreign currency, we ensure that appropriate measures are adopted effectively in a timely manner. We have in the past and may in the future enter into foreign currency hedges if and when it becomes economical to do so.

V. **Prospects**

In the future, the Company will make continuous efforts to develop clean and renewable energy, continue to give full play as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects, and keep on acquiring selected clean and renewable power generation projects with stable returns from CGN by batches. CGN will fully support the Group with, among other things, its strategic management, continuous supply chain, pre-emptive rights for selecting non-nuclear clean energy assets and excellent talents, and will continue to strengthen the Group's competitive position in the PRC while seeking growth opportunities in a disciplined manner outside the PRC to increase shareholder value. This will enable the Group to further expand its business scale and market share, which will in turn strengthen our competitiveness in the international market, profitability and return to shareholders, and accordingly strive to become one of the independent clean and renewable energy power producers with leading profitability in Asia.

Looking forward in 2016, the Company faces challenges from the economic downturn, the exchange rates fluctuation, the downward trends of both utilization hours and power tariff. We will endeavor to uphold our high standards of operation management, so as to maintain our leading status among industry players and achieve excellent results in this challenging environment.

## EVENT OCCURRING AFTER THE REPORTING PERIOD

No other important events or transactions affecting the Remaining Group has taken place since 31 December 2015.

## USE OF PROCEEDS

The Company was listed on the Main Board of the Stock Exchange on 3 October 2014. Net proceeds from the global offering (including the proceeds from the exercise of the overallotment option) were approximately HK$1,966.1 million (after deducting the underwriting fees and commissions and other listing-related expenses). As at 31 December 2015, the unutilised proceeds of approximately HK$579.9 million were deposited into short-term deposits.

**Use of net proceeds from global offering**

| | Percentage to total amount | Net proceeds *(HK$ million)* | Utilised amount (up to 31 December 2015) *(HK$ million)* | Unutilised amount (up to 31 December 2015) *(HK$ million)* |
|---|---|---|---|---|
| Selective acquisition of clean and renewable power projects from CGN, the parent company of the Company | 70% | 1,376.3 | 1,376.3 | – |
| Acquisition of operational power projects and development of greenfield projects acquired from independent third parties | 30% | 589.8 | 9.9 | 579.9 |
| | | 1,966.1 | 1,386.2 | 579.9 |

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

## CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, the Company has complied with all the code provisions of the Corporate Governance Code save for code provision A.5.1 with particular reference to the following:

Mr. Shen Zhongmin resigned as independent non-executive Director with effect from 13 April 2015, and ceased to be the chairman of the Remuneration Committee and a member of the Nomination Committee. Following the resignation of Mr. Shen, the independent non-executive Directors did not represent at least one-third of the Board as required under Rule 3.10A of the Listing Rules. In addition, the composition of the Remuneration Committee and the Nomination Committee fell below the requirements under Rule 3.25 of the Listing Rules and code provision A.5.1 of the Corporate Governance Code.

On 7 July 2015, the Board appointed Mr. Zhang Dongxiao as an independent non-executive Director as well as the chairman of the Remuneration Committee and a member of the Nomination Committee to fill in the vacancy. Save as disclosed herein, the Company has complied with the requirement in relation to the independent non-executive directors as required under Rule 3.10A of the Listing Rules and has complied with the requirements in relation to the composition of the Remuneration Committee and the Nomination Committee as required under Rule 3.25 of the Listing Rules and code provision A.5.1 of the Corporate Governance Code following the appointment of Mr. Zhang Dongxiao.

## COMPLIANCE WITH MODEL CODE

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

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards in respect of securities transactions by the Directors set out in the Model Code and the Company's Code during the year ended 31 December 2015.

## REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2015 have been reviewed by the audit committee of the Company.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Whole Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Whole Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this announcement.

## FINAL DIVIDENDS

The Board recommended a final dividend of 0.44 US cents per Share (equivalent to 3.44 HK cents per Share). As at 16 March 2016, 4,290,824,000 Shares were in issue. If the recommendation is approved, the final dividend of 0.44 US cents per Share (equivalent to 3.44 HK cents) will be payable on Wednesday, 29 June 2016 to Shareholders registered as at Tuesday, 14 June 2016.

For the purpose of determining the entitlement to the proposed final dividend, the register of members will be closed from Friday, 10 June 2016 to Tuesday, 14 June 2016, both days inclusive. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificate must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Wednesday, 8 June 2016.

## ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Taishan Room, 5th Floor, Island Shangri-La, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 18 May 2016 at 9:30 a.m. A circular containing, inter alia, the information required by the Listing Rules concerning (1) re-election of retiring Directors; and (2) grant of general mandates to repurchase Shares and to issue new Shares, together with the notice of the Annual General Meeting, will be published and despatched to the Shareholders in the manner as required by the Listing Rules on or before 15 April 2016.

For the purpose of determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 16 May 2016 to Wednesday, 18 May 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the Annual General Meeting, all transfer document accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on Friday, 13 May 2016.

## PUBLICATION OF RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.cgnne.com). The 2015 annual report of the Company containing all the information required by the applicable Listing Rules will be despatched to the Shareholders and available on the above websites on or before 26 April 2016.

# DEFINITIONS

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| "Annual General Meeting" | an annual general meeting of the Company for the year 2016 to be held on Wednesday, 18 May 2016 or any adjournment thereof |
| "Board" | the board of Directors of the Company |
| "CDB" | China Development Bank Corporation, Hong Kong Branch |
| "CGN" | China General Nuclear Power Corporation, Ltd. (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company |
| "CGN Finance" | CGN Finance Co., Ltd. (中廣核財務有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of CGN |
| "CGNPC Huamei" | CGNPC Huamei Investment Limited (中廣核華美投資有限公司), an indirectly wholly-owned subsidiary of CGN incorporated in Hong Kong with limited liability and the immediate shareholder of the Company |
| "Company" | CGN New Energy Holdings Co., Ltd., (formerly known as CGN Meiya Power Holdings Co., Ltd.,), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |
| "Company's Code" | Code for Securities Transactions by Directors of the Company |
| "Consolidated installed capacity" | the aggregate installed capacity of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity does not include the capacity of our associated companies |

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| "Corporate Governance Code" | Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules |
| "Daesan I Power Project" | a 507.0 MW oil-fired project in Korea |
| "Directors" | the directors of the Company |
| "Group" or "Remaining Group" | the Company and its subsidiaries from time to time after the Group Reorganization |
| "GW" | gigawatt, equal to one million kilowatts |
| "GWh" | gigawatt-hour, or one million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power projects |
| "Hexie Power Project" | a 98.2 MW gas-fired project in Sichuan, the PRC |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | The Hong Kong Special Administrative Region of the PRC |
| "Huangshi II Power Project" | a 2 x 680 MW coal-fired project and base load facility located in Huangshi, near Wuhan, the capital of Hubei province |
| "Korea" | the Republic of Korea |
| "KRW" | Korean Won, the lawful currency of the Republic of Korea |
| "kWh" | kilowatt-hour, the standard unit of energy used in the power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour |
| "Listing" | the listing of the Shares on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |

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| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules |
| "MW" | megawatt, or one million watts. The installed capacity of power projects is generally expressed in terms of MW |
| "Nomination Committee" | nomination committee of the Company |
| "NDRC" | National Development and Reform Commission of the PRC |
| "PRC" | the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan |
| "Remuneration Committee" | remuneration committee of the Company |
| "Reserve Margin" | the available electricity generation capacity minus the peak electricity demand level divided by the peak electricity demand level |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Share(s)" | ordinary share(s) of HK$0.0001 each in the share capital of the Company |
| "Shareholders" | the shareholders of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "TWh" | terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country |
| "US$" | United States dollars, the lawful currency of the United States |
| "Whole Group" | the Company and its subsidiaries immediately before the Group Reorganization, i.e. the Remaining Group and the Disposal Group |

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| "Yulchon I Power Project" | a 577.4 MW gas-fired project in Korea |
| "Yulchon II Power Project" | a 946.3 MW gas-fired project in Korea |
| "%" | per cent. |

By order of the Board
**CGN New Energy Holdings Co., Ltd.**
**Lin Jian**
*President and Executive Director*

Hong Kong, 16 March 2016

*As at the date of this announcement, the executive Directors are Mr. Chen Sui (Chairman) and Mr. Lin Jian (President), the non-executive Directors are Mr. Xu Yuan, Mr. Chen Qiming, Mr. Yin Engang, Mr. Dai Honggang and Mr. Xing Ping, and the independent non-executive Directors are Mr. Leung Chi Ching Frederick, Mr. Fan Ren Da Anthony, Mr. Wang Susheng and Mr. Zhang Dongxiao.*