中广核 CGN

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

Interim Results Announcement for the Six Months Ended 30 June 2018

HIGHLIGHTS OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

- Revenue for the six months ended 30 June 2018 amounted to US$690.7 million, representing an increase of 31.7% from US$524.5 million for the six months ended 30 June 2017.
- Profit before tax for the six months ended 30 June 2018 amounted to US$91.4 million, representing an increase of 89.6% from US$48.2 million for the six months ended 30 June 2017.
- Profit attributable to owners of the Company for the six months ended 30 June 2018 amounted to US$68.8 million, representing an increase of 101.8% from US$34.1 million for the six months ended 30 June 2017.
- The increase in profit was mainly attributable to (1) significant improvement of utilization hours of our Wind projects and (2) non-recurring one-off gains from sale of carbon emission quota of our Korea projects amounting to approximately US$23.4 million (after-tax US$17.8 million).
- Earnings per share for the six months ended 30 June 2018 amounted to 1.60 US cents, representing an increase of 101.8% from 0.79 US cents for the six months ended 30 June 2017.
- The Board resolved not to declare an interim dividend for the six months ended 30 June 2018.

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2018 together with comparative figures for the corresponding period in 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018 – unaudited

	For the six months ended 30 June	
	2018	2017
	US$'000	*US$'000*
Revenue	**690,717**	524,527
Operating expenses:		
Coal, oil and gas	**420,775**	283,481
Depreciation of property, plant and equipment	**80,719**	68,175
Repair and maintenance	**20,096**	18,717
Staff costs	**31,470**	36,506
Others	**29,751**	27,726
Total operating expenses	**582,811**	434,605
Operating profit	**107,906**	89,922
Other income	**30,313**	5,420
Other gains and losses	**690**	(1,731)
Finance costs	**(53,127)**	(50,470)
Share of results of associates	**5,651**	5,071
Profit before tax	**91,433**	48,212
Income tax expenses	**(21,768)**	(12,275)
Profit for the period	**69,665**	35,937

	For the six months ended 30 June	
	2018	2017
	US$'000	*US$'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	**(25,164)**	37,576
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	**(66)**	(62)
– deferred tax credit arising on release of hedging reserve	**16**	15
Other comprehensive (expenses) income for the period	**(25,214)**	37,529
Total comprehensive income for the period	**44,451**	73,466
Profit for the period attributable to:		
Owners of the Company	**68,789**	34,107
Non-controlling interests	**876**	1,830
	69,665	35,937
Total comprehensive income for the period attributable to:		
Owners of the Company	**43,422**	71,376
Non-controlling interests	**1,029**	2,090
	44,451	73,466
Earnings per share		
– basic *(US cents)*	**1.60**	0.79
– diluted *(US cents)*	**1.60**	0.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 – unaudited

	As at 30 June 2018 US$'000	As at 31 December 2017 US$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,531,187**	2,471,558
Prepaid lease payments	**50,201**	51,004
Goodwill	**178,353**	178,492
Interests in associates	**174,252**	168,111
Deferred tax assets	**24,491**	25,366
Other assets	**76,212**	61,046
	3,034,696	2,955,577
CURRENT ASSETS		
Inventories	**31,838**	33,723
Prepaid lease payments	**3,295**	3,343
Trade receivables	**316,638**	255,441
Other receivables and prepayments	**143,140**	134,454
Amounts due from non-controlling shareholders	**–**	8
Amounts due from associates	**12,615**	12,615
Amounts due from fellow subsidiaries	**20,025**	9,732
Tax recoverable	**3,642**	453
Pledged bank deposits	**55,560**	92,446
Short-term deposits	**59,089**	–
Bank balances and cash	**382,778**	242,825
	1,028,620	785,040

	As at 30 June 2018 *US$'000*	As at 31 December 2017 *US$'000*
CURRENT LIABILITIES		
Trade payables	**153,714**	111,146
Other payables and accruals	**185,621**	170,660
Amounts due to fellow subsidiaries	**1,263**	5,561
Amounts due to non-controlling shareholders	**4,932**	6,370
Loan from a fellow subsidiary – due within one year	**152,922**	–
Advance from a non-controlling shareholder – due within one year	**2,337**	2,339
Bank borrowings – due within one year	**273,492**	179,032
Bond payables – due within one year	**355,045**	354,858
Contract liabilities – deferred connection charges	**43**	89
Government grants	**658**	658
Tax payable	**13,647**	9,975
Derivative financial instruments	**9,276**	9,957
	1,152,950	850,645
NET CURRENT LIABILITIES	**(124,330)**	(65,605)
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,910,366**	2,889,972
NON-CURRENT LIABILITIES		
Advance from a non-controlling shareholder – due after one year	**895**	896
Loan from a fellow subsidiary – due after one year	**450,000**	450,000
Bank borrowings – due after one year	**1,409,312**	1,417,715
Contract liabilities – deferred connection charges	**116**	116
Government grants	**10,852**	11,190
Deferred tax liabilities	**49,671**	49,680
	1,920,846	1,929,597
NET ASSETS	**989,520**	960,375

	As at 30 June 2018 *US$'000*	As at 31 December 2017 *US$'000*
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves	**904,035**	875,839
Equity attributable to owners of the Company	**904,090**	875,894
Non-controlling interests	**85,430**	84,481
TOTAL EQUITY	**989,520**	960,375

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 segments:

For the six months ended 30 June 2018

	Power Plants in the PRC *US$'000*	**Power Plants in Korea** *US$'000*	**Management Companies** *US$'000*	**Total** *US$'000*
Segment revenue – external	**237,488**	**442,988**	**10,241**	**690,717**
Timing of revenue recognition				
At a point of time	**237,441**	**372,926**	**–**	**610,367**
Over time	**47**	**70,062**	**10,241**	**80,350**
	237,488	**442,988**	**10,241**	**690,717**
Segment results	**60,439**	**44,136**	**488**	**105,063**
Unallocated other income				**3,187**
Unallocated operating expenses				**(5,789)**
Unallocated finance costs				**(17,369)**
Other gains and losses				**690**
Share of results of associates				**5,651**
Profit before tax				**91,433**

For the six months ended 30 June 2017

	Power Plants in the PRC *US$'000*	Power Plants in Korea *US$'000*	Management Companies *US$'000*	Total *US$'000*
Segment revenue – external	194,358	313,087	17,082	524,527
Segment results	44,651	20,381	813	65,845
Unallocated other income				351
Unallocated operating expenses				(3,842)
Unallocated finance costs				(17,482)
Other gains and losses				(1,731)
Share of results of associates				5,071
Profit before tax				48,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018 – unaudited

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and its Shares are listed on the Main Board of the Stock Exchange in October 2014. The registered office of the Company is at 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 CGN Energy International, a company incorporated in Hong Kong with limited liability and its ultimate holding company is CGN, a state-owned enterprise established in the PRC.

The 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 Companies Ordinance for the six months ended 30 June 2018.

2. BASIS OF PREPARATION

The Group had net current liabilities of approximately US$124.3 million as at 30 June 2018. Taking into account the financial resources of the Group, including the banking facilities and financing facilities granted by CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**"), the fellow subsidiary of the Company, the directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers and the related Amendments
IFRIC 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28	As part of the Annual Improvements to IFRSs 2014-2016 Cycle
Amendments to IAS 40	Transfers of Investment Property

The new and amendments to IFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on IFRS 15

The Group has applied IFRS 15 for the first time in the current interim period. IFRS 15 superseded IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations.

Under IFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation – Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Impacts and changes in accounting policies of application on IFRS 9

In the current period, the Group has applied IFRS 9 *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

In addition, the Group applied the hedge accounting prospectively.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Results and Analysis

In the first half of 2018, the revenue of the Group amounted to US$690.7 million, representing an increase of 31.7% compared with US$524.5 million of the first half of 2017. The profit attributable to the owners of the Company amounted to US$68.8 million, representing an increase of US$34.7 million or 101.8% as compared with US$34.1 million of the first half of 2017.

In the first half of 2018, the profit for the period of the Group amounted to US$69.7 million, representing an increase of US$33.8 million or 94.2% as compared with US$35.9 million of the first half of 2017.

Revenue

In the first half of 2018, the revenue of the Group amounted to US$690.7 million, representing an increase of 31.7% compared with US$524.5 million of the first half of 2017. The increase in revenue was mainly attributable to (1) the higher electricity generation by Yulchon I & II Power Projects as a result of the extremely cold weather during winter and the increase in demand of clean energy in Korea; and (2) the higher dispatch volume by the wind projects with improved grid curtailment.

Operating Expenses

In the first half of 2018, the operating expenses of the Group amounted to US$582.8 million, representing an increase of 34.1% compared with US$434.6 million of the first half of 2017. The increase in operating expenses was mainly due to the increase in gas consumption of our Yulchon I & II Power Projects which was in line with the increase in electricity generation. In addition, the consistent increase in coal price and coal consumption of the coal-fired and cogen projects have led to the increase in operating costs.

Operating Profit

In the first half of 2018, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to US$107.9 million, representing an increase of US$18.0 million or 20.0% compared with US$89.9 million of the first half of 2017. The increase in operating profit was mainly caused by (1) the significant improvement of dispatch volume by the wind projects with lower gird curtailment; and (2) contribution from newly operating wind and solar projects.

Other Income

Other income mainly represented income from sales of carbon emission quota, interest income, government grants and the refund of value added tax. In the first half of 2018, the other income of the Group amounted to US$30.3 million, representing an increase of US$24.9 million compared with US$5.4 million of the first half of 2017. The significant increase in other income was mainly due to the non-recurring one-off gains of approximately US$23.4 million from sale of carbon emission quota of the Korea projects.

Finance Costs

In the first half of 2018, the finance costs of the Group amounted to US$53.1 million, representing an increase of 5.1% compared with US$50.5 million of the first half of 2017. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings and loans from related companies.

Share of Results of Associates

In the first half of 2018, the share of results of associates amounted to US$5.7 million, representing an increase of US$0.6 million compared with US$5.1 million in the first half of 2017. The increase in profit of the associates was mainly due to the increase in electricity generation during the period.

Income Tax Expenses

In the first half of 2018, the income tax expenses of the Group amounted to US$21.8 million, representing an increase of US$9.5 million compared with US$12.3 million of the first half of 2017.

Liquidity and Capital Resources

The Group's bank balances and cash increased from US$242.8 million as at 31 December 2017 to US$382.8 million as at 30 June 2018, primarily due to the cash generated from operations and proceeds from loan from a fellow subsidiary received during the current period.

Net Debt/Equity Ratio

The Group's net debt/equity ratio increased from 2.25 as at 31 December 2017 to 2.29 as at 30 June 2018 due to the increase in net debt (which equals to total debt less available cash) as a result of increase in bank borrowings and loan from a fellow subsidiary.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2018.

Earnings per Share

	For the six months ended 30 June	
	2018	2017
	US cents	*US cents*
Earnings per share, basic and diluted – calculated based on the number of ordinary shares for the period	**1.60**	0.79
	US$'000	*US$'000*
Earnings for the purpose of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**68,789**	34,107
	'000	*'000*
Number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**4,290,824**	4,290,824

Trade Receivables

	As at	
	30 June	31 December
	2018	2017
	US$'000	*US$'000*
Trade receivables	**316,984**	255,787
Less: allowance for bad and doubtful debts	**(346)**	(346)
	316,638	255,441

The Group allows a credit period from 30 to 90 days throughout the period to its trade customers. Approximately 59% (31 December 2017: 69%) of the trade receivables are neither past due nor impaired as at 30 June 2018. The management considers that these receivables have good credit rating under the credit review policy used by the Group.

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

	As at	
	30 June	31 December
	2018	2017
	US$'000	*US$'000*
0 – 60 days	**173,177**	174,826
61 – 90 days	**13,148**	8,099
91 – 180 days	**33,291**	32,595
181 – 270 days	**28,794**	39,852
Over 270 days	**68,228**	69
	316,638	255,441

Trade Payables

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

	As at	
	30 June 2018	31 December 2017
	US$'000	*US$'000*
0 – 60 days	**129,056**	104,280
61 – 90 days	**8,067**	1,643
Over 90 days	**16,591**	5,223
Total	**153,714**	111,146

The average credit period on purchases of goods was 42 days (31 December 2017: 26 days) for the six months ended 30 June 2018. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

Financial Position

Non-current assets increased from US$2,955.6 million as at 31 December 2017 to US$3,034.7 million as at 30 June 2018. It was mainly due to the addition of property, plant and equipment and increase in other assets during the six months ended 30 June 2018.

Current assets increased from US$785.0 million as at 31 December 2017 to US$1,028.6 million as at 30 June 2018. It was mainly attributable to the increase in cash and bank deposits and short-term deposits.

Current liabilities increased from US$850.6 million as at 31 December 2017 to US$1,153.0 million as at 30 June 2018, which was mainly due to the drawing of loan from a fellow subsidiary and increase in short term bank borrowings.

Non-current liabilities slightly decreased from US$1,930.0 million as at 31 December 2017 to US$1,920.8 million as at 30 June 2018, which was mainly attributable to the decrease in long term bank borrowings.

Bank Borrowings

The Group's total bank borrowings increased from US$1,596.7 million as at 31 December 2017 to US$1,682.8 million as at 30 June 2018. Details of bank borrowings are as follows:

	As at	
	30 June 2018	31 December 2017
	US$'000	*US$'000*
Secured	**1,496,969**	1,548,923
Unsecured	**185,835**	47,824
	1,682,804	1,596,747

The maturity profile of bank borrowings is as follows:

Within one year	**273,492**	179,032
More than one year but not exceeding two years	**179,677**	151,241
More than two years but not exceeding five years	**501,078**	496,015
Over five years	**728,557**	770,459
	1,682,804	1,596,747
Less: Amounts due for settlement within one year shown under current liabilities	**(273,492)**	(179,032)
Amounts due for settlement after one year	**1,409,312**	1,417,715

As at 30 June 2018, the Group had committed unutilised banking facilities of US$1,346.3 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 its maturity date is on 19 August 2018, unless redeemed earlier. The carrying amount of the bond payables was US$355.0 million as at 30 June 2018. As 19 August 2018 was a Sunday, the Company has effected payment for the redemption of the bonds in full on 20 August 2018.

Loans from Fellow Subsidiaries

Loan from China Clean Energy Development Limited, a fellow subsidiary of the Company, amounting to US$450.0 million as at 30 June 2018 and 31 December 2017, is unsecured, interest bearing at 4.5% per annum and repayable in 2025. It is shown as non-current liability as at 30 June 2018 and 31 December 2017.

In the first half of 2018, the Group has drawn a loan from CGN Finance Co., Ltd., a fellow subsidiary of the Company, amounted to US$152.9 million. The loan is unsecured, interest bearing at 4.35% per annum and repayable in a year. It is shown as current liability as at 30 June 2018.

Capital Expenditures

The Group's capital expenditures increased by US$131.4 million to US$148.1 million in the first half of 2018 from US$16.7 million in the first half of 2017, mainly due to the increased capital expenditures incurred by the wind power projects and the Korea biomass energy project.

Contingent Liabilities

As at 30 June 2018 and 31 December 2017, the Group had no material contingent liabilities.

Pledged Assets

The Group pledged certain property, plant and equipment, trade receivables, prepaid lease payments and bank deposits for credit facilities granted to the Group. As at 30 June 2018, the total book value of the pledged assets amounted to US$1,335.5 million.

Employees and Remuneration Policy

As at 30 June 2018, the Group had about 1,344 full-time employees, the majority of which were based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

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

In 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 (Chapter 485 of the Laws of Hong Kong). 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

In the first half of 2018, the China economy continued to maintain its steady tendency. The country's power supply was loose in whole while the increase of electricity consumption of society accelerated. As at 30 June 2018, the total power consumption in PRC was 3,229.1 TWh, representing a year-on-year growth rate of 9.4%. The power supply in PRC continued to optimize, with contribution from the newly commissioned installed capacity of non-fossil energy reaching a record high. From January to June, the electricity generated from the nationwide scale of wind power and solar power reached 191.7 TWh and 81.7 TWh respectively, representing a growth of 28.6% and 63.2% as compared to the same period of last year respectively. In the first half of 2018, the newly commissioned installed capacity of wind power and solar power amounted to 7.53 GW and 25.81 GW respectively, increased by 1.52 GW and 2.19 GW respectively as compared to the same period of last year.

2018 is the year of gradation of the 13th Five Year Plan. In the first half year, the government pushed forward the implementation of various policies and initiated pilot schemes, thus the energy system reform is entering into a new climax.

On 18 May 2018, National Energy Administration issued the "Notice Regarding the Requirement of Wind Power Construction Management in 2018"(《關於2018年度風電建設管理有關要求的通知》)("**Wind Power 518 New Policy**"). In order to foster reasonable, orderly, healthy, high-quality and sustainable development of the currently steady and positive wind power industry, six requirements were suggested in the Wind Power 518 New Policy: (1) planning and fore-warning requirements shall be strictly implemented; (2) consumption work shall be listed as a priority; (3) electricity output and consumption conditions shall be strictly implemented; (4) competitive form of wind power projects allocation shall be implemented; (5) the wind power investment environment shall be improved; (6) near in-full wind power projects shall be actively implemented. Amongst those, the highlight of the New Policy is that "competitive tender and competitive price" shall be implemented to all of the subsequent projects.

On 31 May 2018, the National Development and Reform Commission, Ministry of Finance and National Energy Administration jointly issued the "Notice Regarding the Photovoltaic Power-related Matters in 2018" (《關於2018年光伏發電有關事項的通知》) ("**Photovoltaic 531 New Policy**"). The Photovoltaic 531 New Policy clearly outlined the scale of ordinary plants, distributed plants, Photovoltaic Poverty Alleviation and the 4th batch of Photovoltaic Annual Lead, lowered the photovoltaic benchmark on-grid tariff and required that competitive allocation of resources and prices shall be implemented in all ordinary photovoltaic plants.

The Wind Power 518 New Policy and Photovoltaic 531 New Policy (collectively as the "**New Policies**") are introduced due to the inordinate insufficiency of the Renewable Energy Subsidy. The issuance of the two New Policies implies the PRC top-level re-design on the wind power and photovoltaic industries, symbolizes the full entrance of those industries into a new era of competitive-pricings, "De-subsidy" and "Marketization".

Upon the issuance of the New Policies, feedback from the industry has been vigorous. As a highly marketable renewable energy investment corporate, the Group is also faced with the opportunities and challenges brought by the policy changes. The implementation of the competitive form of projects allocation, added to the gradual cease of subsidies and bonus and continual reduction of policies and governmental interferences causes market forces to carry on to exert its impact in greater terms. In turn, the market competition grows more drastic gradually, thus accelerates the industry upgrading. In the short run, the New Policies brings an enormous strike to the wind power and photovoltaic industries. However, in the long run, the competitive form of allocation forces the industries owners to upgrade their businesses, thus leading the industries into a whole new era of consolidation. The whole industry will enter a healthy path for development. Only by taking active actions and development can we snatch the opportunities for early birds.

In respect of Korean power market, an energy structure transformation is undergone and it is expected that renewable energy and gas-fired power plant will increase in the future. The competition is intensified in the power market upon the commissioning of new power plants and in addition with the rising price of natural gas, the profitability of Korean gas-fired power generation companies was affected.

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 operating in the PRC and Korea power markets. Our business in the PRC covers 11 provinces, an autonomous region and a municipality with wide geographical coverage and diversified business scope. As of 30 June 2018, the operations in the PRC and Korea accounted for approximately 59.7% and 40.3% of our attributable installed capacity of 5,080.5 MW respectively. Clean and renewable energy projects (namely wind, solar, gas-fired, hydro and fuel cell projects) accounted for 65.2% of our attributable installed capacity; and conventional energy projects (namely coal-fired, oil-fired and cogen projects) accounted for 34.8% of our attributable installed capacity.

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

US$' million	Korea Gas-fired and Oil-fired projects	PRC Coal-fired, Cogen and Gas-fired projects	PRC Wind projects	PRC Solar projects	PRC Hydro projects	Corporate	Total
For the six months ended 30 June 2018							
Revenue	443.0	111.0	87.9	22.5	15.7	10.6	690.7
Operating expenses	(410.2)	(103.9)	(34.2)	(8.1)	(9.4)	(17.0)	(582.8)
Operating profit	32.8	7.1	53.7	14.4	6.3	(6.4)	107.9
Profit for the period	34.0	10.1	35.0	9.3	4.4	(23.1)	69.7
Profit attributable to the owners of the Company	34.0	9.8	34.5	9.3	4.3	(23.1)	68.8
For the six months ended 30 June 2017							
Revenue	313.0	90.7	68.8	19.1	15.7	17.2	524.5
Operating expenses	(282.0)	(81.4)	(31.5)	(8.3)	(9.0)	(22.4)	(434.6)
Operating profit	31.0	9.3	37.3	10.8	6.7	(5.2)	89.9
Profit for the period	16.0	10.1	19.1	5.0	5.4	(19.7)	35.9
Profit attributable to the owners of the Company	16.0	8.6	18.9	5.0	5.3	(19.7)	34.1

Korea Gas-fired and Oil-fired projects

The utilization hours of our Korea gas-fired plants increased from 1,894 to 2,578 during the first half of 2018, which was mainly due to higher power demand caused by the extremely cold weather and higher demand from clean energy. This led to higher dispatch and increased revenue to US$443.0 million. Net profit increased from US$16.0 million to US$34.0 million, which was mainly attributable to the non-recurring one-off post tax gains of approximately US$17.8 million arising from the sale of carbon emission quota.

PRC Coal-fired, Cogen and Gas-fired projects

The increase in revenue is mainly due to (1) increase in electricity generation of the coal-fired projects which is evidenced by the increase in utilization hours from 1,784 to 2,044 and; (2) increase in steam sold by 166,000 tonnes, as well as increase in weighted average tariff of the cogen projects. To support the increase in generation, coal consumption increased accordingly. With the standard coal price kept increasing consistently, the operating costs became higher.

PRC Wind projects

In the first half of 2018, the Group's newly commissioned installed capacity of wind projects amounted to 113.4 MW. The increase in revenue was mainly attributable to (1) contribution from newly commissioned wind projects amounted to US$11.3 million in the first half of 2018; (2) significant improvement of dispatch volume by the wind projects with lower gird curtailment, which led to increase in average utilization hours from 833 to 1,052. Overall, the operating profit soared to US$53.7 million.

PRC Solar projects

Starting from the second half of 2017, the Group's newly commissioned installed capacity amounted to 20.75 MW. The increase in revenue was mainly attributable to contribution from newly commissioned solar projects amounted to US$1.3 million. With stable operating expense, the operating profit amounted to US$14.4 million, representing an increase of US$3.6 million as compared with US$10.8 million in the first half of 2017.

The attributable installed capacity of the Group's power assets as at 30 June 2018 and 2017 by fuel type are set out as follows (MW):

	30 June 2018	30 June 2017
Clean and renewable energy portfolio		
Wind	**1,308.8**	1,201.2
Solar	**219.8**	199.0
Gas-fired	**1,645.0**	1,677.5
Hydro	**137.3**	137.3
Subtotal	**3,310.9**	3,215.0
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	**5,080.5**	4,984.6

In the second half of 2017 and the first half of 2018, the Company's newly commissioned attributable installed capacity amounted to 10.25 MW and 118.18 MW respectively. As at 30 June 2018, the Group's attributable installed capacity reached 5,080.5 MW, representing an increase of 95.9 MW or 1.9% from the same period of last year, which included an attributable installed capacity of wind power of 1,308.8 MW, representing an increase of 9.0% from the same period of last year; whereas the attributable installed capacity of solar power amounted to 219.8 MW, representing an increase of 10.5% from the same period of last year. As at 30 June 2018, the consolidated installed capacity of the Group's power plants reached 4,296.8 MW.

In terms of wind power business development, in the first half of 2018, the Company's newly commissioned installed capacity of wind power amounted to 113.4 MW, which included: (1) the Company's wholly-owned subsidiary 濰坊中廣核能源有限公司's Anqiu Huangminshan Wind Project (安丘黃皿山風電項目), comprising a newly commissioned installed capacity of 59.4 MW, with 27 wind power units of 2.2 MW each and the project is located in the Wushan Town, Southwest of Anqiu City, Weifang, Shandong Province; (2) the Qingyun Zaoyuan Wind Project (慶雲棗園風電項目) by the Company's subsidiary 德州安務能源有限公司, which the Company owned 87% interest. A total of 20 wind power generator units of 2.2 MW each were installed, comprising a total installed capacity of 44 MW. The said project is located in Changjia Town, Dezhou City of Shandong Province.

In terms of solar power business, in the first half of 2018, the newly commissioned installed capacity of solar power amounted to 10.5 MW, which included the Jiajia Solar Project (加加光伏項目) by the Company's wholly owned subsidiary 中廣核新能源(長沙)有限公司. The said project comprised a total installed capacity of 6 MW, which are rooftop distributed photovoltaic power stations located in Ningxiang, Hunan Province.

As at 30 June 2018, the Group's attributable installed capacity of gas-fired power reduced as compared to the same period of last year for the reason that upon the commencement of the related liquidation procedure, the Group no longer had controlling power over the Weigang Power Project, which has an attributable installed capacity amounting to 32.5 MW. Please refer to the "Gain on Deconsolidation of a Subsidiary" under the Management Discussion and Analysis disclosed in the 2017 Annual Report dated 21 March 2018 and the announcement of the Company dated 21 December 2017.

As of 30 June 2018, the net electricity generated by the Group's consolidated power generation projects amounted to 6,359.5 GWh, representing an increase of 27.9% from 4,970.6 GWh for the six months ended 30 June 2017. The increase in net electricity generation was mainly due to (1) higher dispatch volume of the Korea gas-fired projects arising from increase in demand of clean energy in Korea; and (2) higher dispatch volume of the wind projects with lower grid curtailment. The net electricity generated by wind power projects and solar power projects reached 1,301.2 GWh and 152.5 GWh, representing growth rates of 36.2% and 3.3% respectively.

The total steam sold by the Group amounted to 1,744,000 tonnes, representing an increase of 166,000 tonnes with a growth rate of 10.5% as compared with the six months ended 30 June 2017. The increase was mainly due to higher in local demand.

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

Average utilization hour by fuel type *(1)*

	For the six months ended 30 June	
	2018	2017
PRC Wind Projects *(2)*	**1,052**	833
PRC Solar Projects *(3)*	**737**	745
PRC Coal-fired Projects *(4)*	**2,044**	1,784
PRC Cogen Projects *(5)*	**2,585**	2,760
PRC Hydro Projects *(6)*	**1,785**	1,820
Korea Gas-fired Projects *(7)*	**2,578**	1,894

Notes:

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

(2) Average utilization hours of the PRC wind projects operating in the Shandong Province, the Zhejiang Province, the Gansu Province and the Henan Province were 1,374, 1,023, 921 and 1,490, respectively in the first half of 2018. Average utilization hour for the PRC wind power projects increased mainly due to the following two reasons: i) domestic wind power curtailment became less frequent in the first half of 2018; and ii) the average speed of wind in Shandong Province was higher than that of last year.

(3) Average utilization hours of the PRC solar projects operating in the Western region, the Central region and the Eastern region of the PRC were 800, 485 and 590 respectively in the first half of 2018. Average utilization hour for the PRC solar power projects decreased slightly mainly because of unstable weather in the Eastern and Central regions in the first half of 2018.

(4) Average utilization hour of the PRC coal-fired projects increased in the first half of 2018 due to increase in electricity generation arising from shortened period of repair and maintenance.

(5) Average utilization hour of the PRC cogen projects decreased mainly due to the change in operation focus from electricity generation to steam generation which enjoys a stronger increment in tariff.

(6) Average utilization hour of the PRC hydro projects remained stable in the first half of 2018.

(7) Our Korea gas-fired power projects had higher utilization hour in the first half of 2018 mainly due to the higher electricity generation by Yulchon I Power Project & Yulchon II Power Project as a result of the extremely cold weather during winter and the increase in demand of clean energy in Korea.

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 periods indicated:

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

		For the six months ended 30 June	
	Unit	**2018**	2017
PRC Wind Projects *(2)*	RMB per kWh	**0.51**	0.56
PRC Solar Projects *(3)*	RMB per kWh	**1.07**	1.01
PRC Coal-fired Projects	RMB per kWh	**0.43**	0.43
PRC Cogen Projects *(4)*	RMB per kWh	**0.47**	0.46
PRC Hydro Projects	RMB per kWh	**0.35**	0.36
Korea Gas-fired Projects *(5)*	KRW per kWh	**114.71**	108.23
Weighted average tariff – Steam (inclusive of VAT)			
PRC Cogen Projects *(6)*	RMB per ton	**226.51**	202.21

Notes:

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

(2) The weighted average tariff of our PRC wind projects decreased in the first half of 2018 mainly due to increase in distribution of electricity through the electricity bid trading market.

(3) The weighted average tariff of our PRC solar projects increased in the first half of 2018 due to higher tariff from newly operating projects starting form the second half of 2017.

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

(5) The weighted average tariff for Korea gas-fired projects includes the tariff for the 15.4 MW fuel cell projects owned by Yulchon I Power Project. The increase in weighted average tariff of Korea gas-fired projects in the first half of 2018 was in line with the increase in Korea gas price.

(6) The increase in the weighted average tariff of steam in the first half of 2018 was in line with the increase in PRC coal price.

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

		For the six months ended 30 June	
	Unit	**2018**	2017
PRC weighted average standard coal price *(1) (2)*	RMB per ton	**847.88**	780.93
Korea weighted average gas price *(1) (3)*	KRW per Nm^3	**573.86**	528.91

Notes:

(1) The weighted average standard coal prices 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 standard coal price in the first half of 2018 increased compared to the first half of 2017 due to increase in market coal price.

(3) Our Korea weighted average gas price in the first half of 2018 increased compared to the first half of 2017 due to the increase 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. Yulchon I Power Project's 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 system marginal price, 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 US dollars, and our reportable profit is affected by fluctuations in foreign currency exchange rates. We collect most of our revenue from our projects in 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.

On 3 July 2018, CGN Daesan entered into a set of foreign exchange hedging contracts with Shinhan Bank and KEB Hana Bank, respectively, to hedge against USD/EUR/CAD currency risks, in respect of the principal amount of approximately USD29.2 million, EUR10.8 million (equivalent to approximately USD13.3 million) and CAD165.8 million (equivalent to approximately USD125.4 million) respectively.

As disclosed in the announcement of the Company dated 23 April 2018, CGN Daesan entered into the EPC Contract with an independent contractor in relation to engineering, procurement and construction work of its biomass power plant in a total consideration of KRW295 billion (equivalent to approximately USD277 million, inclusive of all taxes required to be paid by the counterparty under the EPC Contract other than custom duties). As disclosed in the announcement of the Company dated 26 June 2018, CGN Daesan entered into the Fuel Supply Agreement in relation to the supply of 315,000 metric tons per annum of industrial wood pellets to CGN Daesan commencing in 2021. In light of such contracts for construction and the expected fuel cost of the first two years of operation, CGN Daesan has entered into the FX Hedging Contracts to provide an effective way to hedge against the foreign currencies fluctuation risk.

The Company will continue to monitor exchange rate trends and take appropriate measures to hedge against risks in foreign currency exchange if and when it becomes economical to do so.

V. Prospects

In review of the first half of 2018, the global indefinite risks persisted and material changes occurred in the global energy framework. The structural de-carbonization of world energy continues to pace up where non-fossil energy gradually becomes the main force of world energy development. The proportion of clean energy is expected to keep increasing.

The continued part of "Renewable-Sourced Electricity Quotas and Examination Method" (《可再生能源電力配額及考核辦法》) will be implemented. It is expected that the Green Power Certificate System shall be initiated at a proper time in 2018 to regulate transactions mandatorily. The implementation of the said quota system can increase the proportion of renewable energy efficiently, remediate the wasted wind power and solar power problem and is beneficial to raising corporates' environmental awareness. In all, it is advantageous to the green development of the society.

Though there were tremendous changes in policies and market recently, wind power and photovoltaic industry remains the main force in energy revolution in future. The Company would make great efforts to develop distributed solar projects and dispersed wind power projects according to those changes in policies, and initiatively plan to return to "Northern, Northeast and Northwest China" base and actively take part in bidding. The Company would also monitor the window period of developing offshore wind power closely in order to capture resources, approvals and tariff.

The Group continues to acquire clean and renewable power generation projects from CGN. Meanwhile, it shall keep seeking for other quality ones to strengthen the core operational ability in our wind power and solar power businesses, endeavour in enhancing the Group's competitiveness and position in the non-nuclear clean energy industry. As disclosed in the Company's 2017 Annual Report dated 21 March 2018, the Company intends to acquire 51% of the registered capital in CGN Wind Power Company, Limited through its subsidiary ("**Possible Acquisition**"). If the Possible Acquisition is materialized, it will enhance the Company's focus on clean and renewable power projects in the PRC and the installed capacity of clean energy of the Group is expected to account for more than 80% of the total installed capacity of the Group and the geographical presence of the Company in the PRC is further diversified. Meanwhile, the Group shall stay close to the opportunities in new policies and in the industry, make remitted effort in raising the profitability in projects and reward the society and shareholders with outstanding results.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 3 July 2018, CGN Daesan entered into a set of foreign exchange hedging contracts with Shinhan Bank and KEB Hana Bank, respectively, to hedge against the foreign currencies fluctuation risk in relation to EUR/USD/CAD against KRW.

On 20 August 2018, the Company has effected payment for the final redemption of the bonds in full.

For details, please refer to the announcement of the Company dated 3 July 2018 regarding the foreign exchange hedging contracts and the announcement of the Company dated 20 August 2018 regarding the final redemption of bonds at maturity.

Save as disclosed above, no other important event or transaction affecting the Group has taken place after 30 June 2018.

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). On 27 December 2017, the Board resolved to reallocate the unutilised proceeds with a view to deploy its financial resources more effectively to enhance the operational and financial efficiency of the Group. For details, please refer to the announcement of the Company dated 27 December 2017. As at 30 June 2018, the unutilised proceeds of approximately HK$335.0 million were deposited into bank.

Use of net proceeds from global offering

	Percentage to total amount	**Net proceeds** *(HK$ million)*	**Utilised amount (up to 30 June 2018)** *(HK$ million)*	**Unutilised amount (up to 30 June 2018)** *(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	1%	12.2	12.2	–
Repayment of bond with maturity date on 19 August 2018	17%	335.0	–	335.0
Working capital and other general corporate purpose	7%	144.4	144.4	–
Payment of interest expense from third-party borrowings and loan from fellow subsidiaries	5%	98.2	98.2	–
		1,966.1	1,631.1	335.0

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2018, 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 "**Code**"), 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 Code during the six months ended 30 June 2018.

REVIEW OF INTERIM RESULTS

The Group's unaudited consolidated interim results for the six months ended 30 June 2018 have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2018.

DEFINITIONS

"Board"	the board of Directors
"CGN"	China General Nuclear Power Corporation（中國廣核集團有限公司）, a state-owned enterprise established in the PRC and a controlling shareholder of the Company
"CGN Energy International"	CGN Energy International Holdings Co., Limited（中國廣核能源國際控股有限公司）(formerly known as 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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"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
"Consolidated Installed Capacity"	the aggregate installed capacity of our project companies that we fully consolidated in our consolidated financial statements. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated Installed Capacity does not include the capacity of our associated companies
"Corporate Governance Code"	Corporate Governance Code 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
“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 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
“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
“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
“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 592.8 MW gas-fired project in Korea
"Yulchon II Power Project"	a 946.3 MW gas-fired project in Korea
"%"	per cent.

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

Hong Kong, 22 August 2018

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

Chairman and non-executive Director	:	*Mr. Chen Sui*
President and executive Director	:	*Mr. Li Yilun*
Non-executive Directors	:	*Mr. Yao Wei and Mr. Xing Ping*
Independent non-executive Directors	:	*Mr. Leung Chi Ching Frederick, Mr. Yang Xiaosheng and Mr. Wang Minhao*