CONCORD NEW ENERGY

Concord New Energy Group Limited
協合新能源集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 182)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "Directors") of Concord New Energy Group Limited (the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017. These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

∗*for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018 – Unaudited

	Note	2018 *RMB'000*	2017 *RMB'000*
Revenue	*3*	**809,609**	594,116
Cost of sales and services rendered		**(347,803)**	(351,536)
Gross profit		**461,806**	242,580
Other income	*3*	**11,329**	12,793
Other gains and losses, net	*4*	**(22,515)**	146,443
Distribution and selling expenses		**(2,939)**	(1,902)
Administrative expenses		**(99,718)**	(80,540)
Finance costs	*5*	**(140,350)**	(86,609)
Share of profit of joint ventures, net		**83,578**	72,462
Share of profit of associates, net		**11,646**	16,215
Profit before income tax		**302,837**	321,442
Income tax expense	*6*	**(19,099)**	(51,759)
Profit for the period		**283,738**	269,683
Profit attributable to:			
Owners of the Company		**275,713**	269,374
Non-controlling interests		**8,025**	309
		283,738	269,683
Earnings per share attributable to owners of the Company during the period	*7*		
		RMB cents	*RMB cents*
Basic earnings per share		**3.21**	3.14
Diluted earnings per share		**3.19**	3.13

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018 – Unaudited

	2018	2017
	RMB'000	*RMB'000*
Profit for the period	**283,738**	269,683
Other comprehensive income / (expense):		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operation	**10,747**	(5,892)
Other comprehensive income / (expense) for the period, net of tax	**10,747**	(5,892)
Total comprehensive income for the period	**294,485**	263,791
Total comprehensive income attributable to:		
Owners of the Company	**286,436**	263,554
Non-controlling interests	**8,049**	237
	294,485	263,791

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018 – Unaudited

	Note	**30 June 2018** *Unaudited* ***RMB'000***	31 December 2017 *Audited* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**8,401,349**	7,171,794
Land use rights		**402,402**	355,001
Intangible assets		**1,004,448**	1,004,608
Interests in associates		**258,155**	281,386
Interests in joint ventures		**1,485,027**	1,396,107
Available-for-sale financial assets		**5,377**	4,726
Trade and bill receivables	*9*	**326,293**	140,377
Prepayments, deposits and other receivables		**856,692**	692,334
Finance lease receivables		**13,477**	19,100
Deferred tax assets		**34,410**	33,256
		12,787,630	11,098,689
Current assets			
Inventories		**38,562**	50,269
Trade and bill receivables	*9*	**1,246,760**	1,227,743
Prepayments, deposits and other receivables		**777,450**	897,837
Finance lease receivables		**5,100**	5,100
Amounts due from associates		**46,865**	28,250
Amounts due from joint ventures		**252,659**	354,167
Financial assets at fair value through profit or loss		**-**	34,280
Cash and cash equivalents		**1,981,348**	1,011,294
Restricted deposits		**58,708**	99,509
		4,407,452	3,708,449
Total assets		**17,195,082**	14,807,138
LIABILITIES			
Non-current liabilities			
Bank borrowings		**3,875,985**	3,575,599
Other borrowings		**1,732,464**	1,380,555
Bonds payable		**1,601,358**	299,324
Deferred tax liabilities		**4,586**	3,900
Deferred government grants		**23,196**	24,136
Payables for construction in progress		**855,652**	652,033
		8,093,241	5,935,547

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
As at 30 June 2018 – Unaudited

	Note	**30 June 2018** *Unaudited* ***RMB'000***	31 December 2017 *Audited* *RMB'000*
Current liabilities			
Trade and bill payables	*10*	**1,578,928**	1,644,387
Payables for construction in progress, other payables and accruals		**1,225,040**	1,409,986
Amounts due to associates		**-**	3,502
Amounts due to joint ventures		**12,943**	13,471
Bank borrowings		**553,766**	513,246
Other borrowings		**64,746**	28,120
Bonds payable		**199,529**	-
Current income tax liabilities		**9,826**	3,733
		3,644,778	3,616,445
Total liabilities		**11,738,019**	9,551,992
Net current assets		**762,674**	92,004
Total assets less current liabilities		**13,550,304**	11,190,693
Net assets		**5,457,063**	5,255,146
EQUITY			
Equity attributable to owners of the Company			
Share capital	*11*	**75,164**	75,164
Reserves		**5,308,424**	5,082,632
		5,383,588	5,157,796
Non-controlling interests		**73,475**	97,350
Total equity		**5,457,063**	5,255,146

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

The unaudited condensed consolidated financial statements of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value as disclosed, as appropriate.

Other than the changes in accounting policies resulting from the application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, the following amendments HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The application of these amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and / or on the disclosures set out in these condensed consolidated financial statements.

2 Segment information

Business segments

The management has determined the operating segments based on the internal reports reviewed and used by executive directors of the Company, who are the chief operating decision makers ("CODM"), for strategic decision making.

The CODM considers the business from a product and service perspective. The Group is organised into certain business units according to the nature of the products sold or services provided. The CODM reviews operating results and financial information of each business unit separately. Accordingly, each business unit (including joint ventures and associates) is identified as an operating segment. These operating segments with similar economic characteristics and similar nature of products sold or services provided have been aggregated into the following reporting segments:

- Power generation segment - operation of wind and photovoltaic power plants through subsidiaries, generating electric power for sale to external power grid companies, investing in power plants through joint ventures and associates;

- Engineering, procurement, construction and equipment manufacturing segment - providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects; and

- "Others" segment - provision of power plant operation and maintenance services, provision of finance lease services and energy internet services.

The CODM assess the performance of the operating segments based on a measure of adjusted earnings before interest and income tax. This measurement basis excludes the effects of non-recurring income and expenditure from the operating segments.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to the independent third parties at the then prevailing market prices.

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable and operating segment.

For the six months ended 30 June 2018

	Power generation *RMB'000*	Engineering, procurement, construction and equipment manufacturing *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Segment revenue						
Sales to external customers*	**627,482**	**137,001**	**45,126**	**809,609**	**-**	**809,609**
Inter-segment sales	**-**	**544,990**	**28,387**	**573,377**	**(573,377)**	**-**
	627,482	**681,991**	**73,513**	**1,382,986**	**(573,377)**	**809,609**
Segment results	**458,286**	**(8,259)**	**13,317**	**463,344**		**463,344**
Unallocated other gains and losses, net						**(22,515)**
Unallocated income						**4,942**
Unallocated expenses						**(8,971)**
Finance income						**6,387**
Finance costs						**(140,350)**
Profit before income tax						**302,837**
Income tax expense						**(19,099)**
Profit for the period						**283,738**
As at 30 June 2018						
Segment assets	**14,113,658**	**2,381,173**	**389,825**	**16,884,656**		**16,884,656**
Unallocated assets						**310,426**
Total assets						**17,195,082**
Segment liabilities	**(8,614,874)**	**(3,011,933)**	**(36,226)**	**(11,663,033)**		**(11,663,033)**
Unallocated liabilities						**(74,986)**
Total liabilities						**(11,738,019)**

** Revenue from power generation comprised revenue generated from wind power plants and photovoltaic power plants of RMB 449,589,000 and RMB 177,893,000, respectively.*

For the six months ended 30 June 2017

	Power generation RMB'000	Engineering, procurement, construction and equipment manufacturing RMB'000	Others RMB'000	Segment total RMB'000	Elimination RMB'000	Total RMB'000
Segment revenue						
Sales to external customers*	350,692	205,060	38,364	594,116	-	594,116
Inter-segment sales	-	650,905	16,159	667,064	(667,064)	-
	350,692	855,965	54,523	1,261,180	(667,064)	594,116
Segment results	262,565	(12,535)	10,554	260,584		260,584
Unallocated other gains and losses, net						146,443
Unallocated income						3,352
Unallocated expenses						(10,716)
Finance income						8,388
Finance costs						(86,609)
Profit before income tax						321,442
Income tax expense						(51,759)
Profit for the period						269,683
As at 31 December 2017						
Segment assets	12,210,238	2,172,713	360,602	14,743,553		14,743,553
Unallocated assets						63,585
Total assets						14,807,138
Segment liabilities	(6,369,865)	(3,123,334)	(48,240)	(9,541,439)		(9,541,439)
Unallocated liabilities						(10,553)
Total liabilities						(9,551,992)

** Revenue from power generation comprised revenue generated from wind power plants and photovoltaic power plants of RMB 140,525,000 and RMB 210,167,000, respectively.*

3 Revenue and other income

Revenue represents sales of electricity, construction and consultancy income, the net invoiced value of goods sold and other services rendered during the period.

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Revenue		
Sales of electricity：		
Basic electricity price	**354,075**	160,651
Renewable energy subsidy	**273,407**	190,041
Engineering, procurement, construction and equipment manufacturing	**137,001**	205,060
Power plant operation and maintenance services	**42,816**	38,364
Finance lease income	**488**	-
Others	**1,822**	-
	809,609	594,116
Other income		
Interest income	**6,387**	8,388
Rental income	**690**	1,552
Government grants	**1,342**	1,300
Tax refunds	**2,694**	1,128
Others	**216**	425
	11,329	12,793

4 Other gains and losses, net

An analysis of other gains and losses, net is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
(Loss)/ gain on disposal / de-registration of subsidiaries and associates, net	**(27,770)**	177,049
Fair value gains on financial assets at fair value through profit or loss	**26,620**	8,484
Gain from a bargain purchase	**-**	1,213
Impairment loss on prepayments , deposits and other receivables	**-**	(13,045)
Impairment loss on trade receivables	**-**	(12,071)
Impairment loss on amounts due from joint ventures	**-**	(8,145)
Impairment loss on amounts due from associates	**-**	(6,364)
Exchange loss, net	**(21,005)**	(59)
Gain /(loss) on disposal of property, plant and equipment	**138**	(37)
Others	**(498)**	(582)
	(22,515)	146,443

5 Finance costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses		
- Bank borrowings	**108,832**	94,446
- Other borrowings	**39,079**	11,930
- Bonds payable	**56,166**	6,446
- Loans from a joint venture	**-**	585
	204,077	113,407
Less: Interest capitalised	**(63,727)**	(26,798)
	140,350	86,609

6 Income tax expense

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax		
- PRC corporate income tax	**18,684**	36,945
- PRC dividend withholding tax	**4,547**	15,148
(Overprovision)/ Underprovision in prior years		
- PRC corporate income tax	**(3,665)**	6,129
Deferred tax	**(467)**	(6,463)
	19,099	51,759

The weighted average tax rate for the current interim period is mainly impacted by the Group's entities operating in the PRC, including certain subsidiaries which are entitled to preferential tax rate.

7 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company RMB 275,713,000 (2017: RMB 269,374,000) by the weighted average number of 8,579,734,000 (2017: 8,581,099,000) ordinary shares in issue during the period, after adjusting the effect of the Company's share award scheme.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential shares.

The Company has share award scheme as dilutive potential ordinary shares. For the period ended 30 June 2018 and 2017, dilutive effects arose from share award scheme adopted during both periods. The weighted average number of ordinary shares is adjusted for the number of shares granted to directors and employees that would have been transferred at the date of grant during the six months ended 2018 and 2017.

The Company has issued convertible loan in 2018 as dilutive potential ordinary shares. The weighted average number of ordinary shares is adjusted for the number of shares converted at the beginning of loan agreement date.

	Six months ended 30 June	
	2018	2017
Profit used to determine diluted earnings per share *(RMB'000)*	**276,693**	269,374
Weighted average number of ordinary shares in issue *(thousands)*	**8,579,734**	8,581,099
Adjustment for:		
- effect of dilutive potential shares issuable under the Company's share award scheme and convertible loan *(thousands)*	**100,205**	21,251
Weighted average number of ordinary shares used to determine diluted earnings per share *(thousands)*	**8,679,939**	8,602,350
Diluted earnings per share attributable to owners of the Company *(RMB cents per share)*	**3.19**	3.13

8 Dividend

During the current interim period, a final dividend of HK$0.01 per ordinary share in respect of the year ended 31 December 2017 (the year ended 31 December 2016: HK$0.01) was declared to the owners of the Company. The aggregate amount of final dividend declared in the current interim period amounted to approximately RMB 73,154,000 (2017: RMB 74,758,000).The dividend has been paid on 3 July 2018.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (2017: nil).

9 Trade and bill receivables

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Trade receivables	**799,298**	853,640
Tariff adjustment receivables	**764,824**	448,480
Bill receivables	**8,931**	75,592
	1,573,053	1,377,712
Impairment loss on trade receivables	**-**	(9,592)
	1,573,053	1,368,120

Analysed for reporting purposes at:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Current assets	**1,246,760**	1,227,743
Non-current assets	**326,293**	140,377
	1,573,053	1,368,120

(a) As at 30 June 2018, the aging analysis of the trade receivables net of allowance for doubtful debts presented based on invoice date, was as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Within 3 months	**189,649**	141,505
3 to 6 months	**82,187**	26,645
6 to 12 months	**22,447**	81,281
1 to 2 years	**220,463**	304,972
Over 2 years	**284,552**	289,645
	799,298	844,048

Included in trade receivables as at 30 June 2018 were retention money held in respect of construction revenue and equipment sales of RMB18,693,000 (31 December 2017: RMB40,355,000) and RMB348,240,000 (31 December 2017: RMB400,859,000), respectively.

The Group's credit terms granted to customers ranging from 30 to 180 days, except for tariff adjustment receivables recognised by the power plants which have not been included in the Catalogue. On certain construction revenue and equipment sales projects, the Group generally grants project final acceptance period and retention period to its customers ranging from 1 to 2 years from the date of acceptance according to the sales agreements signed between the Group and customers.

(b) As at 30 June 2018, the aging analysis of the tariff adjustment receivables, based on the revenue recognition date, was as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Within 3 months	**171,676**	127,841
3 to 6 months	**147,590**	91,758
6 to 12 months	**217,979**	132,776
Over 1 year	**227,579**	96,105
	764,824	448,480

The Group's tariff adjustment receivables from the sale of electricity are mainly receivables from the state grid companies. The collection of the tariff adjustment receivables is subject to settlement by state grid companies upon finalisation of the allocation of funds by relevant PRC government authorities to the state grid companies.

(c) As at 30 June 2018, the maturity date of bill receivables was "within 6 months" and "within 12 months" (31 December 2017: "within 6 months").

10 Trade and bill payables

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Trade payables	**1,072,463**	1,240,592
Bill payables	**506,465**	403,795
	1,578,928	1,644,387

As at 30 June 2018, the aging analysis of the trade payables, based on invoice date, was as follows:

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Within 3 months	**29,756**	1,091,970
3 to 6 months	**8,546**	1,657
6 to 12 months	**887,451**	37,767
1 to 2 years	**59,206**	72,243
Over 2 years	**87,504**	36,955
	1,072,463	1,240,592

Included in trade payables as at 30 June 2018 were retention money held in respect of construction contracts of RMB369,347,000 (31 December 2017: RMB 385,151,000).

As at 30 June 2018, the maturity date of bill payables was "within 6 months" (31 December 2017: same).

11 Share capital

A summary of the transactions during the period with reference to the movements of the Company's ordinary share capital is as follows:

Ordinary shares issued and fully paid:

	No. of shares	**Nominal value**
	000's	*RMB'000*
As at 31 December 2017: 8,676,794,965 ordinary shares of HK$0.01 each	8,676,795	75,164
As at 30 June 2018: 8,676,794,965 ordinary shares of HK$0.01 each	**8,676,795**	**75,164**

Note:

Treasury shares

The year of 2015, 151,500,000 ordinary shares were repurchased from market at a price of approximately HK$0.55 per share for a total consideration of HK$82,699,000 (equivalent to approximately RMB 66,572,000) and held as treasury shares, of which 24,680,000 shares, 18,510,000 shares and 18,510,000 shares were awarded to the relevant participants of the share award scheme of the Company during the year ended 31 December 2016 and the year ended 31 December 2017 and six months ended 30 June 2018 respectively. At 30 June 2018, 89,800,000 ordinary shares were held as treasury shares.

12 Events after the end of the reporting period

During July 2018, the Group repurchased a total of 17,010,000 of the Company's ordinary shares from the market at a price of approximately HK$0.349 per share, for a total consideration of HK$5,929,000 (equivalent to approximately RMB 5,011,000), which were cancelled.

Management Discussion and Analysis

I. Operating Environment

During the first half of 2018, the world economy maintained its growth momentum in spite of continuous trade frictions. As China's economy develops steadily, coupled with supply-side structural reform and recovery of domestic demand, economic indicators such as electricity consumption achieved rapid growth. China's total electricity consumption in the first half year increased by 9.4% year-on-year, representing 3.1 percentages higher than the same period of last year. Grid curtailment of renewable energy has been improved, where Inner Mongolia, Heilongjiang and Ningxia Province have removed red alert, and the grid curtailment rate of Jilin Province which is still on red alert has dropped to around 6% in the first half year. With the development of technologies, the decline of prices of photovoltaic modules and wind turbines accelerates, and performance is continuously improved, contributing to the rapid drop of the Levelised Cost of Electricity ("LCOE") of wind power and photovoltaic power generation.

During the reporting period, the government of the PRC accelerated the progress of grid parity for renewable energy, commencing the allocation of centralised wind power projects through competitive bidding, encourage to develop distributed wind power and photovoltaic power that are directly supplied to users, as well as suspending the approvals of onshore centralised photovoltaic power. Although the investment revenue of newly-built power plants was affected in the short term, this practice is beneficial to the healthy development of the industry for the long run. In addition, the government vigorously promotes the development of energy storage and market-based mechanism for grid ancillary services, leading to a new growth driver for the industry, significant increase of the share of renewable energy in power consumption and comprehensive development of renewable energy area.

During the reporting period, China's installed wind power and photovoltaic power generation capacity continued to maintain a stable growth. According to the statistics from the National Energy Administration of the PRC (the "NEA"), the newly installed grid-connected wind power capacity was 7.94GW, and the accumulated grid-connected capacity had reached 172GW by the end of June, representing a year-on-year increase of 12%. The newly installed photovoltaic power generation capacity was 24.30GW, of which, newly installed photovoltaic power generation capacity from centralised photovoltaic power plants was 12.06GW, while that of distributed photovoltaic power was 12.24GW. By the end of June, the national installed photovoltaic power generation capacity had reached 155GW, representing a year-on-year increase of 52%.

II. Business Review

In the first half of 2018, benefiting from the Group's investment in wind power projects in southern regions without curtailment and adhering to reduction of LCOE, and the sufficient reserve of Group's approved projects, the Group maintained rapid and stable development under the competitive environment of renewable energy market. The Group keeps on developing power generation business as its core business. In response to the changes of external environment, the Group takes precautionary measures and puts great efforts in developing businesses related to renewable energy industry such as energy internet, distributed wind power, distributed photovoltaic power, power distribution network, micro-grid, electricity sales, energy storage and financial leasing.

During the reporting period, the Group's revenue amounted to RMB 809,609,000 (1H 2017: RMB594,116,000), representing an increase of 36.27% compared with the same period last year. The profit attributable to equity holders of the Group amounted to RMB275,713,000 (1H 2017: RMB269,374,000), representing an increase of 2.35% compared with the same period last year, and deducting build and transfer profit the year-on-year increase is 146.56%. The basic earnings per share were RMB3.21 cents (1H 2017: RMB3.14 cents). The fully diluted earnings per share were RMB3.19 cents (1H 2017: RMB3.13 cents).

As at the end of the reporting period, the net assets of the Group amounted to RMB5,457,063,000 (31 December 2017: RMB5,255,146,000) and its net assets per share RMB0.63 (31 December 2017: RMB0.61).

(1) Significantly Increased Power Generation Output, Improved Power Plant Efficiency, and Stable and Safe Production

i. Significant Growth in Attributable Power Generation Output; Power Generation Output from Wholly-owned Projects Accounted for over 60%

During the reporting period, the power generation output attributable to the Group increased significantly, representing an increase of 55.06% over the previous year. The power generation output from the Group's wholly-owned wind power plants soared by 192.01%. In the first half year, benefiting from continuous mitigation of curtailment in northern regions and improvement of operational efficiency, the Group's share of power generation from the jointly-owned power plants grew by 14.54% over the previous year.

Attributable Power Generation Output (GWh)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**1H2018**	**1H2017**	**Change rate**	**1H2018**	**1H2017**	**Change rate**
Wind Power Generation	**1,634.99**	**939.94**	**73.95%**	**913.78**	**312.93**	**192.01%**
Including:						
Northeastern China	189.94	141.39	34.34%	-	-	-
Northern China	238.85	223.22	7.00%	-	-	-
Northwestern China	65.77	60.87	8.05%	-	-	-
Eastern China	302.36	225.33	34.19%	161.89	94.74	70.88%
Central Southern China	732.33	207.39	253.12%	646.15	136.46	373.51%
Southwestern China	105.74	81.74	29.36%	105.74	81.74	29.36%
PV Power Generation	**227.32**	**261.11**	**-12.94%**	**218.22**	**250.55**	**-12.90%**
Including:						
Northern China	22.60	7.22	213.02%	16.10	0.13	-
Northwestern China	6.48	57.91	-88.81%	6.48	57.91	-88.81%
Eastern China	30.53	31.74	-3.81%	27.92	28.92	-3.46%
Southwestern China	157.11	153.94	2.06%	157.11	153.94	2.06%
Overseas Regions	10.60	10.31	2.81%	10.60	9.66	9.73%
Total	**1,862.32**	**1,201.05**	**55.06%**	**1,132.03**	**563.47**	**100.90%**

ii. High Power Generation Efficiency in Wholly-owned Power Plants; Significant Improvement in Jointly-owned Power Plants

In the first half of 2018, benefiting from the new high-quality wind power projects, reduced power curtailment in northern regions and improved operational efficiency, the weighted average utilization hours of the wind power plants invested by the Group have increased significantly to 1,190 hours. The weighted average utilization hours of wholly-owned wind power plants was 1,297 hours, significantly higher than the national average. The weighted average utilization hours of photovoltaic power plants invested by the Group was 710 hours, whereas that of the wholly-owned photovoltaic power plants was 688 hours.

Weighted Average Utilization Hours of Power Plants (Hour)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**1H2018**	**1H2017**	**Change rate**	**1H2018**	**1H2017**	**Change rate**
Average Utilization Hours of Wind Power	**1,190**	**990**	**20.20%**	**1,297**	**1,101**	**17.80%**
Average Utilization Hours of PV Power	**710**	**727**	**-2.34%**	**688**	**713**	**-3.51%**

In the first half of 2018, through the application of "POWER+" system and promotion of "Intelligent operation and maintenance", the availability of the wind turbines in the Group's invested wind power plants increased to 97.38%, and the availability of the wind turbines in its wholly-owned wind power plants was 98.31%. The availability of the photovoltaic power plants invested by the Group was 99.48%, whereas that of the wholly-owned photovoltaic power plants was 99.38%.

Availability of Wind Turbines and Photovoltaic Power Plants (%)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**1H2018**	**1H2017**	**Change rate**	**1H2018**	**1H2017**	**Change rate**
Availability of Wind Turbines	**97.38%**	**94.03%**	**3.35%**	**98.31%**	**97.46%**	**0.85%**
Availability of PV Power Plants	**99.48%**	**99.68%**	**-0.20%**	**99.38%**	**99.57%**	**-0.19%**

In the first half of 2018, the wholly-owned wind power projects were located in southern China, which were areas with no power curtailment. The average wind power curtailment rate of all the wind power plants invested by the Group was 4.51%, representing a significant decrease over the previous year, which was lower than the national average. The average photovoltaic power curtailment rate of photovoltaic power plants invested by the Group was 15.00%.

Wind and Photovoltaic Power Curtailment Rates of Power Plants (%)

	The Group's Invested Power Plants			The Group's Wholly-owned Power Plants		
Business Segments and Regions	**1H2018**	**1H2017**	**Change rate**	**1H2018**	**1H2017**	**Change rate**
Wind Power Curtailment Rate	**4.51%**	**12.00%**	**-7.49%**	**0.00%**	**0.23%**	**-0.23%**
PV Power Curtailment Rate	**15.00%**	**3.46%**	**11.54%**	**16.52%**	**3.83%**	**12.69%**

iii. Average Feed-in Tariffs of Wind Power Increased Slightly; Tariffs of Wholly-owned Projects Still Maintained at Relatively High Levels

In the first half of 2018, under the combined impact of growth of installed capacity in the wholly-owned plants and the declined tariffs for power transactions, the weighted average feed-in tariff rate of wind power plants invested by the Group slightly increased to RMB0.5673/kWh (including VAT) (1H 2017: RMB0.5566/kWh). For photovoltaic power plants, the weighted average feed-in-tariff rate was RMB0.9509/kWh (including VAT) (1H 2017: RMB0.9976/kWh). The weighted average feed-in tariff rate of wind power plants wholly-owned by the Group was RMB0.5965/kWh (including VAT) (1H 2017: RMB0.5791/kWh). For wholly-owned photovoltaic power plants, the weighted average feed-in tariff rate was RMB0.9313/kWh (including VAT) (1H 2017: RMB0.9679/kWh).

In the first half of 2018, the traded power volume of the Group's wholly-owned power plants amounted to 190.72 million kWh, accounting for 16.85%. Traded wind power volume reached 94.09 million kWh, accounting for 10.30% of wholly-owned wind power generation and average reduction in wind power tariffs over the approved benchmark feed-in tariff was RMB0.0137/kWh. Traded photovoltaic power volume amounted to 96.63 million kWh, accounting for 44.28% of the wholly-owned photovoltaic power generation and average reduction in photovoltaic power tariffs over the approved benchmark feed-in tariff was RMB0.0559/kWh.

iv. Significiant Increase of Income and Profit of Wholly-owned Power Plants; Improved Return of Associates and Joint Ventures Power Plants

In the first half of 2018, the Group's wholly-owned plants achieved a total income of RMB627,482,000, representing an increase of 78.93% over the same period last year, accounting for 77.50% of the Group's revenue (1H 2017: 59.03%).

During the reporting period, the Group's wholly-owned power plants achieved a total net profit from power generation of RMB290,051,000, and the Group shared net profits totalling RMB95,224,000 from its associates and joint ventures.

Revenue and Net Profit of Power Plants（RMB）

	1H2018	1H2017	Change rate
Revenues of Wholly-owned Power Plants	**627,482,000**	**350,692,000**	**78.93%**
Including: Wind Power	449,589,000	140,525,000	219.94%
PV Power	177,893,000	210,167,000	-15.36%
Net Profit of Wholly-owned Power Plants	**290,051,000**	**133,226,000**	**117.71%**
Including: Wind Power	235,696,000	60,132,000	291.96%
PV Power	54,355,000	73,094,000	-25.64%
Net Profit of Associates and Joint Ventures Power Plants	**95,224,000**	**88,677,000**	**7.38%**
Including: Wind Power	90,735,000	83,256,000	8.98%
PV Power	4,489,000	5,421,000	-17.19%

(2) Investment and Construction of Power Plants

In the first half of 2018, the Group increased the construction scale of wholly-owned power plants, which were mainly high-quality wind power plants in regions with no power curtailment in southern China. The Group's installed capacity increased continuously. During the reporting period, the Group effectively controlled the costs of new power plants and increased the power generation output, by adopting the latest wind turbine, optimising designs and accelerating project construction, whereby the Group achieved its goals of reducing LCOE, and prepare itself for the arrival of the era of grid parity.

i. Increased Scales of Power Plant Investment and Construction, Focused on Investing Wholly-owned Wind Power Projects

During the reporting period, the Group's total installed capacity in construction was 1,067MW (1H 2017: 923MW), all of which were wholly-owned wind power projects. Among them, 6 were continued construction projects, with an installed capacity of 340MW; 14 new construction projects were started with an installed capacity of 727MW.

During the reporting period, the Group added 2 wind power plants into operation, with a total installed capacity of 96MW(1H 2017:136MW), all of which were wholly-owned wind power projects and located in southern China with no power curtailment.

As at the end of the reporting period, the Group owned shares in 66 grid-connected wind power and photovoltaic power plants with a total installed capacity of 2,814MW(1H 2017: 2,415MW) and an attributable installed capacity of 1,902MW. Among them, 48 wind power plants with an installed capacity of 2,483MW (1H 2017: 2,099MW), an attributable capacity of 1,589MW, and 18 photovoltaic power plants with an installed capacity of 331MW (1H 2017: 316MW) and an attributable capacity of 313MW.

As at the end of the reporting period, the Group had 35 wholly-owned grid-connected wind power and photovoltaic power plants with a total installed capacity of 1,236MW. Among which, 19 were wind power plants, with an installed capacity of 934MW, and 16 were photovoltaic power plants, with an installed capacity of 302MW.

The Attributable Installed Capacity of Power Plants（MW）

Business Segments and Regions	The Group's Invested Power Plants 1H2018	1H2017	Change rate	The Group's Wholly-owned Power Plants 1H2018	1H2017	Change rate
Installed Wind Power Capacity	**1,589**	**1,205**	**31.87%**	**934**	**550**	**69.82%**
Including:						
Northeastern China	162	162	0.00%	-	-	-
Northern China	186	186	0.00%	-	-	-
Northwestern China	103	103	0.00%	-	-	-
Eastern China	296	248	19.35%	178	130	36.92%
Central Southern China	762	426	78.87%	676	340	98.82%
Southwestern China	80	80	0.00%	80	80	0.00%
Installed PV Power Capacity	**313**	**298**	**5.03%**	**302**	**287**	**5.23%**
Including:						
Northern China	26	26	0.00%	20	20	0.00%
Northwestern China	9	9	0.00%	9	9	0.00%
Eastern China	44	44	0.00%	40	40	0.00%
Southwestern China	215	200	7.50%	215	200	7.50%
Overseas Regions	18	18	0.00%	18	18	0.00%
Total	**1,902**	**1,503**	**26.55%**	**1,236**	**837**	**47.67%**

ii. Project Development Focused on Regions without Power Curtailment, and Deploying of Distributed Wind Power, Distributed Photovoltaic Power and Energy Storage Business

During the reporting period, in the "2018 Wind Power Development and Construction Plan" (「2018 年風電開發建設方案」) issued by the provincial energy bureaus, the Group had a total of 5 wind power projects (a total of 350MW) listed in the annual development and construction plan, all of which were located in regions with good grid access conditions and without power curtailment. In addition, the Group has 2 approved/registered photovoltaic projects with a total installed capacity of 53MW.

As at the end of the reporting period, the Group had 971MW wind power projects under construction, and 888MW wind power projects had been approved or listed in the provincial construction plan. In total, 1,859MW will continue to receive the existing feed-in tariff for project life.

During the reporting period, the Group newly signed contracts for distributed wind resource of 420MW and distributed photovoltaic resource of 58.5MW. The Group closely followed the development of renewable energy technologies, utilised advanced equipment such as high anemometer towers and laser anemometers to continuously track and evaluate the wind resources it held, selected wind resources with the best economic benefits under the current technology and cost levels for development and construction. During the reporting period, the Group has commenced the development of certain energy storage projects.

(3) The Engineering, Procurement and Construction (EPC)

During the reporting period, there was no new external EPC project undertaken by the Group.

During the reporting period, the Group's subsidiary Concord Power Consulting & Design (Beijing) Corp., Ltd. ("Design Company") had completed 108 wind (photovoltaic) resource assessments and technical advisory reports, 31 feasibility study reports, 12 microsite selection reports, 5 preliminary designs, 3 construction drawing designs and 2 record drawings.

During the reporting period, the Group's affiliated design companies, equipment supply companies and engineering companies realised a total revenue of RMB137,001,000 (1H 2017: RMB205,060,000).

(4) Other Businesses

While focusing on its core power generation business, the Group also deployed some related service business, including energy internet services, intelligent operation and maintenance, energy storage, electricity ancillary services and financial leasing services, applying information technologies such as big data, internet of things, and artificial intelligence to such areas as investment, construction, operation and maintenance of its power plants, whereby making some achievements.

i. Research and Development of Energy Internet Technology

During the first half of 2018, the Group continued to vigorously develop its energy internet business, actively build intelligent operation and maintenance, resulting in significant improvement of operation indicator performances of power plants and effective reduction of LCOE of power plants.

During the reporting period, the advanced energy internet cloud platform "POWER+" had undergone continuous optimisation and launched "POWER+2.0" system, which has been applied in depth in all of the Group's wholly-owned wind power plants and photovoltaic power plants, with a cumulative total installed capacity of 1,408MW .

By analyzing the operational data collected from wind turbines, "POWER+" platform provides diagnostic analysis capability to detect the sub-health status, such as insufficient output power for different wind turbines. By using online diagnosis tools to provide enough guideline, the on-site operation and maintenance can be done in more efficient way, which in general helps boosting the power generation by more than 1% on average. "POWER+" platform also benefits photovoltaic power plants through the deployment of dust impact early-warning model and underperformance photovoltaic string analysis algorithm. The on-site maintenance personnel can receive the guideline from "POWER+" platform regarding when the most efficient time to clean photovoltaic models is and how to process the underperformance models. Using these advices, the power generation can be improved more than 5% on average.

During the reporting period, the intelligent inspection system "Yixun" was officially launched, which was a mobile client application available for plant maintenance personnel to use, and by which they can perform intelligent mobile inspection in an easy and practical manner, to ensure the performance of routine check of equipment, reduce the hidden risk of equipment malfunction and improve the handling of malfunctioning.

On 28 May 2018, the Group's "POWER+" product was presented at the "12th International Photovoltaic Power Generation and Smart Energy Exhibition & Conference (2018 Shanghai SNEC)"(第十二屆國際太陽能光伏與智慧能源大會暨展覽會), where "POWER+" demonstrated its extensive experience of application in gigawatt photovoltaic and wind power plants in China and the U.S., its outstanding ability of data processing, and the capability to significantly enhance the operational efficiency. "POWER+" gained high recognition from experts and counterparts in the industry who indicated their intent of cooperation at the conference.

ii. Operation and Maintenance of Power Plants

The Group's subsidiary Beijing Century Concord Operation and Maintenance Co., Ltd. ("Concord O&M") took advantage of energy internet technology to promote "intelligent operation and maintenance", striving to become a leading domestic and internationally advanced professional operation and maintenance company. With the Group's "POWER+" products and advanced operation and maintenance, Concord O&M has become the only professional domestic company specialising in wind power and photovoltaic industry that offers products and services including consultation, operation, maintenance, overhaul, spare parts and assets management. It can provide services such as overall operation and maintenance, preventive testing, technical renovation and overhaul, wind power forecasting, etc., for power plants within or outside the Group. It included maintenance and inspection services for wind turbine manufacturers during the warranty period. By taking advantage of its "POWER+" products, it actively provides clients with centralised management, personalised and precise operation as well as maintenance services unattended or less-attended based on a cloud based operation and maintenance model including big data and cloud computing.

During the reporting period, Concord O&M was in charge of a total of 76 wind power and photovoltaic power plants' overall operation and maintenance with a total of 4GW and scheduled inspection service contracts, and signed 10 contracts in areas such as preventive tests, technical renovation and overhaul and spare parts sales.

iii. New Businesses

With the rapid development of electrochemical energy storage in the recent years, in respect of power generation, energy storage can enhance its stability and quality; in respect of users, their electricity costs can be reduced due to profits realised from the peak-valley price difference. During the reporting period, the Group has proactively explored ancillary services in electricity markets and energy storage plants are under development as another growth driver for the Group's business.

The Group's subsidiary Tianjin Green Energy International Leasing Co., Ltd. actively commenced its financial leasing business, and obtained some achievements.

During the reporting period, other businesses segment contributed revenue of RMB45,126,000 to the Group (1H 2017: RMB38,364,000).

III. Environmental Protection, Compliance and Social Responsibility

In addition to financial performance, the Group believed that high-standard corporate social responsibility is of great significance in building a positive relationship between an enterprise and society, motivating its employees and achieving sustainable return for the Group.

(1) Environmental Protection

The Group is committed to making positive contributions to the Group, environment and communities.

The Group's renewable energy power projects focus on the investments and management in environmental protection and the conservation of water and soil through measures such as increased investment, optimised designs, advanced technologies and green operation. The Group strives to maintain sustainable development for the environment as well as for the human race, and commits to its responsibilities for improving the energy structure, mitigating air pollution and reducing greenhouse gas emission and haze.

During the reporting period, the electricity generation by the Group's invested wind power plants and photovoltaic power plants achieved larger proportion of reduction in carbon dioxide, sulphur dioxide, and nitrogen oxide emissions compared with conventional power plants. Compared with coal-fired thermal power, the Group has achieved standard coal and water conservation. The reduction in pollutants contributed to the reduction in PM10 and PM2.5 emissions and haze.

Emission Reduction by Power Plants

Emissions Reduction Indicators	1H2018	Accumulated Amount
CO_2 (Kilotons)	2,394	22,550
SO_2 (tons)	25,597	229,043
NO_X (tons)	2,270	20,300
Standard Coal Saving (Kilotons)	869	7,783
Water Saving (Kilotons)	7,244	64,778

(2) Compliance

During the reporting period, the Group has complied with relevant standards, laws and regulations of our business, management and labour standards.

(3) Community Responsibility

The Group actively fulfilled its social responsibility while focusing on the development of clean energy business, and committed to charity business in order to reciprocate to the society.

The Group actively implements poverty alleviation work in power plant investment areas, combines measures such as poverty alleviation through projects, and assists local poverty reduction and economic development through various means. On 26 March, Hunan Tongdao Project organised a donation event to deliver clothing and care for Wanfoshan town Central Primary School. On 28 May, Hebei Haixing Photovoltaic Project made a donation of computers, stationery and necessities to Fangzhuang Zhiyuan Primary School, where the supervisors of Education Bureau in Haixing County and the county administer were present. The Group takes a proactive approach to fulfilling social responsibility and building our communities to give back to the society.

The Group not only actively conducts charity business, but also promotes the education of national renewable energy business while facilitating the development of local economy, culture and environment by various ways such as targeted poverty alleviation and cooperation between schools and enterprises. On 13 April 2018, the Group signed the Donation Agreement with the Education Foundation of North China Electric Power University to increase the funding from RMB 200,000 to RMB330,000, to reward outstanding students with excellent conduct, to help students whose families suffer from financial difficulties to complete their studies, to reward students with outstanding performance in technological innovation, invention and manufacturing, to reward outstanding teachers and management staff, and to inspire outstanding undergraduates to further their studies.

(4) Customer and Supplier Relationships

During the reporting period, the Group maintained a good relationship between customers and suppliers and there was no major dispute.

During the reporting period, the Group’s 5 largest customers accounted for 65% of the Group’s total sales for the period, including 17% from the largest customer. The largest customer was State Grid Hunan Electric Power Company.

During the reporting period, the Group’s five largest suppliers accounted for 81% of the Group’s total procurement amount for the period, including 30% from the largest suppliers. The largest supplier was CRRC Zhuzhou Institute Co., Ltd.. It supplied wind turbines equipment for some of the wind power projects invested by the Group or those contracted by EPC.

IV. Human Resources

(1) Corporate Employees

As of 30 June 2018, the Group had 1,418 full-time employees (30 June 2017: 1,202), 142 of whom worked at the Group’s headquarters, 444 in project development and management, 66 in EPC, 717 in operation and maintenance and 49 in internet application.

(2) Employee’s Development

The Group always upholds its core values of “people-orientation, value creation, striving for excellence and harmonious development”. Human resources are the main force of the Group’s sustainable development. We have firmly established the concept of sustainable development which is people-oriented and fully coordinated. We respect and are grateful to every employee for their hard work in the new energy business and strive to provide them with a good working environment and a broad development platform to inspired positive energy, enhanced cohesion and built a happy enterprise, so as to achieve the common development of employees and enterprises.

The Group pays attention to the growth and development of its employees. It provides different career development paths and promotion channels for different positions and individual capabilities. Employees can choose management, technical and professional development channels.

(3) Employee’s Trainings

In order to help the development and promotion of employees, different curricula are designed for the management, middle managers, backup management cadres, and new employees. Every year, a variety of training courses are conducted based on an annual training plan. In addition, the Group focuses on building an internal team of part-time instructors, developing training courses independently and is mainly responsible for the new employee orientation.

In the first half of 2018, the Group organised more than 20 training sessions for its back-up talents, new employees and other professional trainings totalling more than 230 participants. The training content covered modern corporate management knowledge, professionalism, leadership, communication skills, execution capabilities, team building, etc. The business department of the Group also developed various kinds of trainings covering policy, finance, engineering, production, distribution and sales of electricity, energy storage, financial leasing, files management based on their actual needs to satisfy their needs regarding business and development.

(4) Health and Safety

The Group has always focused on the protection of occupational health and safety of its employees and kept improving the management system of occupational health and safety in order to provide systematic and institutional guarantee to its employees in this regard.

With the commitment of providing a safe, healthy and comfortable working environment for its employees, the Group renovated the 4^{th} floor office area in the Beijing management centre, organised a physical and interest club, built fitness and sports facilities, and organised sports events such as walking activities, with the aims of improving health condition, facilitating their communication and enhancing cohesion.

The Group makes continuous efforts in safety management through improvement of safety management system, establishment of a three-tier "information liaison officer responsible for safety, quality and environmental protection" system with the Group, subsidiaries and project companies, holding monthly meetings regarding safety, organising of "month of safe production" activities, on-site safety inspection and construction of safety corners. The Group also raises the awareness of safety, improves construction safety, prevents incidents, improves essential safety and develops the management philosophy of "safety management by everyone, safety need from everyone". Besides, the Group also commences trainings regarding production and operation in order to prevent occurrence of incidents in rainstorm season.

V. Liquidity and Financial Resources

As of 30 June 2018, the Group held cash and cash equivalents of approximately RMB2,040,056,000 (31 December 2017: RMB1,110,803,000) with a liability/asset ratio of 68.26 % (31 December 2017: 64.51%). The balance of bank loans and financial leasing of the Group was RMB6,226,961,000 (31 December 2017: RMB5,497,520,000). The net assets of the Group were RMB5,457,063,000 (31 December 2017: RMB5,255,146,000).

Pledge of Assets

As of 30 June 2018, the buildings and equipments of the Group were pledged to secure a loan of RMB2,658,860,000 (31 December 2017: 2,054,524,000).

Contingent Liability

As at 30 June 2018, the Group had pledged its 49% equity interest in Erlianhaote Changfeng Century Concord Wind Power Exploiture Co., Ltd. ("Erlian") with the total value of its registered capital of approximately RMB37,240,000 (31 December 2017: RMB37,240,000). The outstanding balance of the pledged banking loan as at 30 June 2018 was RMB31,519,000 (31 December 2017: RMB42,918,000). Save as mentioned above, there was no material contingent liability of the Group as at 30 June 2018.

Commitments

As at 30 June 2018, the Group had capital commitments of RMB2,007,689,000 (31 December 2017: RMB1,960,602,000), which were not included in the financial statements. The amount was mainly the capital committed to jointly-owned that contracted but not provided of RMB105,050,000 (31 December 2017: RMB105,050,000), and capital committed but unpaid for the payment for equipment purchased of RMB1,902,639,000 (31 December 2017: RMB1,855,552,000) by the subsidiaries.

VI. Risk Factors and Risk Management

Risks Associated with Policies

Wind and photovoltaic power companies are largely dependent on the policies of the state and the industry, laws and regulations and incentive schemes. In the recent years, grid parity is an inevitable trend due to implementation of mechanism to deduct the on-grid price of newly-built renewable energy. In the meanwhile, as the scale of trading volume is expanding continuously, the electricity price of commissioned plants is subject to a downward adjustment risk. Renewable energy subsidy is granted in batches by the Ministry of Finance of the PRC, while the time for distributing future batches remains uncertain. Projects listed in the subsidy catalogue may subject to continuous growth of outstanding amounts and slow settlement of electricity fees. In addition, subsidy may be granted based on the market instead of on fixed model by the government upon the implementation of Green Certificate trading. So far, there were no relevant policies or regulations in this regard. The Group will keep abreast of the policies' direction and exercise sound judgement. As there may be certain adverse factors regarding the forward-looking estimation, various measures will be designed to reduce risks, minimizing the risks from the changes of policies.

Risk Associated with Climate

The annual fluctuation of wind and photovoltaic resources is the primary climatic risk that is faced by the wind power and photovoltaic power industry. With a vast territory, there are great variations in the factors in different regions that affect their climates, such that different regions experience different climatic characteristics during the same period of time. In addition, extreme weather conditions such as typhoon, freezing, strong sandstorm, haze, and lightning strikes will bring greater risks to wind power and photovoltaic power generation companies.

The Group has already completed wind power and photovoltaic power generation projects in 15 provinces (cities and autonomous regions) which are in production. We will continue to optimise the distribution to further counteract the impact caused by climatic risks. The Company will increase scientific research and improve design standards in terms of turbine type selection, development path program, etc., and fully assess and respond to the impact of climate factors on the safety and effectiveness of power plants.

Risks Associated with Power Grids

During the reporting period, the problem of grid curtailment has improved in general. However, with reasons such as low energy consumption from the industry sector in certain regions, unreasonable structure of power grids and the construction of grid lines which lag behind the expected schedule, certain regions still suffered from severe curtailment of wind power and photovoltaic power. The Group will continue to optimise the distribution of the projects, continue to research on the characteristics of operation and methods of consumption for wind power and photovoltaic power and make good judgements on the trend of policy changes, so as to take advantage of government policies to mitigate the problems of power curtailment. The Group will proactively communicate with the government and grid companies, and take the initiative to capture market share in power generation. Internally, we will strengthen production and operation management, optimise means of operation, improve availability by arranging for proper inspection and maintenance of equipment, so as to minimise downtime.

Interest Rate Risk

The Group is principally engaged in investment in wind power and photovoltaic power plants in the PRC, which requires enormous capital expenditure and has relatively high demand for borrowings. Changes in interest rates will certainly have an impact on the Group's cost of capital. With sound performance and credibility, a stable debt structure and diversified financing channels, the Group has consistently enjoyed financing interest rates that are lower than the average level of our peers. The Group will continuously pay attention to the financing market, expand the financing channels, bring forth new financing products and optimise capital structure to effectively prevent the interest rate risk.

Exchange Rate Risk

The Group's business is primarily located in mainland China with most of its revenue and expenses denominated in Renminbi. The Group also has a small portion of its investments overseas. During the reporting period, the Group has issued bonds of US$200 million. Fluctuations in Renminbi exchange rate will result in foreign exchange losses or gains from the Group's overseas business. The Group will pay active attention to the fluctuations of exchange rates and take effective measures to prevent exchange rate risks.

VII. Prospects

In 2018, the renewable energy industry in the PRC will enter into the era of grid parity in advance under the backdrop of various policies of the industry issued in the PRC, particularly the documents promulgated in May, namely the "Notice of Requirements on the Administration of 2018 Wind Power Construction" (《關於 2018 年度風電建設管理有關要求的通知》) and the "Notice of Matters Relevant to Photovoltaic Power Generation in 2018" (《關於 2018 年光伏發電有關事項的通知》). However, it is noted that there is still huge potential for development of this industry due to the continuous decline of power generation costs. With the further deepening of power system reform, and expansion of market-trading scale, the renewable energy power generation business will closely combine with incremental distribution network, market-based transaction of distributed projects, market-based power ancillary services, energy storage, etc., leading the renewable energy industry becoming a spotlight of the reform.

In the recent years, the Group optimised its assets structure and transformed operating model with accurate strategies for development and operation. With improved installed capacity of the Group's wholly-owned and holding power plants and capability, the Group successfully responded to various changes in the external operating environment and achieved rapid and stable performance. Looking forward, the Group will adhere to concentrating on the industry and spare great efforts in development as an investor in renewable energy field, which will enable the Group to become an international leading enterprise and to create significant and continuous returns for its shareholders and the society.

As for the second half of 2018, the Group will focus on strategies including lowering LCOE, expediting the construction of energy internet and intelligent operation and maintenance, and concentrating on continuous innovation relevant to the industry by striving to achieve the following:

1. Focus on Main Business of Power Generation and Expand the Installed Capacities

Power generation business has become the Group's main business. The new installed capacity of the Group in this year will be more than 500MW, while the attributable installed capacity will exceed 2.30GW at the end of the year. Upon the promulgation of the "Notice of Requirements on the Administration of 2018 Wind Power Construction" (《關於 2018 年度風電建設管理有關要求的通知》) by the NEA, centralised wind power projects has entered into the era of competitive bidding. The Group has certain pipeline projects with attractive electricity price and revenue which can meet the production requirements for the coming three years. Therefore, the Group will continue to expedite the construction of projects and expand the installed capacity.

2. Pursue the Lowest LCOE; Face the Challenge of Grid Parity and Competitive Bidding

As for the power generation business, the Group aims to lower the LCOE. By taking measures such as applying latest wind turbines, optimizing designs repeatedly and expediting the construction of projects, the cost of newly-built power plant will be controlled effectively under the commitment of lowering the direct LCOE of the newly-built projects. The non-technological costs of power plants will be reduced due to improvement of the availability of wind turbines and photovoltaic power plants by utilising "intelligent operation and maintenance" and centralised monitoring centre. Through full promotion of self-developed energy internet product "POWER+" system in the Group's plants, the Group will achieve dynamic remote monitoring, reduce the malfunction rate of power plants, improve operation and maintenance level as well as guarantee safe plant operation, significant increase power generation efficiency and reduction of LCOE of commissioned plants.

3. Actively Develop Energy Internet to Promote the Revolution of "Intelligent Operation and Maintenance"

Currently, the Group has organised a team of international internet experts, under the leading of which, the Group will step up its efforts in developing internet products and continue to advance the development and application of "POWER+" system. Leveraging on the "smart brain" of "POWER+" system, the operation model of unattended power plants with minimal human monitoring and reduction of operation cost of power plants will be realised through measures such as big data analysis alert, intelligent automatic diagnosis to monitor the equipment and power plants. In addition, the application of the Group's "POWER+" system will be expanded into the fields including distributed photovoltaic power plants, poverty alleviation power plants and user energy storage, in order to provide supply and management services of energy and other derivative services.

4. Spare Great Efforts in the Development of New Businesses; Seek New Points of Growth for Profit

This year, centralised wind power and photovoltaic power projects have witnessed a turning point in the development history. Distributed wind power and distributed photovoltaic power projects have become a beneficiary projects under such transition in a short period of time. For the second half year, the Group will continue to make efforts in development and pipeline of projects, and construct high-quality plants after selecting the contracted projects of distributed wind power and distributed photovoltaic power.

During the reporting period, electricity ancillary services business was greatly supported by the national policies, and the transaction on the basis of peak-valley price difference was encouraged. Although the current scale of electrochemical energy storage is comparatively small, with rapid development in recent years and declined of batteries costs, there is huge potential for development of battery energy storage. In the second half year, the Group will construct several energy storage plants, explore development channels and continue to reserve certain pipeline projects of energy storage. In addition, the Group will explores business model of consolidated energy services based on the energy intelligent micro-grid. High-quality intelligent micro-grid in the industrial zones will be developed to provide efficient and intelligent services of energy supply and value-added services. In terms of financial leasing business, the Group will spare greater efforts in developing financial leasing of projects including energy storage and frequency regulation, apart from conventional wind power and photovoltaic power projects.

5. Unswervingly and Vigorously Maintain Safety in Production

We must firmly implement an accountability system for safe production, remove all potential safety hazards, conduct technological transformation and eliminate deficiencies. It is necessary to prepare for emergencies and adverse weather in advance, and ensure that the Group maintains a stable environment for safe production.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITES OF THE COMPANY

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

Up to the date of this announcement, the Company had purchased 17,010,000 shares of the listed securities of the Company with the aggregate consideration of HK$5,929,000 on the Stock Exchange of Hong Kong Limited, all of the purchased shares were subsequently cancelled by the Company and accordingly the issued share capital of the Company was reduced by the nominal value of these shares.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2018, the Board has reviewed the Group's corporate governance practices and is satisfied that the Company has complied with the provisions of the relevant Corporate Governance Code (the "CG Code") from time to time, as set out in Appendix 14 to the Listing Rules.

All other information on the Corporate Governance Code of the Company have been disclosed in the Corporate Governance Report contained in the 2017 annual report of the Company issued in April 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, Mr. Yap Fat Suan, Henry, Ms. Huang Jian and Mr. Zhang Zhong. Mr. Yap Fat Suan, Henry is the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

For and on behalf of

Concord New Energy Group Limited

Liu Shunxing

Chairman

Hong Kong, 6 August 2018

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Ms. Liu Jianhong (Vice Chairperson), Mr. Yu Weizhou (Chief Executive Officer), Mr. Niu Wenhui, Mr. Gui Kai and Dr. Shang Li (all of above are executive Directors), Mr. Wu Shaohua (who is a non-executive Director) and Mr. Yap Fat Suan, Henry, Dr. Jesse Zhixi Fang, Ms. Huang Jian and Mr. Zhang Zhong (who are independent non-executive Directors).