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 2017

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 2017, together with the comparative figures for the corresponding period in 2016. 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 2017 – Unaudited

	Note	**2017**	2016
		RMB'000	*RMB'000*
			(Restated)
			(Note1)
Revenue	*3*	**594,116**	885,518
Cost of sales and services rendered		**(351,536)**	(594,463)
Gross profit		**242,580**	291,055
Other income	*3*	**12,793**	32,566
Other gains and losses, net	*4*	**146,443**	9,871
Distribution and selling expenses		**(1,902)**	(1,382)
Administrative expenses		**(80,540)**	(92,091)
Finance costs	*5*	**(86,609)**	(63,463)
Share of profit of joint ventures, net		**72,462**	57,028
Share of profit of associates, net		**16,215**	11,626
Profit before income tax		**321,442**	245,210
Income tax expense	*6*	**(51,759)**	(5,215)
Profit for the period		**269,683**	239,995
Profit attributable to:			
Owners of the Company		**269,374**	238,653
Non-controlling interests		**309**	1,342
		269,683	239,995
Earnings per share attributable to owners of the Company during the period	*7*		
		RMB cents	*RMB cents*
Basic earnings per share		**3.14**	2.77
Diluted earnings per share		**3.13**	2.76

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2017 – Unaudited

	2017	2016
	RMB'000	*RMB'000* *(Restated)* *(Note1)*
Profit for the period	**269,683**	239,995
Other comprehensive (loss) / income:		
Items that may be reclassified to profit or loss		
Exchange differences on translation	**(5,892)**	3,760
Total comprehensive income for the period , net of tax	**263,791**	243,755
Total comprehensive income attributable to:		
Owners of the Company	**263,554**	242,431
Non-controlling interests	**237**	1,324
	263,791	243,755

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017 – Unaudited

	Note	**30 June 2017** *Unaudited* ***RMB'000***	31 December 2016 *Audited* *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**5,379,164**	4,259,254
Leasehold land and land use rights		**278,866**	232,948
Intangible assets		**1,067,351**	1,067,511
Interests in associates		**274,940**	280,975
Interests in joint ventures		**1,372,762**	1,294,357
Available-for-sale financial assets		**4,826**	4,826
Prepayments, deposits and other receivables		**742,005**	496,868
Finance lease receivables		**19,812**	-
Deferred tax assets		**31,431**	24,791
		9,171,157	7,661,530
Current assets			
Inventories		**78,909**	81,447
Trade and bill receivables	*9*	**1,279,298**	1,157,909
Prepayments, deposits and other receivables		**884,410**	884,401
Finance lease receivables		**36,221**	-
Amounts due from associates		**42,079**	99,204
Amounts due from joint ventures		**495,337**	782,893
Financial assets at fair value through profit or loss		**33,923**	43,948
Cash and cash equivalents		**1,817,313**	1,891,277
		4,667,490	4,941,079
Assets of a disposal subsidiary classified as held for sale	*10*	**-**	1,736,740
		4,667,490	6,677,819
Total assets		**13,838,647**	14,339,349
LIABILITIES			
Non-current liabilities			
Borrowings		**3,458,842**	3,060,785
Finance lease liabilities		**280,295**	-
Bonds payable		**199,389**	199,451
Deferred tax liabilities		**4,624**	4,463
Deferred government grants		**22,718**	20,267
Loans from a joint venture		**-**	40,500
		3,965,868	3,325,466

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*
As at 30 June 2017 – Unaudited

	Note	**30 June 2017** *Unaudited* ***RMB'000***	31 December 2016 *Audited* *RMB'000*
Current liabilities			
Trade and bill payables	*11*	**3,168,647**	3,600,452
Payables for construction in progress, other payables and accruals		**855,989**	729,183
Amounts due to associates		**3,502**	12,632
Amounts due to joint ventures		**15,931**	79,132
Borrowings		**478,264**	365,875
Finance lease liabilities		**7,205**	-
Current income tax liabilities		**30,630**	11,321
		4,560,168	4,798,595
Liabilities directly associated with disposal group classified as held for sale	*10*	**-**	989,538
		4,560,168	5,788,133
Total liabilities		**8,526,036**	9,113,599
Net current assets		**107,322**	889,686
Total assets less current liabilities		**9,278,479**	8,551,216
Net assets		**5,312,611**	5,225,750
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**75,164**	75,645
Reserves		**5,156,081**	4,994,632
		5,231,245	5,070,277
Non-controlling interests		**81,366**	155,473
Total equity		**5,312,611**	5,225,750

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2017 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 unaudited 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 2016.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle relating to the Amendments to HKFRS 12

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. HKAS 7 amendments will result in more disclosures in the Group's annual financial statements.

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

In prior periods, the presentation currency of the condensed consolidated financial statements of the Group was Hong Kong Dollars ("HK$"). During the year ended 31 December 2016, the presentation currency of the consolidated financial statements is changed from HK$ to RMB, which is also the functional currency of the Company. The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the condensed consolidated financial statements are presented as if RMB had always been the presentation currency of the condensed consolidated financial statements. The retrospective change of the presentation currency of the Group has no material effects on the financial position of the Group as at 1 January 2016 and its financial performance for the six months ended 30 June 2016.

In addition, in prior periods, the expenses of the Group were analysed in the Group's condensed consolidated statements of profit or loss by nature. During the year ended 31 December 2016, the directors of the Company considered that to analyse the expenses of the Group by function is more useful and meaningful for the users of the Group's condensed consolidated financial statements to assess the Group's financial performance. Accordingly, the presentation of the Group's condensed consolidated statement of profit or loss has been revised.

2 Segment information

Business segments

Management has determined the operating segments based on the internal reports reviewed and used by executive directors for the Company, who are the chief operating decision maker, for strategic decision making.

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

- Engineering, procurement, construction and equipment manufacturing - providing technical and consultancy services, securing power resources in renewable energy industry, undertaking electrical engineering and construction of power plant projects, providing the funding in a form of sales and finance lease or leaseback arrangement and manufacturing of tower tube and gear box equipment for power business;

- Power plant operation and maintenance services; and

- Operation and investment in power plants – operating and investing in power plants through subsidiaries, joint ventures and associates.

The executive directors of the Company 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 at cost or with reference to the selling prices used for sales made to third parties at the prevailing market prices.

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

For the six months ended 30 June 2017

	Engineering, procurement, construction and equipment manufacturing	Power plant operation and maintenance	Investment in power plants	Segment Total	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales to external customers	**205,060**	**38,364**	**350,692**	**594,116**	**-**	**594,116**
Inter-segment sales	**650,905**	**16,159**	**-**	**667,064**	**(667,064)**	**-**
	855,965	**54,523**	**350,692**	**1,261,180**	**(667,064)**	**594,116**
Segment results	**(12,535)**	**10,554**	**262,565**	**260,584**		**260,584**
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**
Segment assets	**3,094,471**	**331,899**	**10,301,377**			**13,727,747**
Unallocated assets						**110,900**
Total assets						**13,838,647**
Segment liabilities	**(3,519,865)**	**(10,625)**	**(4,917,870)**			**(8,448,360)**
Unallocated liabilities						**(77,676)**
Total liabilities						**(8,526,036)**

For the six months ended 30 June 2016

	Engineering, procurement, construction and equipment manufacturing	Power plant operation and maintenance	Investment in power plants	Segment Total	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales to external customers	491,666	32,977	360,875	885,518	-	885,518
Inter-segment sales	339,437	11,039	-	350,476	(350,476)	-
	831,103	44,016	360,875	1,235,994	(350,476)	885,518
Segment results	10,922	6,158	276,709	293,789		293,789
Other gains and losses, net						9,871
Unallocated income						3,688
Unallocated expenses						(8,021)
Finance income						9,346
Finance costs						(63,463)
Profit before income tax						245,210
Income tax expense						(5,215)
Profit for the period						239,995
Segment assets	3,272,461	329,310	10,704,210			14,305,981
Unallocated assets						33,368
Total assets						14,339,349
Segment liabilities	(3,888,437)	(14,683)	(5,207,945)			(9,111,065)
Unallocated liabilities						(2,534)
Total liabilities						(9,113,599)

3 Revenue and other income

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Revenue:		
Engineering, procurement, construction and equipment manufacturing	**205,060**	491,666
Sale of electricity:		
Feed-in-tariff	**160,651**	144,394
Renewable energy subsidy	**190,041**	216,481
Power plant operation and maintenance services	**38,364**	32,977
	594,116	885,518
Other income:		
Interest income	**8,388**	9,346
Rental income	**1,552**	2,763
Government grants	**1,300**	465
Tax refunds	**1,128**	19,503
Others	**425**	489
	12,793	32,566

4 Other gains and losses, net

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Gain on disposal /de-registration of associates , joint ventures and subsidiaries, net	**177,049**	8,524
Fair value gains on financial assets at fair value through profit or loss	**8,484**	2,008
Gain from a bargain purchase	**1,213**	-
Impairment loss on prepayments , deposits and other receivables	**(13,045)**	-
Impairment loss on amounts receivables	**(12,071)**	-
Impairment loss on amounts due from joint ventures	**(8,145)**	-
Impairment loss on amounts due from associates	**(6,364)**	-
Exchange (loss) / gains, net	**(59)**	30
(Loss) / gains on disposal of property, plant and equipment	**(37)**	414
Others	**(582)**	(1,105)
	146,443	9,871

5 Finance costs

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest expenses:		
- Bank borrowings	**94,446**	61,974
- Finance leases	**11,930**	20,407
- Bonds payable	**6,446**	2,888
- Loans from a joint venture	**585**	2,218
	113,407	87,487
Less: Interest capitalised	**(26,798)**	(24,024)
	86,609	63,463

6 Income tax expense

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current tax:		
- PRC Enterprise Income tax	**36,945**	9,431
- PRC dividend withholding tax	**15,148**	1,598
- Under/ (Over)-provision in prior years PRC Enterprise Income tax	**6,129**	(314)
Deferred tax	**(6,463)**	(5,500)
	51,759	5,215

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 269,374,000 (2016: RMB 238,653,000) by the weighted average number of 8,581,099,000 (2016: 8,609,412,000) ordinary shares in issue during the period after adjusting the effect of shares repurchased and held by 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 2017 and 2016, 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 2017 and 2016.

The diluted earnings per share for the six months ended 30 June 2016 did not consider the exercise of the share options under the Company's share option scheme as the exercise price was above average market price. All share options under the Company's share option scheme were expired during the ended 31 December 2016.

	Six months ended 30 June	
	2017	2016
Profit used to determine diluted earnings per share *(RMB'000)*	**269,374**	238,653
Weighted average number of ordinary shares in issue *(thousands)*	**8,581,099**	8,609,412
Adjustment for: - effect of dilutive potential shares issuable under the Company's share award scheme *(thousands)*	**21,251**	50,716
Weighted average number of ordinary shares used to determine diluted earnings per share *(thousands)*	**8,602,350**	8,660,128
Diluted earnings per share attributable to owners of the Company *(RMB cents per share)*	**3.13**	2.76

8 Dividends

During the current interim period, a final dividend of HK$0.01 per ordinary share in respect of the year ended 31 December 2016 was declared to the owners of the Company. The aggregate amount of final dividend declared in the current interim period amounted to approximately RMB 75,306,000.

The directors of the Company have determined that no dividend will be paid in respect of the interim period (six months ended 30 June 2016: HK$0.01 per ordinary share which amounted to approximately RMB 75,188,000).

9 Trade and bill receivables

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
Trade receivables	**896,663**	981,576
Tariff adjustment receivables	**368,682**	175,083
Bill receivables	**13,953**	1,250
	1,279,298	1,157,909

(a) As at 30 June 2017, the aging analysis of the trade receivables, based on invoice date, was as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
Within 3 months	**128,145**	163,592
3 to 6 months	**13,192**	224,941
6 to 12 months	**258,285**	296,843
Over 1 year	**252,181**	234,947
Over 2 years	**244,860**	61,253
	896,663	981,576

Included in trade receivables as at 30 June 2017 were retention money held in respect of construction revenue and equipment sales of RMB39,238,000 (31 December 2016: RMB39,123,000) and RMB397,316,000 (31 December 2016: RMB408,825,000), respectively.

The Group's credit terms granted to customers range from 30 to 180 days, except for tariff adjustment receivables as further explained below. On certain construction revenue and equipment sales projects, the Group generally grants project final acceptance period and retention period to its customers range from 1 to 2 years from the date of acceptance according to the sales agreements signed between the Group and customers.

(b) At 30 June 2017, the aging analysis of the tariff adjustment receivables, based on the revenue recognition date, was as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
Within 3 months	**162,601**	64,890
3 to 6 months	**96,038**	32,279
6 to 12 months	**60,257**	63,013
Over 1 year	**49,786**	14,901
	368,682	175,083

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) At 30 June 2017, the maturity date of bill receivables was within 6 months (31 December 2016: Same).

10 Assets/liabilities of a disposal subsidiary classified as held for sale

On 28 December 2016, the Group entered into a disposal agreement with Shaanxi Hydro Development Co., Ltd ("Shaanxi Hydro"), an independent third party to the Group, pursuant to which the Group has agreed to dispose of its entire equity interest in Yulin Century Concord Ecology New Energy Co., Ltd ("Yulin Ecology") to Shaanxi Hydro at a consideration of RMB 573,925,000 (the "Disposal"). The assets and liabilities attributable to Yulin Ecology were classified as held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2016. The Disposal was completed during the current interim period and the resulting gain of disposal of RMB 170,409,000 was recorded.

11 Trade and bill payables

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
Trade payables	**2,297,914**	2,866,523
Bill payables	**870,733**	733,929
	3,168,647	3,600,452

As at 30 June 2017, the aging analysis of the trade payables, based on invoice date, was as follows:

	30 June 2017	31 December 2016
	RMB'000	*RMB'000*
Within 3 months	**353,139**	873,570
3 to 6 months	**60,000**	284,014
6 to 12 months	**706,094**	405,717
Over 1 year	**426,805**	619,718
Over 2 years	**751,876**	683,504
	2,297,914	2,866,523

Included in trade payables as at 30 June 2017 were retention money held in respect of construction contracts of RMB 610,959,000 (31 December 2016: RMB 666,588,000).

As at 30 June 2017, the maturity date of bill payables was "within 3 months" and "3 to 6 months" (2016: Same).

12 Share capital

Ordinary shares issued and fully paid:

	No. of shares	Nominal value
	000's	*RMB'000*
As at 31 December 2016: 8,730,964,965 ordinary shares of HK$0.01 each	8,730,965	75,645
Cancellation of ordinary share*(Note(i))*	(19,370)	(173)
Repurchase and cancellation of ordinary shares *(Note(ii))*	(34,800)	(308)
As at 30 June 2017: 8,676,794,965 ordinary shares of HK$0.01 each	**8,676,795**	**75,164**

Note:

(i) During the year ended 31 December 2016, the Group repurchased a total of 161,110,000 of the Company's ordinary shares from the market at a price of approximately HK$0.35 per share, for a total consideration of HK$56,545,000 (equivalent to approximately RMB 47,834,000). Of which 141,740,000 ordinary shares were cancelled in 2016 and 19,370,000 ordinary shares were cancelled in February 2017.

(ii) During the current interim period, the Group repurchased a total of 34,800,000 of the Company's ordinary shares from the market at a price of approximately HK$0.38 per share, for a total consideration of HK$13,322,000 (equivalent to approximately RMB 11,784,000). These ordinary shares were cancelled before 30 June 2017.

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 (approximately RMB 66,572,000) and held as treasury shares, of which 24,680,000 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 six months ended 30 June 2017, respectively. At 30 June 2017, 108,310,000 ordinary shares were held as treasury shares.

Management Discussion and Analysis

I. OPERATING ENVIRONMENT

In the first half of 2017, with the moderate recovery of international economy and increasing favourable factors, the global economy in general experienced an upward trend.

Under the continuous effect from supply-side structural reform, favourable trend was shown in the overall real economy. Despite the slightly slowed down year-to-year growth in fixed assets investment, structure was improved. Benefitted from the driving force derived internally from economic growth, steady growth momentum sustained.

During the reporting period, installed capacity of wind power and solar power in China maintained an increasing trend. As at the end of June, the newly installed grid-connected wind power capacity was 6.01GW, while the total installed grid-connected capacity reached 154GW, representing a year-on-year increase of 12%. The newly installed solar power generation capacity was 24.40GW, of which, the newly installed solar power generation capacity from centralized power stations was 17.29GW, representing a year-on-year decrease of 16%, while that of distributed power stations was 7.11GW, representing a year-on-year increase of 2.9 times. As at the end of June, the national installed solar power capacity reached 102GW, of which, 84.39GW was from centralized power stations and 17.43GW was from distributed power stations.

During the reporting period, the operating environment of renewable energy in China displayed the following characteristics:

1. Macro-economic Policies Pushing Forward the Sustainable Development of Wind Power and Solar Power Generation

As stated in 2017 working report of the central government, coal power capacity should be eliminated, ceased and suspended. Measures including connecting power generation from renewable energy to the grid and boosting clean heating supply in winter within northern area are secured as the top priorities, by which hydropower, wind power and solar power curtailments should be effectively alleviated.

In February 2017, the China National Energy Administration ("NEA") issued "Guiding Opinions on Energy Related Work for 2017", pursuant to which, the non-fossil energy consumption proportion in China targets at 14.3% for 2017, representing 1% increase from last year. The construction of wind power capacity reaching 25.00GW and solar power capacity reaching 20.00GW were planned to commence during the year.

In March 2017, National Development and Reform Commission ("NDRC") and NEA issued "Notice on the Plan of Orderly Relaxation of Power Generation and Utilization", requiring power generation from clean energy, such as existing wind power and solar power as stated in the national plan, as the focus in the prioritized power generation plan.

In May 2017, NEA issued "Notice on the relevant requirements on expediting construction of distributed wind power connection projects", stating the general principles of "coordination and planning, implementation in phase, realization of local balance and consumption in proximity" for the development of distributed wind power.

In June 2017, NEA issued "Notice on the formulation of implementation plan of commencing clean heating from renewable energy in Northern Area", confirming the commencement of the project of supplying clean heating from renewable energy during the year, such project required 10% of local wind power to be used on heating supply, covering 5 to 20 million square meters.

2. General Reduction at Wind Power and Solar Power Curtailment Rate in Northern Area suffering Curtailment During the First Half Year

According to the statistics released by China NEA, the wind power curtailment rate reduced 7 percentage points as compared with the same period last year to approximately 14% for the first half of the year. In the first half year, national wind power curtailment reached 23.5 billion kWh, representing a year-on-year decrease of 9.1 billion kWh. A majority of areas suffered from severe wind power curtailment and power curtailment problems have shown improvement. Solar power curtailment rate reduced 4.5 percentage points to approximately 7% as compared with the same period last year. Solar power curtailment at national level amounted to 3.7 billion kWh, with alleviation on severe solar curtailment in Xinjiang and Gansu.

3. Significant Improvement in Renewable Energy Technology

During the reporting period, renewable energy technology continued to enhance. The longer turbine blade and higher turbine tower further improved wind energy conversion efficiency, with great progress in quality of turbine and operating stability. Advancement in technology expanded wind power resources for development. Low wind speed wind farm and flat wind field became new investment hotspots in wind power sector by virtue of its edges, including extensive development area, proximity to load centres, high electricity rates and low operation and maintenance costs. In respect of solar power generation, conversion efficiency of battery modules continued to increase and big strides have been made in solar thermal power and energy storage technology.

4. Substantial Reduction in Equipment Costs

During the reporting period, the purchase cost of wind turbine and price of solar power modules both decreased as compared with the same period last year. The unit cost of power generation of renewable energy continued to decrease.

5. Continuance of Favourable Financing Environment

In the reporting period, monetary policy remained sound and neutral and finance costs for renewable energy projects increased slightly, yet still being at a lower level. The support from financial system to renewable energy industry remained unchanged.

6. Strenuous Efforts in Driving Power System Reform and Initial Formation of Power Market

Power system reform took a great leap. As at the end of June, China has announced 106 newly added pilot projects in relation to power distribution. Parallel to this, 33 power trading centres at provincial level have been established, 16 price standards at provincial level in respect of the transmission and distribution electricity have been approved by the NDRC and implemented, 14 provinces and cities have commenced pilot programme in respect of sales-side reform and 23 provinces and cities have commenced the pilot programme for electricity reform.

7. The Green Power Certificates Policy has been Implemented

The green power certificates policy has been implemented. In June 2017, National Renewable Energy Information Management Center approved and issued the first batch green power certificates of 230,135 certificates in total to 20 new energy power generation projects, with total installed capacity of 1.125GW.

8. The Frequency of Application and Declaration of Renewable Energy Subsidies Returned to Reasonable Level

The frequency of application and declaration of renewable energy subsidies returned to reasonable level. On 13 March 2017, the Ministry of Finance of China issued the "Notice for Application of the Seventh Batch Renewable Energy Tariff Surcharge Subsidy Catalogue"\, the interval between the seventh and sixth batch returned to the reasonable range of approximately 1 year.

II. BUSINESS REVIEW

During the reporting period, the Group continued to implement the "build and sell" business model and reduce the scale of EPC business, resulting in a significant decrease in EPC segment during the reporting period. The Group's consolidated revenue largely decreased, yet continuous growth was seen in the profit attributable to equity holders of the Group owing to the substantial increase of profit from project disposal.

During the reporting period, the Group's revenue amounted to RMB594,116,000 (1H 2016:RMB885,518,000), decreased by 32.91% as compared with the same period last year; profit attributable to equity holders of the Group amounted to RMB269,374,000 (1H 2016: RMB238,653,000), increased by 12.87% as compared with the same period last year. The basic earnings per share were RMB3.14 cents (1H 2016: RMB2.77 cents) increased by 13.36% as comprised with the same period last year; and the fully diluted earnings per share were RMB 3.13 cents (1H 2016: RMB2.76 cents).

As at the end of reporting period, the net assets of the Group amounted to RMB5,312,611,000 (31 December 2016: RMB5,225,750,000). As at the end of reporting period, the Group's cash and cash equivalents were RMB1,817,313,000 (31 December 2016: RMB1,891,277,000).

1. **Investment in Power Plants Development and Operation**

i. Power generation output maintained growth, with significant increase in proportion of income from power plants

During the Year, power generation output attributable to the Group was 1,201.05 million kWh(1H 2016: 1,096.85 million kWh), representing a growth of 9.50% over the same period last year, of which, wind power generation output was 939.94 million kWh(1H 2016: 679.46 million kWh), representing a growth of 38.34% over the same period last year, while solar power generation output was 261.11 million kWh(1H 2016: 417.39 million kWh), representing a decrease of 37.44% over the same period last year.

During the reporting period, the power plants held by the Group delivered a total revenue of RMB350,692,000(1H 2016: RMB360,875,000), which accounted for 59.03%(1H 2016:40.75%) of the Group's revenue.

During the reporting period, the wind turbines of wind farms held by the Group recorded an availability rate of 97.46% and 1,101 hours of equivalent full-load utilization hours. The availability rate of solar power plants held by the Group was 99.57% and the equivalent full-load utilization hours were 713 hours. The average wind power curtailment rate for the wind farms held by the Group was 0.23%; and the average solar power curtailment for the solar power plants held by the Group was 3.83%.

During the reporting period, the weighted average tariff rate of the wind farms held by the Group was RMB0.5791/kWh (including VAT), The weighted average tariff rate of the Group's solar power plants was RMB0.9679/kWh (including VAT).

ii. Investments in and construction of power plants

During the reporting period, the total installed capacity of power plants invested by the Group was 923MW (1H 2016: 788MW), all of which were solely-funded projects. Among which, there were 7 continued projects with installed capacity of 308MW and 13 new construction projects with installed capacity of 615MW. 17 of these projects were wind farms with installed capacity of 868MW, and 3 were solar power plants with installed capacity of 55MW.

During the reporting period, the Group added a total of 4 wind power plants and solar power plants, with total installed capacity of 136MW(1H 2016: 146MW), all of which were all solely-funded projects. Among which, there were 2 wind power plants with installed capacity of 96MW and 2 solar power plants with installed capacity of 40MW.

As at the end of the reporting period, the Group held interests of 57 grid-connected wind and solar power plants, with a total installed capacity of 2,415MW and attributable capacity of 1,503MW, of which 40 were wind farms with installed capacity of 2,099MW and attributable capacity of 1,205MW, and 17 were solar power plants with installed capacity of 316MW and attributable installed capacity of 298MW.

As at the end of the reporting period, the Group solely owned and held 25 grid-connected wind power and solar power plants, with total installed capacity of 837MW, of which, there were 11 wind power plants with installed capacity of 550MW and 14 solar power plants with installed capacity of 287MW.

iii. Continued to implement the "build and sell" business strategy

The Group continued to implement "build and sell" business strategy by disposing its entire equity interest in Yulin Century Concord Ecology New Energy Co., Ltd and its 30% equity interest in Sihong Century Concord Wind Power Co., Ltd. during the reporting period. Profit before tax of RMB 184,450,000 was recorded from the disposals and gains from disposal of power plants equity interest has become the recurring income of the Group.

iv. Early Development Concentrated in Non-Curtailed Regions with Abundant Reserve of Resources

During the reporting period, 12 of the Group's projects (565MW) have been included in the construction programme list "2017 Programme for the Nationwide Development and Construction " issued by energy administrations at provincial level, all of which were located in the regions with good access to the grid and no curtailment.

During the reporting period, the Group entered into new agreements in relation to wind power resources of 200MW, and solar power resources of 300MW. As of the end of the reporting period, the Group's wind power resources reserve amounted to over 28GW and solar power resources reserve amounted to 8GW, which provided assurance for the Group's sustainable development.

v. Financing Channels Diversified

During the reporting period, the credit funds of domestic banks were tightened, leading to higher finance cost. In response to this, the Group made strategic adjustments, including developing finance lease and factoring business, enhancing credit rating of the Group and driving corporate bonds issuance, as well as expanding financing channels of the Group.

During the reporting period, under the swift financing process of the Group's investment projects, a total of 9 newly signed financing agreements of RMB1.463 billion in aggregated were signed and the finance cost for the projects remained at a lower level.

2. Renewable Energy Service Sector

i. The Design Company

During the reporting period, the Group's own Concord Power Consulting & Design (Beijing) Corp., Ltd. ("Design Company") has been listed on National Equities Exchange and Quotations since 9 May 2017, with stock name as "Concord Power" and stock code as 871484.

In the first half of 2017, the Design Company independently contracted the "Shanxi Wucheng 20MW Photovoltaic Power Stations Poverty Alleviation Project", providing grid-connection power generation. The capability of the Design Company was immensely enhanced.

Meanwhile, the Design Company also provided resources assessment and consulting services for the Group and external renewable energy investors. During the reporting period, the Group completed 94 wind or solar resources assessment and technical advisory reports, 26 feasibility studies, 6 preliminary designs and 4 construction designs.

The Group's Design Company contributed a revenue of RMB 40,781,000(1H 2016: RMB9,318,000) to the Group during the reporting period.

ii. Operation and Maintenance Company

Power plant operation and maintenance (O&M) is a business area prioritized by the Group for the development. The Group's O&M companies provided full O&M services, preventive tests, technical renovation and overhaul, wind power prediction and other services to internal and external power plants, as well as carried out maintenance engineering and regular inspection services for turbine manufacturers during the warranty period. The Group's O&M companies used big data, cloud computing, internet of things, Internet and other information technology means to actively create new cloud O&M model. By continuously improving big data operation and maintenance "Power+" platform system and expanding and innovating application modules, the Group's O&M companies offered customers with personalized and precise operation and maintenance services.

During the reporting period, the Group's own Beijing Century Concord Operation and Maintenance Co., Ltd. ("Concord Operation and Maintenance") obtained the Electric Installation (maintenance, testing) Permit from Northern China Electricity Regulation Bureau of NEA on 3 February 2017, with Class III maintenance and testing qualification. Concord Operation and Maintenance is able to undertake maintenance and testing business of voltage level of 110kV or below. The Class III qualifications have great sharpened its competiveness of Concord Operation and Maintenance in the industry.

During the reporting period, the Group's O&M companies jointly undertook the operation and maintenance business for 61 wind farms and solar power plants, entered into contracts with turbine manufacturers for 7 projects in respect of regular inspection service; and signed 25 contracts with power plants in respect of preventive tests, technical renovation and overhaul as well as components sales services.

During the reporting period, the business segment contributed a revenue of RMB38,364,000 (1H 2016: RMB32,977,000) for the Group.

iii. The Leasing Company

Tianjin Green Energy International Leasing Co., Ltd owned by the Company entered into its first external direct lease and executed its first factoring loans with the Tianjin branch of Shanghai Pudong Development Bank.

III. ENVIRONMENTAL POLICIES AND COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Environmental Protection

In addition to financial performances, the Group believed that the high-standard corporate social responsibility is of significance in building quality relationship between corporate and society, motivating employees as well as achieving sustainable return for the Group. The Group is committed to making positive contributions to the environment and the communities where the Group operates and stakeholders reside.

The Group is engaged in the business of renewable energy power generation such as wind power and solar power generation, focusing on the investments in environmental protection and conservation of water and soil. Prior to the commencement of the projects, the approvals for the environmental protection and conservation of water and soil are required, while the projects are put into production, they have to go through the check and acceptance regarding the environmental protection and conservation of water and soil by the relevant government regulators. The Group also strives to maintain the sustainable development for the environment as well as for the human race, and commits to its responsibilities in improving the energy structure, mitigating air pollution and reducing greenhouse gas emissions and haze.

During the reporting period, the power generation output of the wind power farms and solar power plants the Group invested is equivalent to reductions of 1,800,000 tonnes of carbon dioxide emission, 18,587 tonnes of sulfur dioxide emission and 1,649 tonnes of NOx emission. In addition, as compared to the coal-fired power, the above wind power farms and solar power plants saved 630,000 tonnes of standard coal and 5,260,000 tonnes of water during the period. At the end of reporting period, the wind power farms and solar power plants the Group invested cumulatively reduced 18,480,000 tonnes of carbon dioxide emission, 185,105 tonnes of sulfur dioxide emission and 16,402 tonnes of NOx emission, and saved 6,290,000 tonnes of standard coal and 52,340,000 tonnes of water in aggregate. The reduction of emissions of pollutants has made a contribution to the reduction of PM10 and PM2.5 concentration in the atmosphere to reduce haze.

Compliance with Relevant Laws and Regulations

During the year, to the best of the management's knowledge, the Group has complied with relevant standards, laws and regulations which have significant impact on our business. At the same time, the Group always maintains a safe working environment for staff in accordance with relevant safety policies.

Employment and Labour Practices

The Quality of Work Environment

Human resources is 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, with a platform for the promotion of employee development. We strive to build a congenial enterprise by stimulating positive energy and enhancing cohesiveness among the employees. The Group puts emphasis on staff training which include the assessment of professional competence of the staff and developing career development plans for employees. The Group places great importance to safeguarding the legitimate rights and interests of employees and has established a mutual fund to help the employees and their families who are in need.

Health and Safety

The Group has great concerns over social responsibility and pays attention to employees' safety, health and improvements of work abilities. Health inspections are organised annually for employees. The Group has set up a number of sports and interest clubs and built fitness and sports facilities for the employees. Sports events, such as walking activities are organized regularly.

Community Involvement

The Group actively fulfilled their social responsibilities, participated in social welfare undertakings, subsidized professional education in universities, donated education and public infrastructure where the projects are located, and actively participated in community activities.

Customer and supplier relationships

During the reporting period, the Group maintained a good relationship with its customers and suppliers without any major dispute.

The Group's largest 5 customers accounted for 53% of the total sales for the reporting period, including 19% from the largest customer. The largest customer is Yunnan Power Grid Co., Ltd.

The Group's largest 5 suppliers accounted for 72% of the total purchases for the reporting period, including 29% from the largest supplier. The largest supplier is Xinjiang Goldwind Science & Technology Co., Ltd. It supplies wind turbine equipment for some of the wind power projects invested or EPC contracted by the Group.

IV. EMPLOYEES AND REMUNERATION

As of 30 June 2017, the Group had 1,202 full-time employees (31 December 2016: 1,183), 107 of whom worked at the Group's headquarter, 254 in project development and management, 233 in engineering consultancy, design, equipment procurement and construction (EPC) as well as financial services, and 608 in operation and maintenance.

During the reporting period, the Group's staff costs amounted to RMB 62,999,000 (1H 2016: RMB 60,854,000), representing a year-on-year increase of RMB 2,145,000.

V. LIQUIDITY AND FINANCIAL RESOURCES

As of 30 June 2017, the Group held cash and cash equivalents of approximately RMB 1,817,313,000 (31 December 2016: RMB 1,891,277,000), asset-liability ratio was 61.61% (31 December 2016:63.56%). The Group's bank borrowings and finance lease liability amounted to RMB4,224,606,000 (31 December 2016: RMB3,426,660,000), and net assets of the Group stood at RMB5,312,611,000 (31 December 2016: RMB5,225,750,000).

Charge of Asset

As of 30 June 2017, the property and equipment of the Group was pledged as security for outstanding loan amount of RMB 1,037,700,000 (31 December 2016: RMB 781,150,000).

Contingent Liability

As at 30 June 2017, the Group has 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 2016: RMB37,240,000). The outstanding balance of banking facilities of Erlian as at 30 June 2017 was RMB 42,918,000 (31 December 2016: RMB 53,941,000).

Save for the information as mentioned above, the Group did not have any significant contingent liabilities as at 30 June 2017.

Commitments

As at 30 June 2017, the Group had capital commitments of RMB3,917,015,000 (31 December 2016: RMB3,338,807,000) which were not accounted for in the financial statements. The amount was mainly capital committed for investment in power plants of RMB1,468,213,000 (31 December 2016: RMB1,073,409,000) by the subsidiaries, and capital committed but unpaid for payment of equipment purchased of RMB2,448,802,000 (31 December 2016: RMB2,265,398,000) by the subsidiaries.

VI. RISK FACTORS AND RISK MANAGEMENT

Risks Associated with Policies

Wind power and solar power enterprises are largely dependent on policies of the state and the industry, laws and regulations and incentive schemes. Changes of policies, laws and regulations with respect to power grid have a great impact on the wind power and solar power enterprises. Although the government issued a series of policies and measures to protect and support the development of new energy industry, and the conditions for connection to the grid are improving gradually, the problem of energy waste caused by the curtailment of wind power and solar power is still negatively affecting the industry's development. The provinces (cities and autonomous regions) may also promulgate regional policies for power tariff settlement. The risks caused by changes in various factors require the Group to closely follow the policy guidance, strengthen the study and judgement of policies, prospectively estimate the possible unfavourable factors, and formulate various risk reduction measures, so as to minimise the risks caused by the changes in policy factors.

Risks Associated with Climate

The annual fluctuation of wind and solar resources is the primary climatic risk that is faced by the wind power and solar 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 a same period of time. In addition, in case of typhoon, freezing, strong dust storms, haze, lightning and other extreme weather, the wind farms and solar power enterprises will expose to high risks.

As the Group currently has wind power and solar power generation projects put into production in 15 provinces (cities and autonomous regions), in response to the risks brought about by inter-annual variation of the climate, the Group will continuously optimise its market footprint in the future to further balance the effects from risks associated with climate. At the same time, the Company will put more efforts into scientific research on turbine model selection and route scheme, raise the design standard, and adequately evaluate and respond to the effect from climatic factors on safety and efficiency of power plants.

Risks Associated to Power Grids

In recent years, wind power and solar power curtailment has become a major concern. With reasons such as the sluggish electricity consumption in the whole society, significant decrease in industrial power consumption in certain areas, unreasonable structure of power grids and the construction of grid lines which lag behind the expected schedule, the situation of wind power and solar power curtailment is serious in certain areas and the curtailment of wind power and solar power is by no means optimistic. The Group will continue to optimise the project layout and conduct research on the characteristics of operation and methods of consumption for wind power and solar power and make accurate judgements on the trend of policy changes, so as to take advantage of government policies to mitigate the problem 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, optimize means of operation, and improve utilization rates by arranging for proper inspection and maintenance of equipment, so as to minimize the time of shut down.

Interest Rate Risk

The Group is principally engaged in domestic investment in wind power and solar power plants, which requires enormous capital expenditure and has relatively high demand for borrowed funds. Changes in interest rate will certainly have an impact to 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. Meanwhile, 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 and loans denominated in foreign currencies. 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

Over the years, as the renewable energy industry developed by leaps and bounds, we believe that there is a huge space for advancement of the renewable energy technologies, resulting in a continuous reduction of cost per kWh of renewable energies. With a definite trend of replacing traditional fossil energies, the industry will have a broad space for development.

Although we are still faced with the impact of unfavourable factors such as the lagging behind of subsidies for renewable energy, electricity consumption problems in certain areas and limitations to the condition of transmission, we are pleased to see that the situations are constantly improving. To facilitate the economic development, adjust the energy structure, control air pollution, reduce haze and prevent climate warming, China and other counties in the world spare no effort to propel the renewable energies forward in terms of fiscal, tax and financing policies.

Following the implementation of a series of measures including the Group's south-bound development, optimization of capital structure and transformation of business model in recent years, the Group's assets in power plants as well as its proportion of earnings from power generation business have been increasing, representing a sound business and financial performance.

In the second half of 2017, the Group will continue to carry out operating strategies with focus on reduction of cost per kWh while establishing its system, preventing risks and expanding service business, so as to be able to establish a group of wind power and solar power projects with good economic returns by way of sole proprietorship or shareholdings, and to maintain a sustained growth of installed capacity owned by the Group:

1. Increase efforts on approval of quality projects in southern area without curtailment to ensure the quality of project resources and consumption of electricity.

2. Strengthen the establishment of scientific management and planning, optimize the procurement strategy, leverage the advantages of centralized procurement and improve the project design to control costs in all aspects.

3. Enhance the research and application of new equipment and processes, reduce cost and improve efficiency to minimise the cost per kWh whilst ensuring safety.

4. Reinforce the safety production management and refined management of the power plants, raise the technological level of operation of the power plants and adopt different effective measures to improve the equivalent utilization hours and reduce the loss of curtailment.

We believe that the renewable energies have extensive room for progression. Under the leadership of our quality management team, all of our employees will blaze new trails in a pioneering spirit and work hard to make progress, so as to bring about sustained excellent return for our shareholders and the society.

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

During the six months ended 30 June 2017, Company had purchased 34,800,000 shares of the listed securities of the Company with the aggregate consideration of HK$13,322,000 on the Stock Exchange of Hong Kong Limited, all of the purchased shares were subsequently cancelled by the Company and the issued share capital of the Company was reduced thereon.

CORPORATE GOVERNANCE CODE

Throughout the six months ended 30 June 2017, 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 has been disclosed in the Corporate Governance Report contained in the 2016 annual report of the Company issued in April 2017.

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 2017.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors of the Company, Dr. Wong Yau Kar, David,BBS,JP and Mr. Yap Fat Suan, Henry, and Ms. Huang Jian. 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 2017 have been reviewed by the Audit Committee.

The Company's independent auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2017 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity"

For and on behalf of
Concord New Energy Group Limited
Chairman
Liu Shunxing

Hong Kong, 8 August 2017

As at the date of this announcement, the Board comprises Mr. Liu Shunxing (Chairman), Mr. Yang Zhifeng and Ms. Liu Jianhong (who are Co-Vice Chairpersons), Mr. Yu Weizhou (Chief Executive Officer), Mr. Niu Wenhui and Mr. Gui Kai (all of above are also executive Directors), Mr. Wu Shaohua (who is non-executive Director) and Dr. Wong Yau Kar, David,BBS,JP, Mr. Yap Fat Suan, Dr. Shang Li and Ms. Huang Jian (who are independent non-executive Directors).