**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 2017

## HIGHLIGHTS OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

- Revenue for the six months ended 30 June 2017 amounted to US$524.5 million, representing a decrease of 7.3% from US$565.7 million for the six months ended 30 June 2016.

- Profit before tax for the six months ended 30 June 2017 amounted to US$48.2 million, representing a decrease of 39.6% from US$79.8 million for the six months ended 30 June 2016.

- Profit attributable to shareholders of the Company for the six months ended 30 June 2017 amounted to US$34.1 million, representing a decrease of 30.7% from US$49.2 million for the six months ended 30 June 2016.

- Earnings per share for the six months ended 30 June 2017 amounted to 0.79 US cents, representing a decrease of 30.7% from 1.15 US cents for the six months ended 30 June 2016.

- The Board resolved not to declare an interim dividend for the six months ended 30 June 2017.

The Board announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2017 together with comparative figures for the corresponding period in 2016.

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

*For the six months ended 30 June 2017 – unaudited*

| | **For the six months ended 30 June** | |
|---|---|---|
| | **2017** | 2016 |
| | ***US$'000*** | *US$'000* |
| Revenue | **524,527** | 565,716 |
| Operating expenses: | | |
| Coal, oil and gas | **283,481** | 297,840 |
| Depreciation of property, plant and equipment | **68,175** | 74,914 |
| Repair and maintenance | **18,717** | 16,288 |
| Staff costs | **36,506** | 31,437 |
| Others | **27,726** | 28,279 |
| Total operating expenses | **434,605** | 448,758 |
| Operating profit | **89,922** | 116,958 |
| Other income | **5,420** | 5,552 |
| Other gains and losses | **(1,731)** | (456) |
| Finance costs | **(50,470)** | (58,373) |
| Share of results of associates | **5,071** | 16,093 |
| Profit before tax | **48,212** | 79,774 |
| Income tax expenses | **(12,275)** | (21,475) |
| Profit for the period | **35,937** | 58,299 |

| | For the six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***US$'000*** | *US$'000* |
| Other comprehensive income (expenses) | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange difference arising on translation of foreign subsidiaries and associates | **37,576** | (34,720) |
| Reclassification adjustments for amounts transferred to profit or loss | | |
| – release of hedging reserve | **(62)** | (61) |
| – deferred tax credit arising on release of hedging reserve | **15** | 15 |
| Other comprehensive income (expenses) for the period | **37,529** | (34,766) |
| Total comprehensive income for the period | **73,466** | 23,533 |
| Profit for the period attributable to: | | |
| Owners of the Company | **34,107** | 49,245 |
| Non-controlling interests | **1,830** | 9,054 |
| | **35,937** | 58,299 |
| Total comprehensive income attributable to: | | |
| Owners of the Company | **71,376** | 16,843 |
| Non-controlling interests | **2,090** | 6,690 |
| | **73,466** | 23,533 |
| Earnings per share | | |
| – basic (US cents) | **0.79** | 1.15 |
| – diluted (US cents) | **0.79** | 1.15 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2017 – unaudited*

| | **As at 30 June 2017** | As at 31 December 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| **NON-CURRENT ASSETS** | | |
| Property, plant and equipment | **2,336,339** | 2,309,875 |
| Prepaid lease payments | **51,220** | 51,642 |
| Goodwill | **171,584** | 167,582 |
| Interests in associates | **160,279** | 161,717 |
| Amounts due from non-controlling shareholders | **459** | 439 |
| Deferred tax assets | **26,966** | 25,927 |
| Other assets | **18,612** | 22,792 |
| | **2,765,459** | 2,739,974 |
| **CURRENT ASSETS** | | |
| Inventories | **30,484** | 32,519 |
| Prepaid lease payments | **3,480** | 3,379 |
| Trade receivables | **220,266** | 200,911 |
| Other receivables and prepayments | **116,238** | 102,327 |
| Amounts due from non-controlling shareholders | **112** | 119 |
| Amounts due from associates | **104** | 9,235 |
| Amounts due from fellow subsidiaries | **17,775** | 10,511 |
| Tax recoverable | **651** | 734 |
| Pledged bank deposits | **108,700** | 72,398 |
| Bank balances and cash | **232,567** | 326,514 |
| | **730,377** | 758,647 |

| | As at 30 June 2017 *US$'000* | As at 31 December 2016 *US$'000* |
|---|---|---|
| **CURRENT LIABILITIES** | | |
| Trade payables | **91,805** | 86,719 |
| Other payables and accruals | **111,479** | 127,906 |
| Amounts due to fellow subsidiaries | **4,128** | 4,341 |
| Amounts due to non-controlling shareholders | **5,348** | 5,228 |
| Loan from a fellow subsidiary | | |
| – due within one year | **–** | 39,579 |
| Advance from a non-controlling shareholder | | |
| – due within one year | **2,256** | 2,203 |
| Bank borrowings – due within one year | **141,457** | 133,886 |
| Bond payables – due within one year | **4,717** | 4,717 |
| Deferred connection charges | **35** | 69 |
| Government grants | **635** | 620 |
| Tax payable | **8,019** | 4,399 |
| | **369,879** | 409,667 |
| **NET CURRENT ASSETS** | **360,498** | 348,980 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | **3,125,957** | 3,088,954 |
| **NON-CURRENT LIABILITIES** | | |
| Advance from a non-controlling shareholder | | |
| – due after one year | **811** | 792 |
| Loan from a fellow subsidiary – due after one year | **450,000** | 450,000 |
| Bank borrowings – due after one year | **1,400,703** | 1,418,324 |
| Bond payables – due after one year | **349,951** | 349,763 |
| Deferred connection charges | **75** | 73 |
| Derivative financial instruments | **2,057** | – |
| Government grants | **9,564** | 9,559 |
| Deferred tax liabilities | **50,094** | 48,607 |
| | **2,263,255** | 2,277,118 |
| **NET ASSETS** | **862,702** | 811,836 |

| | **As at 30 June 2017** | As at 31 December 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| **CAPITAL AND RESERVES** | | |
| Share capital | **55** | 55 |
| Reserves | **762,145** | 710,703 |
| Equity attributable to owners of the Company | **762,200** | 710,758 |
| Non-controlling interests | **100,502** | 101,078 |
| **TOTAL EQUITY** | **862,702** | 811,836 |

**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 2017**

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

For the six months ended 30 June 2016

| | Power Plants in the PRC *US$'000* | Power Plants in Korea *US$'000* | Management Companies *US$'000* | Total *US$'000* |
|---|---|---|---|---|
| Segment revenue – external | 217,490 | 336,474 | 11,752 | 565,716 |
| Segment results | 65,962 | 22,378 | 697 | 89,037 |
| Unallocated other income | | | | 439 |
| Unallocated operating expenses | | | | (5,638) |
| Unallocated finance costs | | | | (19,701) |
| Other gains and losses | | | | (456) |
| Share of results of associates | | | | 16,093 |
| Profit before tax | | | | 79,774 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017 – 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 CGNPC Huamei, a company incorporated in Hong Kong with limited liability and its ultimate holding company is CGN, a state-owned enterprise established in the PRC.

The consolidated financial statements have been prepared in accordance with accounting policies which conform with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Companies Ordinance for the six months ended 30 June 2017.

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

**Application of new and amendments to IFRSs**

In the current interim period, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board that are relevant for the preparation of the Group's consolidated financial statements:

| | |
|---|---|
| Amendments to IAS 7 | Disclosure Initiative |
| Amendments to IAS 12 | Recognition of Deferred Tax Assets For Unrealised Losses |
| Amendments to IFRS 12 | As part of the Annual Improvements to IFRSs 2014-2016 Cycle |

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these consolidated financial statements and/or disclosure as set out in these consolidated financial statements.

The Group has not early applied any amendments to IFRSs that have been issued but are not yet effective.

# MANAGEMENT DISCUSSION AND ANALYSIS

## I. Operating Results and Analysis

In the first half of 2017, the revenue of the Group amounted to US$524.5 million, representing a decrease of 7.3% compared with US$565.7 million of the first half of 2016. The profit attributable to the shareholders of the Company amounted to US$34.1 million, representing a decrease of US$15.1 million or 30.7% as compared with US$49.2 million of the first half of 2016.

In the first half of 2017, the profit for the period of the Group amounted to US$35.9 million, representing a decrease of US$22.4 million or 38.4% as compared with US$58.3 million of the first half of 2016.

***Revenue***

In the first half of 2017, the revenue of the Group amounted to US$524.5 million, representing a decrease of 7.3% compared with US$565.7 million of the first half of 2016. The decrease in revenue was mainly attributable to (1) the lower electricity generation by Yulchon II Power Project as a result of the increase in supply caused by newly installed capacity in the Korea power market and a scheduled maintenance in 2017; (2) the lower generation by Puguang Power Project due to major overhaul; and (3) the cessation of operation of Weigang Power Project since the end of June 2016.

***Operating Expenses***

In the first half of 2017, the operating expenses of the Group amounted to US$434.6 million, representing a decrease of 3.2% compared with US$448.8 million of the first half of 2016. The decrease in operating expenses was mainly due to the decrease in gas consumption of our Yulchon II Power Project which was in line with the decrease in electricity generation. The decrease in operating expenses in Korea was partially offset by the increased operating expenses of our coal-fired, cogen and steam projects due to the drastic increase in coal price of the PRC as compared with the first half of 2016.

***Operating Profit***

In the first half of 2017, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to US$89.9 million, representing a decrease of US$27.0 million or 23.1% compared with US$116.9 million of the first half of 2016. The decrease in operating profit was mainly caused by (1) the drastic increase in coal price since the second half of 2016 which negatively affected the operating profit of our PRC coal-fired and cogen projects; and (2) the increase in supply caused by newly installed capacity in the Korea power market which lowered the operating profit of Yulchon II Power Project in 2017. The lowered operating profit was partially offset by the increase in operating profit of our wind power projects with higher utilization hours.

### *Other Income*

Other income mainly represented income from sales of scrapped materials, interest income and the refund of value added tax. In the first half of 2017, the other income of the Group amounted to US$5.4 million, representing a slight decrease of US$0.2 million compared with US$5.6 million of the first half of 2016.

### *Finance Costs*

In the first half of 2017, the finance costs of the Group amounted to US$50.5 million, representing a decrease of 13.5% compared with US$58.4 million of the first half of 2016. The decrease in finance costs was mainly attributable to the decrease in weighted average balances of bank borrowings and loans from related companies.

### *Share of Results of Associates*

In the first half of 2017, the share of results of associates amounted to US$5.1 million, representing a decrease of US$11.0 million compared with US$16.1 million in the first half of 2016. The decrease in profit of the associates was mainly due to the drastic increase in coal price in the PRC.

### *Income Tax Expenses*

In the first half of 2017, the income tax expenses of the Group amounted to US$12.3 million, representing a decrease of US$9.2 million compared with US$21.5 million of the first half of 2016.

### *Liquidity and Capital Resources*

The Group's bank balances and cash decreased from US$326.5 million as at 31 December 2016 to US$232.6 million as at 30 June 2017, primarily due to the cash used in operations and repayment of loan during the current period.

***Net Debt/Equity Ratio***

The Group's net debt/equity ratio decreased from 2.55 as at 31 December 2016 to 2.45 as at 30 June 2017 due to the decrease in net debt (which equals to total debt less available cash) as a result of the repayment of borrowings during the current period.

***Interim Dividend***

The Board resolved not to declare an interim dividend for the six months ended 30 June 2017.

***Earnings per Share***

| | For the six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| | ***US cents*** | *US cents* |
| Earnings per share, basic and diluted – calculated based on the weighted average number of ordinary shares for the period | **0.79** | 1.15 |
| | ***US$'000*** | *US$'000* |
| Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company) | **34,107** | 49,245 |
| | ***'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 |

***Trade Receivables***

| | As at | |
|---|---|---|
| | **30 June** | 31 December |
| | **2017** | 2016 |
| | ***US$'000*** | *US$'000* |
| Trade receivables | **221,440** | 202,331 |
| Less: allowance for doubtful debts | **(1,174)** | (1,420) |
| | **220,266** | 200,911 |

The Group allowed a credit period from 30 to 90 days throughout the period to its trade customers. Approximately 69% (31 December 2016: 76%) of the trade receivables were neither past due nor impaired as at 30 June 2017. The management considers that these receivables have good credit scoring attributable to the credit review policy adopted by the Group.

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

| | As at | |
|---|---|---|
| | **30 June** | 31 December |
| | **2017** | 2016 |
| | ***US$'000*** | *US$'000* |
| 0 – 60 days | **143,160** | 145,277 |
| 61 – 90 days | **9,517** | 8,334 |
| 91 – 180 days | **22,378** | 47,300 |
| 181 – 270 days | **10,568** | – |
| Over 270 days | **34,643** | – |
| | **220,266** | 200,911 |

***Trade Payables***

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

| | As at | |
|---|---|---|
| | **30 June 2017** | 31 December 2016 |
| | ***US$'000*** | *US$'000* |
| 0 – 60 days | **84,327** | 80,225 |
| 61 – 90 days | **458** | 274 |
| Over 90 days | **7,020** | 6,220 |
| Total | **91,805** | 86,719 |

The average credit period for purchases of goods was 55 days (31 December 2016: 44 days) for the six months ended 30 June 2017. The Group has financial risk management policies in place to ensure all payables are settled within the credit frame.

***Financial Position***

Non-current assets increased from US$2,740.0 million as at 31 December 2016 to US$2,765.5 million as at 30 June 2017. It was mainly due to the addition of property, plant and equipment during the six months ended 30 June 2017.

Current assets decreased from US$758.6 million as at 31 December 2016 to US$730.4 million as at 30 June 2017. It was mainly attributable to the decrease in cash and bank deposits as a result of repayment of loan and cash used in operations.

Current liabilities decreased from US$409.7 million as at 31 December 2016 to US$369.9 million as at 30 June 2017, which was mainly due to the repayment of loan borrowed from a fellow subsidiary during the six months ended 30 June 2017.

Non-current liabilities slightly decreased from US$2,277.1 million as at 31 December 2016 to US$2,263.3 million as at 30 June 2017, which was mainly attributable to the decrease in bank borrowings.

***Bank Borrowings***

The Group's total bank borrowings decreased from US$1,552.2 million as at 31 December 2016 to US$1,542.2 million as at 30 June 2017. Details of bank borrowings are as follows:

| | **As at 30 June 2017** | As at 31 December 2016 |
|---|---|---|
| | ***US$'000*** | *US$'000* |
| Secured | **1,515,025** | 1,504,115 |
| Unsecured | **27,135** | 48,095 |
| | **1,542,160** | 1,552,210 |

The maturity profile of bank borrowings is as follows:

| | | |
|---|---|---|
| Within one year | **141,457** | 133,886 |
| More than one year but not exceeding two years | **158,009** | 206,869 |
| More than two years but not exceeding five years | **455,990** | 421,880 |
| Over five years | **786,704** | 789,575 |
| | **1,542,160** | 1,552,210 |
| Less: Amounts due for settlement within one year shown under current liabilities | **(141,457)** | (133,886) |
| Amounts due for settlement after one year | **1,400,703** | 1,418,324 |

As at 30 June 2017, the Group had committed unutilised banking facilities of US$1,207 million.

***Bond Payables***

The Company issued bonds in an aggregate principal amount of US$350.0 million on 19 August 2013 priced at 99.686% of the principal amount that carries interest at 4% per annum and interest is payable semi-annually in arrears and will become mature on 19 August 2018, unless redeemed earlier. The carrying amount of the bond payables was US$354.7 million as at 30 June 2017.

***Loans from Fellow Subsidiaries***

Loan from China Clean Energy Development Limited, a fellow subsidiary of the Company, amounted to US$450.0 million as at 30 June 2017 and 31 December 2016, is unsecured, interest bearing at 4.5% per annum and repayable in 2025. It is shown as non-current liability as at 30 June 2017 and 31 December 2016.

Loan from CGNPC Huasheng Investment Limited, a fellow subsidiary of the Company, amounted to US$39.6 million as at 31 December 2016 was unsecured, interest bearing at 4.75% per annum and repayable in 2017. It was shown as current liability as at 31 December 2016. This loan has bean repaid in full during the six months ended 30 June 2017.

***Capital Expenditures***

The Group's capital expenditures decreased by US$10.9 million to US$16.7 million in the first half of 2017 from US$27.6 million in the first half of 2016, mainly due to the decreased capital expenditures incurred by our wind power and solar power projects.

***Contingent Liabilities***

As at 30 June 2017 and 31 December 2016, the Group had no material contingent liabilities.

### *Pledged Assets*

The Group pledged certain property, plant and equipment, trade receivables, land use rights and bank deposits for credit facilities granted to the Group. As at 30 June 2017, the total book value of the pledged assets amounted to US$1,328.8 million.

### *Employees and Remuneration Policy*

As at 30 June 2017, the Group had about 1,719 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 2017, power investment in the PRC continuously slowed down and clean energy played a significant role in the power structure. From January to June, the electricity generated from wind power with nationwide scale reached 149.0 TWh, representing a growth of 21.0% as compared to the same period of last year. In the first half of 2017, the newly commissioned installed capacity of solar power amounted to 23.6 GW, increased by 6.0 GW as compared to the same period of last year.

In terms of the power market in the PRC, PRC's macro-economy was stable and trended upward, and the growth of total power consumption has recovered slightly. As of 30 June 2017, the total power consumption in PRC was 2,950.8 TWh, representing a year-on-year growth rate of 6.3%. The outcome of supply-side reform in power was excellent. The power supply in PRC basically matched the demand, although oversupply still existed in some areas. Due to the large increase in fuel costs, the profit of coal-fired power enterprises narrowed.

In respect of Korean power market, the electricity demand was weak and in addition with the commissioning of new power plants intensify the competition in the power market. Furthermore, due to the rising price of natural gas, the profitability of Korean gas-fired power generation companies was affected. However, the average system marginal price ("**SMP**") of KRW84 per kWh, representing a year-on-year increase of 6.3%, offset the loss on profit.

## 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 Korean power markets. Our business in the PRC covers 9 provinces, an autonomous region and a municipality with wide geographical coverage and diversified business scope. As of 30 June 2017, the operations in the PRC and Korea accounted for approximately 59.0% and 41.0% of our attributable installed capacity of 4,984.6 MW respectively. Clean and renewable energy projects (namely wind, solar, gas-fired, hydro and fuel cell projects) accounted for 64.5% of our attributable installed capacity; and conventional energy projects (namely coal-fired, oil-fired and cogen projects) accounted for 35.5% of our attributable installed capacity.

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

| US$' million | Gas-fired projects | Coal-fired, cogen and steam projects | Oil-fired project | Hydro projects | Wind projects | Solar projects | Corporate | Total |
|---|---|---|---|---|---|---|---|---|
| **For the six months ended 30 June 2017** | | | | | | | | |
| Revenue | 305.1 | 83.0 | 15.6 | 15.7 | 68.8 | 19.1 | 17.2 | 524.5 |
| Operating expenses | 280.3 | 76.4 | 6.7 | 9.0 | 31.5 | 8.3 | 22.4 | 434.6 |
| Operating profit | 24.8 | 6.6 | 8.9 | 6.7 | 37.3 | 10.8 | (5.2) | 89.9 |
| Profit for the period | 12.6 | 8.6 | 4.9 | 5.4 | 19.1 | 5.0 | (19.7) | 35.9 |
| Profit attributable to the owners of the Company | 11.9 | 7.8 | 4.9 | 5.3 | 18.9 | 5.0 | (19.7) | 34.1 |
| **For the six months ended 30 June 2016** | | | | | | | | |
| Revenue | 347.4 | 92.2 | 11.8 | 20.5 | 63.2 | 18.8 | 11.8 | 565.7 |
| Operating expenses | 310.4 | 65.1 | 6.3 | 9.4 | 30.8 | 9.5 | 17.3 | 448.8 |
| Operating profit | 37.0 | 27.1 | 5.5 | 11.1 | 32.4 | 9.3 | (5.5) | 116.9 |
| Profit for the period | 17.7 | 34.9 | 3.7 | 8.6 | 13.3 | 4.6 | (24.5) | 58.3 |
| Profit attributable to the owners of the Company | 15.1 | 28.7 | 3.7 | 8.5 | 13.1 | 4.6 | (24.5) | 49.2 |

The attributable installed capacity of the Group's power assets as at 30 June 2017 and 2016 by fuel type are set out as follows (MW):

| | **30 June 2017** | 30 June 2016 |
|---|---|---|
| **Clean and renewable energy portfolio** | | |
| Wind | **1,201.2** | 1,201.2 |
| Solar | **199.0** | 198.3 |
| Gas-fired | **1,677.5** | 1,775.7 |
| Hydro | **137.3** | 137.3 |
| Subtotal | **3,215.0** | 3,312.5 |
| **Conventional energy portfolio** | | |
| Coal-fired | **1,187.6** | 1,187.6 |
| Oil-fired | **507.0** | 507.0 |
| Cogen | **75.0** | 75.0 |
| Subtotal | **1,769.6** | 1,769.6 |
| **Total attributable installed capacity** | **4,984.6** | 5,082.1 |

As of 30 June 2017, the attributable installed capacity of the Group's power plants reached 4,984.6 MW, representing a decrease of 97.5 MW or 1.9% as compared to the six months ended 30 June 2016, which was mainly due to the disposal of Hexie Power Project with an attributable installed capacity of 98.2 MW to an independent third party in the second half of 2016. As of 30 June 2017, the consolidated installed capacity of the Group's power plants reached 4,212.6 MW.

As of 30 June 2017, the net electricity generated by the Group's consolidated power generation projects amounted to 4,970.6 GWh, representing a decrease of 1,258.4 GWh or 20% compared with the six months ended 30 June 2016. The net electricity generated by wind power projects and solar power projects reached 955.3 GWh and 147.6 GWh, representing growth rates of 11.0% and 9.9%, respectively. The total steam sold by the Group amounted to 1,578,000 tonnes, representing an increase of 21,000 tonnes with a growth rate of 1.4% as compared with the six months ended 30 June 2016 mainly due to the increase in demand and number of customers.

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

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

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

| | For the six months ended 30 June | |
|---|---|---|
| | **2017** | 2016 |
| PRC Gas-fired Projects *(2)* | **127** | 705 |
| Korea Gas-fired Projects *(3)* | **1,894** | 2,503 |
| PRC Coal-fired Projects *(4)* | **1,784** | 1,762 |
| PRC Cogen Projects *(5)* | **2,760** | 3,051 |
| PRC Hydro Projects *(6)* | **1,820** | 2,123 |
| PRC Wind Projects *(7)* | **833** | 757 |
| PRC Solar Projects *(8)* | **745** | 702 |

*Notes:*

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

(2) Average utilization hour for the PRC gas-fired projects decreased mainly due to the cessation of operation of Weigang Power Project since the end of June 2016 and the lower local demand at Hanneng Power Project.

(3) Our Korea gas-fired power projects had lower utilization hour in the first half of 2017 mainly due to the lower electricity generation by Yulchon II Power Project.

(4) Average utilization hour for the PRC coal-fired projects in the first half of 2017 remained stable as compared to last year.

(5) Average utilization hour for the PRC cogen projects decreased mainly due to the decrease in local demand in the first half of 2017.

(6) Average utilization hour for the PRC Hydro projects decreased mainly due to the decrease in rainfall in the Guangxi Province in the first half of 2017.

(7) Average utilization hour for the first half of 2017 for the PRC wind projects was 833. Average utilization hours for the PRC wind projects operating in the Shandong province, the Zhejiang province and the Gansu province were 1,148, 931 and 723, respectively in the first half of 2017. Average utilization hour for the PRC wind power projects increased mainly due to the following two reasons: i) domestic wind power curtailment became less frequent in the first half of 2017; and ii) the average speed of wind in Shandong Province was higher than that of last year.

(8) Average utilization hour for the first half of 2017 for the PRC solar projects was 745. Average utilization hours for the PRC solar projects operating in the western region (Dunhuang I/II, Jinta, Xitieshan I/II/III, Wulan) and the eastern region (Jiaxing, Airport I/II, Shangyang, Laoling Tieying) of the PRC were 800 and 541, respectively in the first half of 2017. Average utilization hour for the PRC solar power projects increased mainly because domestic photovoltaic power curtailment became less frequent in the first half of 2017.

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 (inclusive of VAT)** *(1)*

| | | For the six months ended 30 June | |
|---|---|---|---|
| | **Unit** | **2017** | 2016 |
| PRC Gas-fired Projects *(2)* | RMB per kWh | **–** | 0.53 |
| Korea Gas-fired Projects *(3)* | KRW per kWh | **108.23** | 97.21 |
| PRC Coal-fired Projects | RMB per kWh | **0.43** | 0.43 |
| PRC Cogen Projects *(4)* | RMB per kWh | **0.46** | 0.45 |
| PRC Hydro Projects *(5)* | RMB per kWh | **0.36** | 0.39 |
| PRC Wind Projects | RMB per kWh | **0.56** | 0.56 |
| PRC Solar Projects *(6)* | RMB per kWh | **1.01** | 1.10 |
| **Weighted average tariff – steam (inclusive of VAT)** | | | |
| PRC Cogen Projects *(7)* | RMB per ton | **202.21** | 168.43 |

*Notes:*

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

(2) The weighted average tariff for the PRC gas-fired projects become nil due to the cessation of operation of Weigang Power Project since the end of June 2016.

(3) The weighted average tariff for Korea gas-fired projects includes the tariff for the 15.4 MW fuel cell projects owned by Yulchon I Power Project. The weighted average tariff for Korea gas-fired projects increased in the first half of 2017 which was in line with the increase in Korea gas price.

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

(5) The weighted average tariff of our PRC hydro projects decreased in the first half of 2017, mainly due to the following two reasons: i) the marketization of electricity trading during the first half of 2017 shows an increase over the same period of 2016, resulting in a decrease in overall average tariff; and ii) the benchmark tariff of high-water period in Sichuan was lowered in June 2017, resulting in a decrease in average tariff.

(6) The weighted average tariff of our PRC solar projects decreased in the first half of 2017 due to keen competition of involvement in electricity bid trading.

(7) The increase in the weighted average tariff – steam in the first half of 2017 was in line with the increase in PRC coal price.

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

| | | **For the six months ended 30 June** | |
|---|---|---|---|
| | **Unit** | **2017** | 2016 |
| PRC weighted average gas price *(1) (2) (3)* | RMB per normal cubic meter (“**Nm³**”) | **2.10** | 2.10 |
| PRC weighted average standard coal price *(1) (4)* | RMB per ton | **781** | 459 |
| Korea weighted average gas price *(1) (5)* | KRW per $Nm^3$ | **529** | 476 |

*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 gas price excludes the gas price for Weigang Power Project, which exclusively used blast furnace gas.

(3) Our PRC weighted average gas price in the first half of 2017 remained stable compared to the first half of 2016.

(4) The PRC weighted average standard coal price in the first half of 2017 increased compared to the first half of 2016 due to a strong demand in the market.

(5) Our Korea weighted average gas price in the first half of 2017 increased compared to the first half of 2016 due to the increase in market gas prices, as indicated by the Japanese Crude Cocktail, a measurement of average prices of crude oil imported into Japan and an important determinant of natural gas prices in Korean markets. Yulchon I Power Project power purchase agreement (“**PPA**”) allows us to contractually incorporate fuel cost fluctuations in the tariff charged to our customers.

## IV. Risk Factors and Management

***Risks Relating to the Industry***

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

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

***Risk Relating to Fuel Cost***

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

***Interest Rate Risk***

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

***Foreign Exchange Risk***

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

As disclosed in the Company's annual report for the financial year ended 31 December 2016, the Company issued bonds in an aggregate principal amount of US$350 million on 19 August 2013 which will mature on 19 August 2018, unless redeemed earlier. In order to hedge against the Company's currency risk in relation to the possible depreciation of RMB against U.S. dollars, we have entered into two foreign exchange forward trades in the aggregate principal amount and maximum limit of US$140 million with a financial institution. Please refer to the announcement of the Company dated 26 May 2017 for further details of such foreign exchange forward trades.

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

## V. Prospects

With the deepening of the energy reform and continual energy restructuring, the market share of clean energy will continue to grow. "2017 Energy Work Guidance"(《2017年能源工作指導意見》) was published by National Energy Administration in February 2017, aiming to promote the development of non-fossil energy and give a clear picture of the goal of clean energy development. The guidance proposes to develop wind power steadily and develop solar power vigorously. It is foreseeable that there is huge potential for clean energy power generation. Wind power projects with a capacity of 25 GW are planned to be built in the year with a newly-added installed capacity of 20 GW. Solar power projects with a capacity of 20 GW are planned to be built in the year with a newly-added installed capacity of 18 GW.

The Group will continue to give full play to its role as CGN's sole global platform for the development and operation of non-nuclear clean and renewable power generation projects. The Group will also continue to acquire clean and renewable power generation projects with solid returns from CGN. Meanwhile, we will continue to seek acquisition opportunities in relation to other high quality clean and renewable power generation projects. Furthermore, although the Group is confronted with different challenges with respect to utilization hours, power curtailment, coal prices, exchange rates and interest rates, etc., we will actively seize development opportunities in the industry to enhance its profitability to reward our Shareholders.

# EVENTS OCCURRING AFTER THE REPORTING PERIOD

No other important event or transaction affecting the Group has taken place after 30 June 2017.

## USE OF PROCEEDS

The Company was listed on the Main Board of the Stock Exchange on 3 October 2014. Net proceeds from the global offering (including the proceeds from the exercise of the over-allotment option) were approximately HK$1,966.1 million (after deducting the underwriting fees and commissions and other listing-related expenses). As at 30 June 2017, the unutilised proceeds of approximately HK$577.6 million were kept in current accounts with banks.

**Use of net proceeds from global offering**

| | **Percentage to total amount** | **Net proceeds** *(HK$ million)* | **Utilised amount (up to 30 June 2017)** *(HK$ million)* | **Unutilised amount (up to 30 June 2017)** *(HK$ million)* |
|---|---|---|---|---|
| Acquisition of clean and renewable power projects from CGN, the parent company of the Company | 70% | 1,376.3 | 1,376.3 | – |
| Acquisition of operational power projects and development of greenfield projects acquired from independent third parties | 30% | 589.8 | 12.2 | 577.6 |
| | | 1,966.1 | 1,388.5 | 577.6 |

## 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 2017.

## CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2017, 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 2017.

## REVIEW OF INTERIM RESULTS

The Group's unaudited consolidated interim results for the six months ended 30 June 2017 have been reviewed by the audit committee of the Company.

## INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 June 2017.

## 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 |
| "CGNPC Huamei" | CGNPC Huamei Investment Limited (中廣核華美投資有限公司), an indirectly wholly-owned subsidiary of CGN incorporated in Hong Kong with limited liability and the immediate shareholder of the Company |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Company" | CGN New Energy Holdings Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange |

| | |
|---|---|
| "Consolidated Installed Capacity" | the aggregate installed capacity of our project companies that we fully consolidated in our consolidated financial statements. It is calculated by including 100% of the installed capacity of our project companies that we fully consolidate in our consolidated financial statements and are deemed as our subsidiaries. Consolidated Installed Capacity does not include the capacity of our associated companies |
| "Corporate Governance Code" | Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules |
| "Daesan I Power Project" | a 507.0 MW oil-fired project in Korea |
| "Directors" | the directors of the Company |
| "Group" | the Company and its subsidiaries from time to time |
| "GW" | gigawatt, equal to one million kilowatts |
| "GWh" | gigawatt-hour, or one million kilowatt-hours. GWh is typically used as a measure for the annual energy production of large power projects |
| "Hanneng Power Project" | a 176.5 MW gas-fired project in Hubei, the PRC |
| "Hexie Power Project" | a 98.2 MW gas-fired project in Sichuan, the PRC |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | The Hong Kong Special Administrative Region of the PRC |
| "Korea" | the Republic of Korea |

| | |
|---|---|
| "KRW" | Korean Won, the lawful currency of the Republic of Korea |
| "kWh" | kilowatt-hour, the standard unit of energy used in the power industry. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour |
| "Listing" | the listing of the Shares on the Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time) |
| "Model Code" | Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules |
| "MW" | megawatt, or one million watts. The installed capacity of power projects is generally expressed in terms of MW |
| "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 |
| "Shareholders" | the shareholders of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "TWh" | terawatt-hour, or one million megawatt-hours. TWh is typically used as a measure for the annual energy production of a region or a country |

| | |
|---|---|
| "US$" | United States dollars, the lawful currency of the United States of America |
| "Weigang Power Project" | a 50.0 MW blast furnace gas-fired project in Shanghai, the PRC |
| "Yulchon I Power Project" | a 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.**
**Lin Jian**
*President and Executive Director*

Hong Kong, 16 August 2017

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

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