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 2016

HIGHLIGHTS OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

- Revenue for the year ended 31 December 2016 amounted to US$1,074.4 million, representing a decrease of 6.7% from US$1,151.9 million for the year ended 31 December 2015.

- Profit before tax for the year ended 31 December 2016 amounted to US$119.9 million, representing a decrease of 26.2% from US$162.4 million for the year ended 31 December 2015.

- Profit attributable to shareholders of the Company for the year ended 31 December 2016 amounted to US$79.5 million, representing a decrease of 23.5% from US$103.9 million for the year ended 31 December 2015.

- Earnings per Share for the year ended 31 December 2016 amounted to 1.85 US cents, representing a decrease of 23.5% from 2.42 US cents for the year ended 31 December 2015.

- The Board recommended a final dividend for the year ended 31 December 2016 of 0.47 US cents per ordinary share (equivalent to 3.64 HK cents per ordinary share), totalling US$20.2 million (equivalent to HK$156.2 million), which is based on 4,290,824,000 Shares in issue on 15 March 2017.

The Board is pleased to announce the annual results of the Group for the year ended 31 December 2016 together with comparative figures for the corresponding period in 2015.

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

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	US$'000	*US$'000*
Revenue	**1,074,448**	1,151,905
Operating expenses:		
Coal, oil and gas	**587,176**	729,336
Depreciation of property, plant and equipment	**143,429**	109,478
Repair and maintenance	**38,729**	27,889
Staff costs	**69,237**	62,943
Others	**58,480**	63,359
Total operating expenses	**897,051**	993,005
Operating profit	**177,397**	158,900
Other income	**14,281**	18,630
Other gains and losses	**2,631**	(1,652)
Finance costs	**(115,172)**	(76,799)
Share of results of associates	**22,113**	63,313
Gain on disposal of a subsidiary	**18,675**	–
Profit before tax	**119,925**	162,392
Income tax expenses	**(28,893)**	(39,978)
Profit for the year	**91,032**	122,414

	2016 *US$'000*	2015 *US$'000*
Other comprehensive (expenses) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign subsidiaries and associates	**(96,576)**	(77,479)
Share of reserve from an associate	**–**	419
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	**(122)**	(125)
– deferred tax credit arising on release of hedging reserve	**29**	30
– release of cumulative gain included in profit or loss upon disposal of a subsidiary	**(4,996)**	–
Other comprehensive expenses for the year	**(101,665)**	(77,155)
Total comprehensive (expenses) income for the year	**(10,633)**	45,259
Profit for the year attributable to:		
Owner of the Company	**79,472**	103,879
Non-controlling interests	**11,560**	18,535
	91,032	122,414
Total comprehensive (expenses) income attributable to:		
Owner of the Company	**(13,063)**	32,606
Non-controlling interests	**2,430**	12,653
	(10,633)	45,259
Earnings per Share		
– Basic *(US cents)*	**1.85**	2.42
– Diluted *(US cents)*	**1.85**	2.42

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	At 31 December	
	2016	2015
	US$'000	*US$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**2,309,875**	2,545,785
Prepaid lease payments	**51,642**	57,982
Goodwill	**167,582**	178,967
Interests in associates	**161,717**	174,472
Amounts due from non-controlling shareholders	**439**	704
Deferred tax assets	**25,927**	28,553
Other assets	**22,792**	35,661
	2,739,974	3,022,124
CURRENT ASSETS		
Inventories	**32,519**	28,755
Prepaid lease payments	**3,379**	3,640
Trade receivables	**200,911**	200,765
Other receivables and prepayments	**102,327**	130,082
Amount due from non-controlling shareholders	**119**	2,450
Amounts due from associates	**9,235**	43,084
Amounts due from fellow subsidiaries	**10,511**	4,319
Tax recoverable	**734**	106
Pledged bank deposits	**72,398**	75,045
Bank balances and cash	**326,514**	342,498
	758,647	830,744

	At 31 December	
	2016	2015
	US$'000	*US$'000*
CURRENT LIABILITIES		
Trade payables	**86,719**	89,778
Other payables and accruals	**127,906**	155,873
Amounts due to fellow subsidiaries	**4,341**	4,647
Amounts due to non-controlling shareholders	**5,228**	6,198
Loan from a fellow subsidiary		
– due within one year	**39,579**	96,422
Advance from a non-controlling shareholder		
– due within one year	**2,203**	7,098
Bank borrowings – due within one year	**133,886**	114,024
Bond payables – due within one year	**4,717**	4,717
Deferred connection charges	**69**	109
Government grants	**620**	662
Tax payable	**4,399**	8,738
	409,667	488,266
NET CURRENT ASSETS	**348,980**	342,478
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,088,954**	3,364,602
NON-CURRENT LIABILITIES		
Advance from a non-controlling shareholder		
– due after one year	**792**	794
Loans from fellow subsidiaries	**450,000**	465,459
Loan from an intermediate holding company	**–**	100,000
Bank borrowings – due after one year	**1,418,324**	1,536,606
Bond payables – due after one year	**349,763**	349,386
Deferred connection charges	**73**	152
Government grants	**9,559**	10,874
Deferred tax liabilities	**48,607**	51,778
	2,277,118	2,515,049
NET ASSETS	**811,836**	849,553

	At 31 December	
	2016	2015
	US$'000	*US$'000*
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves	**710,703**	741,677
Equity attributable to owner of the Company	**710,758**	741,732
Non-controlling interests	**101,078**	107,821
TOTAL EQUITY	**811,836**	849,553

Revenue and segment information

The Group has three reportable segments as follows:

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

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

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

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

For the year ended 31 December 2016

	Power Plants in the PRC *US$'000*	**Power Plants in Korea** *US$'000*	**Management companies** *US$'000*	**Total** *US$'000*
Segment revenue – external	389,922	658,381	26,145	1,074,448
Segment results	106,446	37,994	1,245	145,685
Unallocated other income				1,647
Unallocated operating expenses				(11,687)
Unallocated finance costs				(39,139)
Unallocated other gains and losses				1,306
Share of result of associates				22,113
Profit before tax				119,925

For the year ended 31 December 2015

	Power Plants in the PRC *US$'000*	Power Plants in Korea *US$'000*	Management companies *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				1,163
Unallocated operating expenses				(15,671)
Unallocated finance costs				(22,946)
Unallocated other gains and losses				(980)
Share of result of associates				63,313
Profit before tax				162,392

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

	2016 *US$'000*	2015 *US$'000*
Segment assets		
Power Plants in the PRC	**2,019,212**	2,271,429
Power Plants in Korea	**1,200,218**	1,267,300
Management companies	**3,841**	7,491
Total segment assets	**3,223,271**	3,546,220
Interests in associates	**161,717**	174,472
Unallocated	**113,633**	132,176
Consolidated assets	**3,498,621**	3,852,868
Segment liabilities		
Power Plants in the PRC	**1,038,263**	1,210,196
Power Plants in Korea	**790,370**	874,027
Management companies	**1,011**	3,456
Total segment liabilities	**1,829,644**	2,087,679
Unallocated		
– Bond payables	**354,480**	354,103
– Loan from an intermediate holding company	**–**	100,000
– Loan from fellow subsidiaries	**489,579**	450,000
– Others	**13,082**	11,533
Consolidated liabilities	**2,686,785**	3,003,315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 for the year ended 31 December 2016.

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 IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 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.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Results and Analysis

In 2016, the revenue of the Group amounted to approximately US$1,074.4 million, representing a decrease of approximately 6.7% compared with last year. The profit attributable to the shareholders of the Company amounted to approximately US$79.5 million, representing a decrease of approximately US$24.4 million or 23.5% as compared with last year.

In 2016, the profit of the Group amounted to approximately US$91.0 million, representing a decrease of approximately US$31.4 million or 25.7% as compared with approximately US$122.4 million of last year.

Revenue

In 2016, the revenue of the Group amounted to approximately US$1,074.4 million, representing a decrease of 6.7% compared with approximately US$1,151.9 million of last year. The decrease in revenue was mainly attributable to decreased revenue of Yulchon I Power Project and Yulchon II Power Project. It was mainly due to the decrease in Korea gas-fired tariffs as a result of the increased supply and decreased gas price in the Korea power market. It is partially offset by an increase in revenue contributed by our wind power and solar power projects acquired in September 2015.

Operating Expenses

In 2016, the operating expenses of the Group amounted to approximately US$897.0 million, representing a decrease of approximately 9.7% compared with approximately US$993.0 million of last year. The decrease in operating expenses was mainly due to the decrease in gas price and fuel cost in Yulchon I Power Project and Yulchon II Power Project.

Operating Profit

In 2016, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to approximately US$177.4 million, representing an increase of approximately US$18.5 million or 11.6% compared with approximately US$158.9 million of last year. The increase in operating profit was mainly contributed by our wind power and solar power projects.

Other Income

Other income mainly represented income from sales of scrap materials, interest income and the refund of value added tax. In 2016, other income of the Group amounted to approximately US$14.3 million, representing a decrease of approximately US$4.3 million or 23.1% compared with approximately US$18.6 million of last year.

Finance Costs

In 2016, the finance costs of the Group amounted to approximately US$115.2 million, representing an increase of approximately US$38.4 million or 50.0% compared with approximately US$76.8 million of last year. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings and loans from related companies for the acquisition of our wind power and solar power projects in the second half of 2015.

Share of Results of Associates

In 2016, the share of results of associates amounted to approximately US$22.1 million, representing a decrease of approximately US$41.2 million or 65.1% compared with approximately US$63.3 million in last year. The decrease in profit of the associates was mainly due to the national tariff reduction in May 2015 and January 2016 for the PRC coal-fired plants, and the increase in standard coal price in the PRC in the second half of 2016.

Gain on Disposal of a Subsidiary

During 2016, the Group disposed its entire equity interest in Sichuan Hexie Electric Power Co., Ltd, an indirect wholly-owned subsidiary of the Company at the material time, at a consideration of RMB220.10 million (equivalent to US$32.5 million). A gain on disposal of a subsidiary of USD18.7 million was resulted after considering the transaction cost, related cumulative exchange gain and the net assets disposed of.

Income Tax Expenses

In 2016, the income tax expense of the Group amounted to approximately US$28.9 million, representing a decrease of approximately US$11.1 million or 27.8% compared with approximately US$40.0 million of last year.

Liquidity and Capital Resources

The Group's bank balances and cash decreased from US$342.5 million as at 31 December 2015 to US$326.5 million as at 31 December 2016. The decrease was primarily due to repayment of loan from an intermediate holding company in October 2016 and repayment of loan from a fellow subsidiary, partially offset by cash generated from operations.

Net Debt/Equity Ratio

The Group's net debt/equity ratio decreased from 2.74 as at 31 December 2015 to 2.55 as at 31 December 2016 due to the decrease in net debt (which equals total debt less available cash) as a result of the repayment of loans from an intermediate holding company and a fellow subsidiary during the year.

Dividend

At the Board meeting held on 15 March 2017, the Board recommended the payment of a final dividend for the year ended 31 December 2016 of 0.47 US cents per ordinary share (equivalent to 3.64 HK cents per ordinary share), totalling US$20.2 million (equivalent to HK$156.2 million), which is based on 4,290,824,000 Shares in issue on 15 March 2017. Payout ratio of the proposed dividend is 25%.

Earnings per Share

	Year ended 31 December	
	2016	2015
	US cents	*US cents*
Earnings per Share, basic and diluted – calculated based on the weighted average number of ordinary shares for the year	**1.85**	2.42
Earnings per Share, basic and diluted – calculated based on the number of ordinary shares outstanding at year end	**1.85**	2.42

	Year ended 31 December	
	2016	2015
	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 Company)	**79,472**	103,879
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per Share	**4,290,824**	4,290,824
Number of ordinary shares outstanding at year end	**4,290,824**	4,290,824

Trade Receivables

	As at 31 December	
	2016	2015
	US$'000	*US$'000*
Trade receivables	**202,331**	200,954
Less: allowance for doubtful debts	**(1,420)**	(189)
	200,911	200,765

The Group allowed a credit period from 30 to 90 days throughout the year to its trade customers. Over 76% (2015: 99%) of the trade receivables were neither past due nor impaired as at 31 December 2016. 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	
	2016	2015
	US$'000	*US$'000*
0 – 60 days	**145,277**	199,355
61 – 90 days	**8,334**	552
Over 90 days	**47,300**	858
	200,911	200,765

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	
	2016	2015
	US$'000	*US$'000*
0 – 60 days	**80,225**	88,154
61 – 90 days	**274**	140
Over 90 days	**6,220**	1,484
Total	**86,719**	89,778

The average credit period for purchases of goods was 44 days (2015: 40 days) for the year ended 31 December 2016. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

Financial Position

Non-current assets decreased from US$3,022.1 million as at 31 December 2015 to US$2,740.0 million as at 31 December 2016 was mainly due to the depreciation charges for the year.

Current assets decreased from US$830.7 million as at 31 December 2015 to US$758.6 million as at 31 December 2016 was mainly attributable to the decrease in bank balances.

Current liabilities decreased from US$488.3 million as at 31 December 2015 to US$409.7 million as at 31 December 2016, which was resulted from the decrease in loan from a fellow subsidiary of the wind power and solar power projects.

Non-current liabilities decreased from US$2,515.0 million as at 31 December 2015 to US$2,277.1 million as at 31 December 2016, which was resulted from the decrease in loan from an intermediate holding company as a result of the repayment made during the year.

Bank Borrowings

The Group's total bank borrowings decreased from US$1,650.6 million as at 31 December 2015 to US$1,552.2 million as at 31 December 2016. Details of bank borrowings are as follows:

	As at 31 December	
	2016	2015
	US$'000	*US$'000*
Secured	**1,504,115**	1,547,952
Unsecured	**48,095**	102,678
	1,552,210	1,650,630

The maturity profile of bank borrowings is as follows:

Within one year	**133,886**	114,024
More than one year but not exceeding two years	**206,869**	136,438
More than two years but not exceeding five years	**421,880**	370,845
Over five years	**789,575**	1,029,323
	1,552,210	1,650,630
Less: Amounts due for settlement within one year shown under current liabilities	**(133,886)**	(114,024)
Amounts due for settlement after one year	**1,418,324**	1,536,606

As at 31 December 2016, the Group had committed unutilized banking facilities of US$752.1 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$354.5 million as at 31 December 2016.

Loans from Fellow Subsidiaries

Loan from China Clean Energy Development Limited, a fellow subsidiary of the Company, amounted to US$450.0 million as at 31 December 2016 and 2015, is unsecured, interest bearing at 4.5% per annum and repayable in 2025. It is shown as non-current liability as at 31 December 2016 and 2015.

Loans from CGN Finance, a fellow subsidiary of the Company, amounted to US$111.9 million as at 31 December 2015, were unsecured, interest bearing from 4.37% per annum to 4.86% per annum. Among which US$96.4 million were loans repayable within one year and are shown as current liabilities as at 31 December 2015, while the remaining US$15.5 million was repayable in 2024 and was classified as non-current liability as at 31 December 2015.

All loans from CGN Finance have been repaid in 2016.

During 2016, US$39.6 million has been advanced from CGNPC Huasheng Investment Limited, a fellow subsidiary of the Company, which is unsecured, interest bearing at 4.05% per annum and repayable in 2017. It is shown as current liability as at 31 December 2016.

Loan from an Intermediate Holding Company

Loan from CGNPC International Limited, an intermediate holding company of the Company, amounted to US$100.0 million as at 31 December 2015 was unsecured, interest bearing at 4.5% per annum and repayable in 2025. It was shown as non-current liabilities as at 31 December 2015. Early repayment in full was made during the year ended 31 December 2016.

Capital Expenditures

The Group's capital expenditure decreased by US$24.2 million to US$32.9 million in 2016 from US$57.1 million in 2015.

Contingent Liabilities

As at 31 December 2016 and 2015, the Group had no material contingent liabilities.

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 2016, the total book value of the pledged assets amounted to US$1,191.8 million.

Employees and Remuneration Policy

As at 31 December 2016, the Group had about 1,765 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, 3.06% for national health insurance (6.55% of the national health insurance contribution for long term care insurance), 0.9% for unemployment insurance, 0.86% (Seoul Office)/0.76% (Yulchon)/0.76%(Daesan) for the industrial accident compensation insurance and 0.06% 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 2016, the macro-economy of PRC was stable and trended upward in general as economic development remained at a reasonable level, quality and efficiency enhanced, economic structure continued to optimize and the supply and demand of electricity were generally on easing. According to the information published by the National Energy Administration of the PRC, the installed capacity of PRC amounted to 1,646 GW in 2016, representing a year-on-year increase of 8.2%, while electricity consumption amounted to 5,920 TWh, representing a year-on-year increase of 5.0%.

Under the background of reinforcing the energy structure adjustment and marketization reform of the power industry, the clean energy industry of PRC has achieved remarkable development and ranked the first in the world in terms of the installed capacity for photovoltaic, wind and hydro power. In 2016, there were two significant features that defined the development of clean energy in PRC: firstly, clean energy consumption has taken great strides and the proportion of non-fossil energy consumption was expected to reach 13.3%, representing a year-on-year increase of 1.3%; secondly, policies favoring new energy were introduced intensively. The "13th Five-Year Plan on Renewable Energy Development" issued by the state predicted that, during the period of the 13th Five-Year Plan, PRC's new investment on renewable energy will amount to RMB2.5 trillion, among which, the new investment on wind power will be about RMB700 billion and that on various solar energy installations will be about RMB1 trillion. Furthermore, the state published the "Notice in relation to Renewable Energy Consumption in the 'Three North' Areas", "Guidance on the Establishment of the Guidance System of Renewable Energy Development and Utilization Objectives" and "Administrative Measures on Guaranteed Buyouts of Renewable Energy Power Generation" and the relevant documents, all of which will provide significant support to the development of renewable energy.

Regarding the Korean market, influenced by global economic uncertainties and crisis emerging from the domestic political environment and large-scale corporations, the economic growth of Korea continued to slow down, resulting in a growth in gross domestic product of 2.7% for 2016. The growth in power demand also lost momentum, which led to issues relating to decreases in capacity factor, utilization hours of power plants and electricity generation, and affected the profitability of Korean gas-fired power generation companies. However, the decrease in natural gas price partially offset the loss from the decline in the system marginal price (SMP).

III. Business Review

The Group's portfolio of assets comprises wind, solar, gas-fired, coal-fired, oil-fired, hydro, cogen and fuel cell projects as well as a steam project which are mainly operating in the PRC and Korean power markets with wide geographical coverage and diversified business scope. As of 31 December 2016, the operations in the PRC and Korea accounted for approximately 59.0% and 41.0% of our attributable installed capacity of 4,984.6 MW respectively. Additionally, our business in the PRC covers 9 provinces, an autonomous region and a municipality. Clean and renewable energy projects, namely wind, solar, gas-fired, hydro and fuel cell projects, accounted for 64.5% of our attributable installed capacity, and conventional energy projects, namely coal-fired, oil-fired and cogen projects, accounted for 35.5% of our attributable installed capacity.

The following table sets out items selected by us from results of the 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**	**Total**
For the year ended 31 December 2016								
Revenue	**660.4**	**173.2**	**28.1**	**36.7**	**113.9**	**36.0**	**26.1**	**1,074.4**
Operating expenses	**(607.6)**	**(136.8)**	**(14.4)**	**(19.5)**	**(66.7)**	**(19.9)**	**(32.1)**	**(897.0)**
Operating profit	**52.8**	**36.4**	**13.7**	**17.2**	**47.2**	**16.1**	**(6.0)**	**177.4**
Profit for the year	**45.8**	**48.3**	**7.7**	**12.6**	**12.7**	**8.5**	**(44.6)**	**91.0**
Profit attributable to the owner of the Company	**43.5**	**39.6**	**7.7**	**12.1**	**12.7**	**8.5**	**(44.6)**	**79.5**

US$ million	Gas-fired projects	Coal-fired, cogen and steam projects	Oil-fired project	Hydro projects	Wind projects	Solar projects	Corporate	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

The attributable installed capacity of the Group's power assets from the Group as of 31 December 2016 and 2015 by fuel type are set out as follows:

	As at 31 December	
	2016	2015
	(MW)	*(MW)*
Clean and renewable energy portfolio		
Wind	**1,201.2**	1,201.2
Solar	**199.0**	180.8
Gas-fired	**1,677.5**	1,775.7
Hydro	**137.3**	137.3
Subtotal	**3,215.0**	3,295.0
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	**4,984.6**	5,064.6

As of 31 December 2016, the attributable installed capacity of the Group's power plants reached 4,984.6 MW, representing a decrease of 80 MW or 1.6%, which was mainly due to the disposal of Hexie Power Project with an attributable installed capacity of 98.2 MW to an independent third party in 2016. As of 31 December 2016, the consolidated installed capacity of the Group's power plants reached 4,212.6 MW.

In terms of business development, leveraging the advantages as the sole global platform for the development and operation of the non-nuclear clean and renewable power generation projects of CGN, the Group focused on enhancing the profitability of its clean and renewable energy portfolio. In 2016, the Laoling Tieying Project of CGN Solar (Dezhou) Company Limited, a wholly-owned subsidiary of the Company located in Tieying Town, Laoling City, Dezhou, Shandong Province started on-grid connection and the total installed capacity reached 15 MW. Meanwhile, the Shangyang Project which was invested, constructed and subsequently operated and managed by CGN Solar (Shenzhen) Company Limited, a wholly-owned subsidiary of the Company, in Pingshan District of Shenzhen also started on-grid connection and commenced power generation in 2016, with a total installed capacity of 2 MW.

In 2016, the net electricity generated from the consolidated power generation projects of the Group reached 11,836.7 GWh, representing an increase of 14.1% compared with 10,375.7 GWh last year, mainly due to the electricity generated from our wind power and solar power projects. In 2016, the total steam sold by the Group amounted to 2,989,000 tons, representing an increase of 8.6% as compared with that of last year.

Due to the cessation of supply of fuel to Weigang Power Project by its major fuel supplier, Weigang Power Project has ceased operation since the end of June 2016. The management is considering the possible arrangements arising from the cessation of operation, including without limitation the termination of the relevant agreements and the handling of other follow up matters in relation to the cessation.

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

Average utilization hour by fuel type[(1)]

	For the year ended 31 December	
	2016	2015
PRC Gas-fired Projects[(2)]	**1,168**	1,267
Korea Gas-fired Projects[(3)]	**4,832**	4,703
PRC Coal-fired Projects[(4)]	**4,036**	4,065
PRC Cogen Projects[(5)]	**6,223**	5,529
Korea Oil-fired Projects[(6)]	**8**	13
PRC Hydro Projects[(7)]	**4,287**	4,326
PRC Wind Projects[(8)]	**1,409**	399
PRC Solar Projects[(9)]	**1,299**	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 cessation of operation at Weigang Power Project since June 2016.

(3) Our Korea gas-fired power projects had higher average utilization hour in 2016 mainly due to higher demand for Yulchon I Power Project.

(4) Average utilization hour for the PRC coal-fired projects remained stable as compared to last year.

(5) Average utilization hour for the PRC cogen projects increased in 2016 was attributable to the increased local demand.

(6) Our Korea oil-fired power project (i.e. Daesan I Power Project) had lower average utilization hour in 2016 since there was a lower demand on oil-fired power plant due to the high Reserve Margin in Korea.

(7) Average utilization hour for the PRC Hydro Projects decreased mainly due to the decreased in local demand.

(8) Average utilization hour for the year ended 31 December 2015 for the PRC wind projects represented operations for the four months from September 2015 only. Average utilization hours for the year ended 31 December 2016 for the PRC wind projects in the Shandong province, the Zhejiang province and the Gansu province are 2,045, 1,900 and 1,144 respectively.

(9) Average utilization hour for the year ended 31 December 2015 for the PRC solar projects represented operations for the four months from September 2015 only. The average utilization hours for the year ended 31 December 2016 for the PRC solar projects in the Western Region (Dunhuang I/II, Jinta, Xitieshan I/II/III, Wulan) and the Eastern Region (Jiaxing, Airport I/II, Shangyang, Laoling Tieying) of the PRC are 1,394 and 945, respectively.

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 Group for the periods indicated:

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

		For the year ended 31 December	
	Unit	**2016**	2015
PRC Gas-fired Projects	RMB per kWh	**0.5298**	0.5550
Korea Gas-fired Projects*(2)*	KRW per kWh	**94.2**	121.8
PRC Coal-fired Projects*(3)*	RMB per kWh	**0.4273**	0.4747
PRC Cogen Projects*(3)(4)*	RMB per kWh	**0.4568**	0.4840
PRC Hydro Projects	RMB per kWh	**0.3518**	0.3455
PRC Wind Projects*(5)*	RMB per kWh	**0.54**	0.59
PRC Solar Projects	RMB per kWh	**1.10**	1.11
Weighted average tariff-steam (inclusive of VAT)			
PRC Cogen Projects*(6)*	RMB per ton	**171.4**	178.1

Notes:

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

(2) The weighted average tariff for Korea gas-fired projects was in line with the decrease in Korean gas price and market demand.

(3) The weighted average tariffs for the PRC coal-fired and PRC cogen projects decreased in 2016 since there have been national on-grid tariff downward adjustments directed by the NDRC in May 2015 and January 2016.

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

(5) The weighted average tariff for our PRC wind projects decreased in 2016 due to the Group's positive efforts in gaining electricity sales through rigorously calculated bids in provinces with severe grid curtailment.

(6) The weighted average tariff-steam decreased in 2016 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 Group for the periods indicated:

	Unit	For the year ended 31 December 2016	2015
PRC weighted average gas price(1)(2)(3)	RMB per normal cubic meter ("**Nm³**")	**2.099**	2.403
PRC weighted average standard coal price(1)(4)	RMB per ton	**565.8**	508.8
Korea weighted average gas price(1)(5)	KRW per Nm^3	**467.0**	598.2

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 2016 decreased compared to 2015 due to the directive issued by the NDRC to decreased gas prices at gate stations by RMB0.35 per Nm^3 in December 2015, with effect from 20 November 2015.

(4) The PRC weighted average standard coal price in 2016 increased compared to 2015 due to a general increased in demand in 2016.

(5) Our Korea weighted average gas price in 2016 decreased compared to 2015 due to decreases in market 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 customers.

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 Power Project and Daesan I Power Project 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 asset acquisition and 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

The clean power generation industry enjoys a promising outlook for various reasons. Firstly, the need to cope with global climate change has become the fundamental drive for the development of renewable energy, which is a global consensus and nations worldwide are setting higher targets for renewable energy development. The PRC government has promised to attain carbon emission peak value no later than 2030 and the proportion of non-fossil energy to primary energy consumption will increase to 20%. By 2020, the cumulative installed capacity of PRC's wind power and solar power is expected to exceed 320 GW, which will be nearly double the capacity at the end of the 12th Five-Year Plan Period. Secondly, there is much room for cost reduction and efficiency enhancement of renewable energy to be achieved by technological advancement. For instance, regarding wind power, there will be the introduction of new low wind speed wind turbines with bigger blades ; and for solar energy, the conversion efficiency of solar cells will continue to increase. Thirdly, the new round of power reform is expected to bring about positive results. With the electricity sales market opening up, the establishment of channel between upstream and downstream players in the energy sector will provide much room for customer-oriented comprehensive service.

Facing the future macro-economic environment, development trend in the power industry as well as the remaining challenges in the PRC and Korean markets which include the decreases in tariff and utilization hours, power restriction, exchange rate and interest rate, the Group will continue to give full play to its role as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects. We will continue to seek acquisition opportunities in relation to high quality clean and renewable power generation projects and continuously acquire clean and renewable power generation projects from CGN. It will also constantly promote its own greenfield and brownfield projects to upgrade its core capacity in the operation and maintenance of the wind power and solar power businesses, thereby enhancing its market competitiveness and profitability to reward shareholders with outstanding performance.

EVENT OCCURRING AFTER THE REPORTING PERIOD

No other important event or transaction affecting the Group has taken place after 31 December 2016.

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 2016, the unutilised proceeds of approximately HK$578.1 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 2016)** *(HK$ million)*	**Unutilised amount (up to 31 December 2016)** *(HK$ million)*
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	11.7	578.1
		1,966.1	1,386.8	578.1

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2016, the Company has complied with all the code provisions of the Corporate Governance Code.

COMPLIANCE WITH MODEL CODE

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

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards in respect of securities transactions by the Directors set out in the Model Code and the Company's Code during the year ended 31 December 2016.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2016 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2016 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 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 DIVIDEND

The Board recommended a final dividend of 0.47 US cents per Share (equivalent to 3.64 HK cents per Share). As at 15 March 2017, 4,290,824,000 Shares were in issue. If the recommendation is approved, the final dividend of 0.47 US cents per Share (equivalent to 3.64 HK cents) will be payable on Monday, 12 June 2017 to registered Shareholders as at Friday, 2 June 2017.

For the purpose of determining the entitlement to the proposed final dividend, the register of members will be closed from Wednesday, 31 May 2017 to Friday, 2 June 2017, 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 Monday, 29 May 2017.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Boardroom 6, Mezzanine Floor Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wan Chai, Hong Kong on Wednesday, 24 May 2017 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 18 April 2017.

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 Thursday, 18 May 2017 to Wednesday, 24 May 2017 (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 documents 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 Wednesday, 17 May 2017.

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 2016 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 18 April 2017.

DEFINITIONS

"Annual General Meeting"	an annual general meeting of the Company for the year 2017 to be held on Wednesday, 24 May 2017 or any adjournment thereof
"Board"	the board of Directors of the Company
"CGN"	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
"CGN 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., 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
"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"	the Company and its subsidiaries from time to time
"GW"	gigawatt, equal to one million kilowatts
"GWh"	gigawatt-hour, or one million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power projects
"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
"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)
"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
"NDRC"	National Development and Reform Commission of the PRC
"PRC" or "China"	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
"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 of America
"Weigang Power Project"	a 50.0 MW blast furnace gas-fired project in Shanghai, the PRC
"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, 15 March 2017

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

Chairman and non-executive Director	:	*Mr. Chen Sui*
President and executive Director	:	*Mr. Lin Jian*
Non-executive Directors	:	*Mr. Xu Yuan, Mr. Yin Engang, Mr. Dai Honggang, Mr. Wu Junfeng and Mr. Xing Ping*
Independent non-executive Directors	:	*Mr. Leung Chi Ching Frederick, Mr. Fan Ren Da Anthony, Mr. Wang Susheng and Mr. Zhang Dongxiao*