新能源
New Energy

中國廣核新能源控股有限公司
CGN New Energy Holdings Co., Ltd.

(Incorporated in Bermuda with limited liability)
Stock Code : 1811.HK

ANNUAL REPORT
2019

Doing Things Right in One Go

Contents

Corporate Information

REGISTERED OFFICE

Victoria Place
31 Victoria Street
Hamilton HM10
Bermuda

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor
Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

STOCK CODE ON THE STOCK EXCHANGE OF HONG KONG LIMITED

1811

COMPANY'S WEBSITE

www.cgnne.com

BOARD OF DIRECTORS

Chairman and Non-executive Director

Mr. Chen Sui

Executive Directors

Mr. Li Yilun *(President)*
Mr. Zhang Zhiwu (appointed on 22 January 2020)

Corporate Information

Non-executive Directors

Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping

Independent Non-executive Directors

Mr. Wang Minhao
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick

Members of the Audit Committee

Mr. Leung Chi Ching Frederick *(Chairman)*
Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping (appointed on 22 January 2020)
Mr. Yang Xiaosheng

Members of the Remuneration Committee

Mr. Wang Minhao *(Chairman)*
Mr. Xing Ping
Mr. Yang Xiaosheng

Corporate Information

Members of the Nomination Committee

Mr. Chen Sui *(Chairman)*
Mr. Wang Minhao
Mr. Yang Xiaosheng

Members of the Investment and Risk Management Committee

Mr. Yao Wei *(Chairman)* (resigned on 22 January 2020)
Mr. Xing Ping *(Chairman)* (appointed on 22 January 2020)
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick (appointed on 22 January 2020)

Company Secretary

Mr. Lee Kin

Authorized Representatives

Mr. Li Yilun (with Mr. Wong Chun Cheong as his alternate)
Mr. Lee Kin

LEGAL ADVISER

Hong Kong Law

Eversheds Sutherland
37/F, One Taikoo Place
Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35th Floor, One Pacific Place
88 Queensway
Admiralty
Hong Kong

Corporate Information

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor
North Cedar House
41 Cedar Avenue
Hamiton HM12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Center
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
34/F, ICBC Tower
3 Garden Road
Hong Kong

Bank of China (Hong Kong) Limited
9/F, Bank of China Tower
1 Garden Road
Hong Kong

China Development Bank Corporation, Hong Kong Branch
Suites 3307-3315
33/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
13/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Major Events in 2019

March

- Announced the annual results for 2018
  Convened the 2018 annual results meeting
  Conducted the non-deal roadshow for 2018 annual results after the meeting

May

- Convened the 2019 annual general meeting

2019

May

- The 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

May

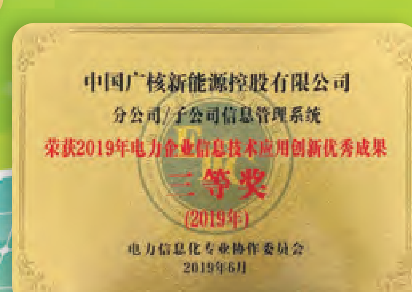
- Won three HKIRA awards, namely “Best IR by Chairman/CEO”, “Best IR Company” and “Best Investor Meeting”

May

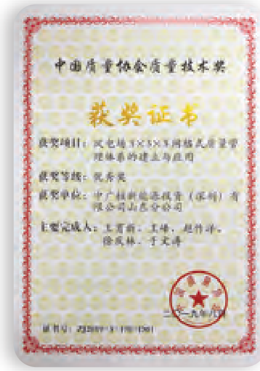
- Conducted the 2019 summer reverse roadshow in Ningbo, Zhejiang Province

June

- Received the “Second Class Prize for 2019 Outstanding Achievement in Innovative Application of Information Technology among Power Enterprises” for the Company’s mobile inspection service platform and the “Third Class Prize for 2019 Outstanding Achievement in Innovative Application of Information Technology among Power Enterprises” for the information management system of a branch office/subsidiary



Major Events in 2019



July

- The Minqin II wind power project in Gansu Province was awarded with the “Second Class Prize for Innovation Achievement in Equipment Management in the PRC” for its management achievement in “internal technological upgrade of communication slip rings of the wind turbine electric system”

August

- Received the 2019 Award for Excellence in Quality Technology issued by the China Association for Quality for the project of “Establishment and Application of the 3 x 3 x 3 Grid-style Quality Management System for Wind Farms” under the Anqiu Huangminshan wind power project in Shandong Province

August

- Announced the interim results for 2019
  Convened the 2019 interim results meeting
  Conducted the non-deal roadshow for 2019 interim results after the meeting

August

- The Anqiu Huangminshan wind power project in Shandong Province was named as the 2018 Outstanding Wind Farm in the Power Industry with a 5A rating

November

- Received the “InnoESG” Prize

December

- The Taigu Fancun project in Shanxi Province with a capacity of 99 MW was connected to the grid

December

- The Dangtu fishing-photovoltaic project with a capacity of 260 MW in Anhui Province was connected to the grid

December

- Received the "Hong Kong Corporate Governance Excellence Award"

Chairman's Statement

Chen Sui
Chairman

Continuing our adherence to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence", we strengthen the building of core competence and take charge of business management to continuously maintain quality development.

Chairman's Statement

Dear Honourable Shareholders,

In 2019, PRC promulgated a number of policies such as grid parity, competitive bidding, quota system and incremental power distribution, with unprecedented scale of reform of the new energy industry and the development of wind power and photovoltaic power is entering into a new era of grid parity and competitive bidding. With the joint efforts of all staff of the Company, we are bold to explore, keep innovating and respond to changes and challenges in the industry.

In 2019, PRC vigorously promoted the energy development of transformation to green low-carbon. In 2020, the National Energy Work Conference emphasized the orderly development of quality and advanced production capability as well as active advancement of grid parity, continuing to raise the proportion of the installed capacity of clean energy. As of 31 December 2019, the installed capacity of wind power and photovoltaic power reached approximately 210.1 GW and 204.7 GW respectively, representing an increase of 14.0% and 17.4% from last year.

BUSINESS DEVELOPMENT AND OPERATING RESULTS

Continuing our adherence to the basic principles of "Safety First, Quality Foremost and Pursuing Excellence", the Company worked earnestly and meticulously, achieving new heights. The Company proactively responds to market-oriented reform, clarify goals and tasks, strengthen the building of core competence, take charge of business management, grow profit steadily and continue to maintain quality development.

With comprehensive strength of the Company significantly improved, profit attributable to shareholders amounted to approximately US$111.2 million, representing an increase of approximately 26.1% compared with last year; basic earnings per share of the Company reached approximately US$2.59 cents (equivalent to HK$20.22 cents per share). As at 31 December 2019, the attributable installed capacity of the Group's power plants reached 6,286.0 MW, representing a year-on-year increase of 1,011.5 MW or 19.2%.

With the accelerated breakthrough and innovation of the capabilities of production, operation and maintenance of the Company, the construction of informatized and intelligent operation and maintenance system is continuously improved. In 2019, the power generation of the Company reached 13,541.0 GWh, representing a year-on-year increase of 1.8%. Construction level of the Company continued to break records. The project of "Establishment and Application of Wind Farm 3×3×3 Grid Quality Management System" of Anqiu Huangminshan in Shandong Province is awarded with Excellence in Quality and Technology by China Association for Quality 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", 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.

The Company is unswervingly following the path of quality and sustainable development and implements a stable and transparent corporate governance system. The Company jointly held the 2019 Forum on Innovation and Development of the Wind Power Industry in PRC and Summit Forum on Intelligent Operation and Maintenance of Offshore Wind Power in PRC with relevant organizations, highlighting our status in the industry. In 2019, the Company won several awards in the capital market, including Excellence in Corporate Governance in Hong Kong jointly awarded by Chamber of Hong Kong Listed Companies and Centre for Corporate Governance and Financial Policy School of Business of the Hong Kong Baptist University, three awards in the 5th Hong Kong Investor Relations Association (HKIRA), "InnoESG" award, etc.

FUTURE PROSPECTS

With new energy being the main force for the future development of the power industry, the Company is firmly confident in developing the new energy industry. At present, large-scale development of grid parity and competitive bidding is a big trend. In the coming new era of wind power and photovoltaic power, the industry will further integrate the upstream and downstream industry chains, reduce management losses and quality losses, while improving the long-term reliability of equipment and reducing long-term operation and maintenance costs by addressing technical issues. In 2020, the Company will pursue its original intention, work hard to press ahead, continue to enhance the brand value of "CGN New Energy" and influence in the industry, and reward shareholders and society with performance of the highest quality.

Chen Sui
Chairman

28 April 2020

President's Statement

Li Yilun
President

With an aim to thoroughly achieve high-quality and sustainable development, we will adhere to reform and innovation for enhancing and expanding our new energy business.

President's Statement

Dear Honourable Shareholders,

In the year of 2019, under the leadership of the Board of the Company and with the concerted efforts of all staff, the Company proactively responded to national policies on energy, actively adapted to the economic conditions, thoroughly studied industry policies, captured the market trends in advance and took a series of measures for innovation and reform to promote its high-quality development, thereby consistently adhering to the basic principles of Safety First, Quality Foremost and Pursuing Excellence" along with the core value of "Doing Things Right in One Go".

INDUSTRY LANDSCAPE

Currently, the renewable energy is still in a critical period of strategic opportunity for development, while our nation is conducting a thorough implementation of the new energy security strategy featuring "Four Revolutions and One Collaboration" and accelerating the establishment of a clean, efficient, safe, and low-carbon modern energy system. Looking ahead to the 14th Five-Year Plan, wind power and photovoltaic power are expected to become the lowest-cost renewable power technology, and the renewable energy industry will embrace even greater development opportunities.

BUSINESS DEVELOPMENT AND OPERATION MANAGEMENT

In 2019, the Company upheld high-quality development, constantly improved the core competitiveness, and steadily expanded the business scale. 12 new wind power projects and 10 new solar power projects contributed to an additional 624.6 MW and 478.6 MW of total installed capacity respectively.

The Company adhered to the implementation of its corporate culture, as well as committed to make scientific judgement and decision, to comply with laws and regulations and to do things right in one go in various aspects of all projects, including preliminary development, investment review, project construction and operation maintenance. Under the general direction of pursuing excellence and in marching towards the ultimate goal of high-quality and sustainable development, the Company proactively responded to internal and external developments and always gave priority to securing production safety, enlarging the scale of operation and improving production efficiency, thus comprehensively accomplishing all the operation and production targets for the year of 2019. The total power generation of the Company amounted to 13,541.0 GWh in 2019, representing a year-on-year increase of approximately 1.8%.

In face of market changes and industry revolution, the Company took an active role to capitalise on development opportunities with the plan of developing offshore wind power projects and regaining a foothold in the "three northern regions". In 2019, the Company successfully won the bidding for wind power projects with a total capacity of 75 MW and photovoltaic parity projects with a total capacity of 602.2 MW. The Company's projects were included in the national indicative grid parity wind power and photovoltaic power projects with an installed capacity of 720 MW, thus providing a strong support to the onward sustainable development of the Company. 397 MW capacity of distributed wind power projects was included in the wind power development plans. It is expected that the new operating capacity in 2020 will maintain steady growth.

PROSPECTS

The year of 2020 is the closing year of the 13th Five-Year Plan and the opening year of the 14th Five-Year Plan. With an aim to thoroughly achieve high-quality and sustainable development, the Company will adhere to reform, innovation and comprehensive improvement in terms of market development, project construction, operation maintenance, cost control and talent pool building, and constantly strengthen the six security means including safety, compliance with law and regulations, anti-corruption, capital control, risk control and information construction, thus ensuring the realisation of the development goal for 2020, as well as enhancing and expanding our new energy business.

Li Yilun
President

28 April 2020

Distribution of Projects

Wind | Solar | Gas-fired | Cogen | Coal-fired | Oil-fired | Hydro | Steam

Henan

	Total Installed Capacity	Equity
Lankao Lanyang	10 MW	100%
Yuzhou Changzhuang	76 MW	100%
Fugou Caoli	20 MW	100%
Xuchang Yanling	79.2 MW	100%
Yongcheng Hanxing	50 MW	100%
Shenqiu Zhaodeying	10 MW	100%
Shenqiu Fanying	10 MW	100%
Puguang	250 MW	59.5%
Jiyuan Juli	5.7 MW	100%

Gansu

	Total Installed Capacity	Equity
Beiba	199.5 MW	100%
Minqin I	49.5 MW	100%
Minqin II	49.5 MW	100%
Hongshagang	400 MW	100%
Daliangdong	47.5 MW	100%
Daliangbei	47.5 MW	100%
Liuyuan	49.5 MW	60%
Jinta	9 MW	100%
Dunhuang I	9 MW	100%
Dunhuang II	9 MW	100%
Jiuquan	60 MW	100%

Qinghai

	Total Installed Capacity	Equity
Haorun	50 MW	100%
Xitieshan I	10 MW	100%
Xitieshan II	30 MW	100%
Xitieshan III	60 MW	100%
Wulan	30 MW	100%
Ledu	30 MW	100%

Sichuan

	Total Installed Capacity	Equity
Mianyang	51 MW	75%

Hunan

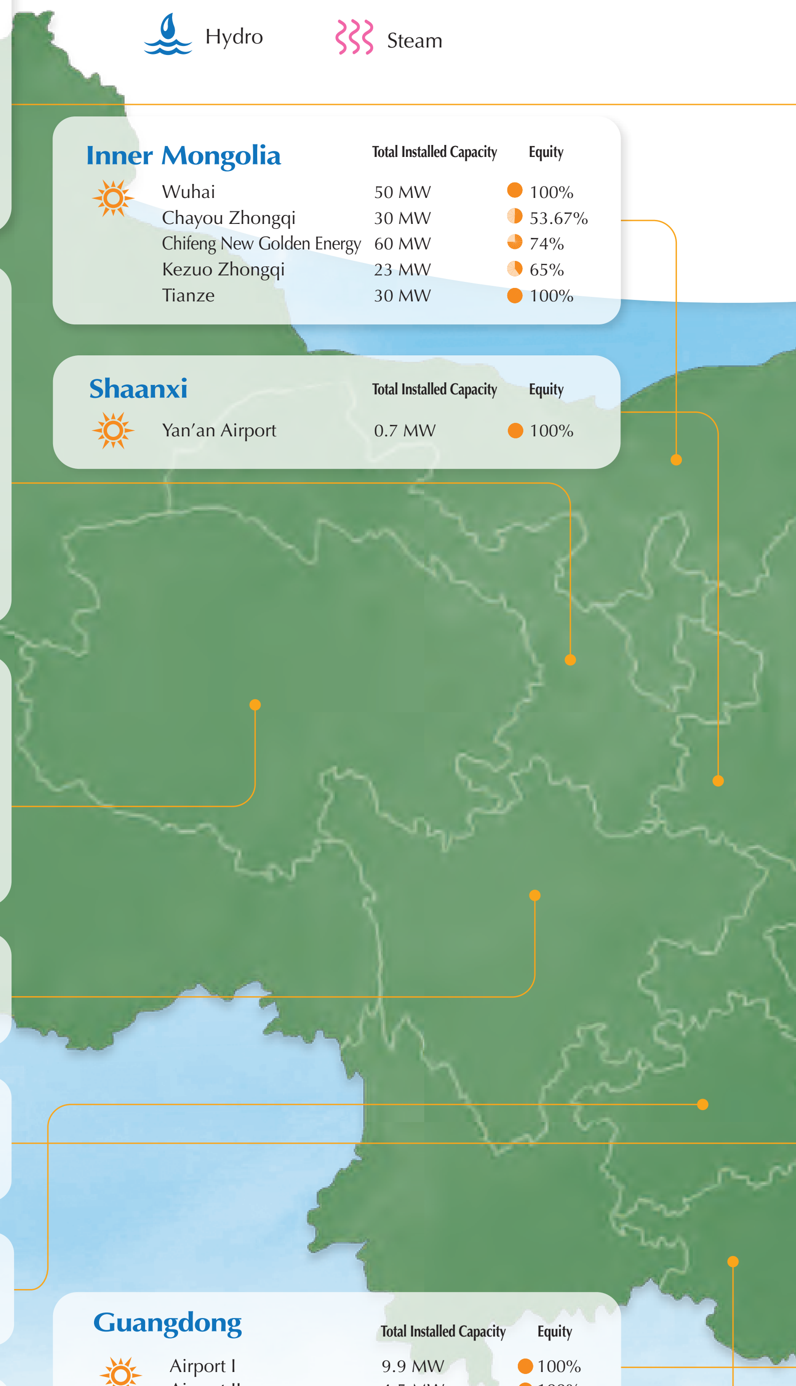
	Total Installed Capacity	Equity
Jiajia	6 MW	100%
XEMC	8.5 MW	100%

Guizhou

	Total Installed Capacity	Equity
Zhenfeng	30 MW	100%

Guangxi

	Total Installed Capacity	Equity
Fushi I	54 MW	70%
Fushi II	18 MW	100%
Zuojiang	72 MW	60%



Inner Mongolia

	Total Installed Capacity	Equity
Wuhai	50 MW	100%
Chayou Zhongqi	30 MW	53.67%
Chifeng New Golden Energy	60 MW	74%
Kezuo Zhongqi	23 MW	65%
Tianze	30 MW	100%

Shaanxi

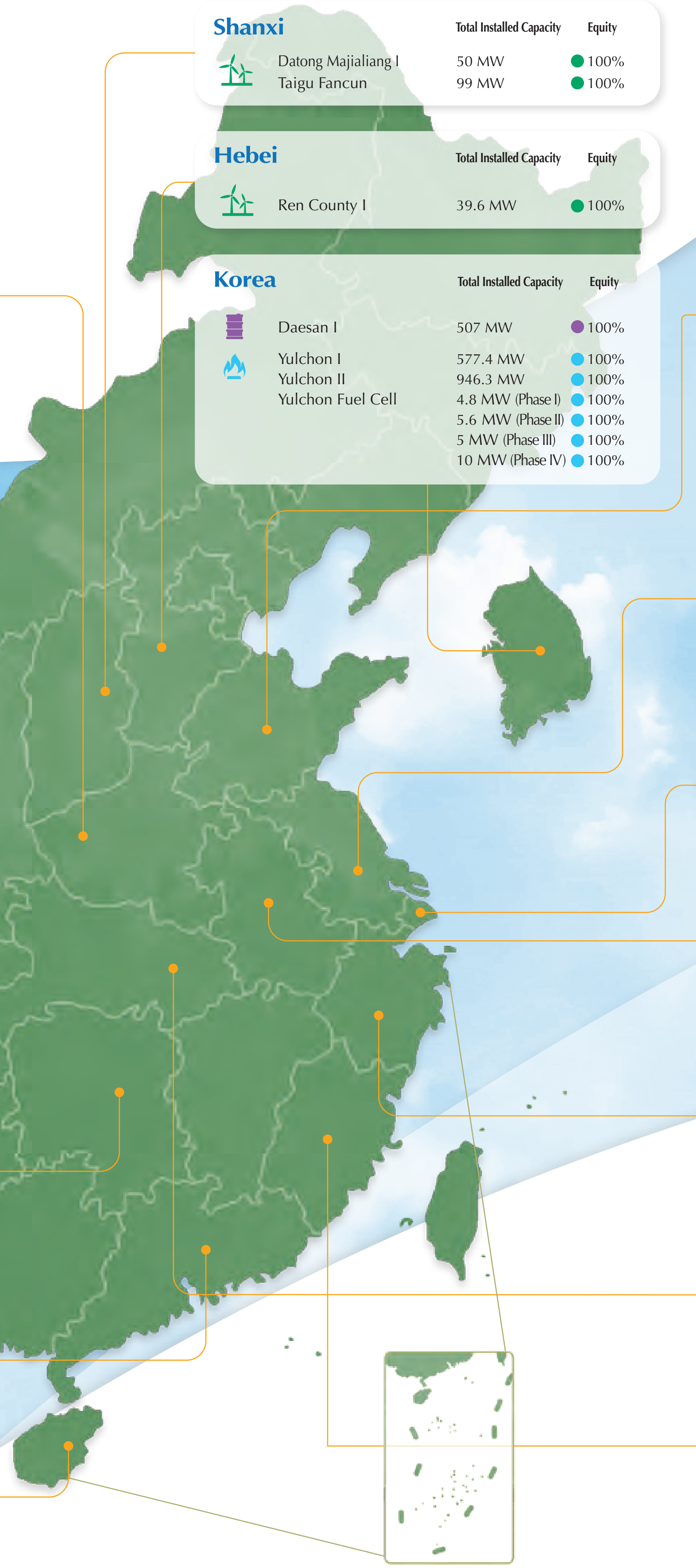
	Total Installed Capacity	Equity
Yan'an Airport	0.7 MW	100%

Guangdong

	Total Installed Capacity	Equity
Airport I	9.9 MW	100%
Airport II	4.5 MW	100%
Shangyang	2 MW	100%

Hainan

	Total Installed Capacity	Equity
Wenchang Liyang	20 MW	100%



Shanxi

	Total Installed Capacity	Equity
Datong Majialiang I	50 MW	100%
Taigu Fancun	99 MW	100%

Hebei

	Total Installed Capacity	Equity
Ren County I	39.6 MW	100%

Korea

	Total Installed Capacity	Equity
Daesan I	507 MW	100%
Yulchon I	577.4 MW	100%
Yulchon II	946.3 MW	100%
Yulchon Fuel Cell	4.8 MW (Phase I)	100%
	5.6 MW (Phase II)	100%
	5 MW (Phase III)	100%
	10 MW (Phase IV)	100%

Shandong

	Total Installed Capacity	Equity
Tangwangshan I	20.4 MW	100%
Taipingshan I	49.3 MW	100%
Linqu Longgang	48 MW	100%
Liuwangzhuang	38.3 MW	100%
Shagou I	49.5 MW	100%
Tangwangshan II	49.5 MW	100%
Anqiu Huangminshan	59.4 MW	100%
Qingyun Zaoyuan	44 MW	87%
Laoling Zhuji	39.6 MW	100%
Laoling Tieying	15 MW	100%
Laoling Tieying II	20 MW	100%

Jiangsu

	Total Installed Capacity	Equity
Guangyang Lake	101.2 MW	51%
Haian	27 MW	100%
Nantong	63 MW	100%
Siyang Beichuan	31 MW	100%

Shanghai

	Total Installed Capacity	Equity
Jinqiao	240 tons/hour	60%
Tongce	4.5 MW	100%

Anhui

	Total Installed Capacity	Equity
Hefei Hi-tech Sinotrans	4.6 MW	100%
Dangtu	260 MW	100%
Dingyuan I	30 MW	100%

Zhejiang

	Total Installed Capacity	Equity
Ninghai Yishi	48 MW	100%
Tuci	30 MW	100%
Zhushan	45 MW	100%
Jiaxing	10.6 MW	100%

Hubei

	Total Installed Capacity	Equity
Hanneng	176.5 MW	60%
Huangshi I	660 MW	49%
Huangshi II	1,360 MW	49%

Fujian

	Total Installed Capacity	Equity
Fuchuan Yifan	8.9 MW	100%

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Financial and Operating Highlights

EBITDA[1]

(US$ million)

399

Increased by 15%
as compared with 2018

REVENUE

(US$ million)

1,276

Decreased by 6%
as compared with 2018

NET PROFIT ATTRIBUTABLE TO OWNER OF THE COMPANY

(US$ million)

111

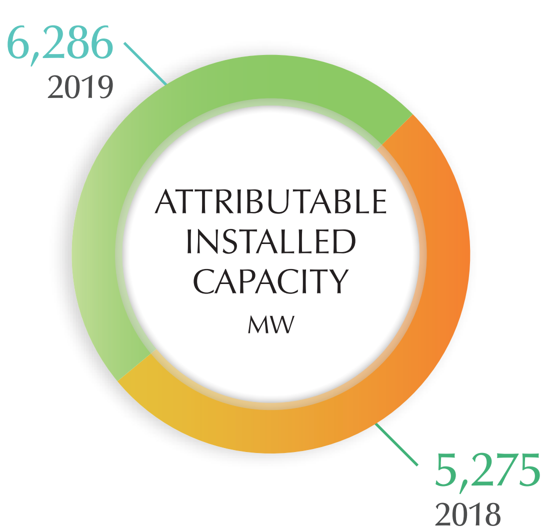
Increased by 26%
as compared with 2018

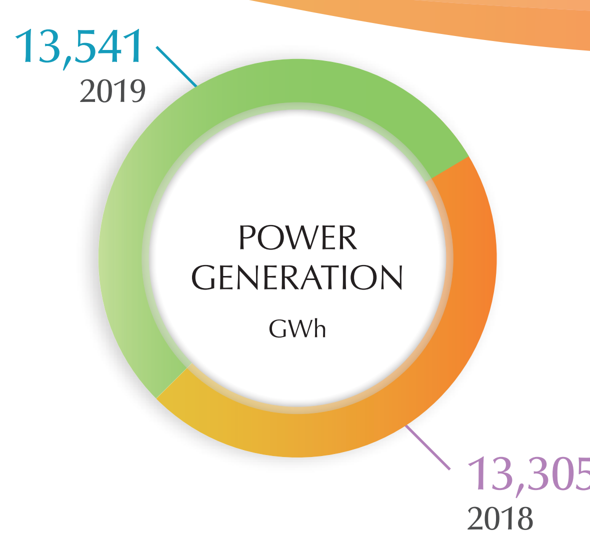
EPS

US cents per share

2.59

Increased by 26%
as compared with 2018





Note:
1. EBITDA is calculated by adding depreciation and amortization to the operating profit.

Management Discussion and Analysis

I. 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

II. 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 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.

Management Discussion and Analysis

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.

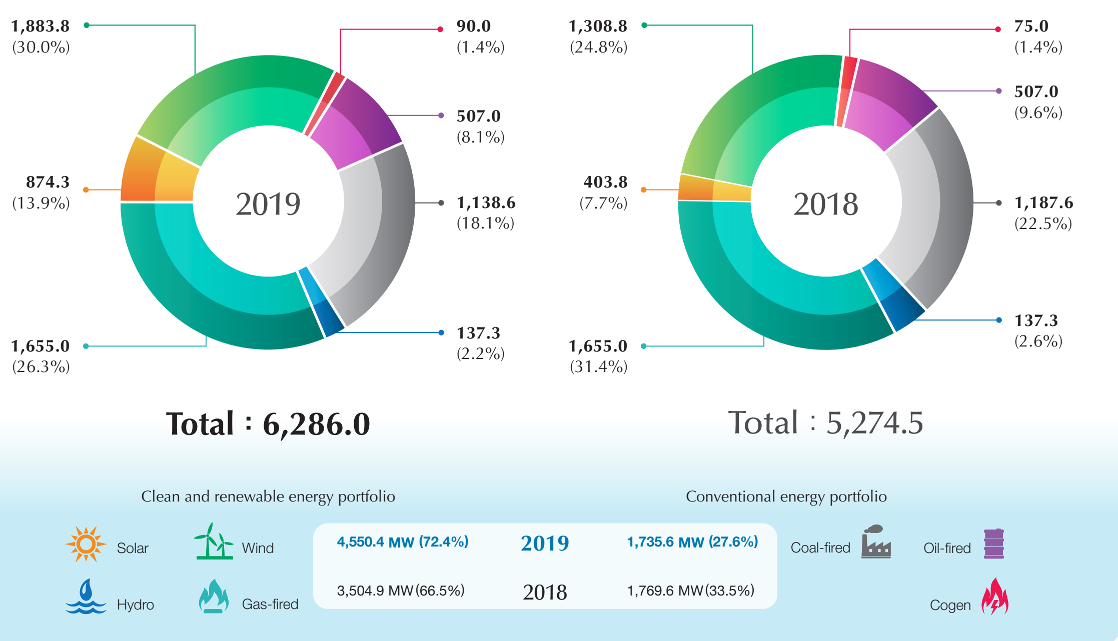
PRC Solar projects

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, 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 project of "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

Management Discussion and Analysis

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 Zhuang Autonomous Region 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.

Management Discussion and Analysis

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 Zhuang Autonomous Region 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.

Management Discussion and Analysis

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.

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.

Management Discussion and Analysis

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 *US$'000*	**Power plants in Korea** *US$'000*	**Management companies** *US$'000*	**Total** *US$'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 *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'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

Segment revenue for power plants in the PRC increased by 7.3%, which was mainly attributable to increase in revenue from wind, solar, coal-fired projects.

Segment revenue for power plants in Korea decreased by 13.7%, it was mainly due to the decrease in the electricity generation of power projects in Korea due to the increased reserve margin and the decreased electricity demand in Korea.

The Group provides management services to certain subsidiaries of CGN starting from May 2014. The increase in segment revenue from the management companies by 14.2% was mainly because the entrustment agreement with CGN in relation to certain overseas assets was renewed in 2019.

Segment results for power plants in the PRC increased by 28.3%, which was mainly due to the increase of profits from the new solar and wind power projects and the cost deduction as a result of decreased coal price of the coal-fired and cogen projects in PRC.

Segment results for power plants in Korea decreased by 19.7%, which 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.

Management Discussion and Analysis

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

The increase in both segment assets and liabilities for power plants in the PRC in 2019 was mainly due to acquisitions of subsidiaries, as well as increase in property, plant and equipment.

The increase in both segment assets and liabilities for power plants in Korea in 2019 was mainly due to the development of the new biomass project.

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

III. 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 Project 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.

Management Discussion and Analysis

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

Management Discussion and Analysis

	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

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

All bank borrowings at the end of the reporting period are denominated in the functional currency of the respective group entities that include RMB, USD and KRW. The bank borrowings of the Group carry interest rates which range from 1.75% to 6.62% (31 December 2018: 1.75% to 6.62%) per annum during the year ended 31 December 2019. The analysis of bank borrowings with fixed interest rate and floating interest rate is analysed below:

	As at 31 December	
	2019	2018
	US$'000	*US$'000*
Fixed rate	**673,859**	419,421
Floating rate	**1,924,038**	1,545,524
	2,597,897	1,964,945

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

The remuneration of senior management is determined by making reference to the performance of individuals and the Group and market trends. Remuneration of senior management (excluding directors) for the year ended 31 December 2019 were within the following bands:

	No. of senior management
HK$500,000 to HK$1,000,000 (Equivalent to US$64,000 to US$128,300)	3
HK$1,000,000 to HK$1,500,000 (Equivalent to US$128,300 to US$192,400)	5
HK$1,500,000 to HK$2,000,000 (Equivalent to US$192,400 to US$256,000)	2
HK$2,500,000 to HK$3,000,000 ((Equivalent to US$320,701 to US$384,900)	1
Total	11

Environmental Policies and Performance


XEMC distributed rooftop photovoltaic power project in Hunan Province


Lankao Yifeng wind power project in Henan Province (under construction)

Management Discussion and Analysis

PRC

Wind and Solar Projects

In order to protect and improve the living environment and the ecosystem, and to achieve energy conservation and emission reduction, the Group carries out eco-management initiatives pursuant to the Environmental Protection Law of the People's Republic of China(《中華人民共和國環境保護法》), Water and Soil Conservation Law of the People's Republic of China(《中華人民共和國水土保持法》)and other environmental laws and regulations. The Group performs detailed analysis, identification and screening of major environmental factors for wind power and solar power projects and power plants, and then worked out specific environmental protection requirements to cope with potential and adverse environmental impact. The Group adopts effective environment protection plans and measures for each aspect of the wind power and solar power projects in accordance with their nature, size and location. We are making progress in environmental protection and striving for the harmony between green power and our mother nature.

Hydro Projects

The hydro projects of the Group strictly comply with the environmental protection requirements of the local government. Being a renewable and clean energy resource, hydro projects almost discharge no pollutant. The requirements of the local government on hydro projects concern waste disposal, noise control, flow control and ecological protection.

Our requirements on waste disposal are implemented according to GB8978-1996 standard, we have achieved grade one standard in waste disposal with all indices up to standard. In respect of our requirements on noise control, they are implemented according to GBZ/T189.8-2007 "Work Place Physical Agents Measurement, Part VIII: Noise(《工作場所物理因素測量第8部分：噪音》)", GBZ2.2-2007 "Occupational Exposure Limits for Hazardous Agents in the Workplace, Part II：Physical Agents(《工作場所有害因素職業病接觸限制第2部分：物理因素》)" and Provision 20 of Order No.47 of State Administration of Work Safety, as well as the relevant requirements set out in the Laws on the Prevention and Control of Occupational Diseases(《職業病防治法》), all monitoring results are of the required standard, and there are no external complaints arising from noise emission. In respect of the flow control requirements for environmental protection, they are implemented according to the water resources distribution plan "One Station One Strategy" of local water authority, and there were no accidents caused by power generation flow change during the year ended 31 December 2019.

Thermal Projects (coal-fired, oil-fired, gas-fired including cogen)

The environmental protection systems and facilities of the Group's coal-fired and gas-fired power projects complied with applicable national and local environmental protection regulations. Environmental management in all of the Company's operating project companies met the relevant international standards and have been accredited with ISO14001 (environmental management system) certification. In addition, the Group's coal-fired and gas-fired power projects have their own environmental protection office and staff responsible for monitoring and operating its environmental protection equipment. Other than the "Continuous Emission Monitoring system (CEMS)", another "Remote Emissions Monitoring Systems (REMS)" are also equipped in all coal fired projects to continuously monitor power projects emissions at the relevant project companies. The Company has continued to invest substantially in energy saving and environmental upgrading facilities at the projects to comply with the regulations and emissions reduction. By the end of 2015, all de-sulfurizationation, de-nitration and particulate matter removal facilities have been installed and put into service as planned. By the end of 2017, the coal-fired power plants in operation (Nantong in Jiangsu, Puguang in Henan and Huangshi in Hubei) have all completed the "Ultra low emission" technical improvement to further reduce the emission of NOx and SO2, and have been receiving the environmental tariff rebate from the Government. The Jinqiao Steam Project in Shanghai, in complying with the local government environmental requirements, has completed its technical modification project in 2017 to switch to natural gas as the production fuel and has effectively reduced its air emission. The Group is of the view that the Group is not in material breach of any applicable environmental laws or regulations for the year ended 31 December 2019.

Air emissions of all existing thermal power plants in the PRC have met the more stringent new national emissions regulation, which became effective on 1 January 2012. According to the PRC Air Pollution Prevention Law(《中華人民共和國大氣污染防治法》), a penalty of up to RMB1,000,000 is levied for non-compliance. The environmental laws and regulations also impose fines on enterprises which violate such laws, regulations or decrees and provide for other sanctions including the possible closure of any power projects which fail to rectify activities that cause environmental damage. For the year ended 31 December 2019, the Company had not received any sanctions to cease operation or rectification to environmental damages.

Management Discussion and Analysis

Korea

The Group is committed to the establishment of good standards of environmental protection and management practices. The environmental policies and facilities of our power projects in Korea are in compliance with the applicable national and local environmental protection regulations in Korea. Our power projects in Korea have their own environmental protection offices and staffs responsible for monitoring and operating its environmental protection equipment. Environmental monitoring system required by the applicable national and local environmental protection regulations are equipped in our power projects in Korea. Environmental management in our operating project companies meet the relevant international standards and have been accredited with ISO14001 (environmental management system) certification.

In addition, our power projects in Korea have passed the relevant supervisory inspections by the local government for air emission levels and environmental management. The Group is of the view that the Group is not in material breach of applicable environmental laws or regulations for the year ended 31 December 2019.

Major Customers and Suppliers

Our primary customers are the electricity offtakers for our projects. Our primary suppliers are the fuel providers for our projects. Our largest customer is Korea Power Exchange ("**KPX**") and our largest supplier is Korea Gas Corporation ("**KOGAS**").

KPX is a non-profit, neutral and independent organization in South Korea's power industry. KPX ensures the reliability of power supply by coordinating the flow of electricity in all regions of South Korea. To secure future power reliability, KPX runs a sophisticated national planning process for generation and transmission expansion by active cooperation and coordination with the Korea government. KPX has become our largest customer since the combined cycle of Yulchon II Power Project commenced operations and we have maintained a business relationship with KPX since 2009.

KOGAS is an independent third party supplier of gas for Yulchon I Power Project, Yulchon I Fuel Cell Projects and Yulchon II Power Project in Korea. KOGAS is a publicly listed company on the Korean Exchange that engages in the production and distribution of gas in Korea. KOGAS was incorporated by the Korean government in 1983 and is the sole wholesale supplier of natural gas in Korea.

Other Update on the Properties in the PRC with Title Defects

Mianyang Sanjiang Meiya Hydropower Company Limited (綿陽三江美亞水電有限公司) is applying for the construction works commencement permit (建築工程施工許可證) and will begin the construction work upon obtaining it.

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

(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 Shanghai United Assets and Equity Exchange (“**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 Shanghai Meiya Jinqiao Energy Co., Ltd. (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 China General Nuclear Power Corporation, the controlling shareholder of the Company, that it is presently considering a proposal in respect of using its wholly-owned subsidiary, CGN Energy International Holdings Co., Limited, 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.

Biographies of Directors and Members of the General Manager Office

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

(1) Mr. CHEN Sui (陳遂)

Mr. CHEN Sui (陳遂), aged 55, is the Chairman and a non-executive Director. Mr. Chen has been a Director and the Chairman since 3 January 2014. He was re-designated from a non-executive Director to an executive Director on 26 January 2015 and was further re-designated as a non-executive Director on 12 July 2016. He is principally responsible for overall corporate strategies planning and business development of the Group. Mr. Chen also serves as the chairman of the nomination committee of the Company (the "**Nomination Committee**"). Mr. Chen Sui serves as the non-employee representative supervisor of the supervisory committee and chairman of the supervisory committee of CGN Power Co., Ltd. (中國廣核電力股份有限公司) (a company listed on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), Stock Code: 1816) ("**CGN Power**") with effect from 24 May 2017, the assistant president of China General Nuclear Power Corporation (中國廣核集團有限公司) ("**CGN**") with effect from 23 January 2018, and the chairman of CGN Energy Service Co., Ltd. (中廣核節能產業發展公司) with effect from 30 March 2017. He has been the chairman of the trade union of CGN since 10 October 2018 and a director representing ordinary employees of CGN since 22 October 2018. Mr. Chen was the chairman of CGN Nuclear Technology Development Co., Ltd. (中廣核核技術發展股份有限公司) (a company listed on the Shenzhen Stock Exchange, Stock Code: 000881) from 30 July 2018 to 8 October 2018. He resigned as a director of CGN Europe Energy Co., Ltd. (中廣核歐洲能源公司) on 16 April 2018. Mr. Chen has over 30 years of experience in strategic planning, renewable energy development, construction, operation management and energy conservation management. He has previously served as an assistant to the head of infrastructure planning division of the planning department of CGN, deputy general manager and manager of new energy development department of CGN Energy Development Co., Ltd. (中廣核能源開發有限責任公司), general manager of CGN Wind Energy Limited (中廣核風電有限公司) ("**CGN Wind Energy**"). Prior to joining CGN, Mr. Chen worked as project manager and department manager of the business enterprise department of China Energy Conservation Investment Corporation (中國節能投資公司), general manager of Beijing Guotou Energy Conservation Company (北京國投節能公司) under China Energy Conservation Investment Corporation. Mr. Chen received the qualification of Senior Engineer from the Senior Specialized Technical Services Qualification Committee for China Energy Conservation Investment Corporation (中國節能投資公司高級專業技術職務評審委員會) in December 2000. Mr. Chen obtained a Bachelor Degree in Engineering with a concentration in liquid rocket engine from National University of Defense Technology (國防科學技術大學) in July 1987 and a Master Degree in Management Engineering from Shanghai Jiao Tong University (上海交通大學) in November 1996.

PRESIDENT AND EXECUTIVE DIRECTOR

(2) Mr. LI Yilun (李亦倫)

Mr. LI Yilun (李亦倫), aged 47, the President and an executive Director. Mr. Li joined the Company in January 2015 and served as the senior vice president. Mr. Li is also currently serving as an executive director and general manager of CGN Wind Energy. Prior to joining the Company, Mr. Li held several positions in Inner Mongolia Wind Power Corporation (內蒙古風電公司) from July 1997 to June 2006, including operation inspector, supervisor and deputy head of infrastructure department, and head of production and technical department, as well as plant manager of wind power plant in Huitengxile (輝騰錫勒風電廠). He was the deputy director of Huanghai Wind Power Preparatory Office of Suzhou Nuclear Power Research Institute (蘇州熱工研究院有限公司) from June 2006 to April 2007. From April 2007 to March 2012, he served several positions in CGN Wind Power Company Limited (中廣核風力發電有限公司) ("**CGN Wind Power**") including deputy general manager of the Eastern China Branch, acting general manager of Jilin Branch, general manager of the Northeast China Branch and the assistant to the general manager of CGN Wind Power. Since March 2012, Mr. Li has been working in CGN Wind Energy. He was the deputy general manager from March 2012 to January 2015 and he was the deputy secretary to the Communist Party Committee from January 2015 to January 2018, and he has been the general manager since January 2015. Mr. Li obtained a Bachelor Degree in Engineering majoring in Power System and Automation from China Agricultural University (中國農業大學) in July 1997, and a Master Degree in Engineering majoring in Safety Technology and Engineering from Chinese University of Mining and Technology (中國礦業大學) in August 2005. Mr. Li holds profession qualification as a senior engineer in the People's Republic of China ("**PRC**").

Biographies of Directors and Members of the General Manager Office

EXECUTIVE DIRECTOR

(3) Mr. ZHANG Zhiwu（張志武先生）

Mr. ZHANG Zhiwu（張志武）, aged 50, was appointed as an executive Director on 22 January 2020. Mr. Zhang joined the Company as a senior vice president in December 2019. Prior to joining the Company, Mr. Zhang worked in the Salary and Welfare Department of the Ministry of Personnel from June 1995 to October 1998. He has successively served as a cadre member of the General Office and the deputy principal staff member of the Allowance Office. He took a temporary post and received training in the Economic and Trade Commission of Daxing County, Beijing（北京市大興縣經貿委）from May 1997 to May 1998; Mr. Zhang served as the deputy principal staff member of the General Welfare Office of the Salary, Welfare and Retirement Department of the Ministry of Personnel（人事部工資福利與離退休司綜合福利處）from October 1998 to November 1999, and served as the principal staff member of the fourth division of enterprise department of the Enterprise Leaders Administrative Bureau (Department of Personnel) of the Ministry of Personnel（人事部企業領導人員管理局（人事司）企業四處）from November 1999 to December 1999. He served as a section-level cadre member of the fourth division, the institution human resource division, and the third division of the State-owned Enterprises Working Committee Organization Department（中央企業工委組織部）from December 1999 to June 2003. From June 2003 to November 2010, Mr. Zhang worked in the second bureau of the Enterprise Leaders Administrative Bureau of the State-owned Assets Supervision and Administration Commission of the State Council（國務院國有資產監督管理委員會企業領導人員管理二局）, and successively served as the principal staff member of the sixth division, and positions such as assistant investigator, associate investigator, and investigator of the sixth division. He took a temporary post and received training in FAW Group Corporation（中國第一汽車集團公司）from October 2005 to October 2006. From November 2010 to January 2012, Mr. Zhang served as the deputy general manager of the human resources department of China Guangdong Nuclear Power Holding Co., Ltd.（中國廣東核電集團有限公司）, and was responsible for chairing. From January 2012 to December 2019, Mr. Zhang served as the director of the department of party affairs (renamed as the party team working division from January 2017 to June 2018) of China Guangdong Nuclear Power Holding Co., Ltd. (renamed as China General Nuclear Power Corporation（中國廣核集團有限公司）in April 2013). From March 2012 to December 2019, he served as the direct deputy secretary of the Party Committee of CGN. Mr. Zhang graduated with a Bachelor Degree in industrial engineering management from the University of Science and Technology Beijing（北京科技大學）in June 1992, a Master Degree in labor economics from the Beijing University of Economics（北京經濟學院）in June 1995, and a Doctorate Degree in national economics from the Guanghua School of Management, Peking University（北京大學光華管理學院）in July 2000.

NON-EXECUTIVE DIRECTOR

(4) Mr. XING Ping（邢平）

Mr. XING Ping（邢平）, aged 55, is a non-executive Director. Mr. Xing has been a Director since 9 April 2013. Mr. Xing serves as a member of the remuneration committee of the Company (the "**Remuneration Committee**") and appointed as a member of audit committee of the Company (the "**Audit Committee**") and chairman of investment and risk management committee of the Company (the "**IRM Committee"**) on 22 January 2020. Mr. Xing has almost 30 years of experience in corporate governance, investment and risk management, having previously served as the senior audit director and chief engineer of China Nuclear Power Engineering Co., Ltd.（中廣核工程有限公司）and senior engineer at Lingao Nuclear Power Co., Ltd.（嶺澳核電有限公司）. Mr. Xing received the qualification of Senior Engineer from CGN in December 2000 and the qualification of Registered Supervision Engineer（國家註冊監理工程師）from the Ministry of Personnel（人事部）(former name of the Ministry of Human Resources and Social Security（人力資源與社會保障部）) and the Ministry of Construction（建設部）(former name of the Ministry of Housing and Urban-Rural Development（住房和城鄉建設部）) of the People's Republic of China in December 1997. Mr. Xing graduated from China Three Gorges University（三峽大學）(formerly known as Gezhou Ba Hydro Power Engineering Institute（葛洲壩水電工程學院）) in July 1986, majoring in power automation. Mr. Xing was appointed as director of CGN Energy Service Co., Ltd.（中廣核節能產業發展有限公司）with effect from 27 September 2019 and as chairman of the investment and risk management committee on the board of director of CGN Energy Service Co., Ltd.（中廣核節能產業發展有限公司）with effect form 18 November 2019. He was served as director of CGN Europe Energy Co., Ltd.（中廣核歐洲能源公司）from 10 October 2016 and as chairman of the investment and risk management committee on the board of directors of CGN Europe Energy Co., Ltd.（中廣核歐洲能源公司）from 18 October 2016 and he resigned the aforementioned role on 3 May 2018.

Biographies of Directors and Members of the General Manager Office

INDEPENDENT NON-EXECUTIVE DIRECTORS

(5) Mr. WANG Minhao（王民浩）

Mr. WANG Minhao（王民浩）, aged 61, has been an independent non-executive Director since 26 June 2018. Mr Wang also serves as the chairman of the Remuneration Committee and a member of the Nomination Committee. He participated in the design of the Longyangxia and Daxia Hydropower Stations and served as the vice president of Northwest Engineering Corporation（西北勘測設計院）in 1993. He was the deputy general manager of China Hydropower Engineering Consulting Group Co.（中國水電顧問集團公司）, and the deputy general manager of China Water Conservancy & Hydropower Consulting Co., Ltd.（中國水利水電工程咨詢有限公司）from March 2000 to September 2011. Mr. Wang graduated from Xi'an University of Technology（西安理工大學）(formerly known as Shaanxi Institute of Mechanical Engineering（陝西機械學院）) of Hydraulic Engineering and obtain a Master Degree in Engineering from Xi'an University of Technology（西安理工大學）in April 2003. He was a registered structural engineer. Mr. Wang was retired on 25 February 2019 and ceased to act as deputy general manager and a member of Party Standing Committee of Power Construction Corporation of China（中國電力建設集團（股份）有限公司）in March 2019; ceased to act as the chairman and the legal representative of the Powerchina Water Environment Governance Co., Ltd（中電建水環境治理技術有限公司）on 16 May 2019.

(6) Mr. YANG Xiaosheng（楊校生）

Mr. YANG Xiaosheng（楊校生）, aged 67, has been an independent non-executive Director since 26 June 2018. Mr. Yang also serves as a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the IRM Committee. Mr. Yang is currently the president of Chinese Wind Energy Equipment Association（中國農業機械協會風電設備分會）. He is currently an independent non-executive director of Shandong Laiwu Jinlei Wind Power Technology Co., Ltd.（山東萊蕪金雷風電科技股份有限公司）(a company listed on the Shenzhen Stock Exchange, Stock Code: 300443). Mr. Yang resigned as an independent non-executive director of Titan Wind Energy (Suzhou) Co,. Ltd.（天順風能（蘇州）股份有限公司）(a company listed on the Shenzhen Stock Exchange, Stock Code: 002531), Xinjiang Goldwind Science & Technology Co., Ltd.（新疆金風科技股份有限公司）(a company listed on the Stock Exchange, Stock Code: 2208) in May and June 2019 respectively. He has previously served as a deputy director of the energy and electricity generation sub-department of the Ministry of Energy（能源部農電司新能源發電處）, a deputy general manager and chief engineer of China Fulin Windpower Development Corp.（中國福霖風能開發公司）and a chief engineer of Longyuan Power Group Limited（龍源電力集團公司）from May 1988 to January 2007. From June 2007 to April 2012, he served several positions in China Longyuan Power Group Corporation Limited（龍源電力集團股份有限公司）including the chief engineer, manager of the development department, technical development department and safety production department, a director of preparatory office of wind energy research centre, technical information department, renewable energy research and development centre and Jiangsu Longyuan Offshore Wind Power Project. He also served as a committee member of the Beijing Direct Committee of the Chinese Community Party Longyuan Power Group Company（中共龍源電力集團公司）from July 2006 to December 2010. Mr. Yang was the general manager of the Suzhou Longyuan Bailu Wind Power Vocational Technology Training Center Co., Ltd.（蘇州龍源白鷺風電職業技術培訓中心有限公司）from July 2007 to April 2012. Mr. Yang graduated from Wuhan Polytechnic University（武漢工學院）of Electronic Engineering in January 1982 and obtained a Postgraduate Degree in Electricity from China Agricultural University（北京農業工程大學）in October 1986.

Biographies of Directors and Members of the General Manager Office

(7) Mr. LEUNG Chi Ching Frederick（梁子正）

Mr. LEUNG Chi Ching Frederick（梁子正）, aged 61, has been an independent non-executive Director since 17 September 2014. Mr. Leung also serves as the chairman of the Audit Committee and appointed as a member of IRM Committee on 22 January 2020. Mr. Leung has over 30 years of professional and industrial experience in management, corporate governance, corporate finance, banking and accounting. Mr. Leung was appointed as an independent non-executive director and a member of the audit committee and nomination committee of China Logistics Property Holdings Co., Ltd (a company listed on the Stock Exchange, stock code: 1589) on 14 June 2016. He was previously an executive director, chief finance officer and company secretary of Skyworth Digital Holdings Limited ("**Skyworth**") (a company listed on the Stock Exchange, Stock Code: 751). In his almost nine years of services in Skyworth, he was mainly responsible for the company's successful resumption of trading of its shares and strengthening of its internal controls, accounting system, corporate governance and investor relations management. In 2011 and 2013, Skyworth was awarded by Asia Money as the Best Managed Medium Cap Company in China of 2011 and by Forbes as Asia's Fabulous 50 of 2013, respectively. Furthermore, Mr. Leung accumulated 14 years' working experience in Deloitte Touche Tohmatsu. He left Deloitte Touche Tohmatsu in June 1999 as a principal of corporate finance. Mr. Leung obtained a Bachelor Degree of Science in Business Administration (major in Accounting) from the University of The East in the Philippines in November 1981. He became an associate member of the Hong Kong Institute of Certified Public Accountants in April 1997 and has been its fellow member since October 2013. Also, he has been a member of the American Institute of Certified Public Accountants since December 1996. He has been a member of the Hong Kong Securities and Investment Institute since April 1999 and has been its fellow member since November 2015. In addition, he has been a founding member of the Hong Kong Independent Non-Executive Director Association since November 2015.

Mr. Leung was previously a non-executive director of Richly Field China Development Limited ("**Richly Field**") (a company listed on the Stock Exchange, Stock Code: 313), which was incorporated in the Cayman Islands and continued in Bermuda with limited liability. He joined Richly Field as an independent non-executive director on 2 May 2003 and was appointed as an executive director on 3 March 2004. He was re-designated as a non-executive director on 1 May 2005 and he resigned from the directorship on 4 March 2006. Since his resignation as a non-executive director of Richly Field on 4 March 2006, Mr. Leung has no involvement in any matters relating to Richly Field. During Mr. Leung's tenure of directorship with Richly Field, Richly Field and its then subsidiaries were engaged in the building construction and maintenance industry including building work, design and construction and building maintenance in Hong Kong. As disclosed in the public announcements made by Richly Field, a winding up petition was served on it on 30 June 2006 by a public accounting firm for an unpaid service fee of approximately HK$593,000. On 18 December 2006, the winding up petition for Richly Field was heard in the High Court of Hong Kong and winding up order was made against Richly Field. On 29 May 2007, the High Court of Hong Kong made an order to appoint joint and several liquidators and committee of inspection of Richly Field. The winding up order against Richly Field was permanently stayed effective on 23 July 2008 and the joint and several liquidators were discharged with effect from 23 July 2008.

GENERAL

Save as disclosed above,

(1) the Directors did not hold any directorship in other listed public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years prior to the date of this report and does not hold any other positions with the Company or other members of the Group; and

(2) the Directors do not have other relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company.

Biographies of Directors and Members of the General Manager Office

SENIOR MANAGEMENT

(1) Mr. LI Yilun（李亦倫）

Mr. LI Yilun（李亦倫）is the President of the Company. See " President and Executive Director" in this report for details of Mr. Li's biography.

(2) Mr. ZHANG Zhiwu（張志武）

Mr. ZHANG Zhiwu（張志武）is a senior vice president of the Company. See "Executive Director" in this report for details of Mr. Zhang's biography.

(3) Mr. LI Jing（李靖）

Mr. LI Jing（李靖）, aged 54, is currently the Deputy General Manager of the Company. Mr. Li joined the Company in January 2015. Prior to joining the Company, Mr. Li served in the design division of nitrogenous fertiliser factory of Nanning Chemical Industry Co., Ltd.（南化公司氮肥廠）from July 1987 to February 1992; manager office of the engineering department of Lingao Nuclear Power Co., Ltd. from February 1992 to June 1994; the production department of Guangdong Nuclear Power Joint Venture Co., Ltd. from July 1994 to March 2003; and the maintenance department of Daya Bay Nuclear Power Operations and Management Co., Ltd from March 2003 to August 2004. From September 2004 to May 2010, he held several positions in the commissioning department of China Nuclear Power Engineering Co., Ltd., including the head of commissioning division for nuclear islands, manager assistant and head of commissioning division for nuclear islands, manager assistant and director of the commissioning manager office. From May 2010 to June 2011, he was the deputy general manager of safety and engineering management department and from June 2011 to May 2014, he was the deputy general manager and general manager of safety and information management department. Mr. Li served as deputy general manager of safety and quality assurance department of CGN from January 2013 to January 2015, and concurrently as deputy general manager of safety and quality assurance department of CGN Power since May 2014. He obtained a bachelor's degree in engineering majoring in chemical engineering from Nanjing College of Chemical Engineering（南京化工學院）in July 1987, and a Master Degree in Engineering majoring in industrial engineering from Huazhong University of Science and Technology（華中科技大學）in February 2001. Mr. Li holds professional qualification as a senior engineer.

(4) Mr. LIU Luping（劉路平）

Mr. LIU Luping（劉路平）, aged 56, is currently the Deputy General Manager of the Company. Mr. Liu joined the Company in January 2014 and served as the senior vice president and the chief engineer of the Company. Currently, he is principally responsible for the works in the department of conventional energy management, national solar thermal research & development center, design management and technology and economy department technology committee of the Company. He is also in charge of certain regional branches of the Company. Mr. Liu has over 36 years of experience in technological research and design, construction management and investment management in the renewable energy sectors including hydraulic-and-hydro power, wind power, solar energy. Prior to that, Mr. Liu worked at Hydrochina Corporation Zhongnan Engineering Corporation（中國水電顧問集團中南勘測設計研究院）over 29 years, where he started as a Technician in July 1984 and his last role held was vice director. Mr. Liu obtained the Senior Engineer（高級工程師）qualification from Zhongnan Engineering Corporation of the Ministry of Electric Industry of the PRC（中國電力工業部中南勘測設計研究院）in December 1994 and the Senior Economist（高級經濟師）qualification from Zhongnan Engineering Corporation（國家電力公司中南勘測設計研究院）in December 1998, the State Registered Supervision Engineer（國家註冊監理工程師）qualification from the Ministry of Personnel and the Ministry of Construction of the PRC（中華人民共和國人事部和建設部）in May 1998, the Professor Level Senior Engineer（教授級高級工程師）qualification from Hydrochina Corporation（中國水電工程顧問集團公司）in December 2003 and the Senior Project Manager（高級項目管理師）qualification from Occupational Skills Testing Authority of the Ministry of Labour and Social Security（勞動和社會保障部職業技能鑒定中心）in July 2006. He has also won several Provincial Science and Technology Progress Awards（省部級科技進步獎）. Mr. Liu obtained a Bachelor Degree in Solid Mechanics from Central Institute of Technology（華中工學院）(currently known as Huazhong University of Science and Technology（華中科技大學）) in July 1984 and an EMBA Degree from Huazhong University of Science and Technology in December 2008.

Biographies of Directors and Members of the General Manager Office

(5) Mr. LIU Chao（劉超）

Mr. LIU Chao（劉超先生）, aged 43, was appointed as the chief accountant of the Company in January 2018. He joined the Company in August 2016 and served as the general manager of finance department. Mr. Liu is currently serving as the chief accountant of CGN Wind Energy. Prior to joining the Company, Mr. Liu was the cost accountant of finance department of Xuzhou Wei Yang Food Co., Ltd.（徐州維揚食品有限公司）from July 1998 to August 2000. From May 2003 to August 2005, Mr. Liu served as the project manager of the audit department of Shinewing Certified Public Accountants（信永中和會計師事務所）. From September 2005 to March 2010, Mr. Liu was the manager of the finance and audit department of China United Tally Co., Ltd.（中聯理貨有限公司）. From March 2010 to April 2012, he was the deputy general manager of the finance department of China Wind Power Group Limited（中國風電集團有限公司）. Mr. Liu served as deputy manager and general manager of the finance department of CGN Wind Energy from May 2012 to June 2015, and he has been the chief accountant since June 2015. Mr. Liu obtained a Bachelor Degree in Economic majoring in Business Administration from Anhui University of Science and Technology（安徽理工大學）in June 1998, and a Master Degree in Economic majoring in Economics and Finance from Beijing Information Science and Technology University（北京信息科技大學）in May 2003. Mr. Liu holds professional qualifications as Certified Public Accountant in the PRC, and he is a member of the Association of Chartered Certified Accountants (ACCA).

(6) Mr. JIANG Xi Cheng（蔣錫成）

Mr. JIANG Xicheng, aged 56, joined the Company in January 2016, and is currently the secretary to the discipline inspection commission of the Company. Mr. Jiang served at the No. 5 Sub-factory of the China Nuclear Industry 404 Plant from September 1982 to April 1984; worked at the Public Security Bureau of Gansu Mining Area（甘肅礦區）from April 1984 to November 1991, and later at the Daya Bay Branch of the Shenzhen Public Security Bureau from November 1991 to December 2007. He successively held various positions including the head of disciplinary inspection office under the party work department, the assistant manager of the legal and audit inspection department and the deputy manager of the inspection and audit department of China Nuclear Power Engineering Co., Ltd.（中廣核工程有限公司）from December 2007 to July 2015, and worked as the deputy secretary to the disciplinary commission of CGN Wind Energy from October 2015 to December 2015. Mr. Jiang graduated from Gansu Radio and TV University（甘肅廣播電視大學）and obtained the Diploma in Law in July 1991, and graduated from Xi'an Political College with a Bachelor's Degree in Law in July 2003.

(7) Mr. ZHANG Chaoqun（張超群）

Mr. ZHANG Chaoqun（張超群）, aged 52, is currently the Deputy General Manager of the Company, and served as the general manager of the merger and acquisition department of the Company. Prior to joining the Company, Mr. Zhang has worked for Henan Xinyang Pingqiao Power Station（河南信陽平橋電廠）and Henan Xinyang Huayu Power Station（河南信陽華豫電廠）from September 1989 to January 1997. He has worked for Datang Xinyang Huayu Power Generation Co., Ltd.（大唐信陽華豫發電有限責任公司）from January 1997 to April 2007, and served successively as manager and assistant general manager of integrated management department and manager of Engineering Department. From April 2007 to January 2012, he has successively worked at the initial business planning division of the planning department and the new projects development division of central region at China Nuclear Power Engineering Co., Ltd.（中廣核工程有限公司）and served as project manager of central China. From February 2012 to August 2016, he worked for the Southwest Branch (the "**Southwest Branch**") of CGN Wind Energy, and served successively as deputy general manager and general manager. From March 2014 to August 2016, he was also the general manager of the Sichuan Branch (the "**Sichuan Branch**") of CGN Wind Energy. Mr. Zhang was appointed as the general manager of the Yunnan Branch of the Company from August 2016 to December 2017. From August 2016 to March 2017, he also served as the general manager of Sichuan Branch of CGN Wind Energy. Mr. Zhang obtained a Bachelor of Engineering of Commercial and Civil Building from Zhengzhou University (formerly known as Zhengzhou University of Technology) in 1989.

Biographies of Directors and Members of the General Manager Office

(8) Mr. ZHANG Jianzhong（章建忠）

Mr. ZHANG Jianzhong, aged 57, joined the Company in August 2016 and is currently the deputy general manager of the Company as well as the person-in-charge of Engineering Department of CGN Wind Power and CGN New Energy Investment (Shenzhen) Company Limited（中廣核新能源投資（深圳）有限公司）, mainly in charge of the engineering projects department, commercial contracts department and legal department of the Company. Prior to joining the Company, Mr. Zhang successively served as assistant engineer of Lisheng Machinery Factory, assistant engineer of Industrial Design Institute, engineer of the Fifth Design Institute of Weapon Industry Ministry, and senior engineer of Industrial Design Institute in Ministry of National Defense of Jixiang Province during the period of August 1982 to December 1993. He served as assistant president in Shenzhen (HK) Super Advance Group（深圳（香港）超順集團）from December 1993 to December 1995,and served as manager of Beijing Guotou Energy Conservation Company（北京國投節能公司）from December 1995 to February 1996. Mr. Zhang served as deputy general manager of Beijing Xingye Industrial Co. Ltd.（北京興業實業股份公司）from February 1996 to March 1999, and served as department manager of Beijing Guotou Energy Conservation Company（北京國投節能公司）from March 1999 to July 1999, and deputy general manager of Beijing Hualixing Sci-tech Development Co.,Ltd.（北京華力興科技發展有限責任公司）from July 1999 to March 2008. Mr. Zhang joined CGN Wind Power on 17 March 2008 and served several positions, including assistant manager and deputy manager of engineering department from March 2008 to February 2010, general manager of commercial contracts department from February 2010 to March 2012, manager of commercial contracts department of CGN Wind Energy from March 2012 to January 2013. He served as general manager of engineering projects department of CGN Wind Energy from February 2013 to June 2015 and served as deputy general manager of CGN Wind Energy from June 2015 to January 2018 as well as general manager of the construction center of CGN Wind Energy from June 2015 to August 2016. He was in charge of the engineering projects department of the Company from August 2016 to April 2019. Mr. Zhang obtained a Bachelor Degree of internal combustion engines from Jiangxi University of Science（江西工學院）and Technology in July 1982 and a Master Degree of Business Administration from the University of International Business and Economics（外經濟貿易大學）in June 2005.

(9) Mr. CHEN Shengli（陳勝利）

Mr. CHEN Shengli, aged 47, is currently the assistant general manager, the general manager of human resource department, and the secretary of the party branch of the Company, mainly in charge of the human resource department and New Energy Institute of the Company. Mr. Chen joined the Company in September 2017. Prior to joining the Company, Mr. Chen worked in Guangdong Nuclear Power Joint Venture Co., Ltd.（廣東核電合營有限公司）from July 1992 to March 2004, and worked in Daya Bay Nuclear Power Operations and Management Co., Ltd.（大亞灣核電運營管理有限公司）from March 2004 to November 2006. From November 2006 to December 2014, he served serval positions in China Nuclear Power Engineering Co., Ltd.（中廣核工程有限公司）, including director and deputy director (in charge of overall operation) of human resource department/policy and plan department, director of department of party affairs/organization division, director of human resource and logistic support department/organisation and staff development, assistant manager of human resource department and director of organization and staff development department, and deputy manager of human resource department. Mr. Chen served as deputy general manager and deputy general engineer of CGN Huizhou Nuclear Power Co., Ltd（中廣核惠州核電有限公司）from December 2014 to November 2016, and served as general manager and director of CGN Yangxi Nuclear Power Co., Ltd（中廣核陽西核電有限公司）from December 2016 to September 2017. Mr. Chen obtained a Bachelor Degree of Administration from Sun Yat-Sen University in December 2003.

Biographies of Directors and Members of the General Manager Office

(10) Mr. LONG Yingbin（龍應斌）

Mr. LONG Yingbin, aged 49, is currently the assistant general manager of the Company. Mr. Long joined the Company in November 2018. Prior to joining the Company, Mr. Long was a student and monitor of satellite communication major of Communication Engineering Department of the PLA Information Engineering University（解放軍信息工程大學）from September 1989 to July 1993. He was a post-graduate student and deputy monitor of master of military informatics major of Information Science Department of the PLA Information Engineering University（解放軍信息工程大學）from July 1993 to January 1996. He served as assistant engineer of science and technology equipment department, staff officer of the headquarter training, and engineer in Unit 61785 of the General Staff Department（總參61785部隊）from January 1996 to September 2003. From September 2003 to December 2008, he served as deputy director of general office, principal staff member, member of party branch organization committee and youth committee, secretary of league branch, and member of the first official league committee in the State-owned Assets Supervision and Administration Commission of the State Council（國務院國有資產監督管理委員會）, and from January 2009 to October 2016, he served as director of general office of Foreign Affairs Bureau and member of party publicity branch in the State-owned Assets Supervision and Administration Commission of the State Council（國務院國有資產監督管理委員會）. Mr. Long served as member of the party committee and deputy general manager of China Eastern Airlines Beijing Branch（東方航空北京分公司）from November 2013 to May 2015, and was in charge of operating profits, finance planning, result reviewing, strategy developing and management training and so on. From May 2014 to May 2016, he was elected by Civil Aviation Administration of China to join the Aviation Management EMBA Case Study, which was co-organized by Tsinghua University School of Economics and Management（清華經管學院）, École des Ponts ParisTech（法國國立路橋大學）and École Nationale de l'Aviation Civil（法國國立民用航空大學）, and obtained the EMBA Degree from Business School of École des Ponts ParisTech. He was the director of general office and a member of party branch organization committee of the international cooperation bureau in the State-owned Assets Supervision and Administration Commission of the State Council（國務院國有資產監督管理委員會）from October 2016 to November 2018. Mr. Long obtained a Master Degree of Military Informatics from Information Science Department of the PLA Information Engineering University（解放軍信息工程大學）in July 1996, and an EMBA Degree from Business School of École des Ponts ParisTech in May 2016.

(11) Mr. LEE Kin（李健）

Mr. LEE Kin（李健）, aged 47, joined the Company on 1 June 2007 as the controller. He has been the company secretary of the Company since 26 January 2015. He has experience in public accounting and several industries including energy, media and ports. He has over 20 years of experience in areas of accounting, internal control, financing, investor relations and corporate strategy. Mr. Lee obtained a Bachelor Degree in Engineering from the Chinese University of Hong Kong in 1994, Master of Business Administration from the University of Warwick, United Kingdom in 2004 and Master of Corporate Governance (with distinction) from the Hong Kong Polytechnic University in 2013. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants (HKICPA), the Association of Chartered Certified Accountants (ACCA), the Hong Kong Institute of Chartered Secretaries (HKICS) and the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators (ICSA)) in the United Kingdom, a member of the Chartered Institute of Management Accountants (CIMA), and a Chartered Financial Analyst (CFA) respectively. He is currently a council member of Hong Kong Baptist University, a council member of ACCA and a council member of HKICS. Mr. Lee was appointed as accounting expert in information and standard committee by the Ministry of Finance, PRC in September 2019. He is the former chairman of the ACCA – Hong Kong branch (2015-16).

Biographies of Directors and Members of the General Manager Office

(12) Mr. ZHOU Zhigang (周志剛)

Mr. ZHOU Zhigang, aged 49, is currently the chief safety officer, general manager of safety and quality department, and secretary of the party branch of the Company. Mr. Zhou joined the Company in August 2016. Prior to joining the Company, Mr. Zhou worked in Lingao Nuclear Power Co., Ltd. (嶺澳核電有限公司) from August 1995 to January 2003, and worked in Lingdong Nuclear Power Co., Ltd. (嶺東核電有限公司) from January 2003 to March 2004. He served several positions in China Nuclear Power Engineering Co., Ltd. (中廣核工程有限公司) from March 2004 to July 2007, including engineer of the safety management office of Safety and Quality Assurance Department, deputy director of the safety and quality assurance office of Yangjiang Project Department, and director of Safety and Quality Assurance Department in Yangjiang Branch. From July 2007 to May 2012, he served as director of safety management office and senior manager of safety management of Production Safety and Technology Management Department, director of safety and quality control office of Safety and Information Management Department in CGN. He was the deputy general engineer of the general manager office of CGN Wind Power from June 2012 to August 2016. He served as deputy general manager (in charge of overall operation) of Operation and Maintenance Department of the Company from August 2016 to June 2018. Mr. Zhou obtained a Master Degree of geological engineering from China University of Geosciences (Wuhan) (中國地質大學(武漢)) in May 2002, and a Bachelor Degree of Safety Engineering from Wuhan Geological Institute in July 1995.

(13) Mr. XU Jiapeng (許嘉鵬)

Mr. XU Jiapeng, aged 45, is currently the general counsel and the general manager of Legal Department of the Company. Mr. Xu jointed the Company in January 2015. Prior to joining the Company, Mr. Xu served as secretary/judge's assistant of China Association of Judges in Supreme People's Court from July 1997 to June 2002, served as lawyer of Capital Markets Department of Jia Yuan Law Offices (北京市嘉源律師事務所) from July 2002 to June 2003, and also served as lawyer of General Affairs Department of Beijing S&P Law Firm (北京市尚公律師事務所) from July 2003 to September 2005. From September 2005 to January 2010, he worked as deputy general manager of Legal Department in Hanergy Holding Group Limited (漢能控股集團有限公司). From January 2010 to January 2014, he successively served as senior legal officer, legal management manager and director of legal affairs office in CGN Wind Power, and later from January 2014 to January 2015, he served as deputy general manger of Legal Department. Mr. Xu served as temporary person-in-charge of Legal (in charge of overall operation) Department of the Company from January 2015 to July 2017. Mr. Xu obtained a Bachelor Degree of International Economic Law from China University of Political Science and Law in 1997, and a Master Degree of Civil Law and Commercial Law from Peking University in 2004. Mr. Xu Jiapeng is a qualified lawyer.

Report of the Directors

The directors (the "**Directors**") of the CGN New Energy Holdings Co., Ltd. (the "**Company**") are pleased to present the annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company and its subsidiaries (the "**Group**") are engaged in the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Korea.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance can be found in the "Management Discussion and Analysis" section of this annual report, which forms part of this report of the Directors.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and other comprehensive income in the annual report.

The board of Directors (the "**Board**") does not recommend the payment of any final dividend for the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend the 2020 AGM, the register of members of the Company will be closed from Thursday, 4 June 2020 to Tuesday, 9 June 2020 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the 2020 AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on Wednesday, 3 June 2020.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on pages 183 to 184. The summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2019 are set out in note 39 to the consolidated financial statements.

Report of the Directors

PRE-EMPTIVE RIGHTS

The shares of the Company (the "**Shares**") are subject to the rights, privileges and restrictions set forth in the memorandum of association and bye-laws of the Company (the "**Bye-laws**") and are not subject to any pre-emptive or similar rights under the Companies Act 1981 of Bermuda or pursuant to the Bye-laws.

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.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2019 are set out in note 47 to the consolidated financial statements and in the consolidated statement of changes in equity on page 88, respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to equity shareholders of the Company as of 31 December 2019 was approximately US$37.6 million.

DIVIDEND POLICY

The Board has adopted a dividend policy. Below is a summary of the policy:

1. The profit distribution policy of the Company aims to safeguard the interests of Shareholders as well as the sustainable development of the Company, ensure the continuity and stability of profit distribution policy in compliance with relevant requirements of laws, regulations and bye-laws of the Company.

2. The payment and amount of dividends will depend on the specific operation results of the Company, general financial position, cash flow position, future operating and capital needs, amount of distributable profit, restrictions under loan covenants, tax considerations, general economic conditions, applicable laws and regulations as well as other factors that the Board considers relevant.

3. The declaration of final dividend shall be recommended to Shareholders by the Board based on the above situations, and will be implemented after being voted and approved in general meeting of the Company.

4. The declaration, payment and amount of interim dividend shall be determined by the Board and implemented based on the above situations from time to time.

Report of the Directors

LARGEST CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the Group's five largest customers accounted for approximately 77% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 41% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 95% of the Group's total purchases, while the largest supplier for the year accounted for approximately 84% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective close associates (as defined in the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange or any of the Shareholders who owns more than 5% of the Company's number of issued Shares has any interest in any of the Group's five largest customers or suppliers.

DIRECTORS

The Directors since 1 January 2019 and up to the date of this annual report were:

Chairman and Non-executive Director:

Mr. Chen Sui

Executive Directors:

Mr. Li Yilun *(President)*
Mr. Zhang Zhiwu (appointed on 22 January 2020)

Non-executive Directors:

Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping

Independent Non-executive Directors:

Mr. Wang Minhao
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick

Under the Bye-laws, the existing Directors are subject to retirement by rotation and re-election at the annual general meetings of the Company.

In accordance with bye-law 83(2) of the Bye-laws, Mr. Zhang Zhiwu will retire at the 2020 AGM and being eligible, offers himself for re-election.

In accordance with bye-law 84 of the Bye-laws, Mr. Chen Sui, Mr. Li Yilun and Mr. Yang Xiaosheng will retire by rotation at the 2020 AGM and, being eligible, have offered themselves for re-election.

The retiring Directors, if re-elected, will hold office from the date of re-election to the conclusion of the annual general meeting of the Company to be held in 2023, subject to earlier determination in accordance with the Bye-laws and/or any applicable laws and regulations.

The Company has received, from each of the independent non-executive Directors, a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

None of the Directors being proposed for re-election or election at the 2020 AGM has or will have a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2019 or at any time during the year ended 31 December 2019.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACT OF SIGNIFICANCE

Other than the connected transaction and the continuing connected transactions as stated in the sections headed "Connected transaction" and "Continuing connected transactions", respectively of this report of the Directors, no contract of significance between the Company or its subsidiaries and the controlling shareholder of the Company or its subsidiaries subsisted at the end of the year ended 31 December 2019 or at any time during the year ended 31 December 2019.

TAXATION

Under present Bermuda law, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or its members, other than members ordinarily resident in Bermuda. Further, no such tax is imposed by withholding or otherwise on any payment to be made to or made by the Company.

STAMP DUTY

Under present Bermuda law, the Company is exempt from all stamp duties in Bermuda except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including the shares of local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from stamp duty in Bermuda.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SECURITIES

As of 31 December 2019, none of the Directors and/or chief executive of the Company has any interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which will be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2019, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors or the chief executive of the Company) had or were deemed to have interests or short positions in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of Shares	Approximate % of Shareholding
China General Nuclear Power Corporation ("**CGN**") (1)(2)(3)	Interests in controlled corporation (long position)	3,118,062,000	72.67%
CGNPC International Limited ("**CGNPC International**") (2)(3)	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGN Energy International Holdings Co., Limited ("**CGN Energy International**") (3)	Beneficial owner (long position)	3,101,800,000	72.29%

Notes:

(1) CGN indirectly holds 100% of the total issued share capital of CGN Energy International. As informed by CGN, CGN was deemed to be interested in 3,118,062,000 Shares, in which 3,101,800,000 Shares were held directly by CGN Energy International (a controlled corporation of CGNPC International), and 16,262,000 Shares were held by certain other companies that are controlled directly or indirectly by CGN. There could be a difference between the shareholding of CGN in the Company as at 31 December 2019 and the disclosure of interest information disclosed on the website of the Stock Exchange, as the disclosure of interest information disclosed on the website of the Stock Exchange represents information disclosed by CGN pursuant to its obligation under Section 336 of the SFO only. For the avoidance of doubt and double counting, it should be noted that the shareholdings stated against CGNPC International and CGN Energy International represented the same block of Shares.

(2) CGNPC International directly holds 70.59% of the total issued share capital of CGN Energy International, which directly holds approximately 72.29% of the issued share capital of the Company, and indirectly holds 29.41% of the total issued share capital of CGN Energy International, through its wholly-owned subsidiary Gold Sky Capital Limited. Accordingly, CGNPC International is deemed to have an interest in all Shares held by CGN Energy International.

(3) Save as disclosed in the section headed "Biographies of Directors and Members of the General Manager Office" in the annual report, as of the date of this report of the Directors, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

A share option scheme (the "**Share Option Scheme**") was adopted by the Company on 24 November 2015 for the purpose of enabling the Company to (i) establish incentive and mechanism that is in line with market practice and satisfies the Company's development strategy needs so as to facilitate long-term development of the Company and maximise Shareholders' value, and (ii) optimise the remuneration structure of core employees of the Company such that the competitiveness of the Company's remuneration system may be enhanced, which will in turn attract and retain core management and technical staff to serve the Company for a long period of time. During the year ended 31 December 2019, no share options were exercised nor cancelled and 8,943,334 share options, being all the outstanding share options as at 1 January 2019, were lapsed.

(1) Eligible Participants to the Share Option Scheme

The Board may, at its absolute discretion and on such terms as it may think fit, grant options (the "**Options**") to any eligible participants (the "**Eligible Participants**") to subscribe at a price calculated in accordance with paragraph (8) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any of the Eligible Participants to any Options shall be determined by the Directors from time to time on the basis of his/her contribution to the development and growth of the Group in the opinion of the Directors.

Report of the Directors

(2) Maximum Number of Shares Available for Exercise

The total number of new Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other effective share option schemes (if any) of the Company must not in aggregate exceed 10% of the total number of issued Shares of the same class as at the date of approval of the Share Option Scheme which is 429,082,400 Shares (the "**Scheme Mandate Limit**"), representing 10% of the issued share capital of the Company as at the date of this annual report.

The Company may at any time as the Board thinks fit seek approval from the Shareholders to refresh the Scheme Mandate Limit save that the total number of new Shares in respect of which Options may be granted under the Share Option Scheme and any other share option schemes shall not exceed 10% of the total number of Shares in issue as at the date on which the Shareholders approve the refreshment of the Scheme Mandate Limit and the maximum number of new Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes shall not exceed 30% of the total number of Shares in issue from time to time.

As at the date of this report of the Directors, the total number of securities available for issue under the Share Option Scheme was nil.

(3) Maximum Entitlement of Each Eligible Participant

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme and any other effective share option scheme(s) (if any) of the Company to each Eligible Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the total number of issued Shares of the same class.

Grant of Options to Connected Persons

Pursuant to Rule 17.04 of the Listing Rules:

(a) Any grant of Options to an Eligible Participant who is a Director, chief executive or substantial Shareholder (as defined under the Listing Rules) of the Company or their respective associates (including a discretionary trust whose discretionary objects include a Director, chief executive or a substantial Shareholder of a company beneficially owned by any Director, chief executive or substantial Shareholder) must be approved by the independent non-executive Directors.

(b) Where the Board proposes to grant any Option to an Eligible Participant who is a substantial Shareholder or its associates (including a discretionary trust whose discretionary objects include a substantial Shareholder or a company beneficially owned by any substantial Shareholder) would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

i. representing in aggregate more than 0.1% of the total number of Shares in issue; and

ii. having an aggregate value, based on the closing price of the Shares at the date of each grant, over HK$5,000,000.00,

such proposed grant of Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. All connected persons of the Company must abstain from voting at such general meeting (except that any connected person may vote against the relevant resolution provided that his intention to do so has been stated in this circular). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll.

No Eligible Participant is granted with options in excess of the individual limit during the year ended 31 December 2019.

Report of the Directors

(4) Time of Exercise of Option

An Option may be exercised at any time during a period of 3 years from the date after the completion of the minimum period for which the Option must be held as described in paragraph (5) below.

(5) Exercisable Period

Subject to the fulfilment of the exercise conditions as described in paragraph (6) below, the Options are exercisable (subject as provided below) during each Exercisable Period specified below for up to the number of Shares specified below:

Maximum number of Shares	Exercisable Period
approximately one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 24 months from the offer date to the last business day in the 60th month after the offer date
approximately an additional one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 36 months from the offer date to the last business day in the 72th month after the offer date
approximately the remaining one-third of the Shares fall to be issued on exercise of the Options*	the first business day after 48 months from the offer date to the last business day in the 84th month after the offer date

**Note:* The Board may at its absolute discretion determine the exact number of the Shares fall to be issued on exercise of the Options.

(6) Exercise Conditions

The Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any Option, any performance targets or conditions that must be satisfied before the Option can be exercised as part of the terms and conditions of any Option.

(7) Offer of Options

The Company and Eligible Participants shall enter into a share option agreement upon the offer to set out the rights and obligations of both parties. Share option agreement shall contain information among others, names, number of identification card, address, correspondence, and any other matters. Eligible Participants shall pay HK$1.00 to the Company as the nominal consideration upon acceptance of the offer.

(8) Exercise Price for Shares

The exercise price for Shares issuable under the Share Option Scheme shall be a price determined by the Board, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a Share on the offer date.

(9) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing from the date on which the Share Option Scheme is adopted by the Shareholders, unless otherwise terminated under the terms of the Share Option Scheme.

Report of the Directors

As at 31 December 2019, all of the 8,943,334 Options under the Share Option Scheme were lapsed, details of which are set out in note 38 to the consolidated financial statements and below:

		Number of Share Options								
Grantee	**Date of grant**	**as at 1 January 2019**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**as at 31 December 2019**	**Exercise price per share**	**Closing price per share immediately before the date of grant**	**Exercise period**
								(HK$)	*(HK$)*	
Chen Sui	8 December 2015	233,334	–	–	(233,334)	–	–	1.612	1.640	*Note*
Li Yilun	8 December 2015	210,000	–	–	(210,000)	–	–	1.612	1.640	*Note*
Yao Wei (resigned on 22 January 2020)	8 December 2015	210,000	–	–	(210,000)	–	–	1.612	1.640	*Note*
Employees	8 December 2015	8,290,000	–	–	(8,290,000)	–	–	1.612	1.640	*Note*
		8,943,334	–	–	(8,943,334)	–	–			

Note: Subject to the fulfilment of the exercise conditions and the expiry of two years from the date of grant, the options are exercisable during each period specified below for up to the number of shares specified below:

(a) on the first business day after 24 months from the date of grant to the last business day in the 60th month after the date of grant, approximately one third of the Options granted will be exercisable; (b) on the first business day after 36 months from the date of grant to the last business day in the 72nd month after the date of grant, approximately an additional one-third of the Options granted will be exercisable; and (c) on the first business day after 48 months from the date of grant to the last business day in the 84th month after the date of grant, approximately one third of the remaining Options granted will be exercisable.

DIRECTORS' INTERESTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report regarding the Share Option Scheme, at no time during the year ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate of the Group.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report regarding the Share Option Scheme, the Company has not entered into any equity-linked agreement during the year and no equity-linked agreement subsisted as at the end of the year ended 31 December 2019.

PERMITTED INDEMNITY PROVISION

The Bye-laws provide that each Director is entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged directors' and officers' liability insurance coverage for the Directors and officers of the Company and its subsidiaries.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Report of the Directors

CONTINUING CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with connected parties which, upon the listing of the Shares on the Stock Exchange, became connected persons of the Company under the Listing Rules. In addition, the Group had also entered into transactions with connected parties during the year ended 31 December 2019. Details of the continuing connected transactions are as follows:

(A) With CGN and its subsidiaries, excluding the Group (the "CGN Group")

Non-exempt continuing connected transactions subject to reporting, announcement and independent shareholders' approval requirements

1(a) Financial Services (CGNPC Huasheng) Framework Agreement

On 12 September 2014, CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**") and the Company entered into the financial services (CGNPC Huasheng) framework agreement (the "**Financial Services (CGNPC Huasheng) Framework Agreement**") in relation to the deposit arrangement in Hong Kong provided by CGNPC Huasheng to the Group, which was effective from 12 September 2014 to 29 May 2015, being the date of the first annual general meeting of the Company after its listing. The renewal of the Financial Services (CGNPC Huasheng) Framework Agreement was approved by the independent shareholders of the Company at the first annual general meeting of the Company and the terms of the Financial Services (CGNPC Huasheng) Framework Agreement became effective from 30 May 2015 and shall continue up to and including 31 December 2017. Further renewal of the Financial Services (CGNPC Huasheng) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 18 December 2017 and the terms of the Financial Services (CGNPC Huasheng) Framework Agreement became effective from 1 January 2018 and shall continue up to and including 31 December 2020.

CGNPC Huasheng is a wholly-owned subsidiary of CGN, the controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Financial Services (CGNPC Huasheng) Framework Agreement were disclosed in the prospectus of the Company dated 19 September 2014 (the "**Prospectus**") and the circulars of the Company dated 20 April 2015 and 30 November 2017.

1(b) Financial Services (CGN Finance) Framework Agreement

On 12 September 2014, CGN Finance Investment Limited ("**CGN Finance**") and the Company entered into the financial services (CGN Finance) framework agreement (the "**Financial Services (CGN Finance) Framework Agreement**", together with the Financial Services (CGNPC Huasheng) Framework Agreement, the "**Financial Services Framework Agreements**") in relation to the deposit arrangement in the PRC provided by CGN Finance to the Group, which was effective from 12 September 2014 to 29 May 2015, being the date of the first annual general meeting of the Company after its listing. The renewal of the Financial Services (CGN Finance) Framework Agreement was approved by the independent shareholders of the Company at the first annual general meeting of the Company and the term of the Financial Services (CGN Finance) Framework Agreement became effective from 30 May 2015 and shall continue up to and including 31 December 2017. Further renewal of the Financial Services (CGN Finance) Framework Agreement was approved by the independent shareholders of the Company at the special general meeting of the Company held on 18 December 2017 and the terms of the Financial Services (CGN Finance) Framework Agreement became effective from 1 January 2018 and shall continue up to and including 31 December 2020.

Report of the Directors

CGN Finance is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Financial Services (CGN Finance) Framework Agreement were disclosed in the Prospectus and the circulars of the Company dated 20 April 2015 and 30 November 2017.

General

As the nature of the services to be provided to the Group under the Financial Services Framework Agreements are similar, the estimated annual cap for the maximum outstanding balance of deposits to be placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest received, for the year ended 31 December 2019 have been aggregated and amounted to US$543.0 million. The actual maximum outstanding balance of deposits placed by the Group with CGNPC Huasheng and CGN Finance under the Financial Services Framework Agreements, together with the relevant interest received for the year ended 31 December 2019 were US$398.1 million.

Non-exempt continuing connected transactions subject to reporting and announcement requirements

2(a) Operation and Management Services (CGN Energy) Framework Agreement

On 20 August 2014, CGN Energy Development Co., Ltd. ("**CGN Energy**") and the Company entered into the operation and management services (CGN Energy) framework agreement (the "**Operation and Management Services (CGN Energy) Framework Agreement**"), pursuant to which the Company has agreed to provide, or procure a subsidiary of the Group to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Energy has interest. The initial term of this agreement was from 1 May 2014 to 31 December 2016. The Company has served a notice to CGN Energy in accordance with the terms of the Operation and Management Services (CGN Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2017 to 31 December 2019 where the principal terms (other than renewal of the term) of the renewed Operation and Management Services (CGN Energy) Framework Agreement remained the same as the original Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees) (the "**2016 Renewed Operation and Management Services (CGN Energy) Framework Agreement**"). The Company has further served a notice to CGN Energy in accordance with the terms of the Operation and Management Services (CGN Energy) Framework Agreement to renew such agreement for a term of one year from 1 January 2020 to 31 December 2020 where the principal terms (other than renewal of the term) of the further renewed Operation and Management Services (CGN Energy) Framework Agreement remained the same as the original Operation and Management Services (CGN Energy) Framework Agreement and the 2016 Renewed Operation and Management Services (CGN Energy) Framework Agreement (including the calculation of the management fees).

CGN Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (CGN Energy) Framework Agreement were disclosed in the Prospectus and the announcements of the Company dated 29 December 2016 and 4 December 2019.

Report of the Directors

2(b) Operation and Management Services (Huamei Holding) Framework Agreement

On 15 September 2014, Huamei Holding Company Limited ("**Huamei Holding**") and the Company entered into the operation and management services (Huamei Holding) framework agreement (the "**Operation and Management Services (Huamei Holding) Framework Agreement**", together with the Operation and Management Services (CGN Energy) Framework Agreement, the "**Operation and Management Services Framework Agreements**"), pursuant to which the Company has agreed to provide, or procure a subsidiary of the Group to provide, operation and management services to power projects (whether in operation or under construction) in which a subsidiary of the group of companies which were transferred to CGN Energy International as part of the reorganization of the Group as described in the Prospectus under Huamei Holding has interest. The initial term of this agreement was from 15 September 2014 to 31 December 2016. The Company has served a notice to Huamei Holding in accordance with the terms of the Operation and Management Services (Huamei Holding) Framework Agreement to renew such agreement for a term of three years from 1 January 2017 to 31 December 2019 where the principal terms (other than renewal of the term) of the renewed Operation and Management Services (Huamei Holding) Framework Agreement remained the same as the original Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees) (the "**2016 Renewed Operation and Management Services (Huamei Holding) Framework Agreement**"). The Company has further served a notice to Huamei Holding in accordance with the terms of the Operation and Management Services (Huamei Holding) Framework Agreement to renew such agreement for a term of one year from 1 January 2020 to 31 December 2020 where the principal terms (other than renewal of the term) of the further renewed Operation and Management Services (Huamei Holding) Framework Agreement remained the same as the original Operation and Management Services (Huamei Holding) Framework Agreement and the 2016 Renewed Operation and Management Services (Huamei Holding) Framework Agreement (including the calculation of the management fees).

Huamei Holding is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Huamei Holding) Framework Agreement were disclosed in the Prospectus and the announcements of the Company dated 29 December 2016 and 4 December 2019.

2(c) Operation and Management Services (Solar Energy) Framework Agreement

On 17 June 2015, the Company entered into the Operation and Management Services (Solar Energy) Framework Agreement (the "**Operation and Management Services (Solar Energy) Framework Agreement**") with CGN Solar Energy Development Co., Ltd. ("**CGN Solar Energy**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Solar Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or company which holds interest in the relevant power project. The term of this agreement is from 17 June 2015 to 31 December 2017. The Company has served a notice to CGN Solar Energy in accordance with the terms of the Operation and Management Services (Solar Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2018 to 31 December 2020. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Solar Energy) Framework Agreement shall remain the same as the original Operation and Management Services (Solar Energy) Framework Agreement (including the calculation of the management fees).

CGN Solar Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Solar Energy) Framework Agreement were disclosed in the announcement of the Company dated 17 June 2015 and the circular of the Company dated 30 November 2017.

Report of the Directors

2(d) Operation and Management Services (Wind Energy) Framework Agreement

On 17 June 2015, the Company entered into the Operation and Management Services (Wind Energy) Framework Agreement (the "**Operation and Management Services (Wind Energy) Framework Agreement**", together with the Operation and Management Services (Solar Energy) Framework Agreement, the "**O&M Agreements**") with CGN Wind Energy Co., Ltd. ("**CGN Wind Energy**"), pursuant to which the Company agreed to provide, or procure a subsidiary of the Company to provide, operation and management services to power projects (whether in operation or under construction) in which CGN Wind Energy has interest. The relevant subsidiaries of the Company will provide comprehensive operation and management services according to the requirements of the service recipient, and may appoint personnel to be responsible for or to be involved in the operations management, financial management, human resources management, technical management, information management, and/or safety management of the relevant power project or company which holds interest in the relevant power project. The term of this agreement is from 17 June 2015 to 31 December 2017. The Company has served a notice to CGN Wind Energy in accordance with the terms of the Operation and Management Services (Wind Energy) Framework Agreement to renew such agreement for a term of three years from 1 January 2018 to 31 December 2020. Save for the renewal of the term of the agreement, the principal terms of the renewed Operation and Management Services (Wind Energy) Framework Agreement shall remain the same as the original Operation and Management Services (Wind Energy) Framework Agreement (including the calculation of the management fees).

CGN Wind Energy is a wholly-owned subsidiary of CGN, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Operation and Management Services (Wind Energy) Framework Agreement were disclosed in the announcement of the Company dated 17 June 2015 and the circular of the Company dated 30 November 2017.

General

As the nature of the services to be provided under the two Operation and Management Services Framework Agreements and the O&M Agreements are similar, the annual cap for the management fees payable under the Operation and Management Services Framework Agreements and the O&M Agreements for the year ended 31 December 2019 were determined on an aggregate basis and amounted to US$46.0 million. The actual management fees paid under the Operation and Management Services Framework Agreements and the O&M Agreements for the year ended 31 December 2019 were US$28.0 million.

3. Sharing of Office and Administrative Services Agreement

On 5 June 2019, Company and CGN Energy International entered into the Sharing of Office and Administrative Services Agreement, pursuant to which the Company has agreed to (i) share the use and occupation of the Office Space (as defined under the Sharing of Office and Administrative Services Agreement) with CGN Energy International; and (ii) share the arrangement of the Administrative Services (as set out in the Sharing of Office and Administrative Services Agreement) with CGN Energy International, subject to the due execution of the deed of guarantee and indemnity (the "**Deed of Guarantee and Indemnity**") to be entered between the Company, CGN Energy International and Xipho Development Company Limited as soon as practicable after execution of the Sharing of Office and Administrative Services Agreement in order to allow the Company to share with CGN Energy International certain area of the Office Space in connection with the lease agreement. The term of the Sharing of Office and Administrative Services Agreement is from the date of the Deed of Guarantee and Indemnity to 31 December 2021 (both days inclusive).

CGN Energy International is the controlling shareholder of the Company, directly holding approximately 72.29% of the issued share capital of the Company, and is therefore a connected person of the Company under the Listing Rules.

Further details of the Sharing of Office and Administrative Services Agreement was disclosed in the announcement of the Company dated 5 June 2019.

The annual cap for the maximum service fee payable from CGN Energy International to the Company under the Sharing of Office and Administrative Services Agreement for the period commencing from 5 June 2019 (assuming that the Sharing of Office and Administrative Services Agreement became effective from 5 June 2019) and ended on 31 December 2019 amounted to HK$7.9 million. The actual service fee paid by CGN Energy International to the Company under the Sharing of Office and Administrative Services Agreement for the same period was HK$5.8 million.

Report of the Directors

(B) General

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions of the Group as mentioned above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The independent non-executive Directors have reviewed the above continuing connected transactions for the year ended 31 December 2019 and have confirmed that the continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. on normal commercial terms or better (as defined in the Listing Rules); and

3. in accordance with the relevant agreement governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor has confirmed that the continuing connected transactions:

1. have been approved by the Board;

2. were, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

3. were entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

4. have not exceeded the cap.

Report of the Directors

CONNECTED TRANSACTION

On 29 October 2019, to lower the operating costs and financial management fees for the Group, the Company and CGN Energy International entered into a share sale and purchase agreement, pursuant to which CGN Energy International agreed to purchase, and the Company agreed to sell, one share of HK$1.00 in the share capital of MPC Investment (HK) Company Limited (the "**Target Company**"), which represented its entire issued share capital, at the consideration of US$1. The Target Company is a company incorporated in Hong Kong and was a wholly-owned subsidiary of the Company, which in turn owned the entire equity interest in CGN Meineng Corporate Management (Shenzhen) Ltd.（中廣核美能企業管理（深圳）有限公司）, a limited liability company established in the PRC. Furthermore, CGN Energy International agreed to procure the Target Company to repay in full the shareholder's loan of US$1,637,014.32 that was payable by the Target Company to the Company.

CGN Energy International is the controlling shareholder of the Company, directly holding 72.29% of the issued share capital of the Company, and is therefore a connected person of the Company under the Listing Rules.

Further details of the above connected transaction was disclosed in the announcement of the Company dated 29 October 2019.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are provided under note 46 to the consolidated financial statements. Save for the connected transaction and the continuing connected transactions disclosed above, none of the related party transactions constitutes a discloseable connected transaction or continuing connected transaction as defined under Chapter 14A of the Listing Rules. In relation to those related party transactions that also constitute connected transactions or continuing connected transactions under the Listing Rules, they have complied with the applicable requirements under Chapter 14A of the Listing Rules.

NON-COMPETITION DEED

The Company entered into a deed of non-competition (the "**Non-Competition Deed**") with CGN on 15 September 2014 under which CGN agreed not to, and agreed to procure its subsidiaries (other than the Group) not to, compete with the Group in its non-nuclear power business (save for the retention of the existing Retained Business (as defined in the Prospectus) of the CGN Group or any future business which the CGN Group has carried on pursuant to the terms of the Non-Competition Deed) and granted the Company with a right to acquire the Retained Business of the CGN Group and a right to acquire a new business or equity investment opportunity directed to the Group according to the terms of the Non-Competition Deed.

The Company has received a confirmation from CGN confirming to the Company on its compliance with the relevant procedures set out in the Non-Competition Deed and having protected the right granted to the Company under the Non-Competition Deed to invest in or acquire the relevant projects during the year ended 31 December 2019.

During the year ended 31 December 2019, the independent non-executive Directors (the "**Disinterested Directors**"), being the Directors other than those who are also directors and senior management personnel of the CGN Group, had reviewed several business or investment opportunities offered by or referred to by the CGN Group pursuant to the Non-Competition Deed. The Disinterested Directors considered the opportunities taking into account, inter alia, the following:

(a) whether the investment would create or would likely create competition with the principal business of the Group;

(b) the business and financial performance and potential of the subject investment opportunities;

(c) the feasibility and viability for the Group to acquire, invest or take on the subject investment opportunities (in terms of the availability of management, financial and business resources and expertise);

(d) the terms and conditions of the acquisition of or taking on the subject investment opportunities;

(e) the financial budget and business plan of the Group for undertaking the investment opportunities in the relevant year;

(f) result of a cost-benefit analysis for the Group to acquire, invest or take on the subject investment opportunities, and whether the subject investment opportunities are consistent with the business development strategy of the Group, and whether it is likely to create any strategic or synergy value to the Group's existing business;

Report of the Directors

(g) the likely risks associated with the subject investment opportunities should we acquire, take on, operate or participate in such subject investment opportunities; and

(h) the equity internal rate of return and/or the expected internal rate of return of the investment opportunities.

As a result, we had not exercised any right to acquire or invest in those investment opportunities.

The Disinterested Directors have reviewed compliance by CGN and confirm that based on the confirmations and information provided by CGN, CGN was in compliance with the Non-Competition Deed during the year ended 31 December 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the date of this report, so far as the Directors were aware, none of the Directors, and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

EMOLUMENT POLICY

We determined the emoluments of our directors and employees based on their respective performance, working experience, roles and responsibilities as well as market factors. We offer our executive Directors and senior management members, who are also employees of our Company, various compensation in the form of fees, salaries, contributions to pension scheme, discretionary bonuses, housing and other benefits in kind. We provide our employees with salaries and discretionary bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes, housing and other benefits in kind.

Our independent non-executive Directors receive compensation based on their responsibilities (including being members or chairman of Board committees).

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report and based on publicly available information and within the knowledge of the Directors, the Company has sufficient public float as required under Rule 8.08 of the Listing Rules.

DONATIONS

During the year ended 31 December 2019, the Group made charitable and other donations amounting to approximately HK$1,169,000 (2018: HK$2,333,000).

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Chen Sui
Chairman

Hong Kong, 28 April 2020

Corporate Governance Report

The board (the "**Board**") of directors (the "**Directors**") of the Company considers effective corporate governance is a key component in the sustained development of the Company and its subsidiaries (the "**Group**") and believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence. The Board sets appropriate policies and implements corporate governance practices to the conduct and growth of the Group's business.

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code throughout the year ended 31 December 2019.

Corporate Governance Framework of the Company

Corporate Governance Report

THE BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board.

The Board takes responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, risk management and internal control systems, and monitoring of the performance of the senior management. The Directors make decisions objectively in the interests of the Company. As at the date of this report, the Board comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. Members of the Board during the year ended 31 December 2019 and up to the date of this report are as follows:

Chairman and Non-executive Director:

Mr. Chen Sui

Executive Directors:

Mr. Li Yilun *(President)*
Mr. Zhang Zhiwu (appointed on 22 January 2020)

Non-executive Directors:

Mr. Yao Wei (resigned on 22 January 2020)
Mr. Xing Ping

Independent Non-executive Directors:

Mr. Wang Minhao
Mr. Yang Xiaosheng
Mr. Leung Chi Ching Frederick

Biographical details and relationships among members of the Board as at the date of this report are set out in the section headed "Biographies of Directors and Members of the General Manager Office" in the annual report.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

During the year, the non-executive Directors (including the independent non-executive Directors) provided the Company with a diverse range of expertise and a balance of skills, and brought independent judgments in issues pertinent to strategic direction, development, performance and risk management through their contribution at the Board meetings and committee meetings.

Corporate Governance Report

Chairman and President

As at the date of this report, Mr. Chen Sui is the chairman of the Company and Mr. Li Yilun is the president of the Company. The roles of the chairman and chief executive are served by different individuals to achieve a balance of authority and power, which is in compliance with the code provision A.2.1 of the CG Code. Mr. Chen Sui is principally responsible for overall corporate strategies planning and business development of the Group, while Mr. Li Yilun is principally responsible for leading and managing all the activities of the Group to achieve the goals and objectives set by the Board, identifying and recommending the short, medium and long-term business strategies, directing and executing the Group's plans and budgets, directing and organizing the Group's material, human and economic resources to deliver the corporate results, identifying and developing business opportunities to grow the Group.

Appointments, re-election and removal of Directors

Each Director has entered into a service contract or an appointment letter with the Company for a term of three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company (the "**Bye-laws**"). In accordance with bye-law 83(2) of the Bye-laws, Mr. Zhang Zhiwu will retire at the forthcoming annual general meeting and, being eligible, offer himself for re-election. Mr. Chen Sui, Mr. Li Yilun and Mr. Yang Xiaosheng will retire by rotation at the forthcoming annual general meeting and, being eligible, have offered themselves for re-election, in accordance with bye-law 84 of the Bye-laws

Number of meetings and Directors' attendance

Code provision A.1.1 of the CG Code prescribes that at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication.

Board meetings in each year are scheduled in advance to facilitate maximum attendance of Directors.

The calendar of regular Board meetings (the "**Board Meetings**"), Board committees meetings and general meeting for the year ended 31 December 2019 is shown below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board			✓		✓			✓			✓	
Nomination Committee			✓									
Remuneration Committee			✓		✓		✓					
Audit Committee			✓					✓			✓	
Investment and Risk Management Committee			✓		✓			✓	✓		✓	
General Meeting					✓							

During the year ended 31 December 2019, the Board has held four meetings.

During the year ended 31 December 2019, the Company has held an annual general meeting.

Corporate Governance Report

The table below sets forth the number of meetings of the Board and Board Committees (as defined below) and general meeting attended by each Director who held office during the year ended 31 December 2019:

	Attendance/Number of meetings					
Name of Director	**Board**	**Nomination Committee**	**Remuneration Committee**	**Audit Committee**	**Investment and Risk Management Committee**	**General Meeting**
Chairman and Non-executive Director:						
Mr. Chen Sui	4/4	1/1				1/1
Executive Directors:						
Mr. Li Yilun (President)	3/4					1/1
Mr. Zhang Zhiwu (appointed on 22 January 2020) *(Note i)*	N/A					
Non-executive Directors:						
Mr. Xing Ping	4/4		3/3		5/5	1/1
Mr. Yao Wei (resigned on 22 January 2020) *(Note ii)*	4/4			3/3	3/5	0/1
Independent Non-executive Directors:						
Mr. Wang Minhao	3/4	0/1	2/3			1/1
Mr. Yang Xiaosheng	4/4	1/1	3/3	3/3	5/5	1/1
Mr. Leung Chi Ching Frederick	4/4			3/3		0/1

Note i: Mr. Zhang Zhiwu was appointed as an executive Director of the Company on 22 January 2020. He attended the Board meeting held on 26 March 2020 an 28 April 2020.

Note ii: Mr. Yao Wei resigned as a non-executive Director, the chairman of the Investment and Risk Management Committee and a member of the Audit Committee on 22 January 2020. For details, please refer to the announcement of the Company dated 22 January 2020. In the year ended 31 December 2019, no Board meeting and general meeting was held before his resignation taking effect.

Corporate Governance

The Board has carried out its duties and responsibilities as set out in D.3 of the CG Code including the development of policies and practices on corporate governance, monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct applicable to the employees of the Company and the Directors, the compliance with the CG Code of the Company and the disclosure in this report.

Training and support for Directors

In accordance with code provision A.6.5 of the CG Code with regards to continuous professional development, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Upon appointment to the Board, all newly appointed Directors have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

Corporate Governance Report

To further ensure that all Directors are adequately informed about the Company's business and operations as well as his responsibilities under relevant laws, rules and regulations, the Company Secretary regularly provides all Directors regarding the Company's most recent performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time. During the year ended 31 December 2019, the Company has organised seminars in respect of Information Disclosure, Risk on M&A projects, Updates on rules of Environmental, Social and Governance Report, and Corporate Governance and Risks and Returns.

The Directors who held office for the year ended 31 December 2019 received the following training during the same period according to the records provided by the Directors:

	TYPES OF TRAINING:		
Directors	**Attendance for trainings/seminars/ meetings in respect of the Company's business or duties of Directors**	**Reading of materials in respect of updates on the Company's business, duties and responsibilities of Directors and regulatory requirements**	**Visit to power plants and facilities and their respective management personnel**
Chairman and Non-executive Director:			
Mr. Chen Sui	✓	✓	✓
Executive Directors:			
Mr. Li Yilun (President)	✓	✓	✓
Mr. Zhang Zhiwu (appointed on 22 January 2020) *(Note)*	✓	✓	✓
Non-executive Directors			
Mr. Xing Ping	✓	✓	✓
Mr. Yao Wei (resigned on 22 January 2020)	✓	✓	✓
Independent non-executive Directors			
Mr. Wang Minhao	✓	✓	✓
Mr. Yang Xiaosheng	✓	✓	✓
Mr. Leung Chi Ching Frederick	✓	✓	✓

Note: Mr. Zhang Zhiwu was the Senior Management of the Company before his appointment as Director of the Company and has received various training provided by the Company, including the types of trainings above-mentioned.

Directors' insurance

The Company has arranged for appropriate liability insurance for the Directors to cover their liabilities arising out of corporate activities.

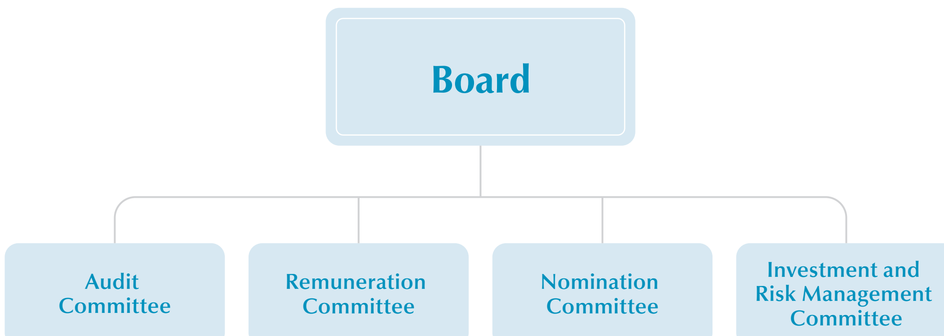
Compliance with the Model Code for Directors' securities transactions

The Company has adopted its own Code for Securities Transactions by Directors (the "**Company Code**"), which are on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"), as a code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries, all the 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 Code during the year ended 31 December 2019.

Corporate Governance Report

BOARD COMMITTEES

The Board has established an audit committee (the "**Audit Committee**"), a remuneration committee (the "**Remuneration Committee**"), a nomination committee (the "**Nomination Committee**") and an investment and risk management committee (the "**Investment and Risk Management Committee**") (collectively, the "**Board Committees**"). The terms of reference of the Board Committees are posted on the websites of the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Members of the Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.



Audit Committee

As of 31 December 2019, the Audit Committee of the Company was chaired by Mr. Leung Chi Ching Frederick (independent non-executive Director), and the members are Mr. Yao Wei (non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director). Mr. Yao Wei has resigned, inter alia, as a member of the Audit Committee on 22 January 2020, and Mr. Xing Ping was appointed, inter alia, as a member of the Audit Committee on the same date.

The majority of the members of the Audit Committee are independent non-executive Directors. The major duties of the Audit Committee are as follows:

Relationship with the Company's external auditors

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

(c) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(d) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(e) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Corporate Governance Report

Review of the financial information of the Company

(f) to monitor integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee shall focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.

(g) in regard to (f) above:

(i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

(ii) the Audit Committee shall consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, internal auditors or external auditors;

Oversight of the Company's financial reporting system and internal control systems

(h) to review the Company's financial controls, internal control systems and risk management;

(i) to discuss the internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(j) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(k) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(l) to review the Group's financial and accounting policies and practices;

(m) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(o) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(p) to act as the key representative body for overseeing the Company's relations with the external auditor;

(q) to review the continuing connected transactions to ensure compliance with the terms approved by shareholders of the Company (the "**Shareholders**");

Corporate Governance Report

(r) to establish whistleblowing policies and systems to allow employees and others who have dealings with the Company (such as customers and suppliers) to raise their concerns in secret to the Audit Committee about any possible improper matters regarding the Company;

(s) to report to the Board on the above matters; and

(t) to consider other topics, as defined by the Board.

The terms of reference of the Audit Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange, respectively.

During the year ended 31 December 2019, three Audit Committee meetings were held, inter alia, to review the 2018 annual results, the 2019 interim results and the internal control of the Group. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. Meetings of the Audit Committee were held on 23 March 2020 to consider the unaudited financial statements of the Group for the year ended 31 December 2019, the external auditor's independence and objectivity, the effectiveness of the audit process and the Group's internal control system, which covers all material controls, including financial, operational and compliance controls and risk management functions; and on 28 April 2020 to review the audited financial statements of the Group for the year ended 31 December 2019. There has been no subsequent change made to the unaudited financial statements of the Group for the year ended 31 December 2019 upon the Company's auditors completing their auditing and reporting processes.

All current members of the Audit Committee, i.e. Mr. Xing Ping, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick attended the said recent meeting.

Remuneration Committee

As of 31 December 2019, the Remuneration Committee was chaired by Mr. Wang Minhao (independent non-executive Director) and the members were Mr. Xing Ping (non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director).

The majority of the members of the Remuneration Committee are independent non-executive Directors. The major duties of the Remuneration Committee are as follows:

(a) to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors;

(b) to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors or any associate company of any of them;

(c) to consider what details of the remuneration/benefits of the Directors should be reported in the Company's annual reports and accounts in addition to those required by law and how those details should be presented;

(d) to make recommendations to the Board on the policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy;

(e) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(f) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

Corporate Governance Report

(g) to make recommendations to the Board on the remuneration of non-executive Directors;

(h) to consider salaries paid by comparable companies, time commitment and responsibilities as well as employment conditions of other positions in the Group;

(i) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and reasonable and not excessive;

(j) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(k) to ensure that no Director or any of his associates is involved in deciding his/her own remuneration.

The terms of reference of the Remuneration Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange, respectively.

During the year ended 31 December 2019, three Remuneration Committee meetings were held, inter alia, to review the remuneration structure and packages of the Directors and senior management. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Remuneration Committee was held on 18 March 2020 to consider and review, among others, the Group's policy and structure for all Directors' and senior management's remuneration and the current remuneration packages of the Directors and senior management of the Company.

Nomination Committee

As of 31 December 2019, the Nomination Committee was chaired by Mr. Chen Sui (chairman and non-executive Director) and the members were Mr. Wang Minhao (independent non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director).

The majority of the members of the Nomination Committee are independent non-executive Directors. The major duties of the Nomination Committee are as follows:

(a) to review the structure, size, composition and diversity (including gender, age, cultural and education background, ethnicity, skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the corporate strategy of the Company;

(b) to develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to assessing the balance of skills, knowledge and experience as well as diversification of Board members, and based on the assessment results, to prepare a description of the roles and capabilities required for individual appointments;

(c) to identify individuals suitably qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;

(d) to assess the independence of independent non-executive Directors;

(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the president of the Company;

(f) to do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board;

(g) to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Bye-laws or imposed by the Listing Rules or applicable law; and

(h) to review the Board's diversity policy, as appropriate; and review the measurable objectives that the Board has set for implementing the Board's diversity policy.

The terms of reference of the Nomination Committee adopted by the Company are in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange, respectively.

Corporate Governance Report

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

The Board has also adopted a Board diversity policy. Below is a summary of the policy:

"The Board recognises that board diversity is an essential element contributing to the sustainable development of the Company and enhances Board effectiveness and corporate governance. In determining the optimum composition of the Board, all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board aims to maintain a Board which has an appropriate mix of diversity, skills, experience and expertise, as well as a balanced composition of executive and non-executive directors (including independent non-executive directors) so that there is also independent element on the Board."

The Company has an unwavering commitment to talent as a prime resource for development. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, industry experience, skills, knowledge and length of service in related business areas.

During the year ended 31 December 2019, one Nomination Committee meeting was held, inter alia, to review the structure, size composition and diversity of the Board and to consider, nominate and recommend appointment and reappointment of Directors. The attendance records are set out under the section headed "Number of meetings and Directors' attendance" in this report. A recent meeting of the Nomination Committee was held on 18 March 2020 to consider and review, among others, the composition of the Board, succession planning for the Directors and the Board's diversity policy.

As at the date of this report, the following table and paragraph illustrates the composition and diversity of the Board in terms of four objective criteria, namely (i) age group, (ii) cultural and educational background, (iii) professional experience and (iv) industry experience, skills and knowledge.

Age group			Cultural and educational background			Professional experience		
40 to 49	50 to 59	60 to 69	Bachelor's degree holder	Master's degree holder	Doctoral degree holder	Engineering	Accounting, Economics and Finance	Corporate Governance
14%	43%	43%	29%	57%	14%	57%	29%	14%

Corporate Governance Report

In addition to the above table, each of the Directors has at least one of the following industry experience, skills or knowledge:

(a) Experience of new energy-related industry;

(b) Strategic planning;

(c) Investment and risk management;

(d) Corporate management (including internal control, operations, assets and other aspects);

(e) Engineering and Machineries;

(f) Financial (including accounting, finance, corporate finance, tax, etc.);

(g) Negotiation and execution of commercial contracts;

(h) Public management and venture management;

(i) Environmental protection;

(j) Experience in management of listed companies;

(k) Familiarity with the business environment of China; and

(l) Familiarity with the business environment of Hong Kong and the international business environment.

The Nomination Committee considers that the existing composition of the Board is diversified, taking into account the nature and scope of the Group's operations, specific needs as well as the different background of our Directors. Furthermore, the Nomination Committee recommends that the diversity of the Board in terms of (i) cultural and educational background, (ii) professional experience, and (iii) industry experience, skills and knowledge should be maintained, and that the Board should adopt these criteria as the basis for the selection and assessment of candidates for Directors by the Nomination Committee in the future.

Investment and Risk Management Committee

As of 31 December 2019, the Investment and Risk Management Committee was chaired by Mr. Yao Wei (non-executive Director), and the members were Mr. Xing Ping (non-executive Director) and Mr. Yang Xiaosheng (independent non-executive Director). Mr. Yao Wei has resigned, inter alia, as the chairman of the Investment and Risk Management Committee on 22 January 2020, and Mr. Xing Ping and Mr. Leung Chi Ching Frederick were appointed, inter alia, as the chairman and a member of the Investment and Risk Management Committee, respectively, on the same date.

All of the members of the Investment and Risk Management Committee are non-executive Directors. The major duties of the Investment and Risk Management Committee are as follows:

(a) to review major investment and strategy and objectives of project financing of the Company;

(b) to review any major investment, financing proposal and operating project matters of the Company that are subject to approval by the Board in accordance with the "Board of Directors Delegation of Authority Manual";

(c) to review the development and objectives of the Company's risk management system;

(d) to supervise the soundness, reasonableness and effectiveness of the risk management system, and instruct the comprehensive risk management of the Company;

Corporate Governance Report

(e) to study the risks of significant matters in major investment and financing activities and operation management of the Company and make necessary recommendations to the Board;

(f) to study the significant investigation results and feedbacks from the management concerning the risk management of the Company; and

(g) to handle other matters in relation to investment or risk management as delegated by the Board.

The terms of reference of Investment and Risk Management Committee adopted by the Company in line with the provisions of the CG Code, a copy of which was posted on the website of the Company and the Stock Exchange respectively.

During the year ended 31 December 2019, five Investment and Risk Management Committee meetings were held to review the proposed investment project of the Group. The attendance records are set out under the section headed “Number of meetings and Directors’ attendance” in this report. A recent meeting of the Investment and Risk Management Committee was held on 20 March 2020 to consider and review, among others, the Comprehensive Risk Management Report and the Risk Management Evaluation Report of the Group.

All current members of the Investment and Risk Management Committee, i.e. Mr. Xing Ping, Mr. Yang Xiaosheng and Mr. Leung Chi Ching Frederick attended the said recent meeting.

Company Secretary

Mr. Lee Kin, the company secretary of the Company, is a full time employee of the Group and has day-to-day knowledge of the Company’s affairs. Mr. Lee Kin was appointed as the Company Secretary on 26 January 2015. Mr. Lee Kin complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules during his term of office in the year ended 31 December 2019. The biographical details of Mr. Lee Kin is set out in the section headed “Biographies of Directors and Senior Management” in this report.

FINANCIAL REPORTING AND INTERNAL CONTROL

Financial reporting

The Directors acknowledge their responsibility for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group. In preparing the accounts for the year ended 31 December 2019. The Directors have selected suitable accounting policies and applied them consistently, adopted appropriate International Financial Reporting Standards, International Accounting Standards amendments to standards and the related interpretations, made adjustments and estimates that are prudent and reasonable, and have prepared the accounts on a going concern basis. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern.

The statement by the external auditor of the Company about their reporting responsibilities is set out in the section headed “Independent Auditor’s Report” in this report.

Corporate Governance Report

External auditor's remuneration

Deloitte Touche Tohmatsu ("**Deloitte**") has been appointed as the Company's external auditor since 1995. The Audit Committee has been notified of the scope, nature and the service charges of the audit and non-audit services performed by Deloitte and considered that these audit and non-audit services have no adverse effect on the independence of Deloitte. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of Deloitte.

The remuneration paid to Deloitte in respect of audit and non-audit services for the year ended 31 December 2019 is set out below:

Type of services provided by Deloitte	**Amount of fees** *HK$'000*
Audit services	7,450
Non-audit services	93
Total	7,543

The major non-audit services provided by Deloitte mainly include filing of local income tax report and provision of tax advisory services.

Risk management and Internal control

The Board has the responsibility for evaluating and determining the nature and extent of achieving the Group's strategic objectives, ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems, and overseeing management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the Board on the effectiveness of these systems on an ongoing basis. The Board should ensure that a review of the effectiveness of the Group's risk management and internal control systems has been conducted at least annually. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors have reviewed the effectiveness of the Group's internal control and risk management systems. The internal control system includes a defined management structure with segregation of duties and the implementation and continuous review of an internal control manual. The Board, through the Audit Committee, engaged external professional service providers to conduct annual reviews on the Group's internal control system and make recommendations for strengthening such systems. The results of the review for the year ended 31 December 2019 have been reported to the Audit Committee and the Board. No material deficiencies have been identified so far and there were no significant areas of concern which may affect the Shareholders.

A framework has been established for prudent and effective controls to enable risks to be identified, evaluated and managed. Procedures have been designed for the management of financial, strategic and operational risk management functions. The procedures provide reasonable assurance against material untrue statement or losses and to monitor the risks existing in the course of arriving at the Group's objectives.

The Board is satisfied that, based on information furnished to it and on its own observations, the risk management and internal control systems are effective and adequate.

The Company is aware of its disclosure obligations under the Listing Rules and the Inside Information provisions under the Securities and Futures Ordinance and has put in place the proper procedure to ensure that any perceived inside information would be announced to the investing public on a timely basis.

Corporate Governance Report

The Company has an internal audit function.

The Audit Committee, *inter alia*, reviews the financial controls, risk management and internal controls systems of the Group and any significant internal control issues identified by the internal audit department, external auditors and management. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions and internal audit function and their training programmes and budgets.

The Investment and Risk Management Committee reviews the development and objective of the Company's risk management system.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of corporate information, which enable the Shareholders and investors to make appropriate investment decisions.

Shareholders are provided with contact details of the Company's public relations firm and share registrar, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company.

Shareholders or investors can contact the public relations firm of the Company, Wonderful Sky Financial Group Limited, to make enquiry or to provide suggestions, of which the contact details are as follows:

Tel: (852) 3970 2106
Fax: (852) 3102 0210
Email: cgnne@wsfg.hk

In addition, Shareholders can contact Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, if they have any enquiries about their shares of the Company and dividends.

The members of the Board and the Board Committees and Deloitte are expected to be present to answer the Shareholders' questions in annual general meetings of the Company (the "**AGM**"). Meeting circulars are distributed to all Shareholders before AGM and special general meetings of the Company (the "**SGM**") in accordance with the timeline requirement as laid down in the Listing Rules and the Bye-laws.

As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted.

ANNUAL GENERAL MEETING

The Company's AGM is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to communicate face to face with the Directors about the Company's performance and operations. The 2019 AGM was held on 30 May 2019 at Boardroom 3-4, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong.

CONSTITUTIONAL DOCUMENTS

Pursuant to rule 13.90 of the Listing Rules, the Company has published on the Company's website and the website of the Stock Exchange its Bye-laws. During the year ended 31 December 2019, no amendments were made to the Bye-laws of the Company.

Corporate Governance Report

Resolutions passed at the 2019 AGM

Separate resolutions were proposed at the 2019 AGM on each substantive issue and the percentage of votes cast in favour of such resolutions is set out below:

	Resolutions proposed at the 2019 AGM	Percentage of Votes in Favour
1.	To receive and consider the audited consolidated financial statements of the Company, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2018	99.99%
2.	To declare a final dividend for the year ended 31 December 2018	99.99%
3.(a)	To re-elect Mr. Yao Wei as a non-executive director of the Company	97.39%
3.(b)	To re-elect Mr. Xing Ping as a non-executive director of the Company	99.52%
3.(c)	To re-elect Mr. Leung Chi Ching Frederick as an independent non-executive director of the Company	99.58%
3.(d)	To authorise the Board to fix the Directors' remuneration	99.99%
4.	To re-appoint Deloitte Touche Tohmatsu as auditor of the Company and to authorize the Board to fix its remuneration	99.99%
5.	To grant a general mandate to the Directors to repurchase Shares	99.99%
6.	To grant a general mandate to the Directors to issue Shares	97.73%
7.	To extend the Issue Mandate by adding thereto the number of Shares repurchased by the Company pursuant to the Repurchase Mandate	97.85%

Accordingly, all resolutions put to shareholders at the 2019 AGM were passed. The results of the voting by poll were published on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Convening of SGM and requisition by the Shareholders

The following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on shareholders' rights.

Corporate Governance Report

Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Board or the Company Secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. The written requisition must state the purposes of the general meeting, signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders. If the requisition is in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

Procedures for making proposals by the Shareholders other than a proposal of a person for election as director

The following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on shareholders' rights.

The Company holds an AGM every year, and may hold a general meeting known as a special general meeting whenever necessary. Shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than 100 shareholders, can submit a written request stating the resolution intended to be moved at the AGM; or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting. The written request/statements must be signed by the shareholder(s) concern and deposited at the Company's registered office at Victoria Place, 31 Victoria Street, Hamilton HM10, Bermuda and its principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for the attention of the Company Secretary of the Company, not less than six weeks before the AGM in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

Procedures for Shareholders to propose a Person for Election as a Director

The following procedures are subject to the Company's Bye-laws, the Bermuda Companies Act 1981, applicable legislation and regulation and the Company's policy on the procedures for shareholders to propose a person for election as a director.

1. If a shareholder of the Company who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the shareholder himself/herself) for election as a director (the "**Candidate**") at that meeting, he/she can deposit a written notice at the Company's principal place of business in Hong Kong at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

2. In order for the Company to inform all shareholders of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and that person indicating his/her willingness to be elected.

Corporate Governance Report

3. A sample form of the notice to be executed and signed by the shareholder(s) for such proposal can be found from the website of the Company.

4. A sample form of the notice to be executed and signed by the Candidate can also be found from the website of the Company setting out, amongst other things, his/her willingness to be elected together with the information of the Candidate as required by Rule 13.51(2) of the Listing Rules as follows:

   (i) full name and age;

   (ii) positions held with the Company and/or other members of the Company (if any);

   (iii) experience including (i) other directorships held in the past three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;

   (iv) length or proposed length of service with the Company;

   (v) relationships with any directors, senior management, substantial shareholders or controlling shareholders (as defined under the Listing Rules) of the Company, or an appropriate negative statement;

   (vi) interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, or an appropriate negative statement; and

   (vii) a declaration made by the Candidate in respect of the information required to be disclosed pursuant to Rule 13.51(2) (h) to (w) of the Listing Rules, or an appropriate negative statement to that effect where there is no information to be disclosed pursuant to any of such requirements nor there are any other matters relating to that Candidate's standing for election as a director that should be brought to the attention of the shareholders of the Company.

5. The period for lodgement of the written notice will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven (7) clear days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed Candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

6. Shareholders who have enquires about the above procedures or have enquires to put to the Board may write to the Company Secretary at 15/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF 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)

OPINION

We have audited the consolidated financial statements of CGN New Energy Holdings Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as "**the Group**") set out on pages 84 to 182, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill	
We identified the impairment assessment of goodwill as a key audit matter due to the involvement of significant management judgments in determining the recoverable amounts of groups of cash-generating units to which goodwill has been allocated as disclosed in note 5 to the consolidated financial statements. As set out in note 19 to the consolidated financial statements, as at 31 December 2019, the Group has goodwill of approximately US$167,236,000 relating to groups of cash-generating units comprising subsidiaries engaged in generating and supplying electricity through solar energy and wind energy in the Peoples' Republic of China (the "**PRC**"), which are tested for impairment annually. As disclosed in note 19 to the consolidated financial statements, the management has concluded that there is no impairment in respect of the goodwill. The recoverable amounts are based on value in use calculations using discounted cash flow model, which require significant assumptions and estimates with respect to the discount rates and the forecasted cash flows, in particular the budgeted sales and gross margins, taking into account the management expectations for the power industry in the PRC.	Our procedures in relation to impairment assessment of goodwill included: • Understanding the key assumptions used by the management in the impairment assessment model and changes in the business environment affecting the power industry in the PRC; • Reviewing the methodology of the impairment assessment model; • Evaluating the accuracy of the management's forecasts by comparing the actual results of those cash-generating units to the previously forecasted results; • Assessing and challenging the management's key assumptions and estimates, which include the budgeted sales and gross margins, using our knowledge of the power industry, policies of other comparable companies and the Group's historical experience and future operating plans; and • Testing discount rates applied in the forecast by comparing to economic and industry data.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Tse Fung Chun.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 April 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Revenue	6	**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	7	**23,157**	41,337
Other gains and losses	8	**(24,545)**	(22,141)
Finance costs	9	**(122,120)**	(110,158)
Share of results of associates		**32,807**	16,819
Profit before tax		**140,917**	125,038
Income tax expense	10	**(41,564)**	(33,767)
Profit for the year	11	**99,353**	91,271
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	44	**126**	–
Other comprehensive expenses for the year		**(27,152)**	(87,811)
Total comprehensive income for the year		**72,201**	3,460

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
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	*14*		
– Basic *(US cents)*		**2.59**	2.06
– Diluted *(US cents)*		**2.59**	2.06

Consolidated Statement of Financial Position

At 31 December 2019

	Notes	2019 US$'000	2018 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**3,491,680**	2,676,298
Right-of-use assets	17	**85,826**	–
Prepaid lease payments	18	**–**	48,258
Goodwill	19	**167,236**	169,976
Interests in associates	20	**190,608**	163,983
Derivative financial instruments	28	**8,667**	–
Contract assets	25	**80,031**	–
Deferred tax assets	21	**21,134**	22,503
Other non-current assets	22	**338,821**	83,698
		4,384,003	3,164,716
CURRENT ASSETS			
Inventories	23	**28,583**	31,474
Prepaid lease payments	18	**–**	3,087
Trade receivables	24	**327,295**	308,475
Contract assets	25	**–**	20,962
Other receivables and prepayments	26	**76,955**	165,915
Amounts due from associates	27	**3,377**	13,126
Amounts due from fellow subsidiaries	27	**5,529**	10,688
Tax recoverable		**3,973**	729
Derivative financial instruments	28	**566**	16
Pledged bank deposits	29	**141,833**	166,847
Short-term bank deposits	29	**2,594**	6,247
Bank balances and cash	29	**384,141**	246,786
		974,846	974,352
Non-current assets classified as held for sale	30	**20,318**	–
		995,164	974,352
CURRENT LIABILITIES			
Trade payables	31	**242,771**	165,062
Other payables and accruals	32	**332,699**	221,515
Amounts due to fellow subsidiaries	27	**8,412**	3,001
Amounts due to non-controlling shareholders – due within one year	27	**8,590**	8,997
Loans from fellow subsidiaries – due within one year	33	**372,696**	43,711
Bank borrowings – due within one year	34	**576,214**	347,345
Lease liabilities – due within one year	35	**5,441**	–
Government grants	36	**810**	824
Contract liabilities	37	**1,980**	2,058
Tax payable		**9,599**	12,730
Derivative financial instruments	28	**184**	270
		1,559,396	805,513

Consolidated Statement of Financial Position

At 31 December 2019

	Notes	2019 US$'000	2018 US$'000
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	27	**953**	909
Loans from fellow subsidiaries			
– due after one year	33	**700,000**	700,000
Bank borrowings – due after one year	34	**2,021,683**	1,617,600
Lease liabilities – due after one year	35	**24,901**	–
Government grants	36	**8,957**	9,924
Contract liabilities	37	**68**	73
Deferred tax liabilities	21	**53,716**	45,906
Derivative financial instruments	28	**46**	4,859
		2,810,324	2,379,271
NET ASSETS		**1,009,447**	954,284
CAPITAL AND RESERVES			
Share capital	39	**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

The consolidated financial statements on pages 84 to 182 were approved and authorised for issue by the board of directors on 28 April 2020 and are signed on its behalf by:

Chen Sui
DIRECTOR

Li Yilun
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to owners of the Company									
	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Other non-distributable reserves US$'000 (Note)	Hedging reserve US$'000	Translation reserve US$'000	Accumulated profits US$'000	Sub-total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2018	55	250,406	2,032	10,986	830	66,522	545,063	875,894	84,481	960,375
Profit for the year	–	–	–	–	–	–	88,211	88,211	3,060	91,271
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(79,587)	–	(79,587)	(4,450)	(84,037)
Fair value loss on hedging instruments designated as cash flow hedge	–	–	–	–	(4,850)	–	–	(4,850)	–	(4,850)
Deferred tax credit arising on fair value loss on hedging instruments *(note 21)*	–	–	–	–	1,174	–	–	1,174	–	1,174
Release of hedging reserve	–	–	–	–	(129)	–	–	(129)	–	(129)
Deferred tax credit arising on release of hedging reserve *(note 21)*	–	–	–	–	31	–	–	31	–	31
Total comprehensive (expenses) income for the year	–	–	–	–	(3,774)	(79,587)	88,211	4,850	(1,390)	3,460
Dividend declared and paid *(note 13)*	–	–	–	–	–	–	(15,447)	(15,447)	–	(15,447)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(4,663)	(4,663)
Transfer of other non-distributable reserves	–	–	–	943	–	–	(943)	–	–	–
Effects of share options *(note 38)*	–	–	533	–	–	–	–	533	–	533
Acquisition of a subsidiary *(note 43)*	–	–	–	–	–	–	–	–	3,191	3,191
Capital contribution from non - controlling interests	–	–	–	–	–	–	–	–	6,835	6,835
At 31 December 2018	55	250,406	2,565	11,929	(2,944)	(13,065)	616,884	865,830	88,454	954,284
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**111,207**	**111,207**	**(11,854)**	**99,353**
Exchange difference arising on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**(35,537)**	**-**	**(35,537)**	**(1,933)**	**(37,470)**
Fair value gain on hedging instruments designated as cash flow hedge	**-**	**-**	**-**	**-**	**13,568**	**-**	**-**	**13,568**	**-**	**13,568**
Deferred tax charge arising on fair value gain on hedging instruments *(note 21)*	**-**	**-**	**-**	**-**	**(3,283)**	**-**	**-**	**(3,283)**	**-**	**(3,283)**
Release of hedging reserve	**-**	**-**	**-**	**-**	**(122)**	**-**	**-**	**(122)**	**-**	**(122)**
Deferred tax credit arising on release of hedging reserve *(note 21)*	**-**	**-**	**-**	**-**	**29**	**-**	**-**	**29**	**-**	**29**
Release of cumulative losses included in profit or losses upon disposal of a subsidiary *(note 44)*	**-**	**-**	**-**	**-**	**-**	**126**	**-**	**126**	**-**	**126**
Total comprehensive income (expenses) for the year	**-**	**-**	**-**	**-**	**10,192**	**(35,411)**	**111,207**	**85,988**	**(13,787)**	**72,201**
Dividend declared and paid *(note 13)*	**-**	**-**	**-**	**-**	**-**	**-**	**(21,883)**	**(21,883)**	**-**	**(21,883)**
Dividends paid to non-controlling shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,505)**	**(4,505)**
Transfer of other non-distributable reserves	**-**	**-**	**-**	**884**	**-**	**-**	**(884)**	**-**	**-**	**-**
Effects of share options *(note 38)*	**-**	**-**	**180**	**-**	**-**	**-**	**-**	**180**	**-**	**180**
Lapse of share options *(note 38)*	**-**	**-**	**(2,745)**	**-**	**-**	**-**	**2,745**	**-**	**-**	**-**
Capital contribution from non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,170**	**9,170**
At 31 December 2019	**55**	**250,406**	**-**	**12,813**	**7,248**	**(48,476)**	**708,069**	**930,115**	**79,332**	**1,009,447**

Note: Other non-distributable reserves principally represent statutory reserves required to be appropriated from profit after income tax of the subsidiaries established in the People's Republic of China (the "**PRC**"), under the relevant laws and regulations. Allocation to the statutory reserves shall be approved by the board of directors of the relevant subsidiaries. The appropriation to statutory reserves may cease if the balance of the statutory reserves has reached 50% of the registered capital of the respective subsidiaries. The statutory reserves may be used to make up losses or for conversion into capital. The relevant subsidiaries may, upon the approval by a resolution of shareholders' general meeting/board of directors' meeting, convert their statutory reserves into capital in proportion to their then existing shareholdings. However, when converting the statutory reserves into capital, the balance of such reserve remaining unconverted must not be less than 25% of the registered capital.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 US$'000	2018 US$'000
OPERATING ACTIVITIES			
Profit before tax		**140,917**	125,038
Adjustments for:			
Amortisation of deferred connection charges		**(84)**	(88)
Bargain purchase gain on acquisition of subsidiaries	*43*	**(147)**	(25)
Change in fair value of derivative financial instruments		**–**	(5,975)
Depreciation of property, plant and equipment		**159,831**	144,473
Depreciation of right-of-use assets		**7,753**	–
Finance costs		**122,120**	110,158
(Gain) loss on disposal of property, plant and equipment		**(3,550)**	3,948
Gain on disposal of investment in a subsidiary	*44*	**(548)**	-
Impairment loss of property, plant and equipment, net	*16*	**27,992**	23,442
Interest income		**(4,310)**	(4,716)
Recognition of government grants		**(883)**	(1,836)
Release of prepaid lease payments		**–**	3,250
(Reversal of impairment loss) impairment loss recognised on trade and other receivables		**(1,008)**	1,465
Share of results of associates		**(32,807)**	(16,819)
Share-based payment expense	*38*	**180**	533
Operating cash flows before movements in working capital		**415,456**	382,848
(Increase) decrease in other non-current assets		**(169,614)**	1,916
Decrease in inventories		**2,092**	679
Increase in trade receivables		**(13,132)**	(66,268)
Increase in contract assets		**(59,069)**	(20,962)
Decrease (increase) in other receivables and prepayments		**82,073**	(36,708)
Decrease (increase) in amounts due from fellow subsidiaries		**5,159**	(956)
Increase in trade payables		**79,533**	59,030
(Decrease) increase in other payables and accruals		**(12,780)**	15,023
Increase in contract liabilities		**39**	2,084
Increase in government grants		**39**	1,284
Cash generated from operations		**329,796**	337,970
Income taxes paid		**(40,420)**	(29,377)
NET CASH FROM OPERATING ACTIVITIES		**289,376**	308,593
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,074,286)**	(458,963)
Placement of pledged bank deposits		**(141,833)**	(166,847)
Placement of deposits for acquisition of property, plant and equipment		**(90,861)**	(27,100)
Payments for right-of-use assets		**(3,150)**	–
Net cash outflow on disposal of a subsidiary	*44*	**(920)**	–
Withdrawal of pledged bank deposits		**166,847**	92,446
Proceeds from disposal of property, plant and equipment		**13,639**	2,440
Dividends received from associates		**13,052**	11,360
Interest received		**4,310**	4,716
Placement of short-term bank deposits		**3,653**	(6,247)
Net cash inflow (outflow) on acquisition of subsidiaries	*43*	**223**	(3,136)
Addition of prepaid lease payments		**–**	(2,942)
Acquisition of interest in an associate		**–**	(729)
NET CASH USED IN INVESTING ACTIVITIES		**(1,109,326)**	(555,002)

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	2019 US$'000	2018 US$'000
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(449,787)**	(238,960)
Interest paid	**(122,120)**	(115,016)
Repayment to fellow subsidiaries	**(42,765)**	(2,293)
Dividends paid to shareholders	**(21,883)**	(15,447)
Dividends paid to non-controlling shareholders	**(4,505)**	(4,663)
Repayment of lease liabilities	**(3,671)**	–
New bank borrowings raised	**1,216,741**	683,579
Loans from fellow subsidiaries	**381,461**	295,223
Capital contribution from non-controlling shareholders	**9,170**	6,835
Redemption of bond	**–**	(350,000)
Settlement of derivative financial instruments	**–**	(3,982)
Advance from non-controlling shareholders	**–**	650
NET CASH FROM FINANCING ACTIVITIES	**962,641**	255,926
NET INCREASE IN CASH AND CASH EQUIVALENTS	**142,691**	9,517
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**246,786**	242,825
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(5,336)**	(5,556)
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash	**384,141**	246,786

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. GENERAL

CGN New Energy Holdings Co., Ltd. (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 of Hong Kong Limited (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 Holdings Co., Limited ("**CGN Energy International**"), a company incorporated in Hong Kong with limited liability, and its ultimate holding company is China General Nuclear Power Corporation ("**CGN**"), a state-owned enterprise established in the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the generation and supply of electricity and steam, construction and operation of power stations and other associated facilities in the PRC and Republic of Korea ("**Korea**").

These consolidated financial statements are presented in United States dollar ("**US$**"), which is also the functional currency of the Company.

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. CGN Finance Co., Ltd. ("**CGN Finance**") and CGN Wind Energy Limited ("**CGN Wind Energy**"), the fellow subsidiaries of the Company, have confirmed in writing that despite the loans from CGN Finance of RMB1,600,000,000 (equivalent to US$229,351,000) and CGN Wind Energy of RMB1,000,000,000 (equivalent to US$143,345,000) which 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, taking into account the financial resources of the Group, 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. In addition, the directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the date of approval of the consolidated financial statements.

Taking into account the above-mentioned considerations, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

3.1 IFRS 16

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

3.1 IFRS 16 *(Continued)*

As a lessee *(Continued)*

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

3.1 IFRS 16 *(Continued)*

As a lessee *(Continued)*

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

New and amendments to IFRSs that are mandatorily effective for the current year *(Continued)*

3.1 IFRS 16 *(Continued)*

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	Adjustments	Carrying amounts under IFRS 16 at 1 January 2019
		US$'000	*US$'000*	*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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in IFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IFRS 3 *Definition of a Business*

The amendments:

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis;

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; and

- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The directors of the Company anticipate that the application of the optional concentration test in the future may affect the Group's assessment of whether any new acquisitions constitute a business combination or an asset acquisition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

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

New and amendments to IFRSs in issue but not yet effective *(Continued)*

Amendments to IAS 1 and IAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 (since 1 January 2019) or IAS 17 (before application of IFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* ("**IAS 36**").

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instrument* ("**IFRS 9**") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* ("**IAS 12**") and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which the lease term ends within 12 months of the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units), that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit, or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash generating unit (or a cash-generating unit within group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described as "Investments in associates" below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates *(Continued)*

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Non-current assets classified as held for sale

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

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

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from contracts with customers *(Continued)*

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Revenue from the sale of electricity or steam and tariff income are recognised based upon output delivered. Under the transfer-of-control approach in IFRS 15 *Revenue from Contracts with Customers* ("**IFRS 15**"), revenue from sales of electricity or stream and tariff income is generally recognised upon transmission of electricity and steam to the customers, which is the point of time when the customer has the ability to direct the use of the output and obtain substantially all of the remaining benefits of the output. A receivable is recognised by the Group when the output is delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Capacity charges are payments from independent power purchasers for maintaining availability of some of the Group's power generators for dispatch of electricity, regardless of actual dispatch. Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government. Management service fee income is recognised when the service is provided. The revenue from capacity charges, connection charges and management service are recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation, as the customer simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs.

Variable consideration

In relation to the tariff income from sales of electricity, certain amounts are subject to the approval for the registration in the Renewable Energy Tariff Subsidy Catalogue pursuant to Cai Jian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (the "**Catalogue**") by the PRC government. The relevant revenue from these tariff income are considered as variable consideration.

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Definition of a lease (upon application of IFRS 16 in accordance with transitions in note 3)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of residential units and other premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item in the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

The Group as a lessee (upon application of IFRS 16 in accordance with transitions in note 3) *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as a lessee (prior to 1 January 2019)

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans including state-managed retirement benefit schemes in the PRC, national retirement benefit scheme in Korea and the Mandatory Provident Fund Scheme ("**MPF Scheme**") in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

In accordance with the relevant rules and regulations in Korea, all employees with more than one year of service are entitled to lump-sum severance payments equal to one month's pay of service for each year based on their rate of latest salary and the length of service upon termination of their employment or retirement. The accrual for severance indemnities is determined based on the amount that would be payable assuming all employees were to retire at the end of the reporting period.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees render the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant taxation authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment (other than construction in progress and freehold land) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of IFRS 16) or "prepaid lease payments" (before application of IFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress and freehold land) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment on property, plant and equipment and right-of-use assets (other than financial assets and goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Share-based payment arrangements

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL with the exception of derivatives designated in cash flow hedges.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade receivables, contract assets, other receivables, amounts due from associates/fellow subsidiaries, pledged bank deposits, short-term bank deposits and bank balances) which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed individually for debtors with significant balances based on its historical observed default rates which is adjusted for forward-looking estimates.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets write off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advise where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the internal credit rating basis which takes account of the following factors:

– Nature of financial instruments (i.e. the Group's trade receivables, other receivables, and contract assets are each assessed as a separate group. Amounts due from associates/fellow subsidiaries are assessed for ECL on an individual basis);

– Past-due status;

– Nature, size and industry of debtors; and

– External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method except derivative financial liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables, amounts due to non-controlling shareholders and fellow subsidiaries, loans from fellow subsidiaries, bank borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Hedge accounting *(Continued)*

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "other gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year from the end of each reporting period.

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2019, the carrying amount of goodwill is US$167,236,000 (2018: US$169,976,000). Details of the value in use calculation are disclosed in note 19.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	Power plants in the PRC *US$'000*	**Power plants in Korea** *US$'000*	**Management companies** *US$'000*	**2019 Total** *US$'000*
Types of goods and services				
Sales of electricity	**246,209**	**621,806**	**–**	**868,015**
Tariff income	**141,531**	**–**	**–**	**141,531**
Sales of steam	**96,984**	**–**	**–**	**96,984**
Capacity charges	**10,253**	**126,236**	**–**	**136,489**
Connection charges and others	**47**	**4,159**	**–**	**4,206**
Management service income	**–**	**–**	**29,056**	**29,056**
	495,024	**752,201**	**29,056**	**1,276,281**
Timing of revenue recognition				
At a point of time	**484,724**	**625,965**	**–**	**1,110,689**
Over time	**10,300**	**126,236**	**29,056**	**165,592**
	495,024	**752,201**	**29,056**	**1,276,281**

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	2018 Total *US$'000*
Types of goods and services				
Sales of electricity	238,200	736,476	–	974,676
Tariff income	110,022	–	–	110,022
Sales of steam	102,531	–	–	102,531
Capacity charges	10,429	133,059	–	143,488
Connection charges and others	87	2,235	–	2,322
Management service income	–	–	25,448	25,448
	461,269	871,770	25,448	1,358,487
Timing of revenue recognition				
At a point of time	450,753	736,476	–	1,187,229
Over time	10,516	135,294	25,448	171,258
	461,269	871,770	25,448	1,358,487

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

Performance obligations for contracts with customers

Sales of electricity or steam

Revenue from the sales of electricity or steam are recognised based upon output delivered. Under the transfer-of-control approach in IFRS 15, revenue from the sales of electricity or stream and tariff income is generally recognised upon transmission of electricity or steam to the customers, which is the point of time when the customer has the ability to direct the use of the output and obtain substantially all of the remaining benefits of the output. A receivable is recognised by the Group when the output is delivered to the customers as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group allows a credit period from 30 to 90 days to its customer.

Tariff income from government authorities for sales of electricity

Tariff income is recognised at the same time as the relevant revenue from the sales of electricity is recognised, that is, upon the transmission of electricity to the customers. A receivable is recognised at the same time except for those which are pending the approval for the registration in the Catalogue from the relevant government authorities, which a contract asset is recognised. Due to the nature of receivables, there is no credit period and the directors expect that the receivables will be recovered within the Group's normal operating cycle from the time they are recognised. Revenue are measured at the amounts based on the periodic electricity or steam consumption.

Capacity charges

Capacity charges are payments from independent power purchasers for maintaining availability of some of the Group's power generators for dispatch of electricity, regardless of actual dispatch. Revenue is recognised over time when the relevant dispatch requirements are met. The credit period is normally 30 days to the independent power purchasers.

Connection charges

Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government in the PRC. The charges are deferred and recognised on a straight-line basis over the estimated service life of the customers which is estimated to be five years. The charges received in advance from customers are classified as contract liabilities.

Management service income

Management service income is recognised when the service is provided. The revenue from capacity charges, connection charges and management service are recognised over time when the service is provided. The credit term is normally 30 days.

Transaction price allocated to the remaining performance obligation for contracts with customers

Contracts for capacity charges and management service typically having 3 to 20 years non-cancellable terms in which the Group bills fixed rates by reference to the progress towards complete satisfaction of the relevant performance obligations. The Group elected to apply the practical expedient by recognise revenue in the amount to which the Group has right to invoice. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

Contracts for sales of electricity and steam typically having 20 years non-cancellable terms. As the revenue from sales of electricity and steam as well as the related tariff income involve variable consideration as it depends on future actual consumption, the revenue arising from these future sales have not been included in the transaction price for revenue recognition purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

Information reported to the executive director of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on geographical location are set out below.

Segment revenue and segment results

The executive director of the Company reviews the operating results and financial information of the Group based on individual power plant, management companies and on a location basis. Each power plant and management company constitutes an operating segment. For certain operating segments that exhibit similar long-term financial performance as they have similar economic characteristics, produce electricity and/or steam by using similar production processes and all of the electricity and/or steam are distributed and sold to similar classes of customers, provide similar consulting services to customers, their segment information is aggregated into a single reportable operating segment.

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 *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'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**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and segment results *(Continued)*

For the year ended 31 December 2018

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Total *US$'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 accounting policies of the reportable segments are the same as the Group's accounting policies set out in note 4. Segment results represents the profit earned by each segment without allocation of certain other income, operating expenses, finance costs, other gains and losses and share of results of associates. This is the measure reported to the executive director of the Company for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	2019 *US$'000*	2018 *US$'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

	2019 *US$'000*	2018 *US$'000*
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

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than interests in associates, certain right-of-use assets and corporate assets of investment holding companies; and
- all liabilities are allocated to operating segments other than certain bank borrowings, lease liabilities, other payables and accruals and loans from fellow subsidiaries of the Company and unallocated corporate liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2019

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets *(Note)*	1,340,041	142,208	–	15	1,482,264
Depreciation of property, plant and equipment	111,355	47,794	32	650	159,831
Depreciation of right-of-use assets	5,522	582	204	1,445	7,753
Gain on disposal of property, plant and equipment	3,550	–	–	–	3,550
Interest income	3,004	1,251	11	44	4,310
Finance costs	65,612	22,715	34	33,759	122,120
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interests in associates	190,608	–	–	–	190,608
Share of results of associates	32,807	–	–	–	32,807
Income tax expense	22,350	19,214	–	–	41,564

Note: Non-current assets excluded financial assets and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2018

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment profit or loss or segment assets:					
Addition to non-current assets *(Note)*	422,248	111,388	20	42	533,698
Depreciation of property, plant and equipment	96,705	47,186	17	565	144,473
Release of prepaid lease payments	3,250	–	–	–	3,250
Loss on disposal of property, plant and equipment	3,948	–	–	–	3,948
Interest income	2,721	1,887	15	93	4,716
Finance costs	50,407	25,124	–	34,627	110,158
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Interests in associates	163,983	–	–	–	163,983
Share of results of associates	16,819	–	–	–	16,819
Income tax expense	17,965	15,802	–	–	33,767

Note: Non-current assets excluded financial assets and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

Information about major customers

Revenue from customers from segment of power plants in Korea of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2019	2018
	US$'000	*US$'000*
Korea Electric Power Corporation ("**KEPCO**")	**217,018**	304,810
Korea Power Exchange	**535,183**	566,960

Non-current assets by geographical location

The Group operates in three principal geographical areas – the PRC, Korea and Hong Kong. The Group's information about its non-current assets *(Note)* by location of assets and its associates by location of the relevant associates' business operations are detailed below:

	2019	2018
	US$'000	*US$'000*
PRC	**3,203,934**	2,053,374
Korea	**1,142,180**	1,083,125
Hong Kong	**8,088**	5,714
	4,354,202	3,142,213

Note: Non-current assets excluded financial assets and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

7. OTHER INCOME

	2019	2018
	US$'000	*US$'000*
Compensation from insurance companies	**412**	312
Equipment rental income	**491**	155
Gain from bargain purchase of interest in a subsidiary *(note 43)*	**147**	25
Government grants *(note 36)*	**883**	1,836
Income on sale of carbon emission quota	**–**	22,996
Income on sales of scrap materials	**3,247**	3,055
Income on technical service	**7,412**	2,944
Interest income	**4,310**	4,716
Value added tax refund	**5,097**	4,054
Others	**1,158**	1,244
	23,157	41,337

8. OTHER GAINS AND LOSSES

	2019	2018
	US$'000	*US$'000*
Change in fair value of derivative financial instruments	**–**	5,975
Gain on disposal of investment in a subsidiary *(note 44)*	**548**	–
Impairment loss recognised in respect of property, plant and equipment, net *(note 16)*	**(27,992)**	(23,442)
Net foreign exchange loss	**(651)**	(726)
Net gain (loss) on disposal of property, plant and equipment	**3,550**	(3,948)
	(24,545)	(22,141)

9. FINANCE COSTS

	2019	2018
	US$'000	*US$'000*
Interest on:		
Bank borrowings	**91,499**	76,897
Loans from fellow subsidiaries	**29,914**	24,119
Lease liabilities	**707**	–
Bond payables *(Note)*	**–**	9,142
	122,120	110,158

Note: On 19 August 2013, the Company issued a bond in an aggregate principal amount of US$350,000,000 (the "**Bond**"). The Bond was priced at 99.686% of the principal amount of the Bond which is listed on the Stock Exchange. The Bond carried interest at 4% per annum and interest was payable semi-annually in arrears. The Bond was matured and fully redeemed during 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

10. INCOME TAX EXPENSE

	2019	2018
	US$'000	US$'000
Current tax:		
Provision for the year	**30,601**	32,615
Under(over) provision in prior years	**292**	(91)
	30,893	32,524
Dividend withholding tax – current year	**3,244**	2,238
Deferred tax *(note 21)*:		
Current year	**7,427**	(995)
	41,564	33,767

The Company is exempted from taxation in Bermuda.

Current tax provision represents provision for the PRC Enterprise Income Tax ("**PRC EIT**") and Korean Corporate Income Tax ("**KCIT**").

Under the Law of the People's Republic of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards, except for those subsidiaries described below.

Certain subsidiaries of the Group in the PRC are under the Western China Development Plan and a preferential tax rate of 15% is granted for an extended period from 2011 to 2020. As a result, the tax rate of 15% is used to calculate the amount of current taxation.

Pursuant to KCIT law, the statutory income tax of the Group's Korean subsidiaries was calculated at a rate of 24.2% of the estimated assessable profit for the years ended 31 December 2019 and 2018.

During the year ended 31 December 2018, a tax exemption of South Korean Won ("**KRW**") 35,248,000 (2019: nil), equivalent to approximately US$32,000 (2019: nil) was granted to a Korean subsidiary under KCIT in relation to the installation of energy saving facilities.

Pursuant to Hong Kong tax law, the statutory income tax was calculated at a rate of 16.5% for the years ended 31 December 2019 and 2018. Pursuant to the tax laws in Republic of Malta and in Mauritius, the statutory income tax was calculated at a rate of 35% and 15%, respectively, for the years ended 31 December 2019 and 2018. However, subsidiaries of the Group operating in these jurisdictions have not generated taxable income during both years and therefore, no tax provision has been made by the Group in relation to these subsidiaries.

The Group's subsidiaries and associates that are tax residents in the PRC are subject to the PRC dividend withholding tax ranging from 5% to 10% for those non-PRC tax resident immediate holding companies incorporated in Hong Kong and other jurisdictions, when and if undistributed earnings are declared and to be paid as dividends out of profits that arose on or after 1 January 2008.

The Group's subsidiaries that are tax residents in Korea are subject to a 10% Korean dividend withholding tax based on the PRC-Korea Tax Treaty when and if undistributed earnings are declared and to be paid to non-PRC or non-Korea residents as dividends out of profits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

10. INCOME TAX EXPENSE *(Continued)*

Deferred tax has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the profit for the current year of the Group's Korean subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2019 *US$'000*	2018 *US$'000*
Profit before tax	**140,917**	125,038
Tax at the PRC EIT of 25% (2018: 25%) *(Note)*	**35,229**	31,260
Tax effect of expenses not deductible for tax purpose	**21,515**	18,384
Tax effect of income not taxable for tax purpose	**(6,147)**	(5,558)
Tax effect of share of results of associates	**(8,202)**	(4,205)
Tax effect of preferential tax rates granted to certain PRC subsidiaries	**(15,875)**	(7,179)
Utilisation of tax losses previously not recognised	**(682)**	(665)
Tax effect of tax losses not recognised	**6,378**	575
Withholding tax on distributable profits of subsidiaries and associates	**9,512**	1,243
Under(over) provision in prior years	**292**	(91)
Effect of tax exemptions granted to a Korean subsidiary	**–**	(32)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(456)**	35
Income tax expense for the year	**41,564**	33,767

Note: The tax rate represents the statutory tax rate of the operations in the jurisdiction where the operations of the Group are substantially based.

Details of deferred tax movement are set out in note 21.

11. PROFIT FOR THE YEAR

	2019 *US$'000*	2018 *US$'000*
Profit for the year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**159,831**	144,473
Depreciation of right-of-use assets	**7,753**	–
Release of prepaid lease payments	**–**	3,250
(Reversal of impairment loss) impairment loss recognised on trade and other receivables	**(1,008)**	1,465
Staff costs		
– salaries and allowances	**65,096**	54,873
– contribution to retirement benefits scheme, including directors' emoluments	**11,427**	12,926
Total staff costs, including directors' emoluments	**76,523**	67,799
Auditor's remuneration	**1,205**	1,091

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12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' emoluments

2019

Name	Directors' fee *US$'000*	Salaries and allowances *US$'000*	Performance related incentive payments *US$'000* *(Note)*	Benefits in kind *US$'000*	Contributions to retirement benefits schemes *US$'000*	Total *US$'000*
Chairman and Non-executive Director						
Mr. CHEN Sui 陳遂	–	–	–	–	–	–
President and Executive Director						
Mr. LI Yilun 李亦倫	–	–	–	–	–	–
Non-executive Director						
Mr. XING Ping 邢平	–	–	–	–	–	–
Mr. YAO Wei 姚威	–	–	–	–	–	–
Independent Non-executive Director						
Mr. LEUNG Chi Ching Frederick 梁子正	51	–	–	–	–	51
Mr. YANG Xiaosheng 楊校生	51	–	–	–	–	51
Mr. WANG Minhao 王民浩	51	–	–	–	–	51
	153	–	–	–	–	153

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12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Directors' emoluments *(Continued)*

2018

Name	Directors' fee *US$'000*	Salaries and allowances *US$'000*	Performance related incentive payments *US$'000* *(Note)*	Benefits in kind *US$'000*	Contributions to retirement benefits schemes *US$'000*	Total *US$'000*
Chairman and Non-executive Director						
Mr. CHEN Sui 陳遂	–	–	–	–	–	–
President and Executive Director						
Mr. LIN Jian 林堅 *(resigned on 22 January 2018)*	–	–	–	–	–	–
Mr. LI Yilun 李亦倫 *(appointed on 22 January 2018)*	–	–	–	–	–	–
Non-executive Director						
Mr. YIN Engang 尹恩剛 *(resigned on 22 January 2018)*	–	–	–	–	–	–
Mr. DAI Honggang 戴洪剛 *(resigned on 26 June 2018)*	–	–	–	–	–	–
Mr. XING Ping 邢平	–	–	–	–	–	–
Mr. WANG Hongxin 王宏新 *(resigned on 26 June 2018)*	–	–	–	–	–	–
Mr. ZHANG Chengbai 張承柏 *(resigned on 26 June 2018)*	–	–	–	–	–	–
Mr. YAO Wei 姚威 *(appointed on 22 January 2018)*	–	–	–	–	–	–
Independent Non-executive Director						
Mr. LEUNG Chi Ching Frederick 梁子正	51	–	–	–	–	51
Mr. FAN Ren Da Anthony 范仁達 *(resigned on 26 June 2018)*	25	–	–	–	–	25
Mr. WANG Susheng 王蘇生 *(resigned on 26 June 2018)*	19	–	–	–	–	19
Mr. ZHANG Dongxiao 張東曉 *(resigned on 26 June 2018)*	25	–	–	–	–	25
Mr. YANG Xiaosheng 楊校生 *(appointed on 26 June 2018)*	27	–	–	–	–	27
Mr. WANG Minhao 王民浩 *(appointed on 26 June 2018)*	–	–	–	–	–	–
	147	–	–	–	–	147

Note: The performance related incentive payments are based on the Group's performance for the relevant previous years.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

The independent non-executive directors' emoluments shown above were for the services as directors of the Company.

Certain directors have also been employed by CGN and its subsidiaries, so the payments of their emoluments were borne by CGN and its subsidiaries for both years.

Save as Mr. Wang Minhao, one of the independent non-executive directors of the Company, who has agreed to waive his annual director's emoluments for the year ended 31 December 2018, neither the President nor any of the directors of the Company waived any emoluments during both years.

No emoluments were paid to the directors of the Company as an inducement to join for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' REMUNERATION *(Continued)*

Employees' remuneration

The five highest paid individuals did not include any directors of the Company for the years ended 31 December 2019 and 2018. The emoluments of the five individuals for the years ended 31 December 2019 and 2018 are as follow:

	2019	2018
	US$'000	*US$'000*
Salaries and allowances	1,322	1,472
Contributions to retirement benefits schemes	49	53
Performance related incentive payments *(Note)*	768	506
	2,139	2,031

Note: The performance related incentive payments are determined by the board of directors of the Company based on the Group's performance.

No benefits in kind and compensations of loss of office were paid to the individuals and no emoluments were paid to the individuals as an inducement to join for both years.

Their emoluments were within the following bands:

	No. of employees	
	2019	2018
Hong Kong dollars ("**HK$**") 2,000,001 to HK$2,500,000 (Equivalent to US$255,001 to US$319,000)	2	2
HK$2,500,001 to HK$3,000,000 (Equivalent to US$319,001 to US$383,000)	2	2
HK$5,500,001 to HK$6,000,000 (Equivalent to US$702,001 to US$766,000)	–	1
HK$6,500,001 to HK$7,000,000 (Equivalent to US$830,001 to US$893,000)	1	–

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13. DIVIDEND

For the year ended 31 December 2019

A final dividend in respect of the year ended 31 December 2018 of 0.51 US cent per ordinary share, in aggregate of US$21,883,000, was paid to the shareholders. The board does not recommend any final dividend for the year ended 31 December 2019.

For the year ended 31 December 2018

A final dividend in respect of the year ended 31 December 2017 of 0.36 US cent per ordinary share, in aggregate of US$15,447,000, was paid to the shareholders. Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of 0.51 US cent per ordinary share, in aggregate of US$21,883,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data.

	2019	2018
	US$'000	*US$'000*
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**111,207**	88,211

	2019	2018
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,290,824**	4,290,824

The computation of diluted earnings per share does not assume the exercise of the Company's options because the exercise prices of those options were higher than the average market prices for shares throughout the years ended 31 December 2019 and 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

15. EMPLOYEE BENEFITS

Hong Kong

The Group participates in the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance (Cap. 485) for all qualifying employees in Hong Kong. Employees contribute 5.0% of their relevant income to the MPF Scheme and the Group contributes 10.0% of each employee's monthly base salary. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. During the year ended 31 December 2019, the retirement benefit scheme contributions arising from the MPF Scheme charged to profit or loss were approximately US$182,000 (2018: US$177,000).

The PRC

In accordance with the relevant rules and regulations of the PRC, the Group's PRC subsidiaries are required to make contributions to the retirement fund administered by the PRC government ranging from 10% to 22% of the total monthly basic salaries of the current employees. In addition, the Group's PRC subsidiaries are required by law to contribute 2% to 15% of basic salaries of the employees for social insurance in relating to staff welfare, housing, medical and education benefits. During the year ended 31 December 2019, the costs charged under such arrangements for the Group's PRC subsidiaries amounted to approximately US$9,942,000 (2018: US$11,867,000).

Korea

In accordance with the relevant rules and regulations in Korea, all employees with more than one year of service are entitled to lump-sum severance payments equal to one month's pay of service for each year based on their rate of latest salary and the length of service upon termination of their employment or retirement. The accrual for severance indemnities is determined based on the amount that would be payable assuming all employees were to retire at the end of the reporting period. In addition, the Group's Korean subsidiaries are required by law to contribute 0.06% to 4.5% of the average salaries of the employees for national pension, national health insurance, unemployment insurance, industrial accident compensation insurance and wage claim guarantee fund. During the year ended 31 December 2019, the cost charged under such arrangements for the Group's Korean subsidiaries amounted to approximately US$1,303,000 (2018: US$882,000). In the opinion of the directors of the Company, the accrual for such severance indemnities is adequate.

In the PRC and Korea, the Group cannot reduce the existing level of contributions by the forfeited contributions made by the employers on behalf of the employees who leave the defined contribution schemes before the vesting period. As such, no forfeited contribution was used to reduce both years' level of contributions and no forfeited contribution was available at 31 December 2019 and 2018 to reduce future years' contributions in the PRC and Korea. In Hong Kong, the Group has utilized US$22,000 of the forfeited contributions to reduce the current year's level of contributions for the year ended 31 December 2019 (US$41,000 for the year ended 31 December 2018). As at 31 December 2019 and 2018, no material forfeited contribution was available to reduce the contribution payable in future years in Hong Kong. The Group does not have any other significant post-retirement benefit plans.

Notes to the Consolidated Financial Statements

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16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Korea US$'000	Buildings US$'000	Electric and steam generating facilities US$'000	Office and electronic equipment US$'000	Motor vehicles US$'000	Construction in progress US$'000	Total US$'000
COST							
At 1 January 2018	78,488	654,759	2,533,881	11,236	4,443	100,776	3,383,583
Exchange differences	(3,572)	(27,871)	(123,256)	(368)	(366)	(3,778)	(159,211)
Acquisitions of subsidiaries *(note 43)*	–	–	–	20	–	12,824	12,844
Additions	109	398	4,159	2,327	858	486,674	494,525
Disposals	–	(3,957)	(11,027)	(212)	(803)	–	(15,999)
Transfer	–	11,418	369,222	282	28	(380,950)	–
At 31 December 2018	**75,025**	**634,747**	**2,772,979**	**13,285**	**4,160**	**215,546**	**3,715,742**
Exchange differences	**(2,341)**	**(81,751)**	**(197,171)**	**(2,515)**	**(169)**	**(15,376)**	**(299,323)**
Acquisition of a subsidiary *(note 43)*	**–**	**7,444**	**16,965**	**3**	**–**	**194**	**24,606**
Additions	**–**	**85,886**	**36,673**	**6,092**	**2,107**	**1,058,744**	**1,189,502**
Disposals	**–**	**(11,722)**	**(17,766)**	**(1,179)**	**(864)**	**(56)**	**(31,587)**
Reclassified as held for sale *(note 30)*	**–**	**–**	**(44,112)**	**(981)**	**–**	**–**	**(45,093)**
Transfer	**–**	**30,816**	**212,478**	**22**	**–**	**(243,316)**	**–**
At 31 December 2019	**72,684**	**665,420**	**2,780,046**	**14,727**	**5,234**	**1,015,736**	**4,553,847**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2018	–	207,252	694,719	6,685	3,369	–	912,025
Exchange differences	–	(5,060)	(25,218)	(204)	(403)	–	(30,885)
Provided for the year	–	21,273	121,319	1,411	470	–	144,473
Impairment loss recognised in profit or loss *(Note b)*	–	2,267	21,060	114	1	–	23,442
Eliminated on disposals	–	(66)	(8,599)	(176)	(770)	–	(9,611)
At 31 December 2018	**–**	**225,666**	**803,281**	**7,830**	**2,667**	**–**	**1,039,444**
Exchange differences	**–**	**(16,464)**	**(101,053)**	**(1,201)**	**(109)**	**–**	**(118,827)**
Provided for the year	**–**	**23,556**	**133,892**	**1,853**	**530**	**–**	**159,831**
Impairment loss recognised in profit or loss *(Note a)*	**–**	**15,572**	**29,315**	**752**	**–**	**–**	**45,639**
Reversal of impairment loss recognised in profit or loss *(Note b)*	**–**	**(2,178)**	**(15,359)**	**(110)**	**–**	**–**	**(17,647)**
Eliminated on disposals	**–**	**(4,756)**	**(14,894)**	**(1,049)**	**(799)**	**–**	**(21,498)**
Reclassified as held for sale *(note 30)*	**–**	**–**	**(23,889)**	**(886)**	**–**	**–**	**(24,775)**
At 31 December 2019	**–**	**241,396**	**811,293**	**7,189**	**2,289**	**–**	**1,062,167**
CARRYING VALUES							
At 31 December 2019	**72,684**	**424,024**	**1,968,753**	**7,538**	**2,945**	**1,015,736**	**3,491,680**
At 31 December 2018	75,025	409,081	1,969,698	5,455	1,493	215,546	2,676,298

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16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment, except for freehold land in Korea and construction in progress, are depreciated on a straight-line basis at the following useful lives:

Buildings	Over the shorter of the term of the lease, and 20 to 50 years
Electric and steam generating facilities	17 to 30 years, or over the relevant operating license period, if shorter
Office and electronic equipment	3 to 12 years
Motor vehicles	5 to 10 years

At 31 December 2019, the Group has not yet obtained the ownership certificates of certain buildings with carrying values of US$46,379,000 (2018: US$18,398,000).

At 31 December 2019 and 2018, certain amounts of the property, plant and equipment have been pledged as securities for the borrowings. Details are set out in note 34.

Notes:

(a) During the year ended 31 December 2019, the Group recognised an impairment loss of US$45,639,000 with respect to the end of the operating period of power plant located in the Henan province, which will be expired by 31 December 2020. The Group has no intention to extend the operating period due to cost efficiency and performed an impairment assessment with recoverable amounts of the relevant assets determined on the basis of fair value less cost of disposal. In determining the fair value of the relevant plant and equipment, the Group engaged a third party qualified valuer to perform the valuation. The fair value has been arrived at on the basis of market approach with reference to the second-hand market value.

(b) During the year ended 31 December 2018, the Group recognised an impairment loss of US$23,442,000 on certain plant and equipment. Out of which, an impairment loss of US$18,361,000 is recognised with respect to the change of national land using plan by the PRC government, as a power plant located in the Jiangsu province is required to cease operation and close down. After negotiation with the PRC government for the compensation plan, the Group has recognised a reversal of impairment loss of US$17,647,000 during the year ended 31 December 2019 for the subsequent increase in fair value less costs of disposal based on agreed compensation plan.

17. RIGHT-OF-USE ASSETS

	Leasehold lands	**Land and buildings**	**Total**
	US$'000	*US$'000*	*US$'000*
As at 1 January 2019			
Carrying amount	51,345	28,307	79,652
As at 31 December 2019			
Carrying amount	49,841	35,985	85,826
For the year ended 31 December 2019			
Depreciation charge	3,574	4,179	7,753
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS 16			2,411
Total cash outflow for leases			9,939
Additions to right-of-use assets			15,762

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

17. RIGHT-OF-USE ASSETS *(Continued)*

For both years, the Group leases land and buildings (including offices and rooftops) for its operations. Other than the lease contracts of land use rights which are entered into for 17 to 30 years, lease contracts for other assets are entered into for fixed term of 3 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its operating facilities are primarily located with office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties have been presented separately.

18. PREPAID LEASE PAYMENTS

	2018 *US$'000*
Prepaid lease payments comprise:	
Medium-term lease	51,345
Analysed for reporting purposes as:	
Non-current asset	48,258
Current asset	3,087
	51,345

The amount represented the prepaid land use rights and was released to profit or loss on a straight-line basis, over 20 to 70 years which was equal to the original period stated in the land use rights certificates granted for usage to the Group.

At 31 December 2018, certain amounts of prepaid lease payments had been pledged as security of the borrowings. Details are set out in note 34.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

19. GOODWILL

	US$'000
Cost and carrying value	
At 1 January 2018	178,492
Exchange difference	(8,516)
At 31 December 2018	169,976
Exchange difference	(2,740)
At 31 December 2019	**167,236**

Goodwill is allocated to the following cash-generating units or group of cash-generating units:

	2019	2018
	US$'000	*US$'000*
Nantong (as defined below) *(note a)*	**844**	844
Wind Energy Subsidiaries (as defined below) *(note b)*	**115,013**	116,906
Solar Energy Subsidiaries (as defined below) *(note b)*	**50,788**	51,625
Tong Ce (as defined below) *(note c)*	**591**	601
	167,236	169,976

Notes:

(a) For the purpose of impairment testing, goodwill has been allocated to an individual cash-generating unit, comprising one subsidiary, namely Nantong Meiya Co-generation Co., Ltd. 南通美亞熱電有限公司 ("**Nantong**") in the coal-fired and co-generation unit. The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on a five-year period financial budget, which approved by senior management and discount rate of 15.67% (2018: 13.27%) as at 31 December 2019. Nantong's cash flows beyond the five-year period are extrapolated with zero growth rate. Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Since the recoverable amount of the cash-generating unit is higher than its carrying amount, the directors of the Company consider that the goodwill is not impaired. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Nantong to exceed the aggregate recoverable amount of Nantong.

(b) For the purpose of impairment testing, goodwill has been allocated to the subsidiaries under CGN Wind Energy Limited acquired in 2015 ("**Wind Energy Subsidiaries**") and subsidiaries under CGN Solar Energy Development Co., Ltd. acquired in 2015 ("**Solar Energy Subsidiaries**") which are considered as group of cash-generating units. The recoverable amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries have been determined based on value in use calculation. Goodwill impairment testing has been assessed for the Wind Energy Subsidiaries and Solar Energy Subsidiaries individually. That calculation uses cash flow projections based on a five-year period financial budget of the Group of Wind Energy Subsidiaries and Solar Energy Subsidiaries, which approved by management and discount rate of 9.20% and 9.22% (2018: 8.21% and 9.06%) as at 31 December 2019, respectively. The cash flows of the Wind Energy Subsidiaries and Solar Energy Subsidiaries beyond the five year period are extrapolated with zero growth rate. Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on past performance of the Wind Energy Subsidiaries and Solar Energy Subsidiaries and management's expectations for the market development. Since the recoverable amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries are higher than their respective carrying amounts, the directors of the Company consider that the goodwill is not impaired. Management believes that any reasonably possible change in the assumptions would not cause the carrying amounts of the Wind Energy Subsidiaries and Solar Energy Subsidiaries to exceed their recoverable amounts.

(c) For the purpose of impairment testing, goodwill has been allocated to an individual cash-generating unit, comprising one subsidiary, namely 上海同策雲啟分布式能源有限公司 ("**Tong Ce**"). The recoverable amount of this unit has been determined based on value in use calculation. That calculation uses cash flow projections based on a five-year period financial budget, which approved by senior management and discount rate of 15.67% (2018: 13.27%) as at 31 December 2019. Tong Ce's cash flows beyond the five-year period are extrapolated with zero growth rate. Other key assumptions for the value in use calculations relate to the budgeted sales and gross margin, which is determined based on the unit's past performance and management's expectations for the market development. Since the recoverable amount of the cash-generating unit is higher than its carrying amount, the directors of the Company consider that the goodwill is not impaired. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of Tong Ce to exceed the aggregate recoverable amount of Tong Ce.

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20. INTERESTS IN ASSOCIATES

	2019	2018
	US$'000	*US$'000*
Cost of unlisted investment in associates	**147,005**	147,005
Share of post-acquisition profits net of dividends received, and exchange realignment	**43,603**	16,978
	190,608	163,983

The other shareholders of the associates are state-owned enterprises of Hubei province.

As at 31 December 2019 and 2018, the Group has interests in the following associates:

Name of associates	**Place of establishment and principle place of business**	**Legal form**	**Registered and paid up capital**	**Proportion of ownership interest and voting right held by the Group**		**Principal activities**
				2019	2018	
Hubei Huadian Xisaishan Power Generation Co., Ltd. ("**Hubei Huadian**") 湖北華電西塞山發電有公司	The PRC	Sino-foreign equity joint venture	Renminbi ("**RMB**") 950,000,000	**49%**	49%	Generation and supply of electricity
Hubei Xisaishan Power Generation Co., Ltd. ("**Hubei Xisaishan**") 湖北西塞山發電有限公司	The PRC	Sino-foreign cooperative joint venture	RMB945,000,000	**49%**	49%	Generation and supply of electricity
Jiangxi United Energy Co., Ltd. ("**Jiangxi United**") 江西聯合能源有限公司	The PRC	Sino-foreign cooperative joint venture	RMB52,964,485 (2018: RMB29,600,000)	**9.44%** *(Note)*	16.89% *(Note)*	Generation and supply of electricity

Note: The board of directors considered the Group has a significant influence over Jiangxi United as they have nominated a representative on the board of directors and participated in policy-making processes.

All associates are accounted for using the equity method in the consolidated financial statements.

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20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs.

(a) Hubei Xisaishan

	2019 ***US$'000***	2018 *US$'000*
Current assets	**81,717**	81,036
Non-current assets	**161,283**	190,695
Current liabilities	**(85,305)**	(127,757)
Non-current liabilities	**(573)**	(918)
Revenue	**197,815**	195,832
Profit and total comprehensive income for the year	**18,704**	12,851
Dividends received from associate during the year	**5,215**	7,042

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hubei Xisaishan recognised in the consolidated financial statements:

	2019 ***US$'000***	2018 *US$'000*
Net assets of the associate	**157,122**	143,056
Proportion of the Group's ownership interest in Hubei Xisaishan	**49%**	49%
Carrying amount of the Group's interest in Hubei Xisaishan	**76,990**	70,097

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20. INTERESTS IN ASSOCIATES *(Continued)*

(b) Hubei Huadian

	2019	2018
	US$'000	*US$'000*
Current assets	**76,036**	85,661
Non-current assets	**466,459**	493,089
Current liabilities	**(156,976)**	(231,893)
Non-current liabilities	**(158,385)**	(159,949)
Revenue	**484,461**	442,557
Profit and total comprehensive income for the year	**48,259**	21,510
Dividends received from associate during the year	**7,837**	4,318

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hubei Huadian recognised in the consolidated financial statements:

	2019	2018
	US$'000	*US$'000*
Net assets of the associate	**227,134**	186,908
Proportion of the Group's ownership interest in Hubei Huadian	**49%**	49%
	111,296	91,585
Goodwill	**1,591**	1,591
Carrying amount of the Group's interest in Hubei Huadian	**112,887**	93,176

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20. INTERESTS IN ASSOCIATES *(Continued)*

(c) Jiangxi United

	2019	2018
	US$'000	*US$'000*
Current assets	**5,637**	2,136
Non-current assets	**23,972**	4,382
Current liabilities	**(1,150)**	(275)
Non-current liabilities	**(20,715)**	(2,040)
Revenue	**739**	347
Profit (loss) and total comprehensive income (expense) for the year	**30**	(66)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiangxi United recognised in the consolidated financial statements:

	2019	2018
	US$'000	*US$'000*
Net assets of the associate	**7,744**	4,203
Proportion of the Group's ownership interest in Jiangxi United	**9.44%**	16.89%
Carrying amount of the Group's interest in Jiangxi United	**731**	710

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21. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the current and prior years:

	Withholding tax on distributable profits	Accelerated tax depreciation	Revaluation of prepaid lease payments/ right-of-use assets	Fair value adjustment of property, plant and equipment	Deferred connection charges	Others	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2018	(34,744)	(2,813)	(9,148)	22,833	51	(493)	(24,314)
Exchange differences	(416)	(82)	–	(764)	(13)	(14)	(1,289)
Credit to hedging reserve	–	–	–	–	–	1,205	1,205
Credit (charge) to profit or loss	2,239	1,072	200	(2,713)	197	–	995
At 31 December 2018	(32,921)	(1,823)	(8,948)	19,356	235	698	(23,403)
Exchange differences	493	79	–	(192)	(2)	(43)	335
Acquisition of a subsidiary *(note 43)*	–	–	–	1,167	–	–	1,167
Charge to hedging reserve	–	–	–	–	–	(3,254)	(3,254)
(Charge) credit to profit or loss	(6,268)	(36)	192	(1,116)	(199)	–	(7,427)
At 31 December 2019	(38,696)	(1,780)	(8,756)	19,215	34	(2,599)	(32,582)

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21. DEFERRED TAX ASSETS AND LIABILITIES *(Continued)*

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	2019	2018
	US$'000	*US$'000*
Deferred tax assets	**21,134**	22,503
Deferred tax liabilities	**(53,716)**	(45,906)
	(32,582)	(23,403)

As at 31 December 2019, the Group has unused tax losses of approximately US$31,654,000 (2018: approximately US$9,111,000), available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. The tax losses will be expired at various times within a period of five years from the year of origination.

22. OTHER NON-CURRENT ASSETS

	2019	2018
	US$'000	*US$'000*
Deposits for acquisition of property, plant and equipment	**192,496**	67,787
Value-added tax receivables	**128,454**	–
Prepaid insurance expenditure and usage right of electricity transmission facilities *(Note)*	**667**	854
Prepayment for maintenance	**4,575**	1,918
Others	**12,629**	13,139
	338,821	83,698

Note: Included in the balance, approximately US$265,000 (2018: US$350,000) as at 31 December 2019 represents the prepayment for usage right of electricity transmission facilities made to KEPCO.

23. INVENTORIES

	2019	2018
	US$'000	*US$'000*
Coal and oil	**7,224**	10,498
Spare parts and supplies	**21,359**	20,976
	28,583	31,474

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24. TRADE RECEIVABLES

	2019 US$'000	2018 US$'000
Trade receivables – contracts with customers	327,831	310,025
Less: Allowance for credit losses	(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.

	2019 US$'000	2018 US$'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

As at 31 December 2019, included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$176,848,000 (2018: US$137,559,000), which are past due as at the end of the reporting period and is not considered as in default because these receivables are tariff premium receivables from relevant government authorities pursuant to Cai Jian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (《可再生能源電價附加補助資金管理暫行辦法》) jointly issued by the Ministry of Finance, the National Department and Reform Commission and the National Energy Administration in March 2012. The tariff premium has been approved by the relevant government authorities and is expected to be recovered within the Group's normal operating cycle but beyond 12 months from the reporting date. Based on the historical settlement record and forward looking information that is available without undue cost and effort at 31 December 2019, the directors of the Company consider the receivables are not credit-impaired and not considered as in default as detailed in Note 41(b). The Group does not hold any collateral over these balances. The average age of these past due receivables is 237 days (2018: 169 days) as at 31 December 2019.

Details of impairment assessment of trade receivables are set out in note 41(b).

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25. CONTRACT ASSETS

	2019 **US$'000**	2018 *US$'000*
Tariff income from sales of renewable energy	**80,031**	20,962
Current	**–**	20,962
Non-current	**80,031**	–
	80,031	20,962

The contract assets represented tariff income receivables from sales of renewable energy to the local state grid in the PRC, which the amount are pending approval for the registration in the Catalogue by the relevant government authorities.

The contract assets are transferred to trade receivables when the Group's respective operating renewable firms are registered in the Catalogue. The balance as at 31 December 2019 is classified as non-current as they are expected to be received after twelve months from the reporting date.

The significant increase in amounts are mainly due to the commencement of the operation of power plant upon completion of constructions.

Details of the impairment assessment of contract assets are set out in note 41(b).

26. OTHER RECEIVABLES AND PREPAYMENTS

The balance includes value-added tax receivables of US$41,604,000 (2018: US$95,611,000) and other miscellaneous deposits and prepayments.

Prepaid rent for land and buildings were reclassified to right-of-use assets upon the initial application of IFRS 16. Details of the adjustments are set out in note 3.

27. AMOUNTS DUE FROM (TO) ASSOCIATES/FELLOW SUBSIDIARIES/ NON-CONTROLLING SHAREHOLDERS

As at 31 December 2019 and 2018, all amounts are non-trade nature, unsecured, non-interest bearing and recoverable/ repayable on demand, except for an amount due to non-controlling shareholder of US$953,000 (2018: US$909,000) is repayable in 2032 and is therefore shown as non-current liabilities.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	2019		2018	
	Assets **US$'000**	**Liabilities** **US$'000**	Assets *US$'000*	Liabilities *US$'000*
Derivatives that are designated and effective as hedging instruments carried at fair value	**9,030**	**–**	–	4,766
Financial assets at FVTPL	**203**	**230**	16	363
Foreign exchange forward contracts	**9,233**	**230**	16	5,129
Analysed for reporting purposes as:				
Non-current	**8,667**	**46**	–	4,859
Current	**566**	**184**	16	270
	9,233	**230**	16	5,129

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28. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The major terms of the foreign exchange forward contracts are as follows:

Notional amounts	Maturity	Exchange rate
At 31 December 2019		
Buy Euro ("**EUR**") 9,537,160	Range from 30 January 2020 to 26 February 2021	Range from EUR1:KRW1,320.71 to EUR1:KRW1,366.64
Buy US$3,826,260	Range from 31 January 2020 to 26 February 2021	Range from US$1:KRW1,080.11 to US$1:KRW1,099.19
Buy Canadian dollar ("**CAD**") 296,369,795	Range from 21 July 2020 to 13 December 2023	Range from CAD1:KRW815.50 to CAD1:KRW840.80
At 31 December 2018		
Buy EUR9,677,160	Range from 30 April 2019 to 26 February 2021	Range from EUR1:KRW1,324.08 to EUR1:KRW1,366.64
Buy US$20,701,577	Range from 30 April 2019 to 26 February 2021	Range from US$1:KRW1,080.11 to US$1:KRW1,112.40
Buy CAD165,718,000	Range from 21 July 2020 to 30 August 2022	Range from CAD1:KRW822.67 to CAD1:KRW840.80

The amounts recognised for the foreign exchange forward contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

It is the policy of the Group to enter into foreign exchange forward contracts to manage the foreign currency risk associated with certain anticipated purchase transactions covering 100% of the exposure. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place.

For the hedges of highly probable forecast purchases, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The Group has entered into contracts to purchases raw materials from suppliers in Canada. The Group has entered into foreign exchange forward contracts (for terms exceeding a year) to hedge the exchange rate risk arising from these anticipated future purchases.

As at 31 December 2019, the aggregate amount of gain under foreign exchange forward contracts deferred in the hedging reserve relating to these anticipated future purchase transactions is US$6,609,000 (2018: loss of US$3,676,000). During the year ended 31 December 2019, the change in fair value of hedging instrument of forecast purchases recognised in other comprehensive income, net of deferred tax, is US$10,285,000 (2018: other comprehensive expenses, net of deferred tax, US$3,676,000). It is anticipated that the purchases will take place during the next four years (2018: five years) at which time the amount deferred in equity will be removed from equity and included in the carrying amount of the raw materials. It is anticipated that the raw materials will be consumed for the generation of electricity and sold within 12 months after purchases.

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29. BANK BALANCES AND CASH/SHORT-TERM BANK DEPOSITS/ PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from 0% to 1.68% (2018: 0% to 1.88%) per annum as at 31 December 2019. The pledged bank deposits carry interest at market rates ranging from 0.1% to 1.68% (2018: 0.1% to 1.88%) per annum as at 31 December 2019.

Included in the bank balances, deposits of US$28,620,000 (2018: US$39,840,000) has been made to CGNPC Huasheng. These deposits are unsecured, interest bearing at market rates ranging from 0.01% to 0.25% (2018: 0.01% to 0.25%) and recoverable on demand. As the Group can withdraw these deposits without giving any notice and without suffering any penalty, the directors of the Company consider that these deposits made to CGNPC Huasheng qualified as cash and cash equivalents.

As at 31 December 2019, bank balances and cash of US$329,196,000 (2018: US$204,235,000) are deposited in CGN Finance, a fellow subsidiary established in the PRC with limited liability and a non-banking financial institution subject to the regulations of the People's Bank of China and the China Banking Regulatory Commission, in the PRC.

Short-term bank deposits are bank deposits carry at fixed deposit rate at 1.75% per annum with maturity period for more than three months.

Pledged bank deposits are pledged to banks to secure bank borrowings granted to the Group *(note 34)*, and it cannot be withdrawn prior to the approval of the relevant banks.

30. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

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

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

	2019
	US$'000
Total assets classified as held for sale	
– Property, plant and equipment	**20,318**

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31. TRADE PAYABLES

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

	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.

32. OTHER PAYABLES AND ACCRUALS

	2019	2018
	US$'000	*US$'000*
Construction costs payable	**275,911**	160,695
Staff costs payable	**9,005**	9,459
Accrued interest expense on borrowings	**3,437**	2,091
Value-added tax payable	**12,478**	14,628
Others	**31,868**	34,642
	332,699	221,515

33. LOANS FROM FELLOW SUBSIDIARIES

As at 31 December 2019, the amounts represent (i) loan from CGN Finance of RMB1,600,000,000 (equivalent to US$229,351,000) (2018: nil) and CGN Wind Energy of RMB1,000,000,000 (equivalent to US$143,345,000) (2018: nil), which are unsecured, interest bearing at 3.92% per annum and repayable in 2020; (ii) loan from CGNPC Huasheng of US$250,000,000 (2018: US$250,000,000), which is unsecured, interest bearing at 3 months London Interbank Offered Rate plus 1.3% per annum and repayable in 2021 and (iii) loan from China Clean Energy Development Limited ("**China Clean Energy**") of US$450,000,000 (2018: US$450,000,000), which is unsecured, interest bearing at 4.5% per annum and repayable in 2025.

As at 31 December 2018, the loan from CGN Finance of RMB300,000,000 (equivalent to US$43,711,000), which was unsecured, interest bearing at 4.57% per annum had been repaid in full during the year ended 31 December 2019.

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34. BANK BORROWINGS

	2019 US$'000	2018 US$'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 more than 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

The exposure of the fixed-rate borrowings are as follows:

	2019 US$'000	2018 US$'000
Fixed-rate borrowings		
Within one year	**404,131**	192,737
More than one year but not exceeding two years	**20,321**	14,052
More than two years but not more than five years	**71,764**	49,879
Over five years	**177,643**	162,753
	673,859	419,421

The exposure of the variable-rate borrowings are as follows:

	2019 US$'000	2018 US$'000
Variable-rate borrowings		
Within one year	**172,083**	154,608
More than one year but not exceeding two years	**294,753**	257,585
More than two years but not more than five years	**576,631**	473,337
Over five years	**880,571**	659,994
	1,924,038	1,545,524

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34. BANK BORROWINGS *(Continued)*

All bank borrowings at the end of the reporting period are denominated in the functional currency of the respective group entities. The bank borrowings of the Group carry interest rates which range from 1.75% to 6.62% (2018: 1.75% to 6.62%) per annum during the year ended 31 December 2019.

As at 31 December 2019 and 2018, the variable-rate bank borrowings of the Group carry interest at the PRC's lending rate less certain margin, South Korean Government Treasury Bond Rate, One Year Corporate Bond Rate plus 1.2% (2018: 1.2%), or Three Year Corporate Bond Rate plus 1.2% (2018: 1.2%). The maturities of these borrowings are ranging from within twelve months from the reporting period end to 2029 and 2030.

Included in the Group's secured bank borrowings, US$71,762,000 (2018: US$134,084,000) and US$2,123,000 (2018: US$43,996,000) are guaranteed by the Group's fellow subsidiaries, CGN Wind Energy and CGN Solar Energy Development Co., Ltd., respectively.

An amount of US$16,846,000 (2018: US$20,929,000) of the unsecured bank borrowings is guaranteed by CGN Wind Energy.

The Group pledged the following assets to banks for credit facilities granted to the Group:

	2019	2018
	US$'000	*US$'000*
Property, plant and equipment	**2,277,708**	2,337,958
Right-of-use assets	**22**	–
Prepaid lease payments	**–**	23
Trade receivables	**209,912**	177,047
Contract assets	**60,913**	–
Bank deposits	**141,833**	166,847
	2,690,388	2,681,875

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35. LEASE LIABILITIES

	2019
	US$'000
Lease liabilities payable:	
Within one year	6,395
Within a period of more than one year but not more than two years	4,001
Within a period of more than two years but not more than five years	6,138
Within a period of more than five years	28,232
	44,766
Less: Total future interest expenses	(14,424)
Lease liabilities included in the consolidated statement of financial position as at 31 December	30,342
Less: Amount due for settlement within 12 months shown under current liabilities	(5,441)
Amount due for settlement after 12 months shown under non-current liabilities	24,901

36. GOVERNMENT GRANTS

The government grants consists of (i) subsidies of RMB1,622,000 (2018: RMB8,520,000), equivalent to US$235,000 (2018: US$1,284,000) given by the PRC government to certain subsidiaries of the Group in the PRC for operating cost and environmental protection. Out of the subsidies, an amount of RMB269,000 (2018: RMB6,523,000), equivalent to US$39,000 (2018: US$983,000) does not have specific conditions attached to the incentives and other income is recognised upon receipt and an amount of RMB1,353,000 (2018: RMB1,353,000), equivalent to US$196,000 (2018: US$204,000) has been approved from the government and recognised as other income and (ii) grants of RMB4,303,000 (2018: RMB4,303,000), equivalent to US$627,000 (2018: US$649,000), arising from the acquisition of one of the subsidiaries in 2015, which represent grants received from government in the PRC in respect of a project for the construction of property, plant and equipment and such government grants are still subject to the approval from the government. The movement of the government grants during the year is set out below:

	2019	2018
	US$'000	US$'000
As at 1 January	10,748	11,848
Exchange difference	(137)	(548)
Receipt of government grants	39	1,284
Recognition as other income *(note 7)*	(883)	(1,836)
As at 31 December	9,767	10,748
Analysed for reporting purposes as:		
Current	810	824
Non-current	8,957	9,924
	9,767	10,748

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37. CONTRACT LIABILITIES

	2019 US$'000	2018 US$'000
Advance payments received from customers		
– Sales of steam	**1,908**	1,823
– Connection charges	**140**	308
	2,048	2,131
Analysed for reporting purposes as:		
Current	**1,980**	2,058
Non-current	**68**	73
	2,048	2,131

Contract liabilities other than those that are not expected to be settled within the Group's normal operating cycle are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Sales of steam

The Group receives deposits from the customers before the generation of steam activity commences, this gives rise to contract liabilities at the start of the contract, until the goods, i.e. steam is supplied to the customers.

Connection charges

Connection charges are one-off charges to new customers for connecting into a heat supply network approved by government in the PRC. The estimated service life of the connection is five years. This gives rise to contract liabilities at the start of a contract, until the revenue recognised on a straight-line basis over the estimated service life.

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38. SHARE OPTION SCHEMES

The Company's share option scheme (the "**2015 Scheme**"), was adopted pursuant to a resolution passed on 24 November 2015 for the primary purpose of providing incentives to directors and eligible employees. The 2015 Scheme will remain in force for a period of 10 years commencing from the date on which the 2015 Scheme is adopted by the shareholders. Under the 2015 Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The exercise price in relation to each share option was determined by the board of directors at its absolute discretion and was not less than the highest of (i) the official closing price of the shares of the Company as stated in the daily quotation sheet of the Stock Exchange on the date of offer of share options; (ii) the average of the official closing prices of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer of share options; and (iii) the nominal value of a share of the Company on the date of offer of share options. Each of the grantees was required to pay HK$1 as consideration for the grant of share options in accordance with the 2015 Scheme.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, were subject to approval in advance by the Independent Non-executive directors. In addition, any share options granted to a substantial shareholder or an Independent Non-executive director of the Company, or to any of their associates, in excess of in aggregate 0.1% of the shares of the Company in issue (based on the date of offer) and an aggregate value of HK$5,000,000 (based on the closing price of the Company's shares at the date of each offer), within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

On 8 December 2015 and 30 December 2015, 34,450,000 share options and 1,160,000 share options have been granted to certain eligible participants. The total number of shares in respect of which options may be granted under the 2015 Scheme is not permitted to exceed 10% of the shares of the Company in issue as at the date of adoption of the 2015 Scheme, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Subject to satisfaction of the relevant vesting condition, the share options are exercisable during each period specified below for up to the number of shares specified (i) on the first business day after 24 months from the date of grant to the last business day in the 60th month after the date of grant, approximately one-third of the options granted will be exercisable, (ii) on the first business day after 36 months from the date of grant to the last business day in the 72nd month after the date of grant, approximately an additional one-third of the options granted will be exercisable; and (iii) on the first business day after 48 months from the date of grant to the last business day in the 84th month after the date of grant, approximately the remaining one-third of the options granted will be exercisable.

The following tables disclose details of the share options held by directors, employees and other eligible participants under the 2015 Scheme and movements in such holdings during the years ended 31 December 2019 and 2018:

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38. SHARE OPTION SCHEMES *(Continued)*

2019

Grantees	Number of share options					Date of grant	Vesting period	Exercisable period	Exercise price per share
	At 1.1.2019	Reclassified during the year	Forfeited during the year *(Note a)*	Lapsed during the year *(Note a)*	At 31.12.2019 *(Note b)*				*HK$*
Directors of the Company									
Mr. CHEN Sui 陳遂	233,334	–	–	(233,334)	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
Mr. LI Yilun 李亦倫	210,000	–	–	(210,000)	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
	443,334	–	–	(443,334)	–				
Other employees of the Group	8,500,000	–	(1,616,666)	(6,883,334)	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
	8,943,334	–	(1,616,666)	(7,326,668)	–				
Exercisable	–				–				

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

38. SHARE OPTION SCHEMES *(Continued)*

2018

Grantees	At 1.1.2018	Reclassified during the year	Forfeited during the year *(Note a)*	Lapsed during the year *(Note a)*	At 31.12.2018 *(Note b)*	Date of grant	Vesting period	Exercisable period	Exercise price per share *HK$*
	Number of share options								
Directors of the Company									
Mr. CHEN Sui 陳遂	233,333	–	–	(233,333)	–	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 7.12.2021	1.612
	233,334	–	–	–	233,334	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
Mr. LIN Jian 林堅 (resigned on 22 January 2018)	233,333	(233,333)	–	–	–	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 7.12.2021	1.612
	233,334	(233,334)	–	–	–	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
Mr. LI Yilun 李亦倫 (appointed on 22 January 2018)	–	210,000	–	(210,000)	–	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 7.12.2021	1.612
	–	210,000	–	–	210,000	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
	933,334	(46,667)	–	(443,333)	443,334				
Other employees of the Group	8,963,333	23,333	(486,666)	(8,500,000)	–	8.12.2015	8.12.2015 to 7.12.2018	8.12.2018 to 7.12.2021	1.612
	8,963,333	23,334	(486,667)	–	8,500,000	8.12.2015	8.12.2015 to 7.12.2019	8.12.2019 to 7.12.2022	1.612
	17,926,666	46,667	(973,333)	(8,500,000)	8,500,000				
	18,860,000	–	(973,333)	(8,943,333)	8,943,334				
Exercisable	–				–				

Notes:

a. Among the lapsed share-options during the current year, 7,326,668 (2018: 8,943,333) share options were lapsed due to the failure of fulfilling the performance conditions set out in the share option scheme and 1,616,666 (2018: 973,333) share options were forfeited by employees who have left the Company.

b. One-third of total share options granted will be exercisable after 2 years, 3 years and 4 years from the date of grant.

The Group recognised the total expense of US$180,000 for the year ended 31 December 2019 (2018: US$533,000) in relation to share options granted by the Company.

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39. SHARE CAPITAL

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.01 cent each		
Authorised:		
At 1 January 2018, 31 December 2018 and 2019	250,000,000,000	25,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018 and 2019	4,290,824,000	429
		US$'000
Shown in the consolidated financial statements as		55

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt, which includes amounts due to fellow subsidiaries, amounts due to non-controlling shareholders, loans from fellow subsidiaries and bank borrowings, as disclosed in notes 27, 33 and 34, respectively, net of pledged bank deposits, short-term bank deposits, bank balances and cash, and equity attributable to owners of the Company, comprising issued capital, accumulated profits and other reserves.

The management of the Group reviews the capital structure from time to time. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

Notes to the Consolidated Financial Statements

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41. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 **US$'000**	2018 US$'000
Financial assets		
Financial assets at amortised cost	**879,003**	776,314
Derivatives that are designated and effective as hedging instruments carried at fair value	**9,030**	–
Financial assets at FVTPL (derivatives)	**203**	16
Financial liabilities		
Amortised cost	**4,263,229**	3,071,587
Derivatives that are designated and effective as hedging instruments carried at fair value	**–**	4,766
Financial liabilities at FVTPL (derivatives)	**230**	363

b. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, amounts due from associates, amounts due from (to) fellow subsidiaries, derivative financial instruments, short-term bank deposits, pledged bank deposits, bank balances and cash, trade payables, other payables, amounts due to non-controlling shareholders, loans from fellow subsidiaries, bank borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

The Group's activities expose them primarily to the financial risks of changes in interest rates and foreign currency exchange rate. The Group would enter into a variety of derivative financial instruments, if applicable, to manage their exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate the risk of rising interest rates; and
- Foreign exchange forward contract to hedge the exchange rate risk related to US$, EUR and CAD.

(i) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable rate bank borrowings, pledged bank deposits and bank balances. The Group would use interest rate swaps to reduce exposure to interest rate fluctuations associated with floating-rate debt. Pledged bank deposits and bank balances are with counterparties of high credit quality. Therefore, the risk of non-performance by the counterparties is considered negligible.

The Group is also exposed to fair value interest rate risk in relation to short-term bank deposits, fixed rate loans from fellow subsidiaries, bank borrowings and lease liabilities (see notes 29, 33, 34 and 35, respectively for details).

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(i) Interest rate risk management *(Continued)*

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for pledged bank deposits, bank balances (excluding bank balances carrying interest rate below 0.1%) and bank borrowings at the end of the reporting period. The analysis is prepared assuming amounts of these financial instruments outstanding at the end of the reporting period were outstanding for the whole year. 10 basis points for pledged bank deposits and bank balances (excluding bank balances carrying interest rate below 0.10%) and 50 basis points for variable-rate bank borrowings increase or decrease are used during the year for the Group when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower for pledged bank deposits and bank balances (excluding bank balances carrying interest rate below 0.1%), with all other variables held constant, the Group's post-tax profit for the years ended 31 December 2019 would have increased/decreased by approximately US$394,000 (2018: US$310,000).

If interest rates had been 50 basis points higher/lower for variable-rate bank borrowings, with all other variables held constant, and taking into account of the capitalisation effect, the Group's post-tax profit for the years ended 31 December 2019 would have decreased/increased by approximately US$7,215,000 (2018: US$5,796,000).

(ii) Foreign currency risk management

The Group's exposure to currency risk attributable to the bank balances and payables which are denominated in the currencies other than the functional currency of the entities to which they related. The management manages and monitors this exposure to ensure approximate measures are implemented on a timely and effective manner.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities other than the functional currency of the entities to which they related at the end of the reporting period are as follows:

	Liabilities		**Assets**	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
HK$	**2,674**	2,727	**701**	121
RMB	**2,131**	1,668	**10,444**	22,810

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(ii) Foreign currency risk management *(Continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on a 10% increase/decrease in functional currency of respective entities against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in post-tax profit, where functional currency of respective foreign entities had weakened 10% against the relevant foreign currency. For a 10% strengthening of functional currency of respective entities against the relevant foreign currency, there would be an equal and opposite impact on the profit for the year.

If currency rate of US$ had been 10% weakened/strengthened to RMB for respective RMB denominated monetary assets and liabilities, the Group's post-tax profit for the year ended 31 December 2019 would have increased/decreased by approximately US$623,000 (2018: US$1,586,000).

For the exposure of HK$ against US$, there will be no significant impact as HK$ is pegged with US$. Accordingly, no foreign currency sensitivity analysis is presented.

Foreign exchange forward contracts

The Group has designated certain forward contracts as a hedge of the future purchases by its renewable energy plant in Korea, which will purchase raw material for the operation of renewable energy plant, having KRW as its functional currency when part of payments are denominated in CAD under the milestone payment schedule. The Group's policy has been reviewed and, due to the increased volatility in CAD, it was decided to hedge its purchase of raw material for foreign currency forward risk.

For the hedges of firm commitment, as the critical terms (i.e. the notional amount, life and underlying) of the foreign exchange forward contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risks *(Continued)*

(ii) Foreign currency risk management *(Continued)*

Foreign exchange forward contracts (Continued)

The following table details the foreign exchange forward contracts designated as cash flow hedge outstanding at the end of the reporting period.

2019	**Notional value: Foreign currency** *CAD'000*	**Notional value: Local currency** *KRW'000*	**Change in fair value for recognising hedge ineffectiveness** *US$'000*	**Carrying amount of the hedging instruments assets (liabilities)** *US$'000*
Cash flow hedges				
Buy CAD (sell KRW)	**296,370**	**244,827,887**	**–**	**9,030**

2018	Notional value: Foreign currency *CAD'000*	Notional value: Local currency *KRW'000*	Change in fair value for recognising hedge ineffectiveness *US$'000*	Carrying amount of the hedging instruments assets (liabilities) *US$'000*
Cash flow hedges				
Buy CAD (sell KRW)	165,718	137,594,238	–	(4,766)

No hedged item was recognised as at 31 December 2019 and 2018, since the purchase of raw material has not started, no obligation to settle exist. As at 31 December 2019, the aggregate amount of US$10,285,000 gain (2018: US$3,676,000 losses) under foreign exchange forward contracts deferred in the cash flow hedge reserve relating to these future purchase transactions. The purchases will first take place in 2020 at which time the amount deferred in equity will be removed from equity and included in the carrying amount of the raw materials. It is anticipated that the raw materials will be consumed for the generation of electricity and sold within 12 months after purchases.

(iii) Other price risk

The Group was exposed to other price risk in relation to its foreign exchange forward contracts. The directors of the Company considered the Group's exposure to other price risk on these derivatives was insignificant. Accordingly, no other price risk sensitivity analysis is presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings, amounts due to non-controlling shareholders and loans from fellow subsidiaries and ensures compliance with loan covenants.

The Group finances its operations by short-term and long-term bank and other borrowings and shareholders' equity. The Group's current liabilities exceeded its current assets by US$530,384,000 as at 31 December 2019. Further, the Group had cash and cash equivalents of US$384,141,000 with bank borrowings and loans from fellow subsidiaries due within one year amounted to US$576,214,000 and US$372,696,000, respectively.

The directors of the Company are of the opinion that, CGN Finance and CGN Wind Energy, the fellow subsidiaries of the Company, have confirmed in writing that despite the loans from CGN Finance of RMB1,600,000,000 (equivalent to US$229,351,000) and CGN Wind Energy of RMB1,000,000,000 (equivalent to US$143,345,000) which 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, taking into account the financial resources of the Group, 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. In addition, the directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Group. The cash flow projections cover a period not less than twelve months from the date of approval of the consolidated financial statements.

Taking into account the above-mentioned considerations, the directors of the Company are of the option that, the Group will have sufficient working capital to meet its cashflow requirements in the next twelve months.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross (inflows) and outflows on derivatives instruments that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives as they are held for hedging purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

	Weighted average effective interest rate	**Repayable on demand or less than 3 months**	**3 months to 1 year**	**1 – 2 years**	**2 – 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amount**
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2019								
Non-derivative financial liabilities								
Trade payables	–	155,857	86,914	–	–	–	242,771	242,771
Other payables	–	301,568	–	–	–	–	301,568	301,568
Amounts due to fellow subsidiaries	–	8,412	–	–	–	–	8,412	8,412
Amounts due to non-controlling shareholders	–	8,590	–	–	–	953	9,543	9,543
Loans from fellow subsidiaries	4.05%	10,971	405,609	276,267	60,750	466,875	1,220,472	1,072,696
Bank borrowings								
Fixed-rate	4.03%	10,276	421,345	31,529	82,135	185,067	730,352	673,859
Variable-rate	4.47%	33,659	221,178	371,085	650,072	903,293	2,179,287	1,924,038
Lease liabilities	3.99%	1,599	4,796	4,001	6,138	28,232	44,766	30,342
		530,932	1,139,842	682,882	799,095	1,584,420	4,737,171	4,263,229
Derivatives – gross settlement								
Foreign exchange forward contracts								
– inflow		8,536	1,127	1,278	–	–	10,941	10,941
– outflow		(8,390)	(1,089)	(1,232)	–	–	(10,711)	(10,711)
		146	38	46	–	–	230	230

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018								
Non-derivative financial liabilities								
Trade payables	–	107,350	57,712	–	–	–	165,062	165,062
Other payables	–	184,962	–	–	–	–	184,962	184,962
Amounts due to fellow subsidiaries	–	3,001	–	–	–	–	3,001	3,001
Amounts due to non-controlling shareholders	–	8,997	–	–	–	909	9,906	9,906
Loans from fellow subsidiaries	4.31%	7,817	66,167	29,275	316,767	487,125	907,151	743,711
Bank borrowings								
Fixed-rate	4.16%	2,127	199,117	14,052	49,879	162,754	427,929	419,421
Variable-rate	4.54%	28,111	173,744	302,262	523,832	664,177	1,692,126	1,545,524
		342,365	496,740	345,589	890,478	1,314,965	3,390,137	3,071,587
Derivatives – gross settlement								
Foreign exchange forward contracts								
– inflow		–	13,165	2,570	121,106	–	136,841	136,841
– outflow		–	(12,895)	(2,523)	(116,294)	–	(131,712)	(131,712)
		–	270	47	4,812	–	5,129	5,129

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest-rates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables, contract assets, other receivables, amounts due from associates and fellow subsidiaries, pledged bank deposits, short-term bank deposits and bank balances.

The Group has been largely dependent on a small number of customers which are state-owned enterprises for a substantial portion of its business. Most of the power plants of the Group sell the electricity generated to their respective sole customer who is the principal grid company where the power plant is located. The failure of these customers to make required payments could have a substantial negative impact on the Group's profits. The Group has concentration of credit risk as 96% (2018: 92%) of the total trade receivables was due from 23 (2018: 26) state-owned enterprises as at 31 December 2019. The Group's remaining customers individually contribute to less than 10% of the total trade receivables of the Group. In order to minimise credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group performs impairment assessment under ECL model on trade balances individually.

The Group applies the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL for trade receivables and contract assets. Expected loss rate of these trade receivables and contract assets are assessed to be low, because these debtors are state-owned and have good repayment history. In addition, the directors of the Company are confident that all of the Group's operating renewable firms are able to be registered in the Catalogue in due course and the accrued revenue on tariff income are fully recoverable but only subject to timing of allocation of funds from the PRC government. Accordingly, the credit risk regarding contract assets of tariff income receivables is limited.

For other receivables and amounts due from associates and fellow subsidiaries, the Group measures the loss allowance equal to 12-month ECL. The Group applies internal credit risk management to assess whether credit risks has increased significantly since initial recognition, in which case the Group recognises lifetime ECL. The credit risk on other receivables and amounts due from associates and fellow subsidiaries are limited because the counterparties have no historical default record and the directors of the Company expect that the general economic conditions will not significantly changed for the 12 months after the reporting date.

During the years ended 31 December 2019 and 2018, no material impairment allowance on trade receivables, contract assets, other receivables and amounts due from associates and fellow subsidiaries is provided based on the ECL assessment. During the year ended 31 December 2019, a reversal of impairment loss of US$1,008,000 (2018: impairment loss of US$1,465,000) was made on credit-impaired debtors for trade and other receivables due to subsequent recovery.

The credit risk on short-term bank deposits, pledged bank deposits and bank balances are limited because the counterparties are reputable banks or financial institutions with high credit ratings assigned by international credit-rating agencies.

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For the year ended 31 December 2019

41. FINANCIAL INSTRUMENTS *(Continued)*

c. Fair value

Measurement of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will engage the independent valuer to perform the valuation and determine the appropriate valuation techniques and inputs to the model whenever necessary. The findings of the valuation will be reported to the board of directors of the Company to explain the cause of fluctuations in the fair value of the assets and liabilities regularly. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

Fair value measurements for financial instruments measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these instruments are determined:

	Fair value as at					
	2019		2018			
Financial assets/liabilities	**Assets**	**Liabilities**	Assets	Liabilities	**Fair value hierarchy**	**Valuation technique and key inputs**
	US$'000	***US$'000***	*US$'000*	*US$'000*		
Foreign exchange forward contracts *(note 28)*	**9,233**	**230**	16	5,129	Level 2	Quoted forward exchange rates and yield curves derived from quoted exchange rate matching maturities of the contract

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from price).

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair values.

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42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings *US$'000* *(note 34)*	Lease liabilities *US$'000* *(note 35)*	Loans from fellow subsidiaries *US$'000* *(note 33)*	Dividend payable *US$'000*	Amounts due to fellow subsidiaries *US$'000* *(note 27)*	Amounts due to non-controlling shareholders *US$'000* *(note 27)*	Bond payables *US$'000*	Derivative financial instruments *US$'000* *(note 28)*	Total *US$'000*
At 1 January 2018	1,596,747	–	450,000	–	5,561	9,605	354,858	9,957	2,426,728
Financing cash flows *(Note)*	367,722	–	271,104	(15,447)	(2,293)	(4,013)	(364,000)	(3,982)	249,091
Dividend declared	–	–	–	15,447	–	4,663	–	–	20,110
Change in fair value of derivative financial instruments	–	–	–	–	–	–	–	(5,975)	(5,975)
Interest expenses recognised	76,897	–	24,119	–	–	–	9,142	–	110,158
Foreign exchange translation	(76,421)	–	(1,512)	–	(267)	(349)	–	–	(78,549)
At 31 December 2018	1,964,945	–	743,711	–	3,001	9,906	–	–	2,721,563
Adjustment upon application of IFRS 16	–	22,162	–	–	–	–	–	–	22,162
At 1 January 2019 (restated)	1,964,945	22,162	743,711	–	3,001	9,906	–	–	2,743,725
Financing cash flows *(Note)*	675,455	(4,378)	303,322	(21,883)	5,460	(4,505)	–	–	953,471
Dividend declared	–	–	–	21,883	–	4,505	–	–	26,388
Acquisition of a subsidiary *(note 43)*	22,276	–	–	–	–	–	–	–	22,276
New leases entered	–	12,612	–	–	–	–	–	–	12,612
Interest expenses recognised	91,499	707	29,914	–	–	–	–	–	122,120
Foreign exchange translation	(156,278)	(761)	(4,251)	–	(49)	(363)	–	–	(161,702)
At 31 December 2019	2,597,897	30,342	1,072,696	–	8,412	9,543	–	–	3,718,890

Note: The cash flows from bank borrowings, lease liabilities, loans from fellow subsidiaries, dividend payable, amounts due to fellow subsidiaries, amounts due to non-controlling shareholders, bond payables and derivative financial instruments make up the net amount of proceeds and repayments in the consolidated statement of cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

43. ACQUISITIONS OF SUBSIDIARIES

2019

In 2018, CGN New Energy Investment (Shenzhen) Company Limited, a wholly-owned subsidiary of the Company entered into a framework agreement with an independent third party to acquire its 100% equity interests in Ar Horqin Qi Tinze Agricultural Co., Ltd (阿魯科爾沁旗天澤農牧業有限公司) ("**Tinze Agricultural**") which is engaged in generation and supply of electricity at a total consideration of RMB12,500,000 (equivalent to US$1,811,000). All the conditions was fulfilled and the completion took place on 1 July 2019.

A bargain purchase gain of US$147,000 is recognised on the acquisition of Tinze Agricultural. The introduction of the Company as the new controlling shareholder of Tinze Agricultural was expected to strengthen its capital base, meet its working capital requirements and facilitate its future business development and expansion. In the opinion of the directors of the Company, the above are the key factors leading to the recognition of the bargain purchase gain.

The contribution to the Group's revenue or financial performance of the above acquired subsidiaries for the year ended 31 December 2019 are as follows:

- Included in the profit for the year ended 31 December 2019 were revenue of US$3,077,000, and profit of US$978,000 attributable to the additional businesses generated by Tinze Agricultural.

  No pro forma information for the acquisition of Tinze Agricultural is prepared as the acquisition was completed in July 2019 and the directors of the Company are of the opinion that there is no significant changes to the Group's revenue or profit for the year had the acquisition been completed on 1 January 2019.

	US$'000
Consideration transferred	
Cash	1,811
Assets acquired and liabilities recognized at the date of acquisition are as follows:	
Property, plant and equipment	24,606
Deferred tax assets	1,167
Other non-current assets	1,375
Trade receivables	10,792
Other receivables and prepayments	523
Bank balances and cash	223
Trade payables	(1,893)
Other payables	(12,559)
Bank borrowings	(22,276)
	1,958
Gain from bargain purchase arising on acquisition	
Consideration transferred	1,811
Less: Net assets acquired	(1,958)
	(147)
Net cash inflow arising on acquisition	
Cash consideration paid	–
Less: Bank balances and cash acquired	(223)
	(223)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

43. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

2018

During the year ended 31 December 2018, the Group acquired the following subsidiaries:

i. On 5 February 2018, the Group entered into an equity transfer agreement with an independent third party to acquire its 100% equity interests in Qinghai Runfeng New Energy Co., Ltd. and its wholly-owned subsidiary, Dachaidan Haorun New Energy Co., Ltd., which are engaged in generation and supply of electricity at nil consideration. All the conditions were fulfilled and the completion took place on 19 April 2018.

ii. On 5 February 2018, the Group entered into an equity transfer agreement with two independent third parties to acquire 100% equity interests in Liaoning Golden Energy Co., Ltd. and its wholly-owned subsidiary, Chifeng New Golden Energy Co., Ltd. ("**Chifeng New Golden**"),(collectively referred to as "**Liaoning Golden**") which are engaged in generation and supply of electricity at nil consideration. All the conditions were fulfilled and the completion took place on 14 May 2018.

iii. On 28 February 2018, the Group entered into an equity transfer agreement with an independent third party to acquire its 100% equity interests in Suqian Tianchen Power Co., Ltd. and its wholly-owned subsidiary, Siyang Beichuan Power Engineering Co., Ltd. ("**Siyang Beichuan Power**"), (collectively referred to as "**Suqian Tianchen**") which are engaged in generation and supply of electricity at nil consideration. All the conditions were fulfilled and the completion took place on 31 March 2018.

iv. On 30 September 2018, the Group entered into an equity transfer agreement with an independent third party to acquire its 51% equity interests in Gaoyou Ruixuan New Energy Technology Co., Ltd. and its wholly-owned subsidiary, Baoying Rongbaoda Wind Power Co., Ltd.,(collectively referred to as "**Gaoyou Ruixuan**") which are engaged in generation and supply of electricity at a total consideration of approximately RMB22,870,000 (equivalent to US$3,296,000). All the conditions were fulfilled and the completion took place on 31 October 2018.

Included in the amounts are the non-controlling interests of the subsidiary acquired recognised at the respective acquisition dates that were measured with reference to the non-controlling interests' proportionate share of the fair value of the net assets at those dates and the non-controlling interests of those acquired subsidiary.

A bargain purchase gain of US$25,000 is recognised on the acquisition of Gaoyou Ruixuan. The introduction of the Group as the new controlling shareholder of Gaoyou Ruixuan was expected to strengthen its capital base, meet its working capital requirements and facilitate its future business development and expansion. In the opinion of the directors of the Company, the above are the key factors leading to the recognition of the bargain purchase gain.

The contribution to the Group's revenue or financial performance of the above acquired subsidiaries for the year ended 31 December 2018 are as follows:

- Included in the profit for the year ended 31 December 2018 were revenue of US$873,000, and profit of US$599,000 attributable to the additional businesses generated by Liaoning Golden.

  No pro forma information for the acquisition of Liaoning Golden is prepared as the acquisition was completed in May 2018 and the directors of the Company are of the opinion that there is no significant changes to the Group's revenue or profit for the year had the acquisition been completed on 1 January 2018.

- Included in the profit for the year ended 31 December 2018 were revenue of US$1,042,000, and profit of US$535,000 attributable to the additional businesses generated by Suqian Tianchen.

  No pro forma information for the acquisition of Suqian Tianchen is prepared as the acquisition was completed in March 2018 and the directors of the Company are of the opinion that there is no significant changes to the Group's revenue or profit for the year had the acquisition been completed on 1 January 2018.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

43. ACQUISITIONS OF SUBSIDIARIES *(Continued)*

2018 *(Continued)*

The directors of the Company are of the opinion that the other subsidiaries acquired had no significant contribution to the Group's revenue or financial performance for the year ended 31 December 2018.

	Gaoyou Ruixuan	Others	Total
	US$'000	*US$'000*	*US$'000*
Consideration transferred			
Cash	3,296	–	3,296
Assets acquired and liabilities recognised at the date of acquisition are as follows:			
Property, plant and equipment	6,455	6,389	12,844
Other receivables and prepayments	1,275	2	1,277
Bank balances and cash	5	155	160
Trade and other payables	(1,223)	(6,546)	(7,769)
	6,512	–	6,512
Gain from bargain purchase arising on acquisition			
Consideration transferred	3,296	–	3,296
Add: Non-controlling interests	3,191	–	3,191
Less: Net assets acquired	(6,512)	–	(6,512)
	(25)	–	(25)
Net cash outflow (inflow) arising on acquisition			
Cash consideration paid	3,296	–	3,296
Less: Bank balances and cash acquired	(5)	(155)	(160)
	3,291	(155)	3,136

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

44. DISPOSAL OF A SUBSIDIARY

2019

On 29 October 2019, the Group entered into a sale and purchase agreement with CGN Energy International to dispose of its entire interest in MPC Investment (HK) Company Limited ("**MPCI**"), which in turn owns the entire equity interest in CGN Meineng Corporate Management (Shenzhen) Ltd., to CGN Energy International at a cash consideration of US$1. Furthermore, CGN Energy International agreed to procure MPCI to repay the shareholder's loan of US$1,637,000 in full. The disposal was completed on 29 October 2019, when the Group lost control of MPCI.

	At 29 October 2019 *US$'000*
The net assets at the date of disposal were as follows:	
Other non-current assets	6
Other receivables	37
Bank balances and cash	920
Net assets disposed of	963

Gain on disposal:	*US$'000*
Cash consideration received	–*
Shareholder's loan	1,637
Cumulative exchange losses in respect of the net assets	(126)
Net assets disposed of	(963)
Gain on disposal	548

Net cash outflow arising from the disposal:	*US$'000*
Cash consideration received	–*
Bank balances and cash disposed of	(920)
	(920)

* *Less than US$1,000*

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

45. COMMITMENTS

(a) Operating commitments

The Group as lessee

	2018
	US$'000
Minimum lease payments under operating leases during the year in respect of premises	4,307

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	2018
	US$'000
Within one year	5,770
In the second to fifth year inclusive	8,818
Over five years	8,615
	23,203

Operating lease payments represent rentals payable by the Group for certain of its premises. Leases are negotiated and rentals are fixed for two to ten years.

In accordance with the power purchase agreement ("**PPA**") entered into between CGN Korea Holdings Co., Ltd. ("**CGN Korea**") and KEPCO in 1996 (the PPA was subsequently transferred from CGN Korea to CGN Yulchon Generation Co., Ltd upon the restructuring of the Group's operations in South Korea in July 2009), CGN Korea was required to construct electricity transmission facilities for connection of CGN Korea's power plant ("**Yulchon Plant**") to the power grid of KEPCO and CGN Korea was obligated under the PPA to sell such facilities to KEPCO within six months of commencing operation of Yulchon Plant. CGN Korea constructed electricity transmission facilities with a net book value of approximately US$2,862,000, which was subsequently disposed of to KEPCO in 2005 for an amount approximate to US$1,365,000, resulting in a loss on disposal of approximately KRW1,707 million (equivalent to approximately US$1,497,000) in 2005. The sales proceeds had been fully settled as of 31 December 2008.

In connection with such disposition of the electricity transmission facilities to KEPCO in 2005, CGN Korea has a right of use of the facilities for 20 years, which is the term of the PPA. Accordingly, it is considered as a sale and leaseback transaction and results in an operating lease. The difference between the net book value of the facilities and the related proceeds of approximately US$1,497,000 was considered as future lease payments and was recorded as long-term prepaid expenses. The carrying value of the long-term prepaid expenses as at 31 December 2019 is approximately KRW306 million (equivalent to approximately US$265,000) (2018: approximately KRW393 million (equivalent to approximately US$350,000)) *(note 22)*. These long-term prepaid expenses are to be amortised over the term of the PPA.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

45. COMMITMENTS *(Continued)*

(b) Capital commitments

	2019 US$'000	2018 US$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**675,849**	466,544

(c) Acquisition of Xinjiang Project

On 22 December 2011, the Company entered into a joint development agreement with an independent third party being the vendor and an individual who is a director of the target company (the "**Target Company**") (collectively, the "**Parties**"), upon the satisfaction of certain conditions, to acquire 100% equity interest of the Target Company at a consideration of RMB10 million (the "**Proposed Acquisition**").

The Target Company, through its 93% shareholding in the project company (the "**Project Company**"), owns the right to develop a wind farm project in the north eastern part of Xinjiang Autonomous Region of the PRC (the "**Xinjiang Project**"). The other 7% interest in the Project Company is owned by an independent third party.

At 31 December 2019, the Proposed Acquisition is still subject to final negotiation between the Parties.

46. RELATED PARTY DISCLOSURES

The Company is ultimately controlled by CGN, which is a state-owned enterprise under the direct supervision of the State Council of the PRC.

Apart from details of the balances with related parties disclosed in the consolidated statement of financial position and other details disclosed elsewhere in the consolidated financial statements, the Group also entered into the following significant transactions with related parties during the year:

Name of related company	*Notes*	Nature of transactions	2019 US$'000	2018 US$'000
CGN Energy International	*i*	Management service fee income	**738**	–
CGN Finance	*ii*	Interest expense	**5,905**	610
		Interest income	**146**	1,964
CGN Energy Development Co., Ltd. ("**CGN Energy**") and its subsidiaries	*ii*	Management service fee income	**2,060**	1,612
CGNPC Huasheng	*ii*	Interest income	**6**	17
		Interest expense	**1,359**	3,587
Huamei Holding Company Limited ("**Huamei Holding**") and its subsidiaries	*ii*	Management service fee income	**6,367**	5,927
China Clean Energy	*ii*	Interest expense	**2,975**	20,531
CGN Wind Energy	*ii*	Management service fee income	**15,375**	14,732
CGN Solar Energy Development Co., Ltd.	*ii*	Management service fee income	**4,580**	2,759

Notes:

(i) CGN Energy International is an immediate holding company of the Company.

(ii) CGN Finance, CGN Energy and its subsidiaries, CGNPC Huasheng, Huamei Holding and its subsidiaries, China Clean Energy, CGN Wind Energy and CGN Solar Energy Development Co., Ltd. are fellow subsidiaries of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

46. RELATED PARTY DISCLOSURES *(Continued)*

The Group has entered into various transactions including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are the PRC government-related entities in its ordinary course of business. A majority of the bank deposits and 72.3% (2018: 60.1%) of borrowings of the Group are with the PRC government-related entities as at 31 December 2019.

Also, the Group's transactions with other PRC government-related entities include sales of electricity to local power bureau and a state-owned entity. About 31% (2018: 29%) of its sales of electricity and capacity charges are to the other PRC government-related entities for the year ended 31 December 2019.

Certain directors have also been employed by CGN and its subsidiaries and the payments of their emoluments were borne by CGN and its subsidiaries for the years ended 31 December 2019 and 2018.

Compensation of key management personnel

The remuneration of directors and other key management during the year were as follows:

	2019 ***US$'000***	2018 *US$'000*
Short-term benefits	**1,541**	925
Post-employment benefits	**282**	102
	1,823	1,027

The remuneration of directors and key executives is determined by having regard to the performance of individuals and the Group and market trends.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2019 US$'000	2018 US$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**239**	355
Right-of-use assets	**2,890**	–
Investments in subsidiaries *(Note (a))*	**1,154,274**	1,301,053
	1,157,403	1,301,408
CURRENT ASSETS		
Other receivables and prepayments	**543**	544
Amounts due from fellow subsidiaries	**3,401**	5,231
Bank balances and cash	**28,493**	39,767
	32,437	45,542
CURRENT LIABILITIES		
Other payables and accruals	**6,207**	6,080
Amounts due to fellow subsidiaries	**4,760**	4,867
Amounts due to subsidiaries	**9,671**	8,835
Lease liabilities – due within one year	**1,516**	–
	22,154	19,782
NET CURRENT ASSETS	**10,283**	25,760
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,167,686**	1,327,168
NON-CURRENT LIABILITIES		
Loans from fellow subsidiaries	**700,000**	700,000
Bank borrowings – due after one year	**100,000**	100,000
Lease liabilities – due after one year	**1,556**	–
	801,556	800,000
NET ASSETS	**366,130**	527,168
CAPITAL AND RESERVES		
Share capital	**55**	55
Reserves *(Note (b))*	**366,075**	527,113
TOTAL EQUITY	**366,130**	527,168

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes:

a. Investments in subsidiaries

Details of the Company's principal operating subsidiaries at 31 December 2019 and 2018 are as follows:

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group 2019	2018	Principal activities
Indirect							
Guangxi Rongjiang Meiya Company Limited* 廣西融江美亞有限公司	The PRC	15 September 1999	Sino-foreign equity joint venture	Registered capital of RMB48,000,000 and paid-up capital of RMB48,000,000	**55%**	55%	Investment in dam and other associated facilities
Guangxi Rongjiang Meiya Hydropower Company Limited* 廣西融江美亞水電有限公司	The PRC	15 September 1999	Sino-foreign equity joint venture	Registered capital of RMB72,000,000 and paid-up capital of RMB72,000,000	**80%**	80%	Generation and supply of electricity
Guangxi Rongyuan Hydropower Company Limited* 廣西融源水電有限公司	The PRC	4 January 2011	Foreign investment enterprise with limited liability	Registered capital of RMB38,000,000 and paid-up capital of RMB38,000,000	**100%**	100%	Generation and supply of electricity
Guangxi Zuojiang Meiya Hydropower Company Limited 廣西左江美亞水電有限公司	The PRC	8 October 1998	Sino-foreign equity joint venture	Registered capital of RMB345,596,455 and paid-up capital of RMB345,596,455	**60%**	60%	Generation and supply of electricity
Haian Meiya Cogeneration. Co., Ltd 海安美亞熱電有限公司	The PRC	20 December 2002	Foreign investment enterprise with limited liability	Registered capital of US$11,920,000 and paid-up capital of US$11,920,000	**100%**	100%	Generation and supply of steam, electricity and other related products
Mianyang Sanjiang Meiya Hydropower Company Limited* 綿陽三江美亞水電有限公司	The PRC	25 October 2002	Sino-foreign cooperative joint venture	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**75%**	75%	Generation and supply of electricity
CGN Daesan Power Co., Ltd.	Korea	8 April 2009	Joint stock company	Issued capital of KRW3,430,000,000 and paid-up capital of KRW3,430,000,000	**100%**	100%	Generation and supply of electricity from an oil-fired combined cycle power plant
CGN Yulchon Generation Co., Ltd.	Korea	28 July 2009	Joint stock company	Issued capital of KRW18,044,400,000 and paid-up capital of KRW18,044,400,000	**100%**	100%	Generation and supply of electricity from a gas-fired combined cycle power plant
Nantong	The PRC	13 March 1997	Foreign investment enterprise with limited liability	Registered capital of US$16,800,000 and paid-up capital of US$16,800,000	**100%**	100%	Generation and supply of electricity and steam and other related products
Nanyang General Light Electric Co., Ltd. 南陽普光電力有限公司	The PRC	1 January 1997	Sino-foreign cooperative joint venture	Registered capital of RMB476,667,000 and paid-up capital of RMB476,667,000	**59.5%**	59.5%	Generation and supply of electricity and other related services
Shanghai Meiya Jinqiao Energy Co., Ltd. 上海美亞金橋能源有限公司	The PRC	14 July 1995	Sino-foreign equity joint venture	Registered capital of RMB98,000,000 and paid-up capital of RMB98,000,000	**60%**	60%	Generation and supply of steam
Wuhan Han-Neng Power Development Co., Ltd. 武漢漢能電力發展有限公司	The PRC	11 October 1995	Sino-foreign equity joint venture	Registered capital of RMB100,000,000 and paid-up capital of RMB100,000,000	**60%**	60%	Generation and supply of electricity

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2019	2018	
CGN New Energy (Dezhou) Co., Ltd.* 中廣核新能源(德州)有限公司	The PRC	29 December 2014	Foreign investment enterprise with limited liability	Registered capital of US$200,308,891 and paid-up capital of US$200,308,891	**100%**	100%	Generation and supply of electricity
CGN (Zhejiang Xiangshan) Wind Power Co., Ltd* 中廣核(浙江象山)風力發電 有限公司	The PRC	11 July 2011	Foreign investment enterprise with limited liability	Registered capital of RMB134,610,000 and paid-up capital RMB134,610,000	**100%**	100%	Generation and supply of electricity
CGN (Zhejiang Ninghai) Wind Power Co., Ltd.* 中廣核(浙江寧海)風力發電 有限公司	The PRC	19 December 2013	Foreign investment enterprise with limited liability	Registered capital of RMB79,600,000 and paid-up capital RMB79,600,000	**100%**	100%	Generation and supply of electricity
Anqiu Taipingshan Wind Power Co., Ltd* 安丘太平山風電有限公司	The PRC	10 December 2008	Foreign investment enterprise with limited liability	Registered capital of RMB187,889,991 and paid-up capital RMB187,889,991	**100%**	100%	Generation and supply of electricity
Yishui Tangwangshan Wind Power Co., Ltd* 沂水唐王山風力發電有限公司	The PRC	23 November 2009	Foreign investment enterprise with limited liability	Registered capital of RMB71,375,034 and paid-up capital RMB71,375,034	**100%**	100%	Generation and supply of electricity
CGN Linqu Wind Power Company Limited Co., Ltd* 中廣核(臨朐)風力發電有限公司	The PRC	29 December 2009	Foreign investment enterprise with limited liability	Registered capital of RMB75,040,000 and paid-up capital RMB75,040,000	**100%**	100%	Generation and supply of electricity
CGN Linqu Longgang Wind Power Co., Ltd* 中廣核臨朐龍崗風力發電有限公司	The PRC	28 June 2013	Foreign investment enterprise with limited liability	Registered capital of RMB77,074,180 and paid-up capital RMB77,074,180	**100%**	100%	Generation and supply of electricity
CGN Yishui Wind Power Co., Ltd* 中廣核沂水風力發電有限公司	The PRC	2 April 2011	Foreign investment enterprise with limited liability	Registered capital of RMB91,125,000 and paid-up capital RMB91,125,000	**100%**	100%	Generation and supply of electricity
Yishui Longshan Wind Power Co., Ltd* 沂水龍山風力發電有限公司	The PRC	13 August 2013	Foreign investment enterprise with limited liability	Registered capital of RMB88,546,800 and paid-up capital RMB88,546,800	**100%**	100%	Generation and supply of electricity
CGN Gansu Minqin Wind Power Co., Ltd* 中廣核甘肅民勤風力發電有限公司	The PRC	4 March 2011	Foreign investment enterprise with limited liability	Registered capital of RMB162,200,000 and paid-up capital RMB162,200,000	**100%**	100%	Generation and supply of electricity
CGN Gansu Minqin (II) Wind Power Co., Ltd* 中廣核甘肅民勤第二風力發電有限公司	The PRC	24 October 2013	Foreign investment enterprise with limited liability	Registered capital of RMB549,760,000 and paid-up capital RMB549,760,000	**100%**	100%	Generation and supply of electricity
CGN Gansu Guazhou Wind Power Co., Ltd* 中廣核甘肅瓜州風力發電有限公司	The PRC	18 November 2011	Foreign investment enterprise with limited liability	Registered capital of RMB165,480,000 and paid-up capital RMB165,480,000	**100%**	100%	Generation and supply of electricity
CGN Gansu Guazhou (II) Wind Power Co., Ltd* 中廣核甘肅瓜州第二風力發電有限公司	The PRC	15 November 2013	Foreign investment enterprise with limited liability	Registered capital of RMB287,000,000 and paid-up capital RMB287,000,000	**100%**	100%	Generation and supply of electricity

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2019	2018	
Guazhou Tianrun Wind Power Co., Ltd* 瓜州天潤風電有限公司	The PRC	6 March 2009	Sino-foreign equity joint venture	Registered capital of RMB98,100,000 and paid-up capital RMB98,100,000	**60%**	60%	Generation and supply of electricity
CGN Solar Dunhuang Co., Ltd* 中廣核太陽能敦煌有限公司	The PRC	8 September 2011	Foreign investment enterprise with limited liability	Registered capital of RMB97,970,000 and paid-up capital RMB97,970,000	**100%**	100%	Generation and supply of electricity
CGN Solar Jinta Co., Ltd* 中廣核太陽能金塔有限公司	The PRC	6 December 2011	Foreign investment enterprise with limited liability	Registered capital of RMB36,360,000 and paid-up capital RMB36,360,000	**100%**	100%	Generation and supply of electricity
CGN Solar (Dachaidan) Development Co., Ltd* 中廣核太陽能(大柴旦)開發有限公司	The PRC	15 January 2010	Foreign investment enterprise with limited liability	Registered capital of RMB492,931,000 and paid-up capital RMB492,931,000	**100%**	100%	Generation and supply of electricity
CGN Solar Wulan Co., Ltd* 中廣核太陽能烏蘭有限公司	The PRC	29 August 2012	Foreign investment enterprise with limited liability	Registered capital of RMB100,000,000 and paid-up capital RMB100,000,000	**100%**	100%	Generation and supply of electricity
CGN Solar (Jiaxing) Co., Ltd.* 中廣核太陽能(嘉興)有限公司	The PRC	9 July 2013	Foreign investment enterprise with limited liability	Registered capital of RMB30,500,000 and paid-up capital RMB30,500,000	**100%**	100%	Generation and supply of electricity
CGN Solar (Shenzhen) Co., Ltd* 中廣核太陽能(深圳)有限公司	The PRC	17 August 2011	Foreign investment enterprise with limited liability	Registered capital of RMB43,400,000 and paid-up capital RMB43,400,000	**100%**	100%	Generation and supply of electricity
Weifang CGN Energy Co. Ltd.* 濰坊中廣核能源有限公司	The PRC	26 August 2016	Foreign investment enterprise with limited liabilities	Registered capital of RMB153,760,000 and paid-up capital RMB80,000,000	**100%**	100%	Generation and supply of electricity
Dezhou Anwin Energy Co., Ltd.* 德州安務能源有限公司	The PRC	15 November 2016	Sino-foreign equity joint venture	Registered capital of RMB113,530,000 and paid-up capital RMB113,530,000	**87%**	87%	Generation and supply of electricity
Jiyuan CGN New Energy Co., Ltd.* 濟源中廣核新能源有限公司	The PRC	21 December 2016	Foreign investment enterprise with limited liability	Registered capital of RMB10,830,000 and paid up capital of RMB500,000	**100%**	100%	Development in solar and wind power project
CGN New Energy (Ledu) Co., Ltd.* 中廣核新能源(樂都)有限公司	The PRC	15 December 2016	Foreign investment enterprise with limited liability	Registered capital of RMB45,000,000 and paid up capital of RMB500,000	**100%**	100%	Development in wind power and solar power project

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2019	2018	
CGN Wuhai New Energy Co., Ltd.* 中廣核烏海新能源有限公司	The PRC	23 February 2017	Foreign investment enterprise with limited liability	Registered capital of RMB109,860,000 and paid up capital of RMB109,860,000	**100%**	100%	Operation and development in generation of electricity of new energy
Lankao CGN New Energy Co., Ltd.* 蘭考中廣核新能源有限公司	The PRC	21 March 2017	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Development in wind power and new energy project
CGN (Hefei) New Energy Co., Ltd.* 中廣核(合肥)新能源有限公司	The PRC	27 April 2017	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Research and development in solar and wind power project
CGN New Energy (Zhangsha) Co., Ltd.* 中廣核新能源(長沙)有限公司	The PRC	27 April 2017	Foreign investment enterprise with limited liability	Registered capital of RMB12,300,000 and paid up capital of RMB12,300,000	**100%**	100%	Generation of electricity
Tong Ce	The PRC	5 July 2016	Foreign investment enterprise with limited liability	Registered capital of RMB50,000,000 and paid up capital of RMB3,000,000	**100%**	100%	Technical transfer, consultation and services
CGN (Chahar Right Wing Middle Banner) New Energy Co., Ltd.* 中廣核(察哈爾右翼中旗)新能源投資有限公司	The PRC	24 November 2017	Sino-foreign equity joint venture	Registered capital of RMB66,800,000 and paid up capital of RMB66,800,000	**56.67%**	56.67%	Development in generation of new energy project
Chifeng New Golden	The PRC	14 October 2016	Sino-foreign equity joint venture	Registered capital of RMB100,000,000 and paid up capital of RMB100,000,000	**74%**	74%	Generation of electricity and sale of electricity equipments
Siyang Beichuan Power	The PRC	28 July 2016	Foreign investment enterprise with limited liability	Registered capital of RMB41,726,000 and paid up capital of RMB41,726,000	**100%**	100%	Engineering design and technology development
Yuzhou CGN New Energy Co., Ltd.* 禹州中廣核新能源有限公司	The PRC	6 March 2017	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Development in solar and wind power project
Xingtai Renxian County CGN New Energy Power Co., Ltd.* 邢台任縣中廣核新能源發電有限公司	The PRC	16 May 2018	Foreign investment enterprise with limited liability	Registered capital of RMB111,090,000 and paid-up capital RMB111,090,000	**100%**	100%	Development in solar and wind power project
CGN Fugou County New Energy Co., Ltd.* 中廣核扶溝縣新能源有限公司	The PRC	19 September 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Operation and development in generation of electricity of new energy
CGN Shenqiu County New Energy Co., Ltd.* 中廣核沈丘縣新能源有限公司	The PRC	25 September 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Operation and development in generation of electricity of new energy

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes: (Continued)

a. Investments in subsidiaries *(Continued)*

Name of subsidiaries	Place of establishment/ incorporation/ operation	Date of establishment/ incorporation	Legal form	Registered capital/ issued and fully paid-up share capital	Attributable equity interest held by the Group		Principal activities
					2019	2018	
CGN (Horqin Zuoyi Zhongqi) New Energy Co., Ltd.* 中廣核（科爾沁左翼中旗）新能源有限公司	The PRC	12 April 2018	Sino-foreign equity joint venture	Registered capital of RMB49,740,000 and paid-up capital RMB49,740,000	**65%**	65%	Generation of solar energy, engineering service and technology development
CGN (Qianxinan State) New Energy Co., Ltd.* 中廣核（黔西南州）新能源有限公司	The PRC	25 January 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Development in generation of new energy project
Yanan CGN New Energy Co., Ltd.* 延安中廣核新能源有限公司	The PRC	3 January 2018	Foreign investment enterprise with limited liability	Registered capital of RMB500,000 and paid up capital of RMB500,000	**100%**	100%	Generation and supply of electricity
Xiangtan CGN New Energy Co., Ltd.* 湘潭中廣核新能源有限公司	The PRC	27 November 2017	Foreign investment enterprise with limited liability	Registered capital of RMB15,540,000 and paid-up capital RMB15,540,000	**100%**	100%	Development in solar and wind power project
CGN (Zhangpu) New Energy Co., Ltd.* 中廣核（漳浦）新能源有限公司	The PRC	23 April 2018	Foreign investment enterprise with limited liability	Registered capital of RMB14,420,000 and paid-up capital RMB14,420,000	**100%**	100%	Operation and development in generation of electricity of new energy
Tinze Agricultural	The PRC	22 March 2012	Foreign investment enterprise with limited liability	Registered capital of RMB200,000,000 and paid-up capital RMB1,000,000	**100%**	–	Development in generation of new energy project

* *English names are for identification purpose only.*

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

47. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

Notes: (Continued)

b. Reserves

	Share premium *US$'000*	**Share option reserve** *US$'000*	**Capital reserve** *US$'000* *(Note a)*	**Accumulated profits** *US$'000*	**Total equity** *US$'000*
At 1 January 2018	250,406	2,032	77,939	41,968	372,345
Profit for the year and total comprehensive income	–	–	–	5,576	5,576
Effects of share options *(note 38)*	–	533	–	–	533
Deemed capital contribution	–	–	164,106	–	164,106
Dividend declared and paid *(note 13)*	–	–	–	(15,447)	(15,447)
At 31 December 2018	250,406	2,565	242,045	32,097	527,113
Profit for the year and total comprehensive income	**–**	**–**	**–**	**24,649**	**24,649**
Effects of share options *(note 38)*	**–**	**180**	**–**	**–**	**180**
Lapse of share options *(note 38)*	**–**	**(2,745)**	**–**	**2,745**	**–**
Deemed capital contribution	**–**	**–**	**122**	**–**	**122**
Strike off of a subsidiary *(note b)*	**–**	**–**	**(164,106)**	**–**	**(164,106)**
Dividend declared and paid *(note 13)*	**–**	**–**	**–**	**(21,883)**	**(21,883)**
At 31 December 2019	**250,406**	**–**	**78,061**	**37,608**	**366,075**

Notes:

(a) The capital reserve represented the difference between the investment cost and the carrying value of certain subsidiaries arising from the internal group reorganisation.

(b) On 1 November 2019, the Company entered into a resolution to strike off MPC Investment (BVI) Company Limited which was dormant from the BVI Government Register. Accordingly, the Company reversed a deemed capital contribution of US$164,106,000 arising from release of capital reserve.

48. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of land and buildings for 3 months to 26 years. On the lease commencement dates, the Group recognised US$12,612,000 of right-of-use assets and US$12,612,000 of lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

49. EVENTS 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 Shanghai United Assets and Equity Exchange（上海聯合產權交易所）(“**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 Shanghai Meiya Jinqiao Energy Co., Ltd.（上海美亞金橋能源有限公司）(“**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.

3. Since the outbreak of the novel coronavirus pneumonia (“**COVID-19**”) nationwide in January 2020, the Group had strictly implemented various epidemic prevention requirements of the central and local governments to ensure the safe and stable operation of power generating units in operation. COVID-19 had a certain impact on the overall economic operation and power demand, which had led to a certain degree of load reduction of power units after the Lunar New Year. With the resumption of work and production, social power demand has gradually increased, and the impact of COVID-19 on the production and operation of the Group has gradually decreased. The Group will continue to pay close attention to the development of COVID-19, continue to do a good job in production safety and epidemic prevention and control, and assess its impact on the financial status and operating results of the Group. As of the approval date of this Annual Report, the evaluation is still in progress.

Financial Summary

	2015 *US$'000*	2016 *US$'000*	2017 *US$'000*	2018 *US$'000*	**2019** ***US$'000***
Revenue	1,151,905	1,074,448	1,108,560	1,358,487	**1,276,281**
Operating expenses:					
Coal, oil and gas	729,336	587,176	619,829	829,596	**698,265**
Depreciation of property, plant and equipment	109,478	143,429	134,299	144,473	**159,831**
Repair and maintenance	27,889	38,729	40,179	44,742	**40,675**
Staff costs	62,943	69,237	76,389	67,652	**76,524**
Others	63,359	58,480	71,634	72,843	**69,368**
Total operating expenses	993,005	897,051	942,330	1,159,306	**1,044,663**
Operating profit	158,900	177,397	166,230	199,181	**231,618**
Other income	18,630	14,281	14,459	41,337	**23,157**
Other gains and losses	(1,652)	2,631	(7,521)	(22,141)	**(24,545)**
Finance costs	(76,799)	(115,172)	(101,708)	(110,158)	**(122,120)**
Share of results of associates	63,313	22,113	19,268	16,819	**32,807**
Gain on deconsolidation/disposal of a subsidiary	–	18,675	3,825	–	**–**
Profit before tax	162,392	119,925	94,553	125,038	**140,917**
Income tax expense	(39,978)	(28,893)	(28,587)	(33,767)	**(41,564)**
Profit for the year	122,414	91,032	65,966	91,271	**99,353**
Profit (loss) for the year attributable to:					
Owners of the Company	103,879	79,472	61,872	88,211	**111,207**
Non-controlling interests	18,535	11,560	4,094	3,060	**(11,854)**
	122,414	91,032	65,966	91,271	**99,353**
Earnings per share, basic and diluted *(US cents)*	2.42	1.85	1.44	2.06	**2.59**

Financial Summary

	2015 *US$'000*	2016 *US$'000*	2017 *US$'000*	2018 *US$'000*	**2019** ***US$'000***
ASSETS AND LIABILITIES					
Total assets	3,852,868	3,498,621	3,740,617	4,139,068	**5,379,167**
Total liabilities	3,003,315	2,686,785	2,780,242	3,184,784	**4,369,720**
NET ASSETS	849,553	811,836	960,375	954,284	**1,009,447**
Equity attributable to owners of the Company	741,732	710,758	875,894	865,830	**930,115**
Non-controlling interests	107,821	101,078	84,481	88,454	**79,332**
TOTAL	849,553	811,836	960,375	954,284	**1,009,447**