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 2019

HIGHLIGHTS OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

- Revenue for the six months ended 30 June 2019 amounted to US$662.0 million, representing a decrease of 4.2% from US$690.7 million for the six months ended 30 June 2018.

- Profit before tax for the six months ended 30 June 2019 amounted to US$95.7 million, representing an increase of 4.7% from US$91.4 million for the six months ended 30 June 2018.

- Profit attributable to owners of the Company for the six months ended 30 June 2019 amounted to US$73.4 million, representing an increase of 6.7% from US$68.8 million for the six months ended 30 June 2018.

- The increase in profit was mainly attributable to (1) the improvement of utilization hours and decrease in coal price of the PRC coal-fired projects; and (2) the contribution from newly commissioned solar projects. If the 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) incurred in the corresponding period in 2018 was taken out, the increase in profit would have been more substantial.

- Earnings per share for the six months ended 30 June 2019 amounted to 1.71 US cents, representing an increase of 6.7% from 1.60 US cents for the six months ended 30 June 2018.

- The Board resolved not to declare an interim dividend for the six months ended 30 June 2019.

The Board announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019 together with comparative figures for the corresponding period in 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 – unaudited

	For the six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
Revenue	**661,960**	690,717
Operating expenses:		
Coal, oil and gas	**369,733**	420,775
Depreciation of property, plant and equipment	**80,171**	80,719
Repair and maintenance	**17,853**	20,096
Staff costs	**35,177**	31,470
Others	**28,982**	29,751
Total operating expenses	**531,916**	582,811
Operating profit	**130,044**	107,906
Other income	**7,939**	30,313
Other gains and losses	**(74)**	690
Finance costs	**(59,731)**	(53,127)
Share of results of associates	**17,496**	5,651
Profit before tax	**95,674**	91,433
Income tax expenses	**(18,950)**	(21,768)
Profit for the period	**76,724**	69,665

	For the six months ended 30 June	
	2019	2018
	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 operations	**(24,464)**	(25,164)
Fair value gain on hedging instruments designated as cash flow hedge	**12,822**	–
Deferred tax expense arising on fair value gain on hedging instruments	**(3,103)**	–
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	**(62)**	(66)
– deferred tax credit arising on release of hedging reserve	**15**	16
Other comprehensive expenses for the period	**(14,792)**	(25,214)
Total comprehensive income for the period	**61,932**	44,451
Profit for the period attributable to:		
Owners of the Company	**73,373**	68,789
Non-controlling interests	**3,351**	876
	76,724	69,665
Total comprehensive income for the period attributable to:		
Owners of the Company	**59,030**	43,422
Non-controlling interests	**2,902**	1,029
	61,932	44,451
Earnings per share		
– basic *(US cents)*	**1.71**	1.60
– diluted *(US cents)*	**1.71**	1.60

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 – unaudited

	As at 30 June 2019 US$'000	As at 31 December 2018 US$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,796,508**	2,676,298
Right-of-use assets	**69,699**	–
Prepaid lease payments	**–**	48,258
Goodwill	**169,362**	169,976
Interests in associates	**180,631**	163,983
Derivative financial instruments	**8,203**	–
Deferred tax assets	**21,418**	22,503
Other non-current assets	**156,362**	83,698
	3,402,183	3,164,716
CURRENT ASSETS		
Inventories	**30,256**	31,474
Prepaid lease payments	**–**	3,087
Trade receivables	**349,493**	308,475
Contract assets	**42,988**	20,962
Other receivables and prepayments	**178,890**	165,915
Amounts due from associates	**13,200**	13,126
Amounts due from fellow subsidiaries	**25,512**	10,688
Tax recoverable	**4,060**	729
Derivative financial instruments	**634**	16
Pledged bank deposits	**116,632**	166,847
Short-term bank deposits	**2,589**	6,247
Bank balances and cash	**245,825**	246,786
	1,010,079	974,352
Non-current assets classified as held for sale	**10,042**	–
	1,020,121	974,352

	As at 30 June 2019 *US$'000*	As at 31 December 2018 *US$'000*
CURRENT LIABILITIES		
Trade payables	**149,442**	165,062
Other payables and accruals	**274,234**	221,515
Amounts due to fellow subsidiaries	**2,878**	3,001
Amounts due to non-controlling shareholders – due within one year	**7,614**	8,997
Loan from a fellow subsidiary – due within one year	**145,176**	43,711
Bank borrowings – due within one year	**376,797**	347,345
Lease liabilities	**4,660**	–
Government grants	**196**	824
Contract liabilities	**1,557**	2,058
Tax payable	**10,437**	12,730
Derivative financial instruments	**99**	270
	973,090	805,513
NET CURRENT ASSETS	**47,031**	168,839
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,449,214**	3,333,555
NON-CURRENT LIABILITIES		
Amount due to a non-controlling shareholder – due after one year	**905**	909
Loans from fellow subsidiaries – due after one year	**700,000**	700,000
Bank borrowings – due after one year	**1,672,589**	1,617,600
Lease liabilities	**15,702**	–
Government grants	**10,105**	9,924
Contract liabilities	**69**	73
Deferred tax liabilities	**51,297**	45,906
Derivative financial instruments	**27**	4,859
	2,450,694	2,379,271
NET ASSETS	**998,520**	954,284

	As at 30 June 2019 *US$'000*	As at 31 December 2018 *US$'000*
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves	**903,012**	865,775
Equity attributable to owners of the Company	**903,067**	865,830
Non-controlling interests	**95,453**	88,454
TOTAL EQUITY	**998,520**	954,284

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 2019

	Power Plants in the PRC *US$'000*	**Power Plants in Korea** *US$'000*	**Management Companies** *US$'000*	**Total** *US$'000*
Segment revenue – external	**257,033**	**391,153**	**13,774**	**661,960**
Segment results	**74,559**	**21,755**	**656**	**96,970**
Unallocated other income				**2,891**
Unallocated operating expenses				**(4,536)**
Unallocated finance costs				**(17,073)**
Unallocated other gains and losses				**(74)**
Share of results of associates				**17,496**
Profit before tax				**95,674**

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
Segment results	60,439	44,136	488	105,063
Unallocated other income				3,187
Unallocated operating expenses				(5,789)
Unallocated finance costs				(17,369)
Unallocated other gains and losses				690
Share of results of associates				5,651
Profit before tax				91,433

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019 – 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 condensed consolidated financial statements include applicable disclosures required by the Listing Rules and the Companies Ordinance for the six months ended 30 June 2019.

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Application of new and amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the International Accounting Standards Board which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

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 set out in the condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Results and Analysis

In the first half of 2019, the revenue of the Group amounted to US$662.0 million, representing a decrease of 4.2% compared with 690.7 million of the first half of 2018. The profit attributable to the owners of the Company amounted to US$73.4 million, representing an increase of US$4.6 million or 6.7% as compared with US$68.8 million of the first half of 2018.

In the first half of 2019, the profit for the period of the Group amounted to US$76.7 million, representing an increase of US$7.0 million or 10.0% as compared with US$69.7 million of the first half of 2018.

Revenue

In the first half of 2019, the revenue of the Group amounted to US$662.0 million, representing a decrease of 4.2% compared with US$690.7 million of the first half of 2018. Revenue derived from Korea amounted to US$391.2 million, representing a decrease of 11.7% as compared with US$443.0 million of the first half of 2018. The decrease in revenue was mainly attributable to the lower electricity generation by Yulchon I & II Power Projects as a result of the higher reserve margins in Korea and lower demand for electricity. Revenue derived from the power projects in the PRC amounted to US$257.0 million, representing an increase of 8.2% as compared with US$237.5 million of the first half of 2018, mainly attributable to the increased utilization hours and newly commissioned installed capacity.

Operating Expenses

In the first half of 2019, the operating expenses of the Group amounted to US$531.9 million, representing a decrease of 8.7% compared with US$582.8 million of the first half of 2018. The decrease in operating expenses was mainly due to the decrease in gas consumption of our Yulchon I & II Power Projects which was in line with the decrease in electricity generation during the same period. In addition, the drop in coal price of the coal-fired and cogen projects have led to the decrement in operating costs.

Operating Profit

In the first half of 2019, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to US$130.0 million, representing an increase of US$22.1 million or 20.5% compared with US$107.9 million of the first half of 2018. The increase in operating profit was mainly caused by (1) the significant improvement of dispatch volume contributed by the newly operated solar projects; and (2) savings from the lowered coal price of the coal-fired and cogen projects.

Other Income

Other income mainly represented interest income, government grants and the refund of value added tax. In the first half of 2019, other income of the Group amounted to US$7.9 million, representing a significant decrease of US$22.4 million compared with US$30.3 million of the first half of 2018. The significant decrease in other income was mainly due to the non-recurring one-off gains of approximately US$23.4 million from the sale of carbon emission quota of the Korea projects incurred in the first half of 2018.

Finance Costs

In the first half of 2019, the finance costs of the Group amounted to US$59.7 million, representing an increase of 12.4% compared with US$53.1 million of the first half of 2018. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings and loans from fellow subsidiaries.

Share of Results of Associates

In the first half of 2019, the share of results of associates amounted to US$17.5 million, representing an increase of US$11.8 million compared with US$5.7 million in the first half of 2018. The significant increase in profit of the associates was mainly due to the substantial increase in local electricity demand and lowered coal costs during the period.

Income Tax Expenses

In the first half of 2019, the income tax expenses of the Group amounted to US$19.0 million, representing a decrease of US$2.8 million compared with US$21.8 million of the first half of 2018.

Liquidity and Capital Resources

The Group's bank balances and cash slightly decreased from US$246.8 million as at 31 December 2018 to US$245.8 million as at 30 June 2019, which was primarily due to the cash generated from financing activities being offset by cash used in investing activities during the said period.

Net Debt/Equity Ratio

The Group's net debt/equity ratio increased from 2.58 as at 31 December 2018 to 2.66 as at 30 June 2019, which was due to the increase in net debt (which equals to total debt less available cash) as a result of increase in bank borrowings and loans from fellow subsidiaries.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2019.

Earnings per Share

	For the six months ended 30 June	
	2019	2018
	US cents	*US cents*
Earnings per share, basic and diluted – calculated based on the number of ordinary shares for the period	**1.71**	1.60
	US$'000	*US$'000*
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**73,373**	68,789
	'000	*'000*
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,290,824**	4,290,824

Non-current assets Classified as Held for Sale

On 8 May 2019, the Group entered into an agreement with an independent third party, committee of Haian National Economic And Technical Development Zone, to dispose of one of the Group's construction lands in the PRC. The assets attributable to the construction land that are expected to be sold within twelve months from the end of the reporting period have been classified as non-current assets classified as held for sale and are separately presented in the condensed consolidated statement of financial position.

The sale proceeds are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised.

Major classes of assets as at the end of the reporting period are as follows:

	As at 30 June 2019
	US$'000
Property, plant and equipment	**9,015**
Right-of-use assets	**1,027**
Total assets classified as held for sale	**10,042**

Trade Receivables

	As at	
	30 June 2019	31 December 2018
	US$'000	*US$'000*
Trade receivables	**351,038**	310,025
Less: allowance for credit losses	**(1,545)**	(1,550)
	349,493	308,475

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

	As at	
	30 June 2019	31 December 2018
	US$'000	*US$'000*
0 – 60 days	**185,180**	159,815
61 – 90 days	**14,833**	11,101
91 – 180 days	**15,157**	26,646
181 – 270 days	**42,065**	57,785
Over 270 days	**92,258**	53,128
	349,493	308,475

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 2019	31 December 2018
	US$'000	*US$'000*
0 – 60 days	**103,527**	105,878
61 – 90 days	**1,038**	1,472
Over 90 days	**44,877**	57,712
Total	**149,442**	165,062

The average credit period on purchases of goods was 36 days (31 December 2018: 32 days) for the six months ended 30 June 2019. 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$3,164.7 million as at 31 December 2018 to US$3,402.2 million as at 30 June 2019. The increase was mainly due to the addition of property, plant and equipment and increase in other non-current assets during the six months ended 30 June 2019.

Current assets increased from US$974.4 million as at 31 December 2018 to US$1,020.1 million as at 30 June 2019. The increase was mainly attributable to the increase in trade receivables and contract assets.

Current liabilities increased from US$805.5 million as at 31 December 2018 to US$973.1 million as at 30 June 2019, which was mainly due to the drawing of loan from a fellow subsidiary and increase in other payables and accruals.

Non-current liabilities increased from US$2,379.3 million as at 31 December 2018 to US$2,450.7 million as at 30 June 2019, which was mainly attributable to the increase in long term bank borrowings.

Bank Borrowings

The Group's total bank borrowings increased from US$1,964.9 million as at 31 December 2018 to US$2,049.4 million as at 30 June 2019. Details of bank borrowings are as follows:

	As at	
	30 June 2019	31 December 2018
	US$'000	*US$'000*
Secured	**1,726,238**	1,728,830
Unsecured	**323,148**	236,115
	2,049,386	1,964,945

The maturity profile of bank borrowings is as follows:

Within one year	**376,797**	347,345
More than one year but not exceeding two years	**271,394**	271,637
More than two years but not exceeding five years	**555,752**	523,216
Over five years	**845,443**	822,747
	2,049,386	1,964,945
Less: Amounts due for settlement within one year shown under current liabilities	**(376,797)**	(347,345)
Amounts due for settlement after one year	**1,672,589**	1,617,600

As at 30 June 2019, the Group had committed unutilised banking facilities of US$1,074.9 million.

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 2019 and 31 December 2018, is unsecured, interest bearing at 4.5% per annum and repayable in 2025. It is shown as non-current liability as at 30 June 2019 and 31 December 2018.

Loan from CGNPC Huasheng Investment Limited, a fellow subsidiary of the Company, amounting to US$250.0 million as at 30 June 2019 and 31 December 2018, is unsecured, interest bearing at three-month London Interbank Offered Rate plus 1.3% per annum and repayable in 2021. It is shown as non-current liability as at 30 June 2019 and 31 December 2018.

As at 31 December 2018, the Group had a loan from CGN Finance Co., Ltd, a fellow subsidiary of the Company, amounting to RMB300.0 million, which is unsecured, interest bearing at 4.57% per annum, repayable in a year and is shown as current liability. During the first half of 2019, the RMB300.0 million loan has been repaid to CGN Finance Co., Ltd. in full and the Group has drawn another RMB1,000.0 million from the same entity, which is unsecured, interest bearing at 4.00% per annum, repayable in a year and is shown as current liability as at 30 June 2019.

Capital Expenditures

The Group's capital expenditures increased by US$85.8 million to US$233.9 million in the first half of 2019 from US$148.1 million in the first half of 2018, which was mainly due to the increased capital expenditures incurred by the wind and solar power projects as well as the Korea biomass energy project.

Contingent Liabilities

As at 30 June 2019 and 31 December 2018, the Group had no material contingent liabilities.

Pledged Assets

The Group pledged certain property, plant and equipment, trade receivables, right-of-use assets, contract assets and bank deposits for credit facilities granted to the Group. As at 30 June 2019, the total book value of the pledged assets amounted to US$2,787.2 million.

Employees and Remuneration Policy

As at 30 June 2019, the Group had about 1,649 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 2019, the country's power supply and demand maintained a general balance and electricity consumption of the society registered a steady growth. From January to June 2019, the total power consumption in the PRC was 3,398.0 TWh, representing a growth rate of 5.0% as compared to the same period of last year.

As the electricity sector continued its path towards green and low carbon development, there was a rapid increase in electricity generation from non-fossil energy. From January to June, the electricity generated from the nation's wind power and solar power reached 214.5 TWh and 106.3 TWh respectively, representing a growth of 11.5% and 29.1% as compared to the same period of last year respectively.

The wind power and photovoltaic power industries in China have steered their focus on large-scale development to high-quality development, with realization of wind power and photovoltaic grid parity being their major development mission.

The policies on photovoltaic power and wind power tariffs were officially announced in 2019. In April 2019, the NDRC issued the Notice on Issues about the Improvement of On-Grid Tariff Mechanism for Photovoltaic Power Generation (《關於完善光伏發電上網電價機制有關問題的通知》) to confirm the 2019 on-grid tariff mechanism for photovoltaic power generation that apart from the distributed plants for poverty alleviation and household use, all distributed and centralized photovoltaic power plants have to participate in the competitive bidding. In May 2019, the NDRC issued the Notice on Improving the Policies for Wind Power On-Grid Tariff (《關於完善風電上網電價政策的通知》) to confirm the guidance tariffs for onshore and offshore wind power in 2019 and 2020. The on-grid tariff of newly approved centralized onshore wind power projects and offshore wind power projects are all to be determined through competitive bidding and shall not exceed the guidance tariffs set for the resource areas where the projects are located.

Upon three consultations of the quota system in 2018, the weight of responsible consumption of renewable energy replaced the measurement in the quota system. In May 2019, the NDRC and the National Energy Administration jointly promulgated the Notice on Establishment of a Sound Guaranteed Consumption Mechanism for Renewable Energy (《關於建立健全可再生能源電力消納保障機制的通知》) to propose the development of a sound guaranteed consumption mechanism for renewable energy. The focus of the mechanism is to determine the weight of responsible consumption of renewable energy in each provincial administrative region and ultimately to form a long-term development system led by renewable energy consumption in promotion of a clean, low-carbon, safe and efficient energy system.

In May 2019, the National Energy Administration issued the Notice on Matters related to the Development of Wind Power and Photovoltaic Power Generation Projects in 2019 (《關於2019年風電、光伏發電項目建設有關事項的通知》), the primary principle of which is to strictly regulate the competition among subsidized projects. Projects in need of national subsidies are to be selected through competitions under strict regulations. With on-grid tariff being an important competition condition, projects requiring low intensity or strong reducing level of subsidies are given priority in development.

The sharp changes in the industry policies will subvert the original development pattern relied upon by the industry for survival, causing enormous impacts on the strategic deployment, project development, technology evaluation, investment approval, project construction, production operation and maintenance of investment enterprises. While the wind power and photovoltaic power industries are ushering in a modest profit era led by grid parity and competitive bidding mechanisms, cost leadership strategy has become the competition strategy of power generation enterprises to maximize their investment returns in the market.

In respect of Korean power market, it is undergoing an energy structure transformation and it is expected that the number of renewable energy and gas-fired power plants will increase in the future. As the competition is intensified in the power market upon the commissioning of new power plants, coupled 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 15 provinces, two autonomous regions and a municipality with wide geographical coverage and diversified business scope. As of 30 June 2019, the operations in the PRC and Korea accounted for approximately 63.1% and 36.9% of our attributable installed capacity of 5,566.2 MW respectively. Clean and renewable energy projects (namely wind, solar, gas-fired, hydro and fuel cell projects) accounted for 67.7% of our attributable installed capacity; and conventional energy projects (namely coal-fired, oil-fired and cogen projects) accounted for 32.3% 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 2019							
Revenue	391.2	106.4	89.4	39.3	19.6	16.1	662.0
Operating expenses	(358.8)	(90.3)	(36.0)	(15.9)	(11.1)	(19.8)	(531.9)
Operating profit	32.4	16.1	53.4	23.4	8.5	(3.7)	130.1
Profit for the period	16.4	28.5	34.7	17.2	7.2	(27.3)	76.7
Profit attributable to the owners of the Company	16.4	26.1	33.9	17.2	7.1	(27.3)	73.4
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

Korea Gas-fired and Oil-fired projects

The utilization hours of our Korea gas-fired plants decreased from 2,578 hours to 2,168 hours during the first half of 2019, which was mainly due to higher reserve margins in Korea and lower demand for electricity. In addition, as a result of certain transmission line problems in some power companies of Korea operated by third parties in June 2018, more dispatch orders were allocated to our plants, which contributed to a higher level of power generation as well as revenue for the corresponding period in 2018. Profit attributable to the owners of the Company decreased from US$34.0 million to US$16.4 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 recorded during the corresponding period in 2018.

PRC Coal-fired, Cogen and Gas-fired projects

The increase in operating profit from US$7.1 million to US$16.1 million is mainly due to decrease in coal costs of the coal-fired and cogen projects as a result of decrease in market coal price. The substantial increase in profit for the period from US$10.1 million to US$28.5 million is mainly attributable to the substantial improvement of the results of associates as a result of both increase in local electricity demand and decrease in coal price.

PRC Wind projects

Starting from the second half of 2018, the Group's newly commissioned attributable installed capacity of wind projects amounted to 185.6 MW. The increase in revenue was mainly attributable to contribution from newly commissioned wind projects which amounted to US$7.7 million in the first half of 2019. With cost control measures in place, the operating profit and the profit for the period remained stable in the first half of 2019.

PRC Solar projects

Starting from the second half of 2018, the Group's newly commissioned attributable installed capacity amounted to 260.1 MW, which contributed US$19.2 million revenue in the first half of 2019. The substantial impact of the newly commissioned solar projects has also driven the operating profit to soar to US$23.4 million in the first half of 2019, representing an increase of US$9.0 million as compared with US$14.4 million in the first half of 2018.

The attributable installed capacity of the Group's power assets as at 30 June 2019 and 30 June 2018 by fuel type are set out as follows (MW):

	30 June 2019	30 June 2018
Clean and renewable energy portfolio		
Wind	**1,494.4**	1,308.8
Solar	**479.9**	219.8
Gas-fired	**1,655.0**	1,645.0
Hydro	**137.3**	137.3
Subtotal	**3,766.6**	3,310.9
Conventional energy portfolio		
Coal-fired	**1,187.6**	1,187.6
Oil-fired	**507.0**	507.0
Cogen	**105.0**	75.0
Subtotal	**1,799.6**	1,769.6
Total attributable installed capacity	**5,566.2**	5,080.5

Project Additions

As at 30 June 2019, the Group's attributable installed capacity reached 5,566.2 MW, representing an increase of 485.7 MW or 9.6% from the same period of last year, which included an attributable installed capacity of wind power of 1,494.4 MW, representing an increase of 185.6 MW or 14.2% from the same period of last year; whereas the attributable installed capacity of solar power amounted to 479.9 MW, representing an increase of 260.1 MW or 118.3% from the same period of last year. As at 30 June 2019, the Consolidated Installed Capacity of the Group's power plants reached 4,820.0 MW.

In terms of wind power business development, during the first half of 2019, the Company's newly commissioned installed capacity of wind power amounted to 185.6 MW, including (1) the Haorun wind power project in Qinghai Province with a capacity of 50.0 MW; (2) the Yuzhou Changzhuang wind power project in Henan Province with a capacity of 76.0 MW ; (3) Ren County Phase I wind power project in Hebei Province with a capacity of 39.6 MW; and (4) the Fugou Caoli distributed wind power project in Henan Province with a capacity of 20.0 MW.

In terms of solar power business development, in the second half of 2018 and the first half of 2019, the newly commissioned installed capacity of solar power amounted to 213.5 MW and 84.2 MW respectively, including (1) the Zhenfeng photovoltaic project in Guizhou Province with a capacity of 30.0 MW; (2) the Ledu photovoltaic project in Qinghai Province with a capacity of 30.0 MW; (3) the Laoling Tieying II photovoltaic project in Shandong Province with a capacity of 20.0 MW; (4) two fishing-photovoltaic power projects, namely the Siyang Beichuan project in Jiangsu Province with a capacity of 31.0 MW and the Wenchang Liyang project in Hainan Province with a capacity of 16.8 MW; (5) the Wuhai photovoltaic frontrunner project with a capacity of 50.0 MW and three photovoltaic poverty alleviation projects, namely the Kezuo Zhongqi project with a capacity of 23.0 MW, the Chayou Zhongqi project with a capacity of 30.0 MW and the Chifeng New Golden Energy project with a capacity of 60.0 MW, in Inner Mongolia Autonomous Region; and (6) two distributed rooftop photovoltaic power projects, namely the XEMC project in Hunan Province with a capacity of 6.3MW and the Yan'an Airport project in Shaanxi Province with a capacity of 0.6 MW.

During the first half of 2019, the attributable installed capacity of the cogen projects of the Group increased by 30.0 MW, which was mainly due to completion of the expanded installed capacity of the Nantong cogen project in Jiangsu Province. Furthermore, the Group commenced commercial operation of the 10.0 MW Yulchon Fuel Cell Project (Phase IV) in Korea in November 2018.

The Company has been adhering to the principle of high-quality development and expedited project development. As at 30 June 2019, the capacity of projects under construction of the Company was approximately 400 MW, distributed in a number of provinces including Jiangsu Province, Henan Province, Jiangxi Province, Anhui Province etc. It is expected that the growth of new operating capacity in 2019 will be steady.

Onshore Development of Preliminary Projects

The policies on wind power and photovoltaic power industries experienced great changes in the first half of 2019. As grid parity and competitive bidding have become an inevitable trend in the new energy sector, all enterprises have to act as first movers for early deployment and new opportunities. The Company has followed in lockstep with the industry polices to facilitate development of large-scale bases and grid parity and competitive price bidding projects by taking actions and conducting promotion proactively. Favorable results have been achieved and resources reservation had been steadily increased. In the first half of 2019, the Company successfully won the bidding for 75 MW wind power projects. The Company's projects were included in the 2019 first batch of national indicative grid parity wind power and photovoltaic power projects with an installed capacity of 610 MW, among which photovoltaic power projects of 310 MW were filed, which provides a strong support to the onward sustainable development of the Company.

Offshore Wind Power

The offshore wind power development guidance opinions and the definite offshore wind power development plans have been expressly promulgated in the provinces with substantial offshore wind power projects in the PRC. The relevant enterprises have actively invested in offshore wind power, which accelerates the ongoing development of offshore projects. Offshore wind power is currently transiting from the "exploration model" to the "breakthrough model" and is ushering in a new era of competitive price bidding. In May 2019, the NDRC issued the Notice on Improving the Policies for Wind Power On-Grid Tariff (《關於完善風電上網電價政策的通知》). For the inventories of offshore wind power project which were approved at the end of 2018 and will be all assembled and connected to the grid by the end of 2021, a tariff of RMB0.85 per kWh are guaranteed. Striving for early grid connection of the approved projects is now the goal of subsequent workstream.

As at 30 June 2019, the aggregate accumulated capacity of offshore wind power projects of the Company and those entrusted to be managed by the Company, which have been approved but not yet commenced construction, reached over 8,000 MW and were located in Guangdong Province, Jiangsu Province and Zhejiang Province. The Company's offshore wind power projects which have been approved but not yet commenced construction include the Rudong project H8# in Jiangsu Province with a capacity of 300 MW (with a shareholding of 60%) and Shengsi project 5#, 6# in Zhejiang Province with a capacity of 282 MW. The Company has formulated reasonable construction timelines for the projects and strived to complete grid connection within the designated construction periods in order to secure the high subsidized tariff and maximize its profit.

Electricity Generation

The electricity generated (GWh) by the projects of the Group are set out as follows:

	For the six months ended 30 June	
	2019	2018
PRC wind projects	**1,565.2**	1,384.9
PRC solar projects	**419.3**	192.2
PRC coal-fired, cogen and gas-fired projects	**793.9**	816.9
PRC hydro projects	**472.9**	351.0
Korea gas-fired projects	**3,337.6**	3,978.8
Total	**6,588.9**	6,723.8

For the six months ended 30 June 2019, the electricity generated by the Group's consolidated power generation projects amounted to 6,588.9 GWh, representing a decrease of 2.0% from 6,723.8 GWh for the six months ended 30 June 2018. The decrease in electricity generation was mainly due to lower dispatch volume of the Korea gas-fired projects arising from higher reserve margins in Korea and lower demand for electricity. In June 2018, certain power providers in Korea operated by third parties encountered transmission issues. Accordingly, certain of their clients switched to use the Group's services in Korea, which caused a higher demand for electricity in June 2018. The electricity generated by wind power projects and solar power projects reached 1,565.2 GWh and 419.3 GWh, representing growth rates of 13.0% and 118.2% respectively. The increase in electricity generated was mainly contributed by the Group's newly commissioned wind and solar projects starting from the second half of 2018.

The total steam sold by the Group amounted to 1,734,000 tonnes, representing a slight decrease of 0.6% as compared with the six months ended 30 June 2018.

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	
	2019	2018
PRC Wind Projects (2)	**1,065**	1,052
PRC Solar Projects (3)	**777**	737
PRC Coal-fired Projects (4)	**2,443**	2,044
PRC Cogen Projects (5)	**2,205**	2,585
PRC Hydro Projects (6)	**2,408**	1,785
Korea Gas-fired Projects (7)	**2,168**	2,578

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 Shandong Province, Zhejiang Province, Gansu Province, Henan Province and Qinghai Province were 1,122 hours, 846 hours, 1,049 hours, 1,364 hours and 1,020 hours respectively in the first half of 2019. Average utilization hour for the PRC wind power projects increased slightly mainly due to improvement in domestic wind power curtailment in Gansu Province in the first half of 2019, which is slightly offset by the unstable wind resources available in other provinces.

(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 850 hours, 375 hours and 553 hours respectively in the first half of 2019. Average utilization hour for the PRC solar power projects increased mainly because of the improvement in domestic solar power curtailment in the Western region in the first half of 2019, which is slightly offset by the unstable solar resources available in other provinces.

(4) Average utilization hour of the PRC coal-fired projects increased in the first half of 2019 due to substantial increase in electricity generation arising from increase in demand for electricity from the associates.

(5) Average utilization hour of the PRC cogen projects decreased mainly due to the gradual decrease of electricity generation of a PRC cogen project which has been closed in April 2019.

(6) Average utilization hour of the PRC hydro projects increased substantially in the first half of 2019 mainly due to better water resources in Guangxi Zhuang Autonomous Region.

(7) Our Korea gas-fired power projects had lower utilization hour in the first half of 2019 mainly due to the lower electricity generation by Yulchon I Power Project & Yulchon II Power Project as a result of the higher reserve margins in Korea and lower demand for electricity. In June 2018, certain power providers in Korea operated by third parties encountered transmission issues. Accordingly, certain of their clients switched to use the Group's services in Korea, which caused a higher demand for electricity in June 2018.

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	**2019**	2018
PRC Wind Projects *(2)*	RMB per kWh	**0.49**	0.51
PRC Solar Projects *(3)*	RMB per kWh	**0.84**	1.06
PRC Coal-fired Projects	RMB per kWh	**0.44**	0.43
PRC Cogen Projects *(4)*	RMB per kWh	**0.48**	0.47
PRC Hydro Projects	RMB per kWh	**0.33**	0.35
Korea Gas-fired Projects *(5)*	KRW per kWh	**126.86**	114.71
Weighted average tariff – Steam (inclusive of VAT)*(1)*			
PRC Cogen Projects *(6)*	RMB per ton	**225.45**	222.50

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. The VAT of electricity in the PRC decreased from 16% to 13% starting from April 2019, meanwhile the VAT of steam in the PRC decreased from 10% to 9% starting from April 2019.

(2) The weighted average tariff of our PRC wind projects decreased in the first half of 2019 mainly due to increase in distribution of electricity through the electricity bid trading market.

(3) The weighted average tariff of our PRC solar projects decreased in the first half of 2019 due to keen competition in electricity bid trading. In addition, the tariff of newly commissioned solar projects is generally lower, which therefore led to the drop in weighted average tariff.

(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 25.4 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 2019 was in line with the increase in Korea gas price during the same period.

(6) The increase in the weighted average tariff of steam in the first half of 2019 was in line with the increase in PRC gas price during the same period.

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

		For the six months ended 30 June	
	Unit	**2019**	2018
PRC weighted average standard coal price (1) (2)	RMB per ton	**815.47**	847.88
Korea weighted average gas price (1) (3)	KRW per Nm^3	**613.42**	573.86

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 2019 decreased compared to the first half of 2018 due to decrease in market coal price.

(3) Our Korea weighted average gas price in the first half of 2019 increased compared to the first half of 2018 due to the increase in the prices known as the Japanese Crude Cocktail, which are calculated with reference to the average prices of crude oil imported into Japan and are an important determinant of natural gas prices in Korean markets. Yulchon I Power Project's power purchase agreement ("**PPA**") allows us to pass on the fuel cost fluctuations of the tariff to our customers in accordance with the laws.

Social Responsibility

The Company has been earnestly fulfilling its corporate social responsibility and taking the initiative to lead the healthy development of the industry. In May 2019, the Company and Energy Magazine (《能源》雜誌社) jointly held the 2019 China Wind Power Industry Innovation and Development Forum with a theme of "Technological innovation leading a new trend in the era of competitive bidding and grid parity for wind power". It aimed at gathering together the wind power industry experts and mainstream enterprise representatives to discuss the development path of wind power in this new era.

Brand Promotion: Recognitions and Awards

Adhering to the basic principles of "Safety First", "Quality Foremost" and "Pursuing Excellence" and the core value of "Doing Things Right in One Go", the Company has determined its path of pursuing high-quality development.

In May 2019, the Company's Wuhai photovoltaic infrastructure project with a capacity of 50.0 MW in Inner Mongolia Autonomous Region won the "2019 China Quality Power Project", which is the first photovoltaic power project located in a mountain area in China winning such award. In May, the Company won three awards in the 5th HKIRA IR Awards 2019 organized by the Hong Kong Investor Relations Association (HKIRA), namely the "Best IR by Chairman/CEO" award, the "Best IR Company" award and the "Best Investor Meeting" award, which fully demonstrated the recognition across sectors of the Company's excellent performance in the capital market of Hong Kong over the past year. In June, the Company received the "Best Board Secretary" award in the 2019 China Financial Market Listed Companies Awards.

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 take any measures to hedge our exposure to fuel price fluctuations. Our fuel costs are also affected by the volume of electricity generated because the coal consumption rate of coal-fired and cogen power projects decreases when we generate more electricity as a result of economies of scale. In the PRC, government tariff regulations limit our ability to pass through changes in fuel costs. In Korea, 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 Power Co., Ltd., an indirectly wholly-owned company of the Company, 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 US$29.2 million, EUR10.8 million (equivalent to approximately US$13.3 million) and CAD165.8 million (equivalent to approximately US$125.4 million) respectively, during the settlement period from 31 October 2018 to 30 August 2022. Please refer to the announcement of the Company dated 3 July 2018 for further details.

V. Prospects

The Group will continue to develop and acquire clean and renewable energy power generation projects with stable returns and enhance the core capacity in operating and maintaining wind and solar power businesses with the aim of improving its competitiveness and market position in the non-nuclear clean energy industry.

2019 is a year of massive changes in the renewable energy market environment. Under the new trend of grid parity and competitive bidding, the Company will continue its business approach of quality and sustainable development to ride out the transitional period of grid parity and low price and reward its shareholders with excellent business results. First, it will respond actively to the new trend of grid parity by capitalizing on high-quality resource reserves and applying on-grid projects with grid parity and competitive bidding; second, with an emphasis on quality development, it will set up a quality rating mechanism for investment projects to strictly control the quality of investment projects, under which investment schedule will be determined based on the projects' quality rating, whereby high quality projects shall be given priority; third, for facilitating the full-fledged development of projects, it will build a refined management system for project construction to keep improving the level of project management and control and strengthen full-process supervision and pre-judgment of infrastructure projects; fourth, it will fortify the foundation of safe production to improve operation and maintenance management standards and to ensure efficient and stable operation of the equipment; fifth, it will build and fully implement a safety, quality and environmental protection responsibility system to continuously strengthen implementation and supervision of safety responsibility at all levels and promote professional, standardized and information-based management of safety, quality and environmental protection across all businesses; sixth, it will comprehensively improve its ability in cost control, lean management and cost-effective control to keep enhancing its market competitiveness.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No important event or transaction affecting the Group has taken place after 30 June 2019.

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 2019.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2019, 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 2019.

REVIEW OF INTERIM RESULTS

The Group's unaudited condensed consolidated interim results for the six months ended 30 June 2019 have been reviewed by the audit committee of the Company and the auditor of the Company, Deloitte Touche Tohmatsu.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2019.

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), an indirectly wholly-owned subsidiary of CGN incorporated in Hong Kong with limited liability and an 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" or "We"	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 condensed consolidated financial statements. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our condensed 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
"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
"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
"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, 20 August 2019

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*