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

Interim Report 2020

Natural Energy Powering Nature

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

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road
Central, 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

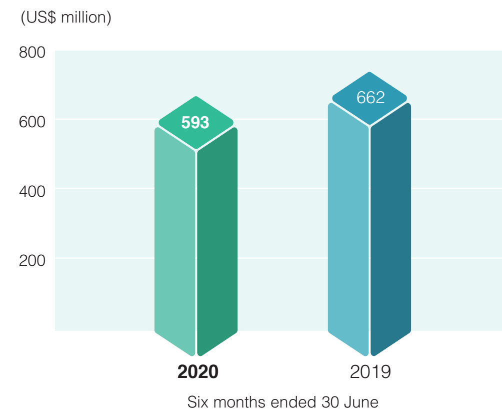
Bank of China (Hong Kong) Limited
9/F, Bank of China Tower
1 Garden Road
Hong Kong

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

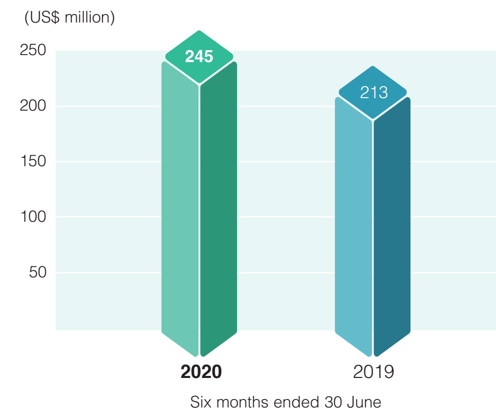
Standard Chartered Bank (Hong Kong) Limited
13/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Financial and Operating Highlights

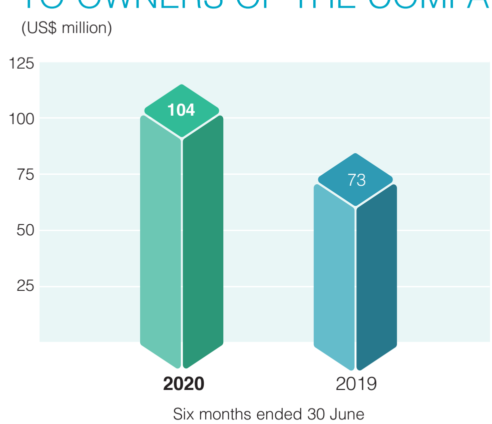
REVENUE



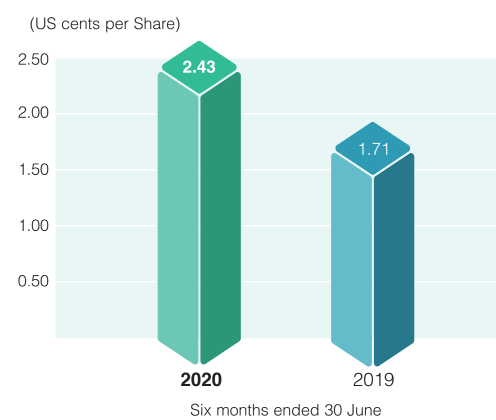
EBITDA[1]



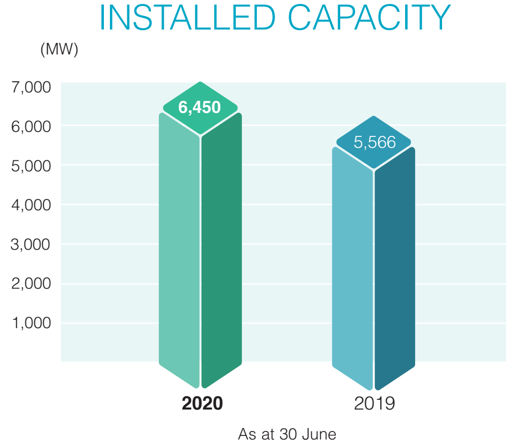
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



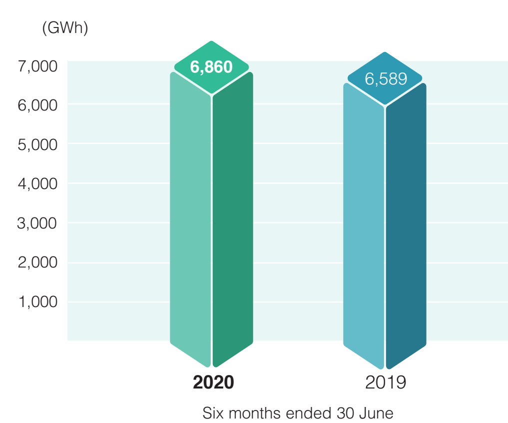
EPS



ATTRIBUTABLE INSTALLED CAPACITY



POWER GENERATION



Note:

1. EBITDA is calculated by adding depreciation and amortisation to the operating profit.

Management Discussion and Analysis

I. INDUSTRY OVERVIEW

In the first half of 2020, the power supply and demand in China maintained a general balance and electricity consumption of the society was basically flat as compared to that of last year. From January to June 2020, the electricity consumption of the society was 3,354.7 TWh, representing a decrease rate of 1.3% as compared to the same period of last year.

As the electricity structure in China continued its path towards green and low carbon development, electricity generation from non-fossil energy was further increased. From January to June 2020, the electricity generated from the nation's wind power and solar power reached 237.9 TWh and 127.8 TWh respectively, representing a growth of 10.9% and 20.0% as compared to the same period of last year respectively.

Lankao Yifeng wind power project in Henan Province

Zhenfeng Phase II solar power project in Guizhou Province

Management Discussion and Analysis

The wind power and photovoltaic power industries in China have steered their focus on large-scale development to high-quality development, with realization of wind power and photovoltaic grid parity being their major development mission during the "14th Five-Year Plan" period.

The 2020 policies on photovoltaic power tariffs were officially announced. In March 2020, the National Development and Reform Commission of the PRC ("**NDRC**") issued the "Notice on Matters Related to the Policies for On-Grid Tariff of Photovoltaic Power Generation in 2020"(《關於2020年光伏發電上網電價政策有關事項的通知》) to confirm the 2020 on-grid tariff policies on photovoltaic power generation that the guidance tariffs in each resources area would be further decreased. The policies on wind power tariffs for 2020 was confirmed in 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》) issued by the NDRC in May 2019.

In March 2020, the National Energy Administration of the PRC ("**NEA**") issued the "Notice on Matters Related to the Development of Wind Power and Photovoltaic Power Generation Projects in 2020"(《關於2020年風電、光伏發電項目建設有關事項的通知》). The policy generally continued the wind and photovoltaic development ideas in 2019. The bidding rules, modified scheme for power tariffs, and criteria for project application adopted were the same as that of 2019. At the same time, priority was given to advancing grid parity projects and fulfillment of consumption and distribution conditions.

In 2020, the weight of responsible consumption of renewable energy (measurement in the quota system) was officially implemented. In June 2020, the NDRC and NEA jointly promulgated the "Notice Regarding the Issuance of Weight of Responsible Consumption of Renewable Energy in Each Provincial Administrative Region in 2020"(《關於印發各省級行政區域2020年可再生能源電力消納責任權重的通知》), stating that the measurement on the weight of responsible consumption should take the impact of the COVID-19 pandemic into full consideration and ensure that the target of non-fossil energy share can be achieved this year.

The policy of the new energy industry in 2020 basically continued the policy guidance of last year, but the external environmental uncertainty caused by the COVID-19 pandemic had enormous impacts on the strategic layout, project development, project construction, production operation and maintenance of investment enterprises. Furthermore, subsidies for renewable energy had further declined, placing higher requirements on project resource endowments and cost control.

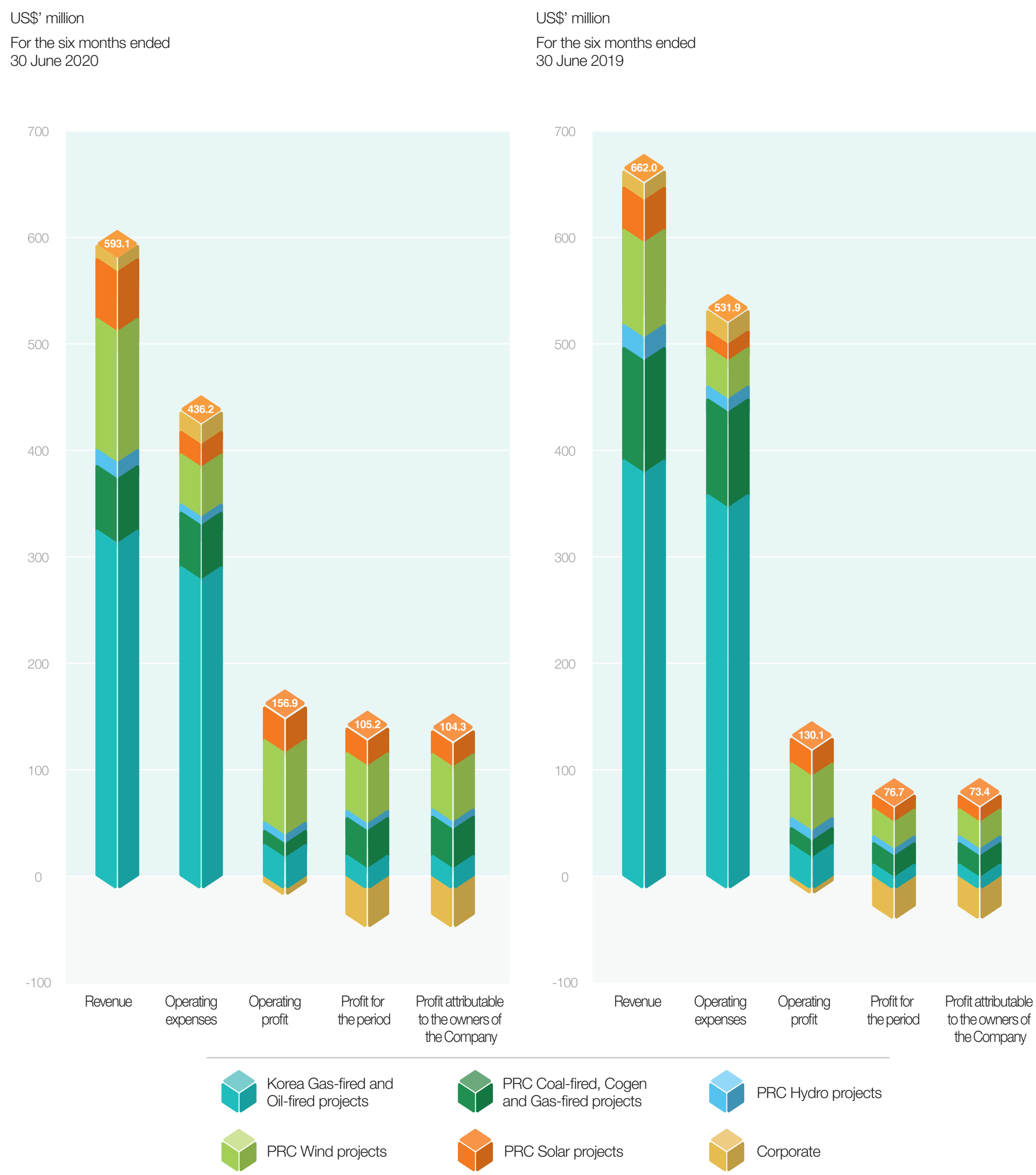
In respect of Korean power market, it is undergoing an energy structure transformation and it is expected that the number of renewable energy and gas-fired power plants will increase in the future. As competition is intensified in the power market upon the commissioning of new power plants, the profitability of Korean gas-fired power generation companies was affected.

Management Discussion and Analysis

II. BUSINESS REVIEW

The portfolio of assets of CGN New Energy Holdings Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") comprises wind, solar, gas-fired, coal-fired, oil-fired, hydro, cogen and fuel cell projects, 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 30 June 2020, the operations in the PRC and Korea accounted for approximately 68.1% and 31.9% of the Group's attributable installed capacity of 6,449.9 MW respectively. Clean and renewable energy projects (namely wind, solar, gas-fired, hydro and fuel cell projects) accounted for 73.1% of our attributable installed capacity; and conventional energy projects (namely coal-fired, oil-fired and cogen projects) accounted for 26.9% of our attributable installed capacity.

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



Management Discussion and Analysis

Korea Gas-fired and Oil-fired projects

The utilization hours of our Korea gas-fired plants increased from 2,168 hours to 2,213 hours during the first half of 2020, which was mainly due to higher power demand caused by the higher demand from clean energy. Profit attributable to the owners of the Company increased from US$16.4 million to US$19.9 million, which was mainly attributable to improvement of electricity generation and cost control during the period.

PRC Coal-fired, Cogen and Gas-fired projects

In the first half of 2020, the decrease in operating profit of the Group from US$16.1 million to US$9.0 million is mainly due to suspension of production of Nanyang General Light coal-fired project in Henan Province starting from 31 December 2019 as a result of the continued drought and restricted access to local water supply. The substantial increase in profit for the period from US$28.5 million to US$35.5 million is mainly attributable to the one-off gain on the disposal of the Jinqiao JV amounted to US$18.1 million.

Management Discussion and Analysis

PRC Wind projects

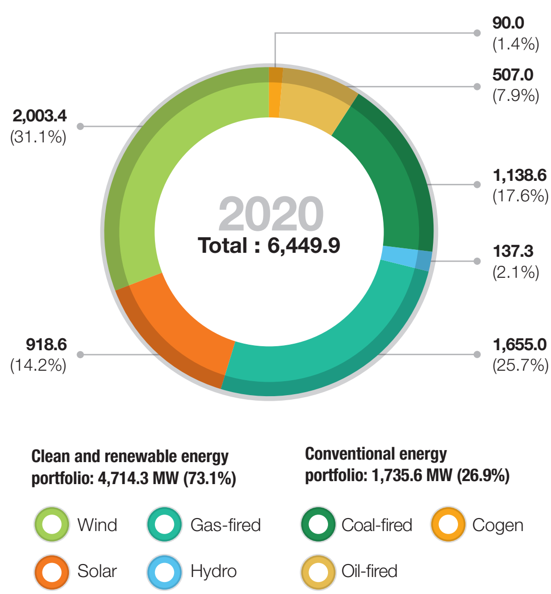
Starting from the second half of 2019, the Group's newly commissioned attributable installed capacity of wind projects amounted to 509.0 MW. The increase in revenue was mainly attributable to contribution from newly commissioned wind projects which amounted to US$32.8 million in the first half of 2020. With cost control measures in place and the impact of the newly commissioned wind projects, the operating profit increased to US$76.1 million in the first half of 2020.

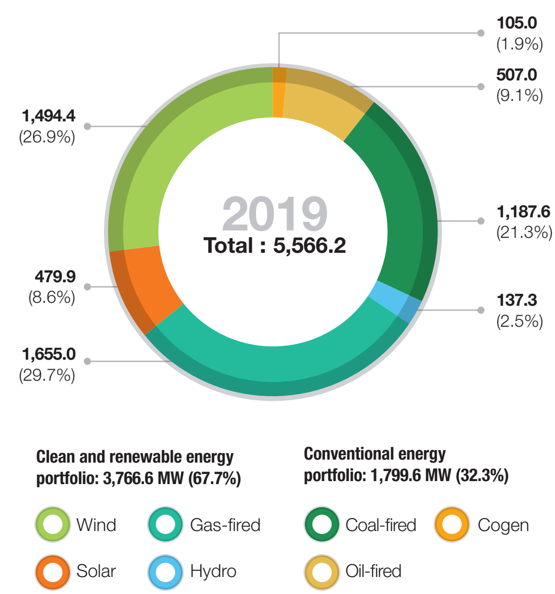
PRC Solar projects

Starting from the second half of 2019, the Group's newly commissioned attributable installed capacity amounted to 438.7 MW, which contributed US$12.4 million revenue in the first half of 2020. The substantial impact of the newly commissioned solar projects has also driven the operating profit to soar to US$35.2 million in the first half of 2020, representing an increase of US$11.8 million as compared with US$23.4 million in the first half of 2019.

Installed Capacity

The attributable installed capacity of the Group's power assets as at 30 June 2020 and 30 June 2019 by fuel type are set out as follows (MW):





As at 30 June 2020, the Group's attributable installed capacity reached 6,449.9 MW, representing an increase of 883.7 MW or 15.9% from the same period of last year, which included an attributable installed capacity of wind power of 2,003.4 MW, representing an increase of 509.0 MW or 34.1% from the same period of last year; whereas the attributable installed capacity of solar power amounted to 918.6 MW, representing an increase of 438.7 MW or 91.4% from the same period of last year. As at 30 June 2020, the consolidated installed capacity of the Group's power plants reached 5,802.4 MW.

Management Discussion and Analysis

Project Additions

While doing a good job in the normal prevention and control of the COVID-19 pandemic, the Group's project construction has always adhered to the importance of safety and efficiency, strictly observed the safety bottom line in the face of tightening environmental protection policies and the continuous superposition of the tide of installation.

In terms of wind power business development, in the second half of 2019 and the first half of 2020, the Company's newly commissioned installed capacity of wind power amounted to 439.0 MW and 119.6 MW respectively, including (1) two wind power projects in Henan Province, namely the Xuchang Yanling project with a capacity of 79.2 MW and the Yongcheng Hanxing project with a capacity of 50.0 MW; (2) two distributed wind power projects in Henan Province, namely the Shenqiu Zhaodeying project with a capacity of 10.0 MW and the Shenqiu Fanying project with a capacity of 10.0 MW; (3) the Lankao Yifeng centralized wind power project in Henan Province with a capacity of 94.6 MW; (4) 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; (5) the Leling Zhuji wind power project in Shandong Province with a capacity of 39.6 MW; (6) the Guangyang Lake wind power project in Jiangsu Province with a capacity of 101.2 MW; (7) the Yiyang Qilisong wind power project in Hunan Province with a capacity of 25.0 MW.

In terms of solar power business development, in the second half of 2019 and the first half of 2020, the newly commissioned installed capacity of solar power of the Company amounted to 394.4 MW and 44.3 MW respectively, including (1) three fishing-photovoltaic power projects, namely the Wenchang Liyang project in Hainan Province with an additional capacity of 3.2 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; (2) the Tianze photovoltaic power project with a capacity of 30.0 MW in Inner Mongolia Autonomous Region; (3) four distributed rooftop photovoltaic power projects, namely the XEMC project in Hunan Province with an additional capacity of 2.18 MW, the Fuchuan Yifan project in Fujian Province with a capacity of 8.9 MW, the Yan'an Airport project in Shaanxi Province with an additional capacity of 0.114 MW and the SDIC Yangpu Port project in Hainan Province with a capacity of 4.3 MW; (4) the Jiuquan micro-grid photovoltaic power MW; (5) the Zhenfeng Phase II photovoltaic power project in Guizhou Province with a capacity of 40.0 MW.

During the second half of 2019, upon the completion of the expanded installed capacity of the Nantong cogen project of the Group in Jiangsu Province, the Group timely closed down and disposed of a unit of 15.0 MW pursuant to the national energy saving and emission reduction policy. During the second half of 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 national energy consumption and environmental protection policies, and the attributable installed capacity decreased by 49.0 MW accordingly. Furthermore, as Jinqiao Development Zone, Shanghai Municipality is accelerating the implementation of the new strategy of "secondary development and leaping development", there will be fewer production enterprises in the area. The Group timely disposed of the Jinqiao Steam Project in Shanghai Municipality with a total installed capacity of 240 tons/hour in the first half of 2020.

Onshore Development of Preliminary Projects

In 2020, wind power and photovoltaic power industries are about to start an era of comprehensive grid parity. Affected by the COVID-19 pandemic, the landscape of electricity supply and demand has changed. Investment in new energy projects has shrunk significantly, and the application of parity bidding projects has lagged. In the face of frequent policies and more competitive external environment, the Company takes the parity bidding as its core, takes the initiatives, comprehensively coordinates, continuously strengthens the external cooperation with strategic partners to break the situation, and internally continues to strengthen its refinement and collaboration. It is expected that the growth of new operating capacity in 2020 will be steady.

Management Discussion and Analysis

Offshore Wind Power

In January 2020, the Ministry of Finance of the PRC, NDRC and NEA jointly promulgated "Several Opinions on Promoting the Healthy Development of Non-Hydro Renewable Energy Power Generation"(《關於促進非水可再生能源發電健康發展的若干意見》). The above opinions point out that new offshore wind power projects will no longer be included in the scope of central government's subsidy since 2020. The existing offshore wind power projects which have obtained approval (completed filing) as stipulated and completed integration of all power grids by 31 December 2021 shall be subsidized according to the corresponding pricing policy. Influenced by the cessation of granting subsidies for new projects and the capacity constraints of the "13th Five-Year Plan" for wind power planning, offshore wind power construction will be dominated by project reserves in 2020, therefore, the capacity of new projects that have obtained approval is very limited.

In recent years, the Company has steadily promoted offshore wind power business, and planned ahead in accordance with national policies and its overall strategies. The Company has formulated a reasonable time sequence for project commencement and construction to maximize its profit.

Electricity Generation

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

	For the six months ended 30 June	
	2020	2019
PRC wind projects	**2,232.1**	1,565.2
PRC solar projects	**644.9**	419.3
PRC coal-fired, cogen and gas-fired projects	**169.2**	793.9
PRC hydro projects	**390.1**	472.9
Korea gas-fired projects	**3,423.3**	3,337.6
Total	**6,859.6**	6,588.9

In the first half of 2020, the overall safety production situation of the Company was stable, and the equipment management effect and equipment operation level were further improved. The Company strived to promote its power marketing, formulated various key tasks related to power marketing, such as the marketization of its own power plants, external purchases and sales of electricity, and green card transactions, and conducted research and judgement on the volume and price of power trading, laying a solid foundation for the Company to maintain high-quality and sustainable development. The Company paid close attention to changes in industry policies, deeply analyzed the participation of power trading institutions of various provinces, actively engaged in transactions in the power market, stabilized market transaction prices, and realized an increase in the overall utilization hours of wind power and photovoltaic power compared with industry hours.

For the six months ended 30 June 2020, the electricity generated by the Group's consolidated power generation projects amounted to 6,859.6 GWh, representing an increase of 4.1% from 6,588.9 GWh for the six months ended 30 June 2019. The increase in electricity generation was mainly due to increased power generation from newly commissioned installed capacity of wind and solar power. The electricity generated by wind power projects and solar power projects reached 2,232.1 GWh and 644.9 GWh, representing growth rates of 42.6% and 53.8%, respectively.

Management Discussion and Analysis

The power generation from PRC coal-fired, cogen and gas-fired projects reached 169.2 GWh, representing a decrease of 78.7% as compared with the same period in 2019, mainly due to suspension of production of Nanyang General Light coal-fired project in Henan Province starting from 31 December 2019 as a result of the continued drought and restricted access to local water supply.

The total steam sold by the Group amounted to 1,744,000 tonnes, representing a slight increase of 0.6% as compared with the six months ended 30 June 2019.

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

Average utilization hour by fuel type (1)

	For the six months ended 30 June	
	2020	2019
PRC Wind Projects (2)	**1,005**	1,065
PRC Solar Projects (3)	**697**	777
PRC Coal-fired Projects (4)	**2,020**	2,443
PRC Cogen Projects (5)	**2,682**	1,998
PRC Hydro Projects (6)	**1,991**	2,408
Korea Gas-fired Projects (7)	**2,213**	2,168

Notes:

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

(2) Average utilization hours of the PRC wind projects operating in Shandong Province, Zhejiang Province, Gansu Province, Henan Province, Qinghai Province, Hebei Province, Shanxi Province, Jiangsu Province and Hunan Province were 1,181 hours, 743 hours, 910 hours, 1,004 hours, 836 hours, 1,228 hours, 970 hours, 1,458 hours and 1,086 hours respectively in the first half of 2020. Average utilization hour for the PRC wind power projects decreased slightly because of the unstable wind resources available in the first half of 2020.

(3) Average utilization hours of the PRC solar projects operating in the Western region, the Central region and the Eastern region of the PRC were 817 hours, 554 hours and 592 hours respectively in the first half of 2020. Average utilization hour for the PRC solar power projects decreased mainly because of the unstable solar resources available in Western region.

(4) Average utilization hour of the PRC coal-fired projects decreased in the first half of 2020 as the associates located in Hubei Province were temporary suspended from production as a result of the COVID-19 pandemic during the period, which caused a decrease in power generation.

(5) After taking out the factor of closing down of a PRC cogen project with declining productivity since April 2019, the overall utilization hour of the PRC cogen projects improved in the first half of 2020.

(6) Average utilization hour of the PRC hydro projects decreased substantially in the first half of 2020 mainly due to the reduction of incoming water flow which caused a decrease in power generation.

(7) Average utilisation hour of the Korea gas-fired projects increased slightly mainly due to the higher electricity generation by Yulchon I Power Project & Yulchon II Power Project as a result of the increase in demand of clean energy 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 periods indicated:

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

		For the six months ended 30 June	
	Unit	**2020**	2019
PRC Wind Projects	RMB per kWh	**0.50**	0.49
PRC Solar Projects [(2)]	RMB per kWh	**0.71**	0.84
PRC Coal-fired Projects	RMB per kWh	**0.43**	0.44
PRC Cogen Projects [(3)]	RMB per kWh	**0.47**	0.48
PRC Hydro Projects [(4)]	RMB per kWh	**0.32**	0.33
Korea Gas-fired Projects [(5)]	KRW per kWh	**107.12**	126.86
Weighted average tariff – Steam (inclusive of VAT) [(1)]			
PRC Cogen Projects [(6)]	RMB per ton	**207.33**	225.45

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 solar projects decreased in the first half of 2020 due to keen competition in electricity bid trading. In addition, the tariff of newly commissioned solar projects is generally lower, which therefore led to the drop in weighted average tariff.

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

(4) The weighted average tariff of our PRC hydro projects remained stable in 2020.

(5) The weighted average tariff for Korea gas-fired projects includes the tariff for the 25.4 MW fuel cell projects owned by Yulchon I Power Project. The decrease in weighted average tariff of Korea gas-fired projects in the first half of 2020 was in line with the decrease in Korea gas price during the same period.

(6) The decrease in the weighted average tariff of steam in the first half of 2020 was in line with the decrease in PRC gas price during the same period.

Management Discussion and Analysis

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

		For the six months ended 30 June	
	Unit	**2020**	2019
PRC weighted average standard coal price *(1) (2)*	RMB per ton	**738.78**	815.47
Korea weighted average gas price *(1) (3)*	KRW per Nm^3	**502.84**	613.42

Notes:

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

(2) The PRC weighted average standard coal price in the first half of 2020 decreased compared to the first half of 2019 due to decrease in market coal price.

(3) Our Korea weighted average gas price in the first half of 2020 decreased compared to the first half of 2019 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 allows us to pass on the fuel cost fluctuations of the tariff to our customers in accordance with the laws.

Management Discussion and Analysis

III. OPERATING RESULTS AND ANALYSIS

In the first half of 2020, the revenue of the Group amounted to US$593.1 million, representing a decrease of 10.4% compared with US$662.0 million of the first half of 2019. The profit attributable to the owners of the Company amounted to US$104.3 million, representing an increase of US$30.9 million or 42.1% as compared with US$73.4 million of the first half of 2019.

In the first half of 2020, the profit for the period of the Group amounted to US$105.2 million, representing an increase of US$28.5 million or 37.2% as compared with US$76.7 million of the first half of 2019.

Revenue

In the first half of 2020, the revenue of the Group amounted to US$593.1 million, representing a decrease of 10.4% compared with US$662.0 million of the first half of 2019. Revenue derived from Korea amounted to US$325.8 million, representing a decrease of 16.7% as compared with US$391.2 million of the first half of 2019. The decrease in revenue was mainly attributable to the lower weighted average tariff of Yulchon I & II Power Projects as a result of the lower gas price in Korea.

In the first half of 2020, the revenue derived from the PRC coal-fired, cogen and gas-fired projects amounted to US$60.5 million, representing a decrease of 43.1% as compared with US$106.4 million in the first half of 2019, which was mainly attributable to suspension of production of Nanyang General Light coal-fired project in Henan Province starting from 31 December 2019 due to the continued drought and restricted access to local water supply. Revenue derived from wind and solar projects in the PRC amounted to US$179.1 million, representing an increase of 39.2% as compared with US$128.7 million of the first half of 2019, mainly attributable to the newly commissioned installed capacity.

For more information of the revenue and segment information of the Group, please refer to Note 3 of the Notes to the Unaudited Interim Financial Report.

Operating Expenses

In the first half of 2020, the operating expenses of the Group amounted to US$436.2 million, representing a decrease of 18.0% compared with US$531.9 million of the first half of 2019. The decrease in operating expenses was mainly due to the substantial decrease in gas price and gas costs of our Yulchon I & II Power Projects. In addition, both the coal price and coal consumption of the PRC coal-fired, cogen and gas-fired projects have dropped substantially, which led to an overall reduction in operating expenses.

Operating Profit

In the first half of 2020, the operating profit, which is equal to revenue minus operating expenses, of the Group amounted to US$156.9 million, representing an increase of US$26.9 million or 20.7% compared with US$130.0 million of the first half of 2019. The increase in operating profit was mainly caused by the contribution from the newly commissioned wind and solar projects.

Other Income

Other income of the Group mainly represented interest income, government grants and the refund of value-added tax. In the first half of 2020, other income of the Group amounted to US$6.3 million, representing a decrease of US$1.6 million compared with US$7.9 million of the first half of 2019.

Management Discussion and Analysis

Finance Costs

In the first half of 2020, the finance costs of the Group amounted to US$70.3 million, representing an increase of 17.8% compared with US$59.7 million of the first half of 2019. The increase in finance costs was mainly attributable to the increase in weighted average balances of bank borrowings and loans from fellow subsidiaries.

Share of Results of Associates

In the first half of 2020, the share of results of associates amounted to US$13.0 million, representing a decrease of US$4.5 million compared with US$17.5 million in the first half of 2019. The decrease in profit of the associates was mainly due to the temporary suspension of production at power plants located in Hubei Province as a result of the COVID-19 pandemic during the period, which currently has resumed production.

Gain on disposal of a subsidiary

On 12 May 2020, the Group disposed of its entire equity interest in 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 interest in the Jinqiao JV, through a public tender process of Shanghai United Assets and Equity Exchange（上海聯合產權交易所）at a consideration of RMB155,800,000 (equivalent to US$22,023,000). The disposal was completed on 12 May 2020, when the Group disposed of its entire equity interests in the Jinqiao JV and recognized a gain on disposal of US$18,135,000.

Income Tax Expenses

In the first half of 2020, the income tax expenses of the Group amounted to US$18.8 million, representing a decrease of US$0.2 million compared with US$19.0 million of the first half of 2019.

Liquidity and Capital Resources

The Group’s bank balances and cash decreased slightly from US$384.1 million as at 31 December 2019 to US$323.1 million as at 30 June 2020, which was primarily due to the cash generated from financing activities being offset by cash used in investing activities during the said period.

Net Debt/Equity Ratio

The Group’s net debt/equity ratio increased from 3.29 as at 31 December 2019 to 3.62 as at 30 June 2020, which was due to the increase in net debt (which equals to total debt less available cash) as a result of increase in bank borrowings and loans from fellow subsidiaries.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2020.

Management Discussion and Analysis

Earnings per Share

	For the six months ended 30 June	
	2020	2019
	US cents	*US cents*
Earnings per share, basic and diluted – calculated based on the number of ordinary shares for the period	**2.43**	1.71
	US$'000	*US$'000*
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**104,253**	73,373
	'000	*'000*
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,290,824**	4,290,824

Trade Receivables

	As at	
	30 June 2020	31 December 2019
	US$'000	*US$'000*
Trade receivables – contracts with customers	**375,704**	327,831
Less: Allowance for credit losses	**(529)**	(536)
	375,175	327,295

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

	As at	
	30 June 2020	31 December 2019
	US$'000	*US$'000*
0 – 60 days	**133,228**	140,573
61 – 90 days	**19,479**	9,874
91 – 120 days	**16,460**	10,913
121 – 180 days	**18,078**	18,005
Over 180 days	**187,930**	147,930
	375,175	327,295

Management Discussion and Analysis

Trade Payables

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

	As at	
	30 June 2020	31 December 2019
	US$'000	*US$'000*
0 – 60 days	**111,588**	82,787
61 – 90 days	**18**	73,365
Over 90 days	**2,296**	86,619
Total	**113,902**	242,771

The average credit period on purchases of goods was 29 days (31 December 2019: 39 days) for the six months ended 30 June 2020. 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$4,384.0 million as at 31 December 2019 to US$4,838.4 million as at 30 June 2020. The increase was mainly due to the additions of property, plant and equipment and other non-current assets during the six months ended 30 June 2020.

Current assets increased from US$995.2 million as at 31 December 2019 to US$1,017.6 million as at 30 June 2020. The increase was mainly attributable to the increase in trade receivables, other receivables and prepayments.

Current liabilities decreased from US$1,559.4 million as at 31 December 2019 to US$1,549.5 million as at 30 June 2020, which was mainly due to decrease in trade payables.

Non-current liabilities increased from US$2,810.3 million as at 31 December 2019 to US$3,234.5 million as at 30 June 2020, which was mainly attributable to the increase in long term bank borrowings.

Management Discussion and Analysis

Bank Borrowings

The Group's total bank borrowings increased from US$2,597.9 million as at 31 December 2019 to US$3,056.3 million as at 30 June 2020. Details of bank borrowings are as follows:

	As at	
	30 June 2020 *US$'000*	31 December 2019 *US$'000*
Secured	**2,472,837**	2,189,360
Unsecured	**583,467**	408,537
	3,056,304	2,597,897
The maturity profile of bank borrowings is as follows:		
Within one year	**645,981**	576,214
More than one year but not exceeding two years	**336,829**	315,074
More than two years but not exceeding five years	**783,740**	648,395
Over five years	**1,289,754**	1,058,214
	3,056,304	2,597,897
Less: Amounts due for settlement within one year shown under current liabilities	**(645,981)**	(576,214)
Amounts due for settlement after one year	**2,410,323**	2,021,683

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 analysis of bank borrowings with fixed interest rate and variable interest rate are as follows:

	As at	
	30 June 2020 *US$'000*	31 December 2019 *US$'000*
Fixed interest rate	**1,256,751**	673,859
Variable interest rate	**1,799,553**	1,924,038
	3,056,304	2,597,897

As at 30 June 2020, the Group had unutilized banking facilities of US$2,906.8 million. For more information of the Group's bank borrowings, please refer to Note 15 of the Notes to the Unaudited Interim Financial Report.

Management Discussion and Analysis

Loans from Fellow Subsidiaries

As at 30 June 2020, the amounts represent (i) loan from CGN Finance Co., Ltd. ("**CGN Finance**"), a fellow subsidiary of the Company, which amounted to RMB251,500,000 (equivalent to US$35,550,000) (31 December 2019: nil), which is secured by rights to collect electricity receivables, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center minus 0.39% per annum and repayable in 2040; (ii) loan from CGN Finance of RMB1,700,000,000 (equivalent to US$240,300,000) (31 December 2019: RMB1,600,000,000, equivalent to US$229,351,000), which is unsecured, interest bearing at 3.60% per annum and repayable in December 2020; (iii) CGN Wind Energy Limited, a fellow subsidiary of the Company, amounting to RMB1,200,000,000 (equivalent to US$169,623,000) (31 December 2019: RMB1,000,000,000, equivalent to US$143,345,000), which is unsecured, interest bearing at 3.92% per annum and repayable in December 2020; (iv) loan from CGNPC Huasheng Investment Limited, a fellow subsidiary of the Company, amounting to US$250,000,000 (31 December 2019: US$250,000,000), which is unsecured, interest bearing at 3 months London Interbank Offered Rate plus 1.3% per annum and repayable in August 2021; and (v) loan from China Clean Energy Development Limited amounting to US$450,000,000 (31 December 2019: US$450,000,000), which is unsecured, interest bearing at 4.5% per annum and repayable in 2025.

Capital Expenditures

The Group's capital expenditures increased by US$101.7 million to US$335.6 million in the first half of 2020 from US$233.9 million in the first half of 2019, which was mainly due to the increased capital expenditures incurred by the wind and solar power projects as well as the Korea biomass energy project.

Contingent Liabilities

As at 30 June 2020 and 31 December 2019, the Group had no material contingent liabilities.

Pledged Assets

The Group pledged certain property, plant and equipment, trade receivables, right-of-use assets, contract assets and bank deposits for credit facilities granted to the Group. As at 30 June 2020, the total book value of the pledged assets of the Group amounted to US$3,547.4 million.

Employees and Remuneration Policy

As at 30 June 2020, the Group had about 1,783 full-time employees, the majority of which were based in China. The Group provides its employees with salaries and bonuses, as well as employee benefits, including retirement schemes, medical and life insurance schemes.

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

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

In Korea, the Group is required by law to contribute 4.5% of the employees' monthly average salaries for the national pension, 3.335% for national health insurance (10.25% of the national health insurance contribution for long term care insurance), 1.05% for unemployment insurance, 1.09% (Seoul Office)/0.833% (Yulchon)/0.833% (Daesan) for the industrial accident compensation insurance and 0.06% for a wage claim guarantee fund.

Management Discussion and Analysis

IV. RISKS FACTORS AND MANAGEMENT

Risks Relating to the Industry

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

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

Risk Relating to Fuel Cost

The non-renewable energy power projects of the Group require supplies of coal, oil and gas as fuel. Fuel costs represent a significant portion of our operating expenses and the operating expenses of our associates. The extent to which our profit is ultimately affected by the cost of fuel depends on our ability to pass through fuel costs to our customers as set out under the relevant regulatory guidelines and the terms of our power purchase agreement 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.

Management Discussion and Analysis

V. PROSPECTS

In 2020, the Company will continue to uphold its business direction of high quality and sustainable development and ensure the realization of its 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, the Company will accelerate the optimization of key business links throughout the life cycle and improve its core competitiveness of the unit cost of electricity by ways of:

(I) Accurately grasp the market dynamics and carry out project development in a comprehensive and multipath manner. Taking into account land, resources, market, power grid and other factors, the Company will carry out the overall planning for the development of large-scale base projects. The Company will keep up the good work in the application for parity and bidding projects, continue to carry out work summary and review, give feedback to key links such as design and engineering, and accurately improve the strategic map of market development.

(II) Ensure that its construction goals are on schedule. The Company will promote the preliminary work of bidding and parity projects, speed up production scheduling to start operation, pay close attention to the progress of grid construction, delivery and access to systems, and to complete the project commissioning task.

(III) Ensure more power generation to its maximum. The Company will strengthen the management of deviation from quality index, make good use of power forecasting systems, reasonably arrange regular inspections, equipment remediation and other plans, do a good job in power trading planning and strategic response, and generate more power. The Company will improve data quality management, enhance centrally-controlled and autonomous access and the daily maintenance of informatization, complete intelligent solutions centered on business needs, and accelerate the promotion of "digital transformation".

(IV) Improve the level of power trading. The Company will accurately study and judge, attach equal importance to volume and price, and adjust the proportion of trading. The Company will use rules to strive for prioritized power generation and formulate the optimal trading strategy. The Company will strengthen the tracking and analysis of key grid curtailment areas, formulate specific strategies to reduce grid curtailment losses at various stations, and continue to develop external power purchase and sales markets.

(V) Strengthen the building of enterprise security system. The Company will continuously enhance the six major protection measures in the areas of safety, legal compliance, business integrity, capital control, risk control, and information building.

On the other hand, the Company will push forward the reform for overall improvement in the standard of corporate operation and management. Driven by reform and innovation, the Company will facilitate the progress of the "Double Top 100 Action". The "Three Can" reform has been fully implemented, and the mixed ownership reform has achieved staged results. The Company will continue to deepen reform, further improve the management and governance system, optimize the market-oriented human resource management mechanism, and promote the Company to achieve high-quality development.

EVENT OCCURRING AFTER THE REPORTING PERIOD

No important event or transaction affecting the Group has taken place after 30 June 2020.

Other Information

CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2020.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own Code for Securities Transactions by Directors (the "**Code**"), the stipulations of which are no less exacting than those set out in the Model Code 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 of the Company (the "**Directors**").

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards in respect of securities transactions by the Directors set out in the Model Code and the Code during the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS

The Group's interim results and the unaudited consolidated interim financial report for the six months ended 30 June 2020 have been reviewed by the audit committee of the Company and the auditor of the Company, KPMG.

DIRECTORS' OR CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 June 2020, none of the Directors and/or chief executive of the Company has any interests and short positions in the shares of the Company (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 were 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 interests and 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors and the chief executive of the Company, as of 30 June 2020, the following persons, other than the Directors and the chief executive of the Company, had or were deemed or taken 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 Hong Kong Stock Exchange under the provisions of Divisions 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)	3,101,800,000	72.29%
CGNPC International Limited ("**CGNPC International**")(1)(2)	Interests in controlled corporation (long position)	3,101,800,000	72.29%
CGN Energy International Holdings Co., Limited ("**CGN Energy International**")(1)(2)	Beneficial owner (long position)	3,101,800,000	72.29%

Other Information

Notes:

(1) CGN indirectly holds 100% of the issued share capital of CGN Energy International, which directly holds approximately 72.29% of the issued share capital of the Company, through its wholly-owned subsidiary CGNPC International. Accordingly, CGN is deemed to have an interest in all shares held by CGN Energy International.

(2) CGNPC International directly holds 70.59% of the 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 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 2019 annual report of the Company, as of the date of this report, 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.

CHANGES OF INFORMATION OF DIRECTORS

During the six months ended 30 June 2020, there is no change in the Directors' information, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

SHARE OPTION SCHEME

As at 30 June 2020, there is no outstanding share options under the share option scheme of the Company adopted on 24 November 2015.

POSSIBLE PRIVATISATION

On 28 February 2020, the Board has been informed by CGN, the controlling shareholder of the Company, 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.

Review Report

Review report to the board of directors of CGN New Energy Holdings Co., Ltd.
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 28 to 48 which comprises the consolidated statement of financial position of CGN New Energy Holdings Co., Ltd. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") as of 30 June 2020 and the related consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, ("**IAS 34**") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

	NOTES	Six months ended 30 June 2020 US$'000 (Unaudited)	2019 US$'000 (Unaudited)
Revenue	3	**593,110**	661,960
Operating expenses:			
Coal, oil and gas		**269,786**	369,733
Depreciation of property, plant and equipment		**84,734**	80,171
Repair and maintenance		**18,576**	17,853
Staff costs		**36,301**	35,177
Others		**26,791**	28,982
Total operating expenses		**436,188**	531,916
Operating profit		**156,922**	130,044
Other income		**6,304**	7,939
Other gains and losses		**(1)**	(74)
Finance costs		**(70,324)**	(59,731)
Share of results of associates		**12,958**	17,496
Gain on disposal of a subsidiary	20	**18,135**	–
Profit before tax		**123,994**	95,674
Income tax expense	4	**(18,790)**	(18,950)
Profit for the period	5	**105,204**	76,724
Other comprehensive (expenses) income			
Items that are/may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(38,545)**	(24,464)
Fair value gain on hedging instruments designated as cash flow hedge	17	**1,719**	12,822
Deferred tax expense arising on fair value gain on hedging instruments	17	**(416)**	(3,103)
Reclassification adjustments for amounts transferred to profit or loss			
– release of hedging reserve		**(58)**	(62)
– deferred tax credit arising on release of hedging reserve		**13**	15
– release of accumulative gain of translation reserve to profit or loss upon disposal of a subsidiary	20	**(2,198)**	–
Other comprehensive expenses for the period		**(39,485)**	(14,792)
Total comprehensive income for the period		**65,719**	61,932
Profit for the period attributable to:			
Owners of the Company		**104,253**	73,373
Non-controlling interests		**951**	3,351
		105,204	76,724
Total comprehensive income for the period attributable to:			
Owners of the Company		**66,585**	59,030
Non-controlling interests		**(866)**	2,902
		65,719	61,932
Earnings per share			
– Basic *(US cents)*	6	**2.43**	1.71
– Diluted *(US cents)*	6	**2.43**	1.71

Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	As at 30 June 2020 US$'000	As at 31 December 2019 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment	7	**3,646,973**	3,491,680
Right-of-use assets	7	**83,170**	85,826
Goodwill		**164,924**	167,236
Interests in associates		**200,799**	190,608
Derivative financial instruments	17	**8,501**	8,667
Contract assets	9	**124,869**	80,031
Deferred tax assets		**20,670**	21,134
Other non-current assets		**588,450**	338,821
		4,838,356	4,384,003
CURRENT ASSETS			
Inventories		**24,531**	28,583
Trade receivables	8	**375,175**	327,295
Other receivables and prepayments		**120,215**	76,955
Amounts due from associates	10	**3,511**	3,377
Amounts due from fellow subsidiaries	10	**4,841**	5,529
Tax recoverable		**512**	3,973
Derivative financial instruments	17	**2,172**	566
Pledged bank deposits	11	**143,496**	141,833
Short-term bank deposits	11	**–**	2,594
Bank balances and cash	11	**323,144**	384,141
		997,597	974,846
Non-current assets classified as held-for-sale	12	**20,036**	20,318
		1,017,633	995,164
CURRENT LIABILITIES			
Trade payables	13	**113,902**	242,771
Other payables and accruals		**345,051**	332,699
Amounts due to fellow subsidiaries	10	**11,572**	8,412
Amounts due to non-controlling shareholders – due within one year	10	**6,622**	8,590
Loans from fellow subsidiaries – due within one year	14	**409,923**	372,696
Bank borrowings – due within one year	15	**645,981**	576,214
Lease liabilities – due within one year	7	**3,979**	5,441
Government grants		**191**	810
Contract liabilities		**1,419**	1,980
Tax payable		**10,869**	9,599
Derivative financial instruments	17	**12**	184
		1,549,521	1,559,396
NET CURRENT LIABILITIES		**(531,888)**	(564,232)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,306,468**	3,819,771

Consolidated Statement of Financial Position

At 30 June 2020

	NOTES	As at 30 June 2020 US$'000	As at 31 December 2019 US$'000
NON-CURRENT LIABILITIES			
Amount due to a non-controlling shareholder – due after one year	10	**939**	953
Loans from fellow subsidiaries – due after one year	14	**735,550**	700,000
Bank borrowings – due after one year	15	**2,410,323**	2,021,683
Lease liabilities – due after one year	7	**24,151**	24,901
Government grants		**9,278**	8,957
Contract liabilities		**–**	68
Deferred tax liabilities		**54,288**	53,716
Derivative financial instruments	17	**–**	46
		3,234,529	2,810,324
NET ASSETS		**1,071,939**	1,009,447
CAPITAL AND RESERVES	16		
Share capital		**55**	55
Reserves		**996,522**	930,060
Equity attributable to owners of the Company		**996,577**	930,115
Non-controlling interests		**75,362**	79,332
TOTAL EQUITY		**1,071,939**	1,009,447

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	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 a)	Hedging reserve US$'000	Translation reserve US$'000	Accumulated profits US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2019 (audited)	55	250,406	2,565	11,929	(2,944)	(13,065)	616,884	865,830	88,454	954,284
Profit for the period	–	–	–	–	–	–	73,373	73,373	3,351	76,724
Exchange difference arising on translation of foreign operations	–	–	–	–	–	(24,015)	–	(24,015)	(449)	(24,464)
Fair value gain on hedging instruments designated as cash flow hedge	–	–	–	–	12,822	–	–	12,822	–	12,822
Deferred tax expense arising on fair value gain on hedging instruments	–	–	–	–	(3,103)	–	–	(3,103)	–	(3,103)
Release of hedging reserve	–	–	–	–	(62)	–	–	(62)	–	(62)
Deferred tax credit arising on release of hedging reserve	–	–	–	–	15	–	–	15	–	15
Total comprehensive income (expenses) for the period	–	–	–	–	9,672	(24,015)	73,373	59,030	2,902	61,932
Dividend recognised as distribution *(note 16(b))*	–	–	–	–	–	–	(21,883)	(21,883)	–	(21,883)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(471)	(471)
Recognition of equity-settled share-based payment	–	–	90	–	–	–	–	90	–	90
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	4,568	4,568
At 30 June 2019 (unaudited)	55	250,406	2,655	11,929	6,728	(37,080)	668,374	903,067	95,453	998,520
At 1 January 2020 (audited)	**55**	**250,406**	**–**	**12,813**	**7,248**	**(48,476)**	**708,069**	**930,115**	**79,332**	**1,009,447**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**104,253**	**104,253**	**951**	**105,204**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**(36,728)**	**–**	**(36,728)**	**(1,817)**	**(38,545)**
Release of accumulative gain of translation reserve to profit or loss upon disposal of a subsidiary	**–**	**–**	**–**	**–**	**–**	**(2,198)**	**–**	**(2,198)**	**–**	**(2,198)**
Fair value gain on hedging instruments designated as cash flow hedge	**–**	**–**	**–**	**–**	**1,719**	**–**	**–**	**1,719**	**–**	**1,719**
Deferred tax expense arising on fair value gain on hedging instruments	**–**	**–**	**–**	**–**	**(416)**	**–**	**–**	**(416)**	**–**	**(416)**
Release of hedging reserve	**–**	**–**	**–**	**–**	**(58)**	**–**	**–**	**(58)**	**–**	**(58)**
Deferred tax credit arising on release of hedging reserve	**–**	**–**	**–**	**–**	**13**	**–**	**–**	**13**	**–**	**13**
Total comprehensive income (expenses) for the period	**–**	**–**	**–**	**–**	**1,258**	**(38,926)**	**104,253**	**66,585**	**(866)**	**65,719**
Disposal of equity interests in a subsidiary	**–**	**–**	**–**	**(127)**	**–**	**–**	**127**	**–**	**(3,990)**	**(3,990)**
Acquisition of additional equity interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**(173)**	**(173)**	**886**	**713**
Adjustment due to changes in interest in an associate from share dilution	**–**	**–**	**–**	**50**	**–**	**–**	**–**	**50**	**–**	**50**
At 30 June 2020 (unaudited)	**55**	**250,406**	**–**	**12,736**	**8,506**	**(87,402)**	**812,276**	**996,577**	**75,362**	**1,071,939**

Note:

(a) 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 the statutory reserves are converted into capital, the balance of such reserves remaining unconverted must not be less than 25% of the registered capital of the relevant subsidiaries.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**87,588**	72,025
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(677,929)**	(255,682)
Placement of pledged bank deposits	**(142,070)**	(116,632)
Withdrawal of pledged bank deposits	**135,382**	166,847
Withdrawal of short-term bank deposits	**2,476**	3,658
Interest received	**1,533**	2,826
Proceeds from disposal of property, plant and equipment	**83**	31
Payments for right-of-use assets	**(1,526)**	–
Cash decreased by disposal of a subsidiary	**(876)**	–
Proceeds received related to non-current assets held for sale	**17,216**	–
Government grants received	**142**	–
NET CASH USED IN INVESTING ACTIVITIES	**(665,569)**	(198,952)
FINANCING ACTIVITIES		
Repayment of bank borrowings	**(590,395)**	(428,202)
Interest paid	**(68,243)**	(59,731)
Repayment to fellow subsidiaries	**(241,060)**	(44,206)
Dividends paid to shareholders	**–**	(21,883)
Repayment of lease liabilities	**(2,974)**	(1,987)
Dividends paid to non-controlling shareholders	**(1,859)**	(471)
New bank borrowings raised	**1,106,550**	541,453
Loans from fellow subsidiaries	**319,262**	145,176
Capital contribution from non-controlling shareholders	**713**	4,568
NET CASH GENERATED FROM FINANCING ACTIVITIES	**521,994**	134,717
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(55,987)**	7,790
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**384,141**	246,786
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(5,010)**	(8,751)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**323,144**	245,825
Represented by:		
Bank balances and cash	**323,144**	245,825

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

1. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is a public limited company incorporated in Bermuda and its shares are listed on the Stock Exchange.

As at 30 June 2020, the Company's ultimate and immediate holding companies are China General Nuclear Power Corporation ("**CGN**") and CGN Energy International Holdings Co., Limited ("**CGN Energy International**") respectively.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 27.

The Company and its subsidiaries (collectively referred to as the "**Group**") had net current liabilities of approximately US$531,888,000 as at 30 June 2020. CGN Finance Co., Ltd. ("**CGN Finance**") and CGN Wind Energy Limited ("**CGN Wind Energy**"), the fellow subsidiaries of the Company, have confirmed that despite the loans from CGN Finance of RMB1,700,000,000 (equivalent to US$240,300,000) and CGN Wind Energy of RMB1,200,000,000 (equivalent to US$169,623,000) which are due for repayment within twelve months from 30 June 2020, they will not demand repayment or cancel the existing loan facilities within twelve months from 30 June 2020 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 RMB3,911,180,000 (equivalent to US$552,856,000) as at 30 June 2020 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, this interim financial report has been prepared on a going concern basis.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendment to IAS 1 and IAS 8, *Definition of Material*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. 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$'000*	Six months ended 30 June 2020 Total *US$'000* (Unaudited)
Types of goods and services				
Sales of electricity	106,689	269,275	–	375,964
Tariff income	88,642	–	–	88,642
Sales of steam	55,455	–	–	55,455
Capacity charges	5,050	56,527	–	61,577
Management service income	–	–	11,472	11,472
	255,836	325,802	11,472	593,110
Timing of revenue recognition				
At a point in time	250,786	269,275	–	520,061
Over time	5,050	56,527	11,472	73,049
	255,836	325,802	11,472	593,110

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue *(Continued)*

Disaggregation of revenue from contracts with customers *(Continued)*

	Power plants in the PRC *US$'000*	Power plants in Korea *US$'000*	Management companies *US$'000*	Six months ended 30 June 2019 Total *US$'000* (Unaudited)
Types of goods and services				
Sales of electricity	120,177	328,691	–	448,868
Tariff income	74,139	–	–	74,139
Sales of steam	62,693	–	–	62,693
Capacity charges	–	62,462	–	62,462
Connection charges and others	24	–	–	24
Management service income	–	–	13,774	13,774
	257,033	391,153	13,774	661,960
Timing of revenue recognition				
At a point in time	257,009	328,691	–	585,700
Over time	24	62,462	13,774	76,260
	257,033	391,153	13,774	661,960

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

Segment revenue and segment results

The executive directors of the Company review 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 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 Republic of Korea ("**Korea**") – Generation and supply of electricity; and

(3) Management companies – Provision of management services to power plants operated by CGN and its subsidiaries.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and segment results *(Continued)*

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Six months ended 30 June 2020 (Unaudited)

	Power plants in the PRC *US$'000*	**Power plants in Korea** *US$'000*	**Management companies** *US$'000*	**Total** *US$'000*
Segment revenue – external	**255,836**	**325,802**	**11,472**	**593,110**
Segment results	**83,851**	**25,661**	**546**	**110,058**
Unallocated other income				**26**
Unallocated operating expenses				**(2,139)**
Unallocated finance costs				**(15,044)**
Share of results of associates				**12,958**
Gain on disposal of a subsidiary				**18,135**
Profit before tax				**123,994**

Six months ended 30 June 2019 (Unaudited)

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by each segment without allocation of certain other income, operating expenses, finance costs, other gains and losses, share of results of associates and gain on disposal of a subsidiary. This is the measure reported to the executive director of the Company for the purposes of resource allocation and performance assessment.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Provision for the period	**17,733**	17,517
Dividend withholding tax – current period	**826**	900
Deferred tax:		
Current period	**231**	533
	18,790	18,950

The Company is exempted from taxation in Bermuda.

Current tax provision represents provision for PRC Enterprise Income Tax, Hong Kong Profits Tax and Korean Corporate Income Tax ("**KCIT**").

Under the Law of 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 six months ended 30 June 2020 and 2019.

Pursuant to Hong Kong tax law, the statutory income tax was calculated at a rate of 16.5% of the estimated assessable profit for the six months ended 30 June 2020 and 2019. 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 six months ended 30 June 2020 and 2019. However, subsidiaries of the Group operating in these jurisdictions had not generated taxable income during both periods and therefore, no tax provision had 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%, when and if undistributed earnings are declared and to be paid to those non-PRC tax resident immediate holding companies incorporated in Hong Kong and other jurisdictions 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 Unaudited Interim Financial Report

For the six months ended 30 June 2020

4. INCOME TAX EXPENSE *(Continued)*

Deferred tax has not been provided for in the interim financial report in respect of the temporary differences attributable to the profit for the current period of the Group's Korean and certain PRC 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 be reversed in the foreseeable future.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

		Six months ended 30 June	
		2020	2019
		US$'000	*US$'000*
		(Unaudited)	(Unaudited)
(a)	**Finance costs**		
	Interest on bank borrowings	**51,894**	42,135
	Interest on loans from fellow subsidiaries	**18,113**	17,270
	Interest on lease liabilities	**317**	326
		70,324	59,731
(b)	**Other items**		
	Depreciation of property, plant and equipment	**84,734**	80,171
	Depreciation of right-of-use assets	**3,426**	3,989
	Expenses relating to short-term leases	**656**	660
	Staff costs		
	– salaries and wages	**34,166**	30,663
	– retirement benefits scheme contributions	**2,135**	4,514
	Total staff costs	**36,301**	35,177

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

6. 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.

	Six months ended 30 June	
	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purposes of calculating basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**104,253**	73,373

	Six months ended 30 June	
	2020	2019
Number of shares:		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,290,824,000**	4,290,824,000

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 of shares during the six months ended 30 June 2020 and 2019.

7. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

For the six months ended 30 June 2020, the Group acquired plant and equipment with aggregated cost of approximately US$335,595,000 (30 June 2019: approximately US$233,946,000).

For the six months ended 30 June 2020, the Group disposed of certain plant and machinery with aggregated carrying amount of approximately US$154,000 (30 June 2019: approximately US$171,000) for cash proceeds of approximately US$83,000 (30 June 2019: US$31,000), resulting in a loss on disposal of approximately US$71,000 (30 June 2019: US$140,000).

During the current interim period, the Group entered into the new lease agreements for the use of land and buildings, residential units and other premises for 1 to 25 years (30 June 2019: 1 to 12 years). On lease commencement, the Group recognised right-of-use assets of US$3,441,000 (30 June 2019: US$6,601,000) and lease liabilities of US$1,915,000 (30 June 2019: US$6,603,000).

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

8. TRADE RECEIVABLES

	30 June 2020 ***US$'000*** **(Unaudited)**	31 December 2019 *US$'000* (Audited)
Trade receivables	**375,704**	327,831
Less: allowance for credit losses	**(529)**	(536)
	375,175	327,295

The Group allows a credit period from 30 to 90 days throughout the period to its trade customers.

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

	30 June 2020 ***US$'000*** **(Unaudited)**	31 December 2019 *US$'000* (Audited)
0 – 60 days	**133,228**	140,573
61 – 90 days	**19,479**	9,874
91 – 120 days	**16,460**	10,913
121 – 180 days	**18,078**	18,005
Over 180 days	**187,930**	147,930
	375,175	327,295

As at 30 June 2020, included in the Group's trade receivable balance are debtors with aggregate carrying amount of US$222,468,000 (31 December 2019: US$176,848,000), which are past due as at the end of the reporting period and is not considered as in default because these receivables are tariff income receivables from relevant government authorities pursuant to Cai Jian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff 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 "**2012 Notice**"). The 2012 Notice was superseded by Cai Jian [2020] No.5 Notice on the Measures for Administration of Subsidy Funds for Tariff of Renewable Energy (《可再生能源電價附加補助資金管理辦法》) jointly issued by the Ministry of Finance, the National Department and Reform Commission and the National Energy Administration in January 2020. The tariff income receivables has been approved by the relevant government authorities and expected to be recovered within one year. Based on the historical settlement record, the directors of the Company consider the receivables are not credit-impaired and not considered as in default. The Group does not hold any collateral over these balances.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

9. CONTRACT ASSETS

	30 June 2020 *US$'000* **(Unaudited)**	31 December 2019 *US$'000* (Audited)
Tariff income from sales of renewable energy	**124,869**	80,031

The contract assets represented tariff income receivables from sales of renewable energy to the local state grid in the PRC, of which the amount are pending approval for the registration in the National Renewable Energy Information Centre（國家可再生能源信息管理平台）by the relevant government authorities.

The contract assets are transferred to trade receivables when the registration of the Group's respective operating renewable firms have been approved by relevant government authorities. The amounts are expected to be settled within the Group's normal operation cycle.

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

As at 30 June 2020 and 31 December 2019, 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$939,000 (31 December 2019: US$953,000) is repayable in 2032 and is therefore shown as non-current liabilities.

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

Bank balances carry interest at market rates which range from 0% to 1.68% (31 December 2019: 0% to 1.68%) per annum as at 30 June 2020. The pledged bank deposits carry interest at market rates ranging from 0.1% to 1.25% (31 December 2019: 0.1% to 1.68%) per annum as at 30 June 2020.

Included in the bank balances, deposits of US$24,390,000 (31 December 2019: US$28,620,000) has been made to CGNPC Huasheng Investment Limited ("**CGNPC Huasheng**"). These deposits are unsecured, interest bearing within a range from 0.01% to 0.25% (31 December 2019: 0.01% to 0.25%) per annum 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 is qualified as cash and cash equivalents.

As at 30 June 2020, bank balances and cash of US$285,025,000 (31 December 2019: approximately US$329,196,000) 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.

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

As at 31 December 2019, 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. As at 30 June 2020, all related deposits have been withdrawn.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

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

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

	30 June 2020 ***US$'000*** **(Unaudited)**	31 December 2019 *US$'000* (Audited)
Total assets classified as held for sale		
– Property, plant and equipment	**20,036**	20,318

13. TRADE PAYABLES

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

	30 June 2020 ***US$'000*** **(Unaudited)**	31 December 2019 *US$'000* (Audited)
0 – 60 days	**111,588**	82,787
61 – 90 days	**18**	73,365
Over 90 days	**2,296**	86,619
Total	**113,902**	242,771

The average credit period on purchases of goods is 29 days (31 December 2019: 39 days) for the six months ended 30 June 2020. The Group has financial risk management policies in place to ensure all payables are settled within the credit period.

14. LOANS FROM FELLOW SUBSIDIARIES

As at 30 June 2020, the amounts represent (i) loan from CGN Finance of RMB251,500,000 (equivalent to US$35,550,000) (31 December 2019: nil), which is secured by rights to collect electricity receivables, interest bearing at RMB Loan Prime Rate announced by the PRC National Interbank Funding Center minus 0.39% per annum and repayable in 2040; (ii) loan from CGN Finance of RMB1,700,000,000 (equivalent to US$240,300,000) (31 December 2019: RMB1,600,000,000, equivalent to US$229,351,000), which is unsecured, interest bearing at 3.60% per annum and repayable in December 2020; (iii) loan from CGN Wind Energy of RMB1,200,000,000 (equivalent to US$169,623,000) (31 December 2019: RMB1,000,000,000, equivalent to US$143,345,000), which is unsecured, interest bearing at 3.92% per annum and repayable in December 2020; (iv) loan from CGNPC Huasheng of US$250,000,000 (31 December 2019: US$250,000,000), which is unsecured, interest bearing at 3 months London Interbank Offered Rate plus 1.3% per annum and repayable in August 2021 and (v) loan from China Clean Energy Development Limited ("**China Clean Energy**") of US$450,000,000 (31 December 2019: US$450,000,000), which is unsecured, interest bearing at 4.5% per annum and repayable in 2025.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

15. BANK BORROWINGS

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Secured	**2,472,837**	2,189,360
Unsecured	**583,467**	408,537
	3,056,304	2,597,897
The maturity profile of bank borrowings is as follows:		
Within one year	**645,981**	576,214
More than one year but not exceeding two years	**336,829**	315,074
More than two years but not more than five years	**783,740**	648,395
Over five years	**1,289,754**	1,058,214
	3,056,304	2,597,897
Less: Amounts due for settlement within one year shown under current liabilities	**(645,981)**	(576,214)
Amounts due for settlement after one year	**2,410,323**	2,021,683

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 5.19% (31 December 2019: 1.75% to 5.88%) per annum during the six months ended 30 June 2020.

Included in the Group's secured bank borrowings, US$60,547,000 (31 December 2019: US$71,762,000) and US$1,845,000 (31 December 2019: US$2,123,000) are guaranteed by the Group's fellow subsidiaries, CGN Wind Energy and CGN Solar Energy Development Co., Ltd ("**CGN Solar Energy**"), respectively.

Included in the Group's unsecured bank borrowings, US$3,692,000 (31 December 2019: US$16,846,000) are guaranteed by CGN Wind Energy.

The Group pledged the following assets to banks for credit facilities granted to the Group:

	30 June 2020 US$'000 (Unaudited)	31 December 2019 US$'000 (Audited)
Property, plant and equipment	**3,146,837**	2,277,708
Right-of-use assets	**22**	22
Trade receivables	**169,008**	209,912
Contract assets	**88,063**	60,913
Bank deposits	**143,496**	141,833
	3,547,426	2,690,388

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

16. CAPITAL, RESERVE AND DIVIDENDS

(a) Share capital

	Number of shares	Share capital *HK$'000*
Ordinary shares of HK0.01 cent each		
Authorised:		
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	250,000,000,000	25,000
Issued and fully paid:		
At 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	4,290,824,000	429
		US$'000
Shown in the consolidated financial statements as		55

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

	2020 ***US$'000***	2019 *US$'000*
Nil final dividend in respect of previous financial year, approved and paid during the following interim period (six months ended 30 June 2019: US$0.51 cent per share)	**–**	21,883

17. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2020		31 December 2019	
	Assets ***US$'000*** **(Unaudited)**	**Liabilities** ***US$'000*** **(Unaudited)**	Assets *US$'000* (Audited)	Liabilities *US$'000* (Audited)
Derivatives that are designated and effective as hedging instruments carried at fair value	**10,441**	**–**	9,030	–
Financial assets at FVTPL	**232**	**12**	203	230
Foreign exchange forward contracts	**10,673**	**12**	9,233	230
Analysed for reporting purposes as:				
Non-current	**8,501**	**–**	8,667	46
Current	**2,172**	**12**	566	184
	10,673	**12**	9,233	230

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

17. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

Major terms of the foreign currency forward contracts are as follows:

Notional amounts	Maturity	Exchange rate
At 30 June 2020		
Buy Euro ("**EUR**") 1,545,711	Range from 31 July 2020 to 26 February 2021	Range from EUR1:South Korean Won ("**KRW**")1,352.37 to EUR1:KRW1,366.64
Buy US$2,421,962	Range from 31 July 2020 to 26 February 2021	Range from US$1:KRW1,080.11 to US$1:KRW1,090.94
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 2019		
Buy EUR9,537,160	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 30 January 2020 to 26 February 2021	Range from US$1:KRW1,080.11 to US$1:KRW1,099.19
Buy CAD296,369,795	Range from 21 July 2020 to 13 December 2023	Range from CAD1:KRW815.50 to CAD1:KRW840.80

The amounts recognised for the foreign currency 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 committed purchase transactions covering 100% of the exposure. Basis adjustments are made to the initial carrying amounts of inventories when the committed 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 committed future purchases.

As at 30 June 2020, the aggregate amount of gain under foreign exchange forward contracts deferred in the hedging reserve relating to these anticipated future purchase transactions is US$7,835,000 (31 December 2019: US$6,609,000). During the six months ended 30 June 2020, the change in fair value of hedging instrument of forecast purchases recognised in other comprehensive income, net of deferred tax, is US$1,303,000 (six months ended 30 June 2019: US$9,719,000). It is anticipated that the purchases will take place during the next 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.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

18. 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 interim financial report, the Group also entered into the following significant transactions with related parties during the period:

Name of related company	*Notes*	Nature of transactions	Six months ended 30 June **2020** ***US$'000*** **(Unaudited)**	 2019 *US$'000* (Unaudited)
Hubei Xisaishan Power Generation Co. Ltd ("**Hubei Xisaishan**")	(i)	Management service fee income	**24**	25
Hubei Huadian Xisaishan Power Generation Co. Ltd ("**Hubei Huadian**")	(i)	Management service fee income	**102**	174
CGN Finance	(ii)	Interest income	**1,167**	574
	(ii)	Interest expense	**1,934**	2,182
CGN Energy Development Ltd ("**CGN Energy**") and its subsidiaries	(ii)	Management service fee income	**1,462**	654
CGNPC Huasheng	(ii)	Interest income	**26**	26
		Interest expense	**3,425**	4,906
Huamei Holding Company Limited ("**Huamei Holding**") and its subsidiaries	(ii)	Management service fee income	**2,491**	3,097
CGN Wind Energy	(ii)	Management service fee income	**5,311**	7,569
	(ii)	Interest expense	**2,516**	–
CGN Solar Energy	(ii)	Management service fee income	**1,494**	2,255
China Clean Energy	(ii)	Interest expense	**10,238**	10,182
CGN Energy International	(iii)	Management service fee income	**587**	–

Notes:

(i) Hubei Xisaishan and Hubei Huadian are associates of the Group.

(ii) CGN Finance, CGN Energy and its subsidiaries, China Clean Energy, CGNPC Huasheng, CGN Wind Energy, CGN Solar Energy and Huamei Holding and its subsidiaries are fellow subsidiaries of the Company.

(iii) CGN Energy International is the immediate holding company of the Company.

The Group has entered into various transactions including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. A majority of the bank deposits and about 77.0% (31 December 2019: 72.3%) of borrowings of the Group are with the PRC government-related entities as at 30 June 2020.

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 33% (31 December 2019: 31%) of its sales of electricity and capacity charges are to the PRC government-related entities for the six months ended 30 June 2020.

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 period.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

18. RELATED PARTY DISCLOSURES *(Continued)*

Compensation of key management personnel

The remunerations of directors and other key management for the periods ended 30 June 2020 and 2019 were as follows:

	2020	2019
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Short-term benefits	**1,044**	880
Post-employment benefits	**47**	61
	1,091	941

The remuneration of directors and key executives is determined by having regard to the performance of individuals and the Group and market trends.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

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 an independent valuer to perform the valuation and to determine the appropriate valuation techniques and inputs to the model. The findings of the valuation would 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					
	2020		2019			
Financial assets/liabilities	**Assets**	**Liabilities**	Assets	Liabilities	**Fair value hierarchy**	**Valuation technique and key inputs**
	US$'000	***US$'000***	*US$'000*	*US$'000*		
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)		
Foreign currency forward contracts *(note 17)*	**10,673**	**12**	9,233	230	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).

(b) Financial assets and liabilities carried at amortised cost

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost approximate their fair values.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

20. DISPOSAL OF A SUBSIDIARY

On 12 May 2020, the Group disposed its entire equity interest in 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 interest in the Jiniqiao JV, through a public tender process of Shanghai United Assets and Equity Exchange（上海聯合產權交易所）at a consideration of RMB155,800,000 (equivalent to US$22,023,000). The disposal was completed on 12 May 2020, when the Group lost control of the Jiniqiao JV.

	At 12 May 2020 *US$'000*
The net assets at the date of disposal were as follows:	
Non-current assets	15,590
Current assets	2,975
Current liabilities	(8,364)
Non-current liabilities	(125)
Net assets	10,076
Less: net assets shared by non-controlling interest	(3,990)
Net assets disposed of	6,086
Cash consideration	22,023
Cumulative exchange reserve in respect of net assets	2,198
Net assets disposed of	(6,086)
Gain on disposal	18,135
Net cash flow arising from the disposal:	
Bank balances and cash disposed of	(876)

21. IMPACTS OF COVID-19 PANDEMIC

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.