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)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS OF THE UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

- Revenue for the year ended 31 December 2019 amounted to US$1,276.3 million, representing a decrease of 6.1% from US$1,358.5 million for the year ended 31 December 2018.
- Profit before tax for the year ended 31 December 2019 amounted to US$140.9 million, representing an increase of 12.7% from US$125.0 million for the year ended 31 December 2018.
- Profit attributable to owners of the Company for the year ended 31 December 2019 amounted to US$111.2 million, representing an increase of 26.1% from US$88.2 million for the year ended 31 December 2018.
- The increase in profit was mainly attributable to (1) contribution from the newly commissioned wind and solar power projects; and (2) an increase in the utilization hours and a decrease in coal price of our coal-fired projects in the PRC.
- Earnings per Share for the year ended 31 December 2019 amounted to 2.59 US cents, representing an increase of 26.1% from 2.06 US cents for the year ended 31 December 2018.
- The Board does not recommend any final dividend for the year ended 31 December 2019.

The Board is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2019, together with the comparative figures for the corresponding period in 2018. As of the date of this announcement, certain auditing and reporting processes for the annual results of the Group for the year ended 31 December 2019 have not been completed, therefore the Company and its auditors are not yet in a position to agree on the final annual results of the Group for the year ended 31 December 2019. Detailed reasons for such delay are explained in the paragraph headed "Review of Unaudited Annual Results" in this announcement.

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

For the year ended 31 December 2019

	2019	2018
	US$'000	*US$'000*
Revenue	**1,276,281**	1,358,487
Operating expenses:		
Coal, oil and gas	**698,265**	829,596
Depreciation of property, plant and equipment	**159,831**	144,473
Repair and maintenance	**40,675**	44,742
Staff costs	**76,524**	67,652
Others	**69,368**	72,843
Total operating expenses	**1,044,663**	1,159,306
Operating profit	**231,618**	199,181
Other income	**23,157**	41,337
Other gains and losses	**(24,545)**	(22,141)
Finance costs	**(122,120)**	(110,158)
Share of results of associates	**32,807**	16,819
Profit before tax	**140,917**	125,038
Income tax expense	**(41,564)**	(33,767)
Profit for the year	**99,353**	91,271

	2019	2018
	US$'000	*US$'000*
Other comprehensive expenses		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations	**(37,470)**	(84,037)
Fair value gain (loss) on hedging instruments designated as cash flow hedge	**13,568**	(4,850)
Deferred tax (charge) credit arising on fair value gain/loss on hedging instruments	**(3,283)**	1,174
Reclassification adjustments for amounts transferred to profit or loss		
– release of hedging reserve	**(122)**	(129)
– deferred tax credit arising on release of hedging reserve	**29**	31
– release of cumulative losses of translation reserve to profit or loss upon disposal of a subsidiary	**126**	–
Other comprehensive expenses for the year	**(27,152)**	(87,811)
Total comprehensive income for the year	**72,201**	3,460
Profit (loss) for the year attributable to:		
Owners of the Company	**111,207**	88,211
Non-controlling interests	**(11,854)**	3,060
	99,353	91,271
Total comprehensive income (expenses) for the year attributable to:		
Owners of the Company	**85,988**	4,850
Non-controlling interests	**(13,787)**	(1,390)
	72,201	3,460
Earnings per Share		
– Basic *(US cents)*	**2.59**	2.06
– Diluted *(US cents)*	**2.59**	2.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	At 31 December	
	2019	2018
	US$'000	*US$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**3,491,680**	2,676,298
Right-of-use assets	**85,826**	–
Prepaid lease payments	**–**	48,258
Goodwill	**167,236**	169,976
Interests in associates	**190,608**	163,983
Derivative financial instruments	**8,667**	–
Contract assets	**80,031**	–
Deferred tax assets	**21,134**	22,503
Other non-current assets	**338,821**	83,698
	4,384,003	3,164,716
CURRENT ASSETS		
Inventories	**28,583**	31,474
Prepaid lease payments	**–**	3,087
Trade receivables	**327,295**	308,475
Contract assets	**–**	20,962
Other receivables and prepayments	**76,955**	165,915
Amounts due from associates	**3,377**	13,126
Amounts due from fellow subsidiaries	**5,529**	10,688
Tax recoverable	**3,973**	729
Derivative financial instruments	**566**	16
Pledged bank deposits	**141,833**	166,847
Short-term bank deposits	**2,594**	6,247
Bank balances and cash	**384,141**	246,786
	974,846	974,352
Non-current assets classified as held-for-sale	**20,318**	–
	995,164	974,352

	At 31 December	
	2019	2018
	US$'000	*US$'000*
CURRENT LIABILITIES		
Trade payables	**242,771**	165,062
Other payables and accruals	**332,699**	221,515
Amounts due to fellow subsidiaries	**8,412**	3,001
Amounts due to non-controlling shareholders – due within one year	**8,590**	8,997
Loans from fellow subsidiaries – due within one year	**372,696**	43,711
Bank borrowings – due within one year	**576,214**	347,345
Lease liabilities – due within one year	**5,441**	–
Government grants	**810**	824
Contract liabilities	**1,980**	2,058
Tax payable	**9,599**	12,730
Derivative financial instruments	**184**	270
	1,559,396	805,513
NET CURRENT (LIABILITIES) ASSETS	**(564,232)**	168,839
TOTAL ASSETS LESS CURRENT LIABILITIES	**3,819,771**	3,333,555
NON-CURRENT LIABILITIES		
Amount due to a non-controlling shareholder – due after one year	**953**	909
Loans from fellow subsidiaries – due after one year	**700,000**	700,000
Bank borrowings – due after one year	**2,021,683**	1,617,600
Lease liabilities – due after one year	**24,901**	–
Government grants	**8,957**	9,924
Contract liabilities	**68**	73
Deferred tax liabilities	**53,716**	45,906
Derivative financial instruments	**46**	4,859
	2,810,324	2,379,271
NET ASSETS	**1,009,447**	954,284

	At 31 December	
	2019	2018
	US$'000	*US$'000*
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves	**930,060**	865,775
Equity attributable to owners of the Company	**930,115**	865,830
Non-controlling interests	**79,332**	88,454
TOTAL EQUITY	**1,009,447**	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 year ended 31 December 2019

	Power plants in the PRC	**Power plants in Korea**	**Management companies**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Segment revenue – external	**495,024**	**752,201**	**29,056**	**1,276,281**
Segment results	**86,665**	**57,000**	**1,349**	**145,014**
Unallocated other income				**44**
Unallocated operating expenses				**(3,189)**
Unallocated finance costs				**(33,759)**
Share of results of associates				**32,807**
Profit before tax				**140,917**

For the year ended 31 December 2018

	Power plants in the PRC	Power plants in Korea	Management companies	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment revenue – external	461,269	871,770	25,448	1,358,487
Segment results	67,571	70,970	1,212	139,753
Unallocated other income				93
Unallocated operating expenses				(2,975)
Unallocated finance costs				(34,627)
Unallocated other gains and losses				5,975
Share of results of associates				16,819
Profit before tax				125,038

The following is an analysis of the Group's assets and liabilities by reportable segments:

	2019	2018
	US$'000	*US$'000*
Segment assets		
Power plants in the PRC	**3,705,294**	2,522,366
Power plants in Korea	**1,434,335**	1,400,257
Management companies	**3,221**	2,433
Total segment assets	**5,142,850**	3,925,056
Interests in associates	**190,608**	163,983
Unallocated		
– Right-of-use assets	**2,890**	–
– Others	**42,819**	50,029
Consolidated assets	**5,379,167**	4,139,068
Segment liabilities		
Power plants in the PRC	**2,665,605**	1,489,425
Power plants in Korea	**887,336**	881,850
Management companies	**848**	534
Total segment liabilities	**3,553,789**	2,371,809
Unallocated		
– Bank borrowings	**100,000**	100,000
– Loans from fellow subsidiaries	**700,000**	700,000
– Lease liabilities	**3,072**	–
– Others	**12,859**	12,975
Consolidated liabilities	**4,369,720**	3,184,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and the Shares are listed on the Main Board of the Stock Exchange in October 2014. The registered office of the Company is at Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda. The principal place of business of the Company is at 15/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. Its immediate holding company is 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 (as defined below). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance for the year ended 31 December 2019.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries (collectively referred to as the "**Group**") had net current liabilities of approximately US$564,232,000 as at 31 December 2019. The fellow subsidiaries of the Company, have confirmed that despite the loans are due for repayment within twelve months from 31 December 2019, they will not demand repayment or cancel the existing loan facilities within twelve months from 31 December 2019 and that the loans will be extended upon expiry. Furthermore, the Group has unutilised banking facilities of RMB2,363,600,000 (equivalent to US$338,809,000) as at 31 December 2019 for over the next twelve months from the end of the reporting period. Taking into account the financial resources of the Group, 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 consolidated financial statements have been prepared on a going concern basis.

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

New and amendments to IFRSs that are mandatorily effective for the current year

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

IFRS 16	Leases
International Financial Reporting Interpretations Committee ("**IFRIC**") 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to International Accounting Standard ("**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

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

3.1 IFRS16

The Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17 *Leases* ("**IAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated. The Group has recognised the right-of-use assets at the date of initial application for leases previously classified as an operating lease applying IAS 17. The Group has chosen, on a lease-by-lease basis, to measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position immediately before the date of initial application.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on a lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of land and buildings in the PRC was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 4.08% per annum.

On transition, the Group has made the following adjustments upon application of IFRS 16:

	At 1 January 2019 *US$'000*
Operating lease commitments disclosed as at 31 December 2018	23,203
Less: Recognition exemption – short-term leases	(5,770)
	17,433
Lease liabilities discounted at relevant incremental borrowing rates	15,344
Add: Lease liabilities resulting from modifications of existing leases prior to 1 January 2019	6,818
Lease liabilities relating to operating leases recognised upon application of IFRS 16 as at 1 January 2019	22,162
Analysed as:	
Current	4,672
Non-current	17,490
	22,162

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	**Right-of-use assets** *US$'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16		22,162
Reclassified from prepaid lease payments	*(a)*	51,345
Reclassified from prepaid rent for land and buildings	*(b)*	6,145
		79,652
By class:		
Leasehold lands		51,345
Land and buildings (including offices and rooftops)		28,307
		79,652

Notes:

(a) Upfront payments for leasehold lands in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid lease payments amounting to US$3,087,000 and US$48,258,000 respectively were reclassified to right-of-use assets.

(b) Prepaid rent for land and buildings in the PRC in which the Group leased from third parties under operating leases were classified as other receivables and other non-current assets as at 31 December 2018. Upon application of IFRS 16, the current and non-current portion of prepaid rent for land and buildings amounting to US$1,043,000 and US$5,102,000 were reclassified to right-of-use assets.

As a lessor

In accordance with the transitional provisions in IFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS 16 from the date of initial application and comparative information has not been restated.

The directors of the Company consider that the adoption of IFRS 16 to the Group as a lessor does not have material impact on the Group's financial performance and positions for the current year and/or on the disclosures set out in these consolidated financial statements.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	**Carrying amounts previously reported at 31 December 2018** *US$'000*	**Adjustments** *US$'000*	**Carrying amounts under IFRS 16 at 1 January 2019** *US$'000* *(Note c)*
Non-current assets				
Prepaid lease payments	*(a)*	48,258	(48,258)	–
Right-of-use assets		–	79,652	79,652
Other non-current assets	*(b)*	5,102	(5,102)	–
Current assets				
Prepaid lease payments	*(a)*	3,087	(3,087)	–
Other receivables and prepayments	*(b)*	1,043	(1,043)	–
Current liabilities				
Lease liabilities		–	4,672	4,672
Non-current liabilities				
Lease liabilities		–	17,490	17,490

Note:

(c) For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Operating Results and Analysis

In 2019, the revenue of the Group amounted to approximately US$1,276.3 million, representing a decrease of approximately 6.1% compared with last year. The profit attributable to the owners of the Company amounted to approximately US$111.2 million, representing an increase of approximately US$23.0 million or 26.1% as compared with last year.

In 2019, the profit of the Group amounted to approximately US$99.4 million, representing an increase of approximately US$8.1 million or 8.9% as compared with approximately US$91.3 million of last year.

Revenue

In 2019, the revenue of the Group amounted to approximately US$1,276.3 million, representing a decrease of 6.1% compared with approximately US$1,358.5 million of last year. The decrease in revenue was mainly attributable to a decrease in the electricity generation of Yulchon I Power Projects and Yulchon II Power Project due to the increased reserve margin and decreased electricity demand in Korea. The revenue from power projects in the PRC amounted to US$494.6 million, representing an increase of 7.3% compared with US$460.8 million for the corresponding period last year, mainly due to an increase in the utilization hours and newly commissioned installed capacity.

Operating Expenses

In 2019, the operating expenses of the Group amounted to approximately US$1,044.7 million, representing a decrease of approximately 9.9% compared with approximately US$1,159.3 million of last year. The decrease in operating expenses was mainly due to the drop in gas consumption of our Yulchon I Power Project and Yulchon II Power Project which was in line with the decrease in electricity generation. In addition, the decrease in coal price of the coal-fired and cogen projects has led to the reduction in operating costs.

Operating Profit

In 2019, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to approximately US$231.6 million, representing an increase of approximately US$32.4 million or 16.3% compared with approximately US$199.2 million of last year. The increase in operating profit was mainly due to (1) a significant increase in dispatch volume of the newly commissioned solar power projects; and (2) cost reduction as a result of the decreased coal price of the coal-fired and cogen projects in the PRC.

Other Income

Other income mainly represented income on sales of carbon emission quota, interest income, government grants and the refund of value added tax. In 2019, other income of the Group amounted to approximately US$23.2 million, representing a decrease of approximately US$18.1 million or 43.8% compared with approximately US$41.3 million of last year. The significant decrease in other income was mainly due to the non-recurring one-off gains of approximately US$23.0 million from the sale of carbon emission quota of the Korea projects in 2018.

Other gains and losses

In 2019, other losses of the Group amounted to approximately US$24.5 million, representing an increase of approximately US$2.4 million or 10.9% compared with approximately US$22.1 million of last year. The increase in other losses was mainly attributable to the impairment losses of approximately US$45.6 million in respect of property, plant and equipment of the PRC coal-fired projects. The impairment losses recognised in 2018 amounted to US$23.4 million.

Finance Costs

In 2019, the finance costs of the Group amounted to approximately US$122.1 million, representing an increase of approximately US$11.9 million or 10.8% compared with approximately US$110.2 million of last year. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings.

Share of Results of Associates

In 2019, the share of results of associates amounted to approximately US$32.8 million, representing an increase of approximately US$16.0 million or 95.2% compared with approximately US$16.8 million of last year. The significant increase in profit of the associates was mainly due to a substantial increase in the local electricity demand and a decrease in the coal cost for the year ended 31 December 2019.

Income Tax Expenses

In 2019, the income tax expenses of the Group amounted to approximately US$41.6 million, representing an increase of approximately US$7.8 million or 23.1% compared with approximately US$33.8 million of last year.

Liquidity and Capital Resources

The Group's bank balances and cash increased from US$246.8 million as at 31 December 2018 to US$384.1 million as at 31 December 2019. The increase was primarily due to the fact that cash flow generated from financing activities exceeds cash flow used by investing activities.

Net Debt/Equity Ratio

The Group's net debt/equity ratio increased from 2.58 as at 31 December 2018 to 3.29 as at 31 December 2019 due to the increase in bank borrowings and loans from fellow subsidiaries.

Dividend

The Board does not recommend any final dividend for the year ended 31 December 2019.

Earnings per Share

	Year ended 31 December	
	2019	2018
	US cents	*US cents*
Earnings per Share, basic and diluted – calculated based on the weighted average number of ordinary shares for the year	**2.59**	2.06
Earnings per Share, basic and diluted – calculated based on the number of ordinary shares outstanding at year end	**2.59**	2.06

	Year ended 31 December	
	2019	2018
	US$'000	*US$'000*
Earnings for the purpose of calculating basic and diluted earnings per Share (profit for the year attributable to owners of the Company)	**111,207**	88,211
	'000	*'000*
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per Share	**4,290,824**	4,290,824
Number of ordinary shares outstanding at year end	**4,290,824**	4,290,824

Trade Receivables

	As at 31 December	
	2019	2018
	US$'000	*US$'000*
Trade receivables – contracts with customers	**327,831**	310,025
Less: Allowance for doubtful debts	**(536)**	(1,550)
	327,295	308,475

The following is an aging 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 31 December	
	2019	2018
	US$'000	*US$'000*
0 – 60 days	**140,573**	159,815
61 – 90 days	**9,874**	11,101
91 – 120 days	**10,913**	26,646
121 – 180 days	**18,005**	57,785
Over 180 days	**147,930**	53,128
	327,295	308,475

Trade Payables

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

	As at 31 December	
	2019	2018
	US$'000	*US$'000*
0 – 60 days	**82,787**	105,878
61 – 90 days	**73,365**	1,472
Over 90 days	**86,619**	57,712
Total	**242,771**	165,062

The average credit period on purchases of goods is 39 days (2018: 32 days) for the year ended 31 December 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$4,384.0 million as at 31 December 2019, which was mainly due to the additions of property, plant and equipment, contract assets and other non-current assets during the year.

Current assets increased from US$974.4 million as at 31 December 2018 to US$995.2 million as at 31 December 2019, which was mainly attributable to the increase in bank balances and cash and trade receivables.

Current liabilities increased from US$805.5 million as at 31 December 2018 to US$1,559.4 million as at 31 December 2019, which was mainly due to the increase in loans from fellow subsidiaries and bank borrowings.

Non-current liabilities increased from US$2,379.3 million as at 31 December 2018 to US$2,810.3 million as at 31 December 2019, which was mainly due to increase in bank borrowings.

Bank Borrowings

The Group's total bank borrowings increased from US$1,964.9 million as at 31 December 2018 to US$2,597.9 million as at 31 December 2019. Details of bank borrowings are as follows:

	As at 31 December	
	2019	2018
	US$'000	*US$'000*
Secured	**2,189,360**	1,728,830
Unsecured	**408,537**	236,115
	2,597,897	1,964,945

The maturity profile of bank borrowings is as follows:

Within one year	**576,214**	347,345
More than one year but not exceeding two years	**315,074**	271,637
More than two years but not exceeding five years	**648,395**	523,216
Over five years	**1,058,214**	822,747
	2,597,897	1,964,945
Less: Amounts due for settlement within one year shown under current liabilities	**(576,214)**	(347,345)
Amounts due for settlement after one year	**2,021,683**	1,617,600

As at 31 December 2019, the Group had committed unutilized banking facilities of US$2,610 million.

Loans from Fellow Subsidiaries

As at 31 December 2019 and 2018, (i) the loan from China Clean Energy Development Limited, a fellow subsidiary of the Company, which amounted to US$450.0 million, is unsecured, interest bearing at 4.5% per annum and repayable in 2025 and shown as non-current liability and (ii) the loan from CGNPC Huasheng Investment Limited, a fellow subsidiary of the Company, which amounted to US$250.0 million, is unsecured, interest bearing at 3 months London Interbank Offered Bank plus 1.3% per annum and repayable in 2021 and shown as non-current liability.

During 2019, the Group has further drawn the loan from (i) CGN Finance Co., Ltd. and (ii) CGN Wind Energy Limited, the fellow subsidiaries of the Company, amounting to RMB1,600.0 million and RMB1,000.0 million, respectively, which are unsecured, interest bearing at 3.92% per annum, repayable in 2020 and shown as current liabilities as at 31 December 2019.

Capital Expenditures

The Group's capital expenditure increased by US$695.0 million to US$1,189.5 million in 2019 from US$494.5 million in 2018.

Contingent Liabilities

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

Pledged Assets

The Group pledged certain property, plant and equipment, land use rights, trade receivables, bank deposits and restricted cash for credit facilities granted to the Group. As at 31 December 2019, the total book value of the pledged assets amounted to US$2,690.3 million.

Employees and Remuneration Policy

As at 31 December 2019, the Group had about 1,783 full-time employees, with the majority based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

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

In Korea, the Group is required by law to contribute 4.5% of the employees' monthly average salaries for the national pension, 3.23% for national health insurance (8.51% of the national health insurance contribution for long term care insurance), 1.05% for unemployment insurance, 1.11% (Seoul Office)/0.85% (Yulchon)/0.85%(Daesan) for the industrial accident compensation insurance and 0.06% for a wage claim guarantee fund.

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

II. Industry Overview

In 2019, there was stable electricity production in China, and an overall balance between electricity supply and demand was achieved. According to the data published by the NEA, the installed capacity of the PRC amounted to 2,010.7 GW throughout the year, representing a year-on-year increase of 5.8%, while electricity consumption amounted to 7,225.5 TWh, representing a year-on-year increase of 4.5%.

The accumulated installed grid-connected wind power capacity for 2019 reached 210.1 GW, with a year-on-year increase of 14.0%, while the annual accumulated on-grid wind power generation amounted to 405.7 TWh, representing a year-on-year growth of 10.9%. In 2019, the accumulated installed grid-connected solar power capacity recorded 204.7 GW, with a year-on-year increase of 17.4%. The annual accumulated on-grid solar power generation amounted to 223.8 TWh, representing a year-on-year growth of 26.5%.

As at the end of 2019, the development and utilization of renewable energy in China achieved significant results. The cumulative installed capacity of hydro power, wind power and solar power ranked first in the world, resulting in an increasing share in the energy structure, among which wind power and photovoltaic power made substantial progress. In the recent decade, the annual generation of wind power and photovoltaic power has represented a steadily-increasing percentage in the total power generation of China. The utilization of wind power and photovoltaic power improved remarkably, with the planning and construction of large-scale wind power bases and photovoltaic power oriented projects implemented in an orderly way. The investment layout was optimised continuously, and the development of distributed wind power and photovoltaic power was promoted constantly. However, there is necessity to further promote the development of the wind power and photovoltaic power industries, so as to accelerate the realisation of grid parity of wind power and photovoltaic power.

To promote the high-quality development of wind power and photovoltaic power projects as well as to strengthen the market competitiveness of wind power and photovoltaic power, the NDRC and the NEA officially issued the "Notice to Actively Promote the Work concerning Subsidy-free Grid Parity for Wind Power and Photovoltaic Power Generation"(《關於積極推進風電、光伏發電無補貼平價上網有關工作的通知》) (the "**Notice**") in January 2019, which clearly encourages the construction of wind power and photovoltaic power projects which satisfy the requirements of "no national subsidy and adopting benchmark tariff for coal power". As an additional increment to the current wind power and photovoltaic power market in each province, such projects are excluded from the existing provincial annual scale indicators and enjoy priority treatment from various supporting policies as stated in the Notice. Subsidies to the wind power and photovoltaic power industries were withdrawn gradually and the proposed policy of "grid parity without national subsidies" aims at allowing certain provinces with promising resources and enterprises with advanced technologies to participate in the construction of more wind power and photovoltaic power grid parity projects. The window period of the supporting policies will come to an end in 2020. Compared with the actual grid parity subsequent to 2020, the current grid parity projects without national subsidies still enjoy a series of preferential policies, except for national subsidies.

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. 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. It aims to realise the grid parity of wind power and photovoltaic power at the end of 2020, induce new energy investment in a scientific and reasonable way, achieve efficient use of resources, and promote fair competition and survival of the fittest, thus facilitating the healthy and sustainable development of wind power and photovoltaic power industries.

In May 2019, the NEA 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》), and 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 tariffs being an important competition condition, projects requiring low intensity or strong reducing level of subsidies are given priority in development.

In May 2019, the NDRC and the NEA issued the "List of China's First Batch of Wind Power and Photovoltaic Power Grid Parity Projects for 2019". In July, the application of photovoltaic bidding projects was completed, suggesting that the new energy industry has entered a new stage of authentic market competition in all aspects.

Upon three consultations of the quota system in 2018, the weight of responsible consumption of renewable energy replaced the quota system. In May 2019, the NDRC and the NEA 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 to form a long-term development system led by renewable energy consumption ultimately, so as to promote a clean, low-carbon, safe and efficient energy system.

Since 2019, relevant policies on electricity tariff reform have been issued frequently. The wind power and photovoltaic power industries have steered their focus from large-scale development to high-quality development, with the realisation of wind power and photovoltaic power grid parity becoming the current and principal development task of the industry. In the situation that the goal is clear and the competition is fierce in the new energy industry, it is critical for us to proactively plan our future development, utilize technological development to reduce production cost, and improve generation efficiency for facilitating our enterprise development and achieving favorable profit.

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》), which confirms that the on-grid tariff of the newly approved offshore wind power projects are all to be determined through competitive bidding. The guidance tariff for the newly approved offshore wind power was adjusted as RMB 0.8 per kWh in 2019 and RMB 0.75 per kWh in 2020. The newly approved offshore wind power projects shall not exceed the above guidance tariff. The newly approved intertidal zone projects shall commence bidding based on the above-mentioned guidance tariff set for the onshore wind power projects in the resources areas where the projects are located.

In addition, the GDP growth rate in the Korean market for 2019 was 2.0%, maintaining a slightly-increasing trend. As the Korean power market is undergoing a transformation of energy structure, it is expected that there would be an increase in renewable energy and natural gas power plants in the future. Against an increasingly intense competition in the power market caused by the operation of new power plants, 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 17 provinces, two autonomous regions and a municipality with wide geographical coverage and diversified business scope. As of 31 December 2019, the operations in the PRC and Korea accounted for approximately 67.3% and 32.7% of our attributable installed capacity of 6,286.0 MW, respectively. Clean and renewable energy projects (namely, wind, solar, gas-fired, hydro and fuel cell projects) accounted for 72.4% of our attributable installed capacity; and conventional energy projects (namely, coal-fired, oil-fired and cogen projects) accounted for 27.6% of our attributable installed capacity.

The following table sets out items selected by us from 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 Hydro projects**	**PRC Wind projects**	**PRC Solar projects**	**Corporate**	**Total**
For the year ended 31 December 2019							
Revenue	**752.2**	**208.7**	**33.5**	**171.3**	**81.1**	**29.5**	**1,276.3**
Operating expenses	**(674.7)**	**(179.9)**	**(22.5)**	**(78.0)**	**(40.9)**	**(48.7)**	**(1,044.7)**
Operating profits	**77.5**	**28.8**	**11.0**	**93.3**	**40.2**	**(19.2)**	**231.6**
Profit for the year	**37.8**	**30.1**	**9.6**	**61.2**	**24.1**	**(63.4)**	**99.4**
Profit attributable to the owner of the company	**37.8**	**43.4**	**9.0**	**60.3**	**24.1**	**(63.4)**	**111.2**

US$ million	Korea Gas-fired and Oil-fired projects	PRC Coal-fired, Cogen and Gas-fired projects	PRC Hydro projects	PRC Wind projects	PRC Solar projects	Corporate	Total
For the year ended 31 December 2018							
Revenue	871.8	223.8	33.3	153.5	50.2	25.9	1,358.5
Operating expenses	(800.5)	(202.8)	(22.6)	(73.4)	(22.9)	(37.1)	(1,159.3)
Operating profit	71.3	21.0	10.7	80.1	27.3	(11.2)	199.2
Profit for the year	55.2	8.2	9.2	45.8	17.3	(44.4)	91.3
Profit attributable to the owners of the Company	55.2	6.3	8.7	45.1	17.3	(44.4)	88.2

Korea Gas-fired and Oil-fired projects

The utilization hours of our Korea gas-fired plants decreased from 4,911 hours to 4,524 hours in 2019, mainly due to the increased reserve margin and decreased electricity demand in Korea.

Net profit decreased from US$55.2 million to US$37.8 million, which was mainly attributable to the non-recurring one-off post tax gains of approximately US$17.4 million recorded in respect of the sale of carbon emission quota in 2018.

PRC Coal-fired, Cogen and Gas-fired projects

The increase in operating profit from US$21.0 million to US$28.8 million is mainly attributable to a reduction in the costs of coal for the coal-fired and cogen projects as a result of the decreased coal price in the market. The significant increase in profit for the year from US$8.2 million to US$30.1 million is mainly attributable to the improvement in the results of associates as a result of an increase in the local electricity demand and a decrease in the coal price.

PRC Wind projects

In 2019, the Group's newly commissioned attributable installed capacity of wind projects amounted to 575.0 MW. The increase in revenue was mainly attributable to (1) contribution from newly commissioned wind projects; (2) better wind resources and lower grid curtailment which led to the increase in average utilization hours from 1,894 hours to 1,977 hours as well as the increase in generation of gross electricity. Overall, the operating profit soared to US$93.3 million.

PRC Solar projects

The Group's newly commissioned attributable installed capacity of solar projects amounted to 470.5 MW in 2019. The increase in revenue was mainly attributable to contribution from newly commissioned solar projects. With stable operating expense, the operating profit amounted to US$40.2 million, representing an increase of US$12.9 million as compared with US$27.3 million in 2018.

In 2019, adhering to the philosophy of marketization, the Company constantly resolved various difficulties in the complex and volatile new energy industry with fierce competition, while forging ahead on the grand avenue of high-quality and sustainable development.

Installed capacity

The attributable installed capacity of the Group's power assets as of 31 December 2019 and 2018 by fuel type are set out as follows:

	As at 31 December	
	2019	2018
	(MW)	*(MW)*
Clean and renewable energy portfolio		
Wind	**1,883.8**	1,308.8
Solar	**874.3**	403.8
Gas-fired	**1,655.0**	1,655.0
Hydro	**137.3**	137.3
Subtotal	**4,550.4**	3,504.9
Conventional energy portfolio		
Coal-fired	**1,138.6**	1,187.6
Oil-fired	**507.0**	507.0
Cogen	**90.0**	75.0
Subtotal	**1,735.6**	1,769.6
Total attributable installed capacity	**6,286.0**	5,274.5

As at 31 December 2019, the attributable installed capacity of the Group reached 6,286.0 MW, representing an increase of 1,011.5 MW or 19.2% from last year, among which, attributable installed capacity of wind power was 1,883.8 MW, representing a year-on-year increase of 43.9%, while that of solar power amounted to 874.3 MW with a year-on-year increase of 116.5%. As at 31 December 2019, the consolidated installed capacity of the Group's power plants reached 5,638.5 MW.

Project Additions

The Group pushed forward the development of wind power business steadily. In 2019, the newly commissioned installed capacity of wind power of the Company amounted to 624.6 MW, including (1) the Haorun wind power project in Qinghai Province with a capacity of 50.0 MW; (2) three wind power projects in Henan Province, namely the Yuzhou Changzhuang project with a capacity of 76.0 MW, the Xuchang Yanling project with a capacity of 79.2 MW and the Yongcheng Hanxing project with a capacity of 50.0 MW; (3) Ren County Phase I wind power project in Hebei Province with a capacity of 39.6 MW; (4) three distributed wind power projects in Henan Province, namely the Fugou Caoli project with a capacity of 20.0 MW, the Shenqiu Zhaodeying project with a capacity of 10.0 MW and the Shenqiu Fanying project with a capacity of 10.0 MW; (5) two wind power projects in Shanxi Province, namely the Datong Majialiang Phase I project with a capacity of 50.0 MW and the Taigu Fancun project with a capacity of 99.0 MW; (6) the Leling Zhuji wind power project in Shandong Province with a capacity of 39.6 MW; (7) the Guangyang Lake wind power project in Jiangsu Province with a capacity of 101.2 MW.

In 2019, the Group further consolidated the development of solar power business with an additional total installed capacity of 478.6 MW, which included (1) the Zhenfeng photovoltaic project in Guizhou Province with a capacity of 30.0 MW; (2) four fishing-photovoltaic power projects, namely the Siyang Beichuan project in Jiangsu Province with an additional capacity of 7.5 MW, the Wenchang Liyang project in Hainan Province with a capacity of 20.0 MW, the Dingyuan Phase I project with a capacity of 30.0 MW and the Dangtu project with a capacity of 260.0 MW in Anhui Province; (3) the Kezuo Zhongqi photovoltaic poverty alleviation project with a capacity of 23.0 MW and the Tianze photovoltaic project with a capacity of 30.0 MW in Inner Mongolia Autonomous Region; (4) three distributed rooftop photovoltaic power projects, namely the XEMC project in Hunan Province with a capacity of 8.48 MW, the Fuchuan Yifan project in Fujian Province with a capacity of 8.9 MW and the Yan'an Airport project in Shaanxi Province with a capacity of 0.67 MW; (5) the Jiuquan micro-grid photovoltaic project in Gansu Province with a capacity of 60.0 MW.

In 2019, the attributable installed capacity of the cogen projects of the Group increased by 30.0 MW, which was due to completion of the expanded installed capacity of the Nantong cogen project in Jiangsu Province. Upon the completion of the expansion of relevant projects, the Group promptly closed down and disposed of a unit of 15.0 MW pursuant to the State's policies of energy saving and emission reduction. In 2019, the Group closed down and disposed of a unit of the Huangshi Phase I project in Hubei Province pursuant to the requirements of the State's policies on energy consumption and environmental protection, and the attributable installed capacity decreased by 49.0 MW accordingly.

The Company has been adhering to the principle of high-quality development and expedited project development. It is expected that the growth of new operating capacity in 2020 will be steady.

Safety Management

Safety is our top priority. Adhering to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence" as well as the core corporate value of "Doing Things Right in One Go" during the development process, the Company continued to enhance safety management and keep tabs on project quality and construction progress.

2019 is the safety culture year of the Company. We continued to enhance staff's safety awareness through a series of activities under this theme-based year to promote and act as a leader in guiding a safety culture.

By establishing an effective management system and insisting on scientific management, the Company pursued essential quality safety. We properly dealt with safety-related quality, safety supervision, safety responsibility and safety standards. Starting with policies and systems, we have formed a complete risk management framework, and through scientific management we fundamentally enhanced our safety management level.

The Company has shouldered the responsibility of a central enterprise to strengthen the cultivation of an eco-friendly culture and promote green development. Many efforts have been actively done to inspect and address latent problems relating to the ecological environment in order to effectively prevent and control the ecological risks. With the formulation and optimisation of environment standards, we endeavoured to conduct green projects and establish green plants.

With a safety culture as our central theme and the motto of "following procedures and opposing any violation" as our guidance, we leveraged informatization and protection from system development to achieve our safety production target, as supported by our works on the integration, standardization and comprehensive inspection of safety, quality and environment.

Project Construction

In the face of more stringent environmental protection policies and the ongoing trend of competing for installation, the Company still insisted on both safety and efficiency for its project construction. The Dangtu fishing-photovoltaic project with a capacity of 260.0 MW in Anhui Province is the largest photovoltaic project of the Company in terms of capacity, which only took 100 days to successfully complete grid connection. This project is currently the largest photovoltaic parity project in Eastern China, and the only photovoltaic parity project in Anhui Province that has been constructed and put into operation in 2019. Meanwhile, the Company received the 2019 Award for Excellence in Quality Technology from the China Association for Quality for its "Establishment and Application of the 3×3×3 Grid-style Quality Management System for Wind Farms" under the Anqiu Huangminshan project in Shandong Province. The Jiuquan micro-grid photovoltaic project in Gansu Province with a capacity of 60.0 MW is the first one among the 28 projects in the first batch of new energy micro-grid exemplary projects to commence construction and connect to the grid. The Guangyang Lake wind power project in Jiangsu Province with a capacity of 101.2 MW has the highest wind power generating unit in China in terms of wheel hub height, which is 152 metres high.

In 2019, the project construction emergency command center of the Company officially commenced operation, which is the industry-first mobile and integrated video surveillance and management platform based on the Internet of Things with a full coverage of on-site construction works. Such platform has effectively improved our information-aided project management capability.

Onshore Development of Preliminary Projects

2019 marks the first year of competitive bidding and parity for new energy. In the face of complex and changing policies and a more intensely competitive external environment, with a focus on competitive bidding, the Company took the initiative and made all-out efforts to strengthen both external strategic cooperation and internal collaboration.

In 2019, the Company successfully won the bids to develop 75 MW wind power projects and 602.2 MW photovoltaic projects. The installed capacity of the wind power and photovoltaic grid parity projects of the Company that have been included in the national indicators reached 720 MW, of which 260 MW was for wind power installed capacity and 460 MW for photovoltaic installed capacity. Distributed wind power projects with capacity of 397 MW were included in the wind power development plans.

Offshore Wind Power

In 2019, the offshore wind power industry remained in an early stage of large-scale expansion. Full-scale competitive bidding, instead of fixed tariff, has been applied to new projects and the guidance tariffs have been reduced year by year. The reducing level of subsidies has become a trend in the industry. Following the decreasing tariffs and the reducing level of subsidies as well as the continuous efforts of relevant enterprises in technological innovation, the industry chain has shown significant progress in cost reduction and efficiency enhancement, based on which the industry is ushering in a new stage of high quality development. The Company will strive for project commissioning by planning ahead and making reasonable arrangements pursuant to the national policies and the Company's overall strategy.

Electricity Generation

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

	For the year ended 31 December	
	2019	2018
PRC wind projects	**3,040.9**	2,517.3
PRC solar projects	**828.7**	489.2
PRC coal-fired, cogen and gas-fired projects	**1,732.7**	1,884.0
PRC hydro projects	**926.6**	841.7
Korea gas-fired projects	**7,012.1**	7,572.8
Total	**13,541.0**	13,305.0

The Company has maintained high and stable standards for its production and operation, the works on which are consistently done based on the main direction of strengthened equipment management with our tremendous efforts. As of 31 December 2019, the electricity generated by the Group's consolidated power generation projects amounted to 13,541.0 GWh, representing an increase of 1.8% from 13,305.0 GWh as compared with that of last year. The increase in electricity generated was mainly due to (1) increased power generation from newly commissioned installed capacity of wind and solar power; and (2) higher dispatch volume of the wind projects with better wind resources and lower grid curtailment. The electricity generated by wind power projects and solar power projects reached 3,040.9 GWh and 828.7 GWh, representing growth rates of 20.8% and 69.4%, respectively.

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

Average utilization hour by fuel type[(1)]

	For the year ended 31 December	
	2019	2018
PRC Wind Projects[(2)]	**1,977**	1,894
PRC Solar Projects[(3)]	**1,519**	1,418
PRC Coal-fired Projects[(4)]	**5,054**	4,617
PRC Cogen Projects[(5)]	**4,742**	5,183
PRC Hydro Projects[(6)]	**4,768**	4,310
Korea Gas-fired Projects[(7)]	**4,524**	4,911

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 for the year ended 31 December 2019 for the PRC wind projects in the Shandong Province, the Zhejiang Province, the Gansu Province, Henan Province, Qinghai Province and Hebei Province were 1,946 hours, 1,998 hours, 1,991 hours, 2,422 hours, 1,576 hours and 1,425 hours, respectively. Average utilization hours for the PRC wind power projects increased mainly due to the following two reasons: i) better overall wind resources which led to increase in the total volume of electricity generation; and ii) the improvement in the situation of domestic wind power curtailment in 2019.

(3) The average utilization hours for the year ended 31 December 2019 for the PRC solar projects in the Western Region, the Central Region and the Eastern Region of the PRC were 1,624 hours, 850 hours and 1,232 hours, respectively. Average utilization hours for the PRC solar power projects increased slightly mainly due to improvement in domestic solar power curtailment in the Western region and Eastern region, which is slightly offset by unstable solar resources available in Central region.

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

(5) Average utilization hour for the PRC cogen projects decreased mainly due to decrease in local demand, which led to decrease in total volume of electricity generation.

(6) Average utilization hour for the PRC hydro projects increased due to better water resources in the Guangxi province in 2019.

(7) Our Korea gas-fired power projects had lower utilization hour in 2019 mainly due to a decrease in the electricity generation of Yulchon I Power Project and Yulchon II Power Project as a result of the increased reserve margin and decreased electricity demand 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 Group for the periods indicated below:

Weighted average tariff (inclusive of VAT)[(1)]

		For the year ended 31 December	
	Unit	**2019**	2018
PRC Wind Projects[(2)]	RMB per kWh	**0.47**	0.50
PRC Solar Projects[(3)]	RMB per kWh	**0.83**	0.94
PRC Coal-fired Projects[(4)]	RMB per kWh	**0.38**	0.45
PRC Cogen Projects[(4)(5)]	RMB per kWh	**0.47**	0.47
PRC Hydro Projects[(6)]	RMB per kWh	**0.29**	0.32
Korea Gas-fired Projects[(7)]	KRW per kWh	**116.50**	121.16
Weighted average tariff-steam (inclusive of VAT)			
PRC Cogen Projects[(8)]	RMB per ton	**221.03**	228.10

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 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 2019 due to keen competition of involvement in electricity bid trading.

(4) The weighted average tariffs for our PRC coal-fired and PRC cogen projects remained stable in 2019.

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

(6) The tariff of peak season from May to October in 2019 was adjusted downwards by 10% by the Guangxi local government, which led to decrease in weighted average tariff.

(7) 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 decrease in weighted average tariff for our Korea gas-fired projects was in line with the decrease in Korean gas price.

(8) The weighted average tariff of steam increased in 2019, which was in line with the increase in PRC coal price.

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

		For the year ended 31 December	
	Unit	**2019**	2018
PRC weighted average standard coal price*(1)(2)*	RMB per ton	**793.1**	842.0
Korea weighted average gas price*(1)(3)*	KRW per Nm^3	**560.7**	594.6

Notes:

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

(2) The PRC weighted average standard coal price in 2019 decreased compared to 2018 due to decreased in market coal price.

(3) Our Korea weighted average gas price in 2019 decreased compared to 2018 due to the decrease 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.

In August 2019, the Company co-hosted the "China Offshore Wind Power Intelligent Operation and Maintenance Forum" together with relevant organizations, which accentuated its position in the industry. This forum was committed to providing solutions that are more suitable for domestic operation and maintenance of offshore wind power with reference to the advanced operation and maintenance technologies and experience both at home and abroad and by taking into account the status quo of China. This has facilitated the development of offshore wind power intelligent operation and maintenance that are supported by cutting-edge technology and a full range of equipment, which brings new opportunities in sino-foreign cooperation in intelligent operation and maintenance as well as helping Zhejiang Province develop into a model province of new energy.

In active response to the national energy strategy, the Company has insisted on the ecology-first approach to pursue green development. Greater efforts were put into inspecting and rectifying ecosystem conservation redline projects and simultaneously managing the environment, water and conservation. In addition, the Company has stringently performed its social responsibility of building a beautiful China by wholeheartedly working on the ecological and environmental protection benchmark projects. In 2019, the Company's Wuhai photovoltaic infrastructure project with a capacity of 50 MW in Inner Mongolia Autonomous Region won the "2019 China Quality Power Project" and the Ninghai Yishi Wind Farm in Zhejiang Province was shortlisted into the "Great Achievements in the 70th Anniversary" of China.

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 2019, the Company continued to undertake high-quality projects and excellent construction works:

In May 2019, the Company's Wuhai photovoltaic infrastructure project with a capacity of 50 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, and was awarded with two certificates in construction and production, respectively.

In August 2019, the Company received the 2019 Award for Excellence in Quality Technology issued by the China Association for Quality. The project of "Establishment and Application of the 3×3×3 Grid-style Quality Management System for Wind Farms" under the Anqiu Huangminshan wind power project in Shandong Province chosen by the Company was shortlisted among more than 800 entries from various industries nation-wide and the award is the only award-winning project in the power industry of Shandong Province and also our first quality technology award. The Company will continuously advance its research on quality technology and improve quality management standards for construction projects in an effort to make greater contributions to the business development of the Company.

In August 2019, the Anqiu Huangminshan wind power project in Shandong Province was also named as the 2018 Outstanding Wind Farm in the Electric Power Industry with a 5A rating. The Company duly and consistently gave full play to and steadily improved the benchmarking advantages of the farms. Through identification of discrepancies, the effect of benchmarking works in improving the operation and management standards of the Company is fully leveraged for facilitating the Company's advancement in production and operation in a rapid, efficient, safe and steady manner.

In 2019, the Company received a number of awards from the capital market:

In May 2019, 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. The Company will continue to maintain close liaison with the capital market and strive for excellent performance in and contributions to investor relations works through establishing extensive, stable and effective communication channels with investors, in order to gain more recognition and approval from investors.

In November 2019, the Company won the "InnoESG" Prize, showing that its sustainability initiative has earned the market's attention and recognition. The "InnoESG" Prize Ceremony was jointly held by a number of enterprises including SocietyNext Foundation to invite the attendance of a number of listed enterprises which were shortlisted for their positive impact in the areas of environmental, social and corporate governance in recognition of their support and endorsement of sustainable development measures. The Company was the only award-winning power enterprise.

In December 2019, the Company received the Hong Kong Corporate Governance Excellence Award from the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University, showing that its corporate governance system has earned the market's attention and recognition. To address the increasingly intense market competition, the Company will maintain an effective, orderly, transparent and sound corporate governance system as its bedrock of sustainable development as well as developing its core competitiveness by consistently strengthening its internal control and improving its operational risk management through well-established rules and policies.

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.

V. Prospects

In 2020, the Company will continue to uphold the business direction of high quality and sustainable development and ensure realization of the annual business targets, in order to consummate our works under the 13th Five-Year Plan and lay a sound foundation for our development under the 14th Five-Year Plan.

On one hand, we will accelerate reservation of high quality resources and keep improving lean management level:

(I) In response to the new development trend in the industry, we will exert greater efforts in acquisition of high quality resources and proactively devise plans for large-scale bases in pursuit of high quality and expansion-oriented sustainable development with our unwavering determination.

We will enlarge our reserve of resources to optimize our works on competitive allocation such as grid parity and bidding for wind power and photovoltaic power generation.

(II) Our project management capability will be comprehensively enhanced where we will stick to lean project management and build up the awareness of safety, prevention and control to guarantee the timely fulfillment of our annual development targets.

While construction progress for our projects is steadily underway, large-scale projects and major projects will remain our top priority and we will reasonably schedule the project commissioning time.

We will pay particular attention to major works, including capacity supply of key equipment that affects project construction and commissioning and construction window period. We will strive for commissioning of the projects for the year by planning ahead and making reasonable arrangements.

(III) Overall improvement in our operation and management capability, continuous enhancement of the equipment management ability and strengthening of lean production management will be made to guarantee completion of the electricity volume target for the year.

We will enhance our awareness of operation and management and improve the lean management level. Production-related key financial targets such as market transactions and cost per unit of electricity will become our focus.

We will continue to strengthen our inputs in management of equipment and ability in management of the technological team while optimizing the operational appraisal and incentive system in order to fortify our operation and management ability in core scientific research.

(IV) We will comprehensively improve our cost control ability by continuing to leverage benchmarks as well as seeking potential targets for optimization. Together with both quality and efficiency enhancements, we will build up our core competitive advantage by virtue of the most competitive construction price.

(V) Continuous enhancement of the six major protection measures in the areas of security, legal compliance, business integrity, capital control, risk control, and information construction will help further fortify the protection system development of the Company.

On the other hand, we will push forward the reform for overall improvement in the corporate governance standards. Driven by reform and innovation, we will facilitate the progress of the "Double Top 100 Action" by enhancing policy formulation and implementation, optimizing modern corporate system, and propelling the development of corporate governance system and capability to achieve an improvement in corporate governance ability and management level.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

1. On 20 January 2020, in compliance with the relevant regulatory requirements in the PRC, a preliminary disclosure of information was made on the website of the SUAEE in relation to the potential disposal by Meiya Jinqiao Power Limited (a wholly-owned subsidiary of the Company) of all the equity interests it held in the Jinqiao JV, representing 60% of the total equity interests in the Jinqiao JV through a public tender process on the SUAEE.

2. On 28 February 2020, the Board has been informed by CGN that it is presently considering a proposal in respect of using its wholly-owned subsidiary, CGN Energy International, as the potential offeror, to privatise the Company by way of scheme of arrangement which may result in the delisting of the Company (the "**Possible Privatisation**"). For details regarding the Possible Privatisation, please refer to the announcement of the Company dated 2 March 2020.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 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 stipulations of which are no less exacting than those set out in the Model Code, as a code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards in respect of securities transactions by the Directors set out in the Model Code and the Company's Code during the year ended 31 December 2019.

REVIEW OF UNAUDITED ANNUAL RESULTS

Commencing from the beginning of 2020, an outbreak of the novel coronavirus (COVID-19) (the "**Outbreak**") occurred and adversely affected all provinces of the PRC. As the Group has material operations in the PRC, in particular, a subsidiary and associated companies in Hubei Province, certain auditing and reporting processes for the Group's annual results for the year ended 31 December 2019 would require the Company's auditors to travel to certain onsite locations of the members of the Group and associated companies to conduct inspections and review original documents. Following the Outbreak, commercial activities, transport and government services were either halted or maintained at limited levels for many provinces in the PRC (the "**Restrictions**"). Accordingly, the auditors of the Company experienced serious and practical difficulties in completing certain auditing and reporting processes as originally scheduled, primarily because of the Restrictions set out above imposed by government or local authorities in response to the Outbreak.

Accordingly, as of the date of this announcement, certain auditing and reporting processes for the annual results of the Group for the year ended 31 December 2019 have not been completed, therefore the Company and its auditors are not yet in a position to agree on the final annual results of the Group for the year ended 31 December 2019 as required under Rule 13.49(2) of the Listing Rules.

The unaudited annual results as set out in this announcement have been reviewed and agreed by the Board (including the independent non-executive Directors) and the audit committee of the Company.

The following items in the unaudited financial statements of the Group for the year ended 31 December 2019 are subject to uncertainties and final agreement with the auditors of the Company:

(i) the interests in associates stated in the consolidated statement of financial position, which amounted to approximately US$191 million (approximately 4% of total assets); and

(ii) the share of results of associates stated in the consolidated statement of profit or loss, which amounted to approximately US$32 million (approximately 32% of profit for the year).

The uncertainties are due to the lack of supporting evidence as the auditors of the Company were hindered from conducting inspections and reviewing original documents in affected locations because of the Restrictions. The Company's auditors have performed other procedures to actively manage the contingencies in connection with the Restrictions, and therefore, based on the information currently available to the Board as at the date of this announcement, the Board is of the view that the interests in associates and the share of results of associates stated in the unaudited financial statements of the Group for the year ended 31 December 2019 are unlikely to be subject to material change in the audited financial statements of the Group for the year ended 31 December 2019.

Notwithstanding the uncertainties set out in the above, based on the information currently available to the Board as at the date of this announcement, the Board currently does not anticipate any material deviations (if any) in the financial position presented by the unaudited financial results of the Group set out in this announcement from that to be presented by the audited annual results of the Group for the year ended 31 December 2019.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing and reporting processes, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results set out in this announcement, (ii) the proposed date on which the forthcoming annual general meeting of the Company will be held, and (iii) the period during which the register of members of the Company will be closed in order to determine the entitlement of shareholders to attend and vote at the annual general meeting.

In addition, further announcement(s) will be published as and when necessary in accordance with the Listing Rules if there are other material developments relating to the completion of the auditing and reporting processes for the annual results of the Group for the year ended 31 December 2019.

Based on the information available to the Board and the auditors of the Company as at the date of this announcement, and assuming that reasonable progress will be made in (i) the resumption of commercial activities, transport and government services and (ii) the lifting or alleviation of travel and other restrictions or limitations, in various provinces (including Hubei Province) of the PRC where the Group has operations, it is expected that the audited results of the Group for the year ended 31 December 2019 will be published on or before 30 April 2020.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the financial year ended 31 December 2019.

PUBLICATION OF UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited annual results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.cgnne.com). It is expected that the 2019 annual report of the Company containing all the information required by the applicable Listing Rules will be despatched to the Shareholders and available on the above websites on or before 15 May 2020.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors of the Company. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

"Board"	the board of Directors of the Company
"CGN"	China General Nuclear Power Corporation (中國廣核集團有限公司), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
"CGN 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 the immediate shareholder of the Company
"Company"	CGN New Energy Holdings Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Company's Code"	Code for Securities Transactions by Directors of the Company

“Consolidated installed capacity”	the aggregate installed capacity of our project companies that we fully consolidated in our consolidated financial statements only. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated installed capacity does not include the capacity of our associated companies
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
“Daesan I Power Project”	a 507.0 MW oil-fired project in Korea
“Directors”	the directors of the Company
“GDP”	gross domestic product
“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
“Jinqiao JV”	Shanghai Meiya Jinqiao Energy Co., Ltd.(上海美亞金橋能源有限公司), which is a limited company established in the PRC in the form of sino-foreign equity joint venture, and a non-wholly owned subsidiary of the Company
“Korea”	the Republic of Korea
“KRW”	Korean Won, the lawful currency 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
"NEA"	National Energy Administration 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$0.0001 each in the share capital of the Company
"Shareholder(s)"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUAEE"	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
"TWh"	terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country
"US$" or "US dollar(s)"	United States dollars, the lawful currency of the United States of America
"Yulchon I Power Project"	a 577.4 MW gas-fired project in Korea

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

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

Hong Kong, 26 March 2020

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

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